

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

# Annual Report 2021

Annual Report Website

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

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

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To Be Committed To Improving The Quality Of Life Of  
Patients With Chronic Diseases



THIS IS A TRANSLATION OF THE 2021 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.

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

None.

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

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# 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 2021 business results, 2022 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 2021

### (1) Business Plan Implementation Result

The Company's net operating revenue in 2021 is NT\$ 413,483,000 with a decrease of NT\$34,379,000 (7.68%) from NT\$ 447,862,000 of 2020. The net profit after tax in 2020 is NT\$ 47,108,000 (23.49 %) with a decrease of NT\$ 14,462,000 from NT\$ 61,570,000 of 2020. The revenue mainly comes from cardiovascular diseases, gastrointestinal diseases and precision medical related testing products. The reduction is caused by the impact of epidemic in 2021, the reduction of outpatient visits in various medical institutions and the closure of some health examination centers, resulting in a decline in product sales, plus 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 2021 is NT\$ 413,483,000, achieving 81% of the annual budget target.

### (3) Financial Income & Expenditure and Profitability Analysis

Item	Year	2021
Financial Income & Expenditure	Interest Income (in thousand dollars)	2,099
	Interest Expense (in thousand dollars)	80
Profitability Analysis	Return on Asset (%)	3.93
	Return on Shareholder's Equity (%)	4.35
	Net Profit Margin (%)	11.39
	Diluted Earnings Per Share (in dollars)	1.23

### (4) Research & Development

The achievements on the introduction and development of new products in 2021 are summarized below

- March 2021:

Cancer and non-cancer detection products for the Taiwan market was licensed by a NASDAQ listed company.

- November 2021:

Preliminary clinical trial of ABTA19, a new high-tech compound drug for cardiovascular disorders, was started.

- December 2021:

The new compound drug R19 for lowering blood lipids in Taiwan was launched.

- December 2021:

Alprosm Lyophilized Powder for Injection for the palliative treatment of peripheral arterial diseases was launched in Taiwan.

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. By the end of 2021, TSH has obtained three drug certificates including Rancad<sup>®</sup> Extended Release Tablet, R19 the new compound drug Cretol Tablet for lowering blood lipids, and Alprosm Lyophilized Powder for Injection and will continue to develop new products on the market. 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 2022

### (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 2020, we have launched the new drug Rancad<sup>®</sup>, and actively seek for the health insurance payment for Rancad<sup>®</sup> to benefit angina patients in Taiwan. In the second half of year 2021, TSH obtained the drug permit of launching the new compound drug, Cretol Tablet for lowering blood lipids in Taiwan, and won the patent lawsuit with Merck Sharp & Dohme Corporation. In the same month, TSH also obtained the drug license for Alprosm Lyophilized Powder for Injection, which will add a new source of business performance to the existing product portfolio.

In the past two years, we have also invested in the evaluation and development of several new projects, and a total of six drug development projects are currently underway. More than half of the projects are self-developed products with global sales rights (marketing rights from Taiwan to China, the United States, Japan and Europe, etc.). In the future, we will also actively cooperate with overseas companies for licensing opportunities in addition to the evaluation of R&D projects that are in line with the Company's development, not only building up and optimizing the R&D portfolio (Pipeline), but also increasing the opportunities and income of licensing.

In addition to the original genetic testing products at the time of establishment, the patient care team has also joined the research of the endometrial cancer MPaP<sup>®</sup> DNA test developed in Taiwan and has obtained the product agency from Nasdaq listed companies of Korea and Germany. In addition to the testing products, various types of medical materials are evaluated extensively, hoping to improve the life quality of chronic patients.

Continuing from 2021, it is also expected that new products will be launched in 2022 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 162,120,000 oral preparations and 88,000 injection preparations in 2022. 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 into account.

### (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 oversea 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 Company 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. In addition, the temperature control of storage and transportation is an important factor for maintaining the quality of medicines in the entire distribution chain. Therefore, the Company cooperates with the government to implement the Good Distribution Practice (GDP) for western medicines, and includes active pharmaceutical ingredients (APIs) into the scope of the Company's GDP. 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 and provide internationally certified testing products to target groups and physicians with the best tools for cancer risk and cancer treatment, with the assistance and cooperation provided by

German testing companies in 2021.

### 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 human 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:

Focus: Aim at the patients, and strive to improve their life quality and unmet medical needs

Innovation: Create a portfolio of medical products, and work on the joint development of new ingredients, special dosage forms, chronic disease treatment, multiple genetic testing technologies, cancer detection, post-cancer tumor tracking, innovative therapies, etc.

Excellence: Become the best partner with international innovative biopharmaceutical companies for the development and marketing of new drugs in Asia

#### **Impact 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. The clinical trials conducted by TSH in 2021 were also subject to delays of about 3~6 months, and appropriate adjustments and risk assessments will also be made for product development and licensing plans in the future.

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 2021, and it is expected that progress can be made by 2022.

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: Jhen-Ru Gan

## II. Company Profile

### 1. Established on September 1, 2010.

Company History:

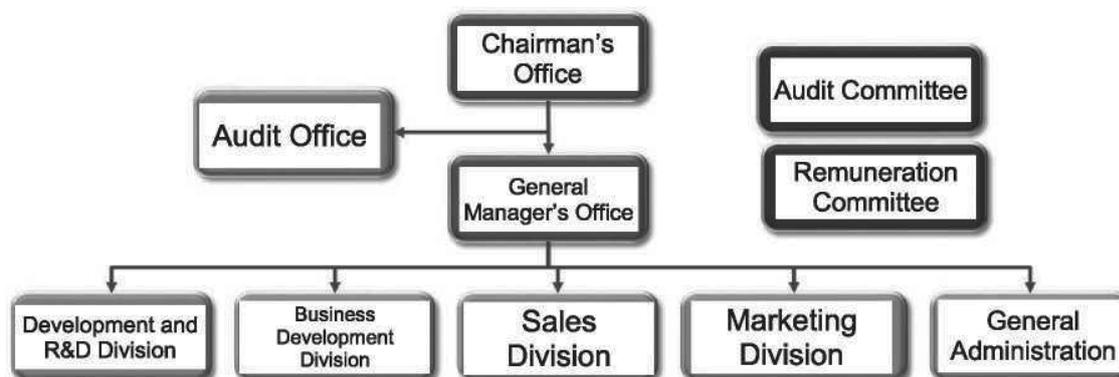
Sep 2003	Established TTY Therapeutics & Health (TTH) Division by parent company, and its product lines covered CV, GI, and CNS.
2004~2005	Committed to the fields of CV, GI, and CNS.
Apr 2006	Launched “Mopride” for treatment of functional dyspepsia.
Mar 2007	Launched compound blood pressure lowering drug “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 16th 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.
Mar 2021	TSH Biopharm and a NASDAQ-listed company Centogen have forged into a cooperation agreement to provide cancer risk assessments and medication options for cancer patients (including the patients who suffer from breast cancer, ovarian cancer, prostate cancer, pancreatic cancer, etc.) in Taiwan and also to provide cancer hereditary risk assessment tests for healthy people.
Oct. 2021	General Manager of TSH Biopharm, Sze-Yuan Yang, won "The Golden Torch Award for the Top 10 Managers of the Year", and TSH Biopharm's clinical application of circulating tumor cells and circulating tumor DNA technology for precise drug judgment and cancer tracking assistance won the "The Golden Torch Award for the Top 10 Enterprises of the Year"
Dec. 2021	TSG Biopharm's new compound drug Cretrol Tablet for lowering blood lipids officially got its drug license.
Jan. 2022	Biopharm's Alprosm Lyophilized Powder for Injection for the palliative treatment of peripheral arterial diseases officially got its drug license.

### 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	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 administration and other businesses.
Organizational Development and Human Resources Department	Formulate the Company's human resources strategy; shape the core culture and values; integrate human resources and ensure that the acquisition, cultivation, performance and retention of them are closely linked with the organizational strategy, in order to establish a future competitive advantage for the organization.

## 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

March 31, 2022

Title (Note 1)	Nationality or Place of registration	Name	Gender Age (Note 2)	Election (tenure) Date	Term of office	Date of first appointme nt (Note 3)	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 4)	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 5)	
							No. of shares	Sharehold ing ratio	No. of shares	Sharehold ing ratio	No. of shares	Sharehold ing ratio	No. of shares	Sharehold ing ratio			Title	Name		Relat ionsh ip
Chairman	ROC	TTY Biopharm	-	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, TTY Biopharm Mexico University of Illinois, USA; ADEC.V. Director	TTY Biopharm Director	Nil	Nil	Nil	
		Representati ve: ChuanLin	M 71-75	2020.5.29	3 years	2020.5.29	0	0.00	0	0.00	0	0	0	0						
Director	ROC	TTY Biopharm	-	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 Director Dawan Technology Co., Director Ltd. American Taiwan Director Biopharm Co., Ltd.	Director Director Director	Nil	Nil	
		Representati ve: Carl Hsiao	M 36-40	2020.5.29	3 years	2019.3.26	33,638	0.00	33,638	0.00	0	0	0	0						
Director	ROC	TTY Biopharm	-	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 Exchange, Chairman of Concord Securities Group, General Manager of Capital Securities Corporation, Assistant Manager of Listing & Training Dep. of TVVSE, Executive Director of Taiwan Securities Association.	ROC Corporation C.C.P. Contact Probe, Co., Ltd. Radium Life Tech, Co., Ltd. Orient Pharma Co., Ltd. Taichung Bank Securities, Co., Ltd. Chang Wah Electromaterial, Inc. Super Dragon Technology, Co., Ltd. Atracq Technology, Inc. JMC Electronic, Co., Ltd.	Chairman & General Manager Independent Director Independent Director Independent Director Director Director Director Director	Nil	Nil	Nil
		Representati ve: Kang-Chi Chou	M 76-80	2020.5.29	3 years	2020.5.29	0	0.00	0	0.00	0	0	0	0						

Title (Note 1)	Nationality or registration	Name	Gender (Note 2)	Age (Note 3)	Elected (tenure) date	Term of office	First elected date (Note 3)	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 4)	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 (Notes 5)
								No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	
		TTY Biopharm	-				2010.9.1	21,687,177	56.48	21,687,177	56.48	0	0	0	0	School of Economics, Memphis State University, USA, Economics Department, Soochow University				
Director	ROC	Representative: Chao-I Chiang	M	76-80	2020.5.29	3 years	2016.6.23	0	0.00	0	0.00	21,000	0	0	0	Soochow University Legislator, member of National Assembly	Pharmaengme, Inc.	Remuneration Committee Member	Nil	Nil
Independent Director	ROC	Chih-Li Wang	M	61-65	2020.5.29	3 years	2017.6.15	30	0	30	0.00	0	0	0	Accounting Department, Soochow University	Moore's Rowland CPAs PharmaEngine Inc.	Partner Accountant Independent Director	Nil	Nil	Nil
Independent Director	ROC	Rwei-Syun Chen	F	61-65	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.	Welgene Biotech, Co., Ltd.	Independent Director	Nil	Nil	Nil
Independent Director	ROC	Yi-min Wang	M	56-60	2020.5.29	3 years	2017.6.15	0	0	0	0	0	0	0	Institute of Accounting, Changhua Normal University	Yuanta Securities (Hong Chairman Kong) Co., Ltd, Yuanta Hong Kong Director Holdings (Cayman) Co., Ltd, Yuanta Investment Director Management (Cayman) Co., Ltd, Yuanta Asia Investment Authorized (Hong Kong) Co., Ltd, Yuanta Securities Vietnam Co., Ltd.	Chairman Director Director Director	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: List the actual age, which must be presented in form of a range such as 41-50 or 51-60 years of age.

Note 3: Fill in the time when first serving as the Company's director or supervisor, and make a note on interrupt service, if any.

Note 4: 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 5: 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 sending as employees or managers, etc.)

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

Table 1: Major Shareholders of Legal Person Shareholder (to be confirmed)

March 31, 2022

Name of legal person shareholder (Note 1)	Major shareholders of legal person shareholder (Note 2)
TTY Biopharm	Dawan Technology Co., Ltd.(9.46%), Fubon Life Insurance Co., Ltd. (3.74%), Nanshan Life Insurance Co., Ltd. (2.75%), Wen-Yi Chang (2.45%), Ying-Jun Hsiao (2.01%), Wen-Hua Chang (1.77%),Wen-Ling Chang (1.75%), Jun-Ren Chang (1.61%) , JPMorgan hosting Sanskrit Vanguard Emerging Markets Equity Index Fund account (1.23%), Chunghwa Post Co., Ltd.(1.19%)

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 (Please refer to the announcement of the Court of Justice for inquiry) and the ratio of capital contribution or donation, and make a note of "Deceased" if the donor has passed away.

Table 2: Major shareholders who are mostly legal person shareholders

March 31, 2022

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%), Charity Trust 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.	Ruen Chen Investment Holding Co., Ltd. (89.4969%), 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%), PAN CITY CO., LTD.(0.0945%)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications (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 (Please refer to the announcement of the Court of Justice for inquiry) and the ratio of capital contribution or donation, and make a note of "Deceased" if the donor has passed away.

(3) Disclosure of the professional qualifications and independence of the directors

Name	Qualifications	Professional qualifications and experience (see Note 1)	Independence status (see Note 2)	Number of other public companies where they concurrently serve as an independent director
TTY Biopharm Representative: Chuan Lin	<p>He has served as professor in the National Chengchi University Department of Finance, full-time professor in the NTU Department of Economics, and adjunct professor at the NTU Institute of Architecture and Urban-Rural Studies. He is currently an adjunct professor in the NTU Department of Economics. He does not meet any of the criteria of Article 30 of the Company Act.</p> <p>Since 2011, he has served as director of TTY and has been its Chairman since January 2018, possessing the minimum five years of work experience with the Company that the position requires.</p>	<p>Mr. Chuan Lin is not an employee of the Company or its affiliated companies, and is not a natural person shareholder who either holds more than 1% of the Company's total issued shares or is among its top ten shareholders. He does not have a spouse or blood relation within the second degree of kinship to any of the Company's managers or other directors.</p>	0	
TTY Biopharm Representative: Carl Hsiao	<p>He has worked in CVS Health Pharmacy, a large international chain retail pharmacy for a long time, with more than five years of work experience at the Company required for the position, and met any of the criteria of Article 30 of the Company Act.</p> <p>He is the current director of: Taiwan Toyo Pharmaceutical Industry Co., Ltd.; Dawan Technology Co., Ltd.; and American Taiwan Biopharm Co., Ltd.</p>	<p>Mr. Carl Hsiao is not an employee of the Company or its affiliated companies, and is not a natural person shareholder who either holds more than 1% of the Company's total issued shares or is among its top ten shareholders. He does not have a spouse or blood relation within the second degree of kinship to any of the Company's managers or other directors.</p>	0	
TTY Biopharm Representative: Kang-Chi Chou	<p>Served as Deputy General Manager of the Taipei Exchange, Chairman of Concord Securities Financial Group, General Manager of Capital Securities Corp, Deputy Manager of the Listing and Trading Department of the Taiwan Stock Exchange, Executive Director of the Taiwan Securities Association. He has the five years works experience at the Company required for the position, and does not fall under any of the conditions specified in Article 30 of the Company Law.</p> <p>He is currently the Chairman and general manager of IROC Corporation, and the director of: Taichung Commercial Bank; Changhua Electric Appliances; Changhua Technology Company; Jialong Technology Engineering, Company; Weirun Technology Company; Yihua Electronics Company. He is independent director of China Probe; Risheng Life Technology; and Youlin Biotech Pharmaceutical Company.</p>	<p>Mr. Kang-Chi Chou is not an employee of the Company or its affiliated companies, and is not a natural person shareholder who either holds more than 1% of the Company's total issued shares or is among its top ten shareholders. He does not have a spouse or blood relation within the second degree of kinship to any of the Company's managers or other directors.</p>	3	

TTY Biopharm Representative: Chao-I Chiang	He graduated from the Economics Institute of Memphis State University and the Department of Economics of Tunghai University and is qualified as an American accountant. He has served as the head of Chao-I Jiang Accounting Firm, the president of the Taiwanese American CPA Association, a member of the Legislature and National Assembly. He has more than five years of experience in finance, accounting, and business required for the position and meets none of the conditions specified in Article 30 of the Company Act. He is currently on the remuneration committee of PharmaEngine, Inc.	Mr. Chou-I Chiang is not an employee of the Company or its affiliated companies, and is not a natural person shareholder who either holds more than 1% of the Company's total issued shares or is among its top ten shareholders. He does not have a spouse or blood relation within the second degree of kinship to any of the Company's managers or other directors.	0
Chih-Li Wang	He is a certified public accountant in the Republic of China, with more than five years of work experience in accounting, and does not meet any of the conditions in Article 30 of the Company Act. He is currently a partner accountant of Moores Rowland CPAs and an independent director of PharmaEngine, Inc.	The Company has obtained a written statement from each independent director confirming the independence from our company of the director and their spouse and all second-degree kinship relations, and that they have not been in our company's employ. Owing only 30 shares, Mr. Wang has a very low stake in the Company, which does not affect his independent status.	1
Rwei-Syun Chen	She has served as general manager of TAHO Pharmaceuticals, Ltd., the vice president of corporate development of NAL Pharmaceuticals, Ltd., and the director of Faith Leaper Co., Ltd. She has more than five years of the required commercial and corporate work experience, and does not meet any of the conditions of Article 30 of the Company Act. She is currently an independent director of Welgene Biotech, Ltd.	The Company has obtained a written statement from each independent director confirming the independence from our company of the director and their spouse and all second-degree kinship relations, and that they have not been in our company's employ. She does not hold any company shares.	1
Yi-Min Wang	A graduate of Changhua Normal University's Institute of Accounting, he served as the Executive Deputy General Manager of Yuanta Securities. He has more than five years of the required commercial and corporate work experience, and does not meet any of the conditions of Article 30 of the Company Act. Currently director of: 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.; and Authorized Representative of Yuanta Securities Vietnam Co., Ltd.	The Company has obtained a written statement from each independent director confirming the independence from our company of the director and their spouse and all second-degree kinship relations, and that they have not been in our company's employ. She does not hold any company shares.	0

Note 1: Professional qualifications and experience: This lists the professional qualifications and experience of individual directors and supervisors, such as their membership to audit committees and accounting or financial expertise. It ought to include their accounting or financial background and work experience, and whether or not they meet the conditions of Article 30 of the Company Act.

Note 2: Independent directors should state the status of their independence, including but not limited to: whether they, their spouse, or relatives within the second degree of kinship are among the directors, supervisors or employees of the Company or its affiliated companies; the number and proportion of company shares held in their own name or that of a spouse or family member; whether they have served as a director, supervisor, or employee of a company that has a special relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Obeyed by Public Offering Companies); and the amount of compensation received for providing business, legal, financial, accounting and other

services to the Company or its affiliates in the last two years.  
Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

#### **(4) Diversity and Independence of the Board of Directors**

##### **1. Diversity of the Board of Directors:**

The nomination and selection of members of the Board of Directors of the Company follows the provisions of the Company's articles of association. The selection process, in addition to evaluating the educational experience and qualifications of each candidate, also takes into consideration the opinions of stakeholders, and abides by the "Director Election Law" and "Corporate Governance Code of Practice" to ensure the diversity of the board members.

The Company's diversity policy is as follows:

- Board structure: According to the scale of the Company's business development and the shareholding situation among major shareholders, and given company practical operating needs, it was decided that a board of more than 5 members is appropriate.
- No more than 1/3 of the directors should service concurrently as company managers.
- Basic conditions and values: gender (female directors may be one-fourth of the total number of directors), age, nationality and culture.
- Professional knowledge and skills: professional background (law, accounting, industry, finance, sales, technology), professional skills and industry experience.
- Competencies required: operational judgement, accounting and financial analysis, business management, crisis management, industry knowledge, an understanding of the international market, leadership, and decision-making skills.

The current board consists of seven directors, with an average age of 64.28 years. The age distribution is as follows: one director aged 36-40, one director aged 56-60, two directors 61-65 years old, one director aged 71-75, two directors aged 76-80.

No member of the current board is an employee of the Company. There is one female director, currently accounting for 14.2% of the board, the target ratio being 28%. There are three independent directors, currently accounting for 42.9% of the board. Three of the independent directors are serving for their second term; they are allowed to serve a maximum of three terms consecutively.

In accordance with the Company's business model and business strategy, directors have been selected whose qualifications suit the needs of the Company's staged development. This includes: Chairman Chuan Lin, with his rich industry, government, academic and international experience; independent director Chih-Li Wang, a Taiwan CPA; director Chao-I Chiang, with American accounting qualifications; director Kang-Chi Chou, with a business management background; independent director Rwei-Syun Chen, with a background in international finance and biotechnology industry management and development; director Carl Hsiao, with a background in American pharmacology and sales channel experience in the US market, and independent director Yi-Min Wang, with a background in financial analysis and the securities market.

Our company values diversity in its board members. Our target proportion of the Board of Directors possessing a background in the biotech medical industry and in accounting is 29% and 14%, respectively; our actual proportion is 42.9% and 28.6%, respectively.

##### **2. Independence of the Board of Directors**

There are three independent directors in the Company, making up for 42.9% of the board. The number of independent directors is more than one-third of the total number of directors, and none of the three independent directors of the Company has served for more than three consecutive terms. No director of the Company is the spouse or second-degree kinship relation of any independent director, or vice versa. In conclusion, the Board of Directors is independent.

(5) Information on the General Manager, Vice General Manager, Assistant Vice General Manager, and Managers of Various Departments and Branches  
April 31, 20221

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			Remarks (Note 3)
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
General Manager	ROC	Sze-Yuan Yang	F	2019.1.17	13,000	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	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 and 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	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
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 University of Science and Technology Senior Specialist of Accounting Department of TTY Biopharm	Nil	Nil	Nil	Nil	Nil
Senior audit specialist of Audit Office	ROC	Ya-Chi Wu	F	2020.7.31	0	0	0	0	0	0	Department of Accounting, Soochow University Deputy Manager of Audit Dept., the KPMG Taiwan	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 sending as employees or managers, etc.) should be disclosed

### 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 2021

Title	Name	Director's Remuneration						Remuneration for Part-time Employees						Remuneration received by directors of the Company from reinvested businesses other than the subsidiary or the parent company (Note 11)							
		Remuneration (A) (Note 2)		Retirement Pension (B)		Director's Reward (C) (Note 3)		Business Execution Expenses (D) (Note 4)		Sum of A, B, C and D and percentage of the net profit after tax (Note 10)		Salary, Bonus and Special Expenses (E) (Note 5)			Retirement Pension (F)		Employee's Remuneration (G) (Note 6)		Sum of A, B, C, D, E and G and percentage of the net profit after tax (Note 10)		
		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)	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 (Note 10)	This company
Chairman	TTY Biopharm Representative: Chuann Lin																				
Director	TTY Biopharm Representative: CARL HSIAO	719		0		1,282	96	96	2,097	2,097	4.45%	4.45%	0	0	0	0	0	2,097	2,097	4.45%	4.45%
Director	TTY Biopharm Representative: Chao-I Chang																				
Director	TTY Biopharm Representative: Kang-Chi Chou																				
Independent director	Chih-Li Wang																				
Independent director	Rwei-Syun Chen	1,500		0		0	144	144	1,644	1,644	3.49%	3.49%	0	0	0	0	0	1,644	1,644	3.49%	3.49%
Independent director	Yi-Min Wang																				

1. Please describe the remuneration policy, system, standard and structure for independent directors, and the relationship with the remuneration amount according to the responsibilities, risks, investment time and other factors. Due to the difference in responsibilities, risks, and investment time between Independent Directors and general directors, Independent Directors are remunerated with a fixed amount (apportioned monthly) according to an annual salary system based on their responsibilities, and do not participate in the distribution of the company's director remuneration.

2. Except as disclosed in the above table, the remuneration received by the Directors of the Company in the most recent year for providing services to all the companies in the financial report (such as serving as a consultant for the parent company/all companies in the financial report/transferring business that is not an employee); None.

**(2) Remuneration scale of general directors and independent directors in 2021**

Payment of remuneration to directors of the Company	Name of directors			
	Total amount of remuneration for the first four items (A+B+C+D)		Total amount of remuneration for the first seven items (A+B+C+D+E+F+G)	
	This company (Note 8)	All companies in the financial report (Note 9)	This company (Note 8)	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 Kang-Chi Chou; independent directors Chih-Li Wang, Rwei-Syun Chen, Yi-Min Wang	TTY representative: Chairman Chuan Lin; director Carl Hsiao, director Chao-I Chiang, director Kang-Chi Chou; independent directors Chih-Li Wang, Rwei-Syun Chen, Yi-Min Wang	TTY representative: Chairman Chuan Lin; director Carl Hsiao, director Chao-I Chiang, director Kang-Chi Chou; independent directors Chih-Li Wang, Rwei-Syun Chen, Yi-Min Wang	TTY representative: Chairman Chuan Lin; director Carl Hsiao, director Chao-I Chiang, director Kang-Chi Chou; independent directors Chih-Li Wang, Rwei-Syun Chen, Yi-Min Wang
1,000,000 dollars (inclusive) - 2,000,000 dollars (exclusive)	Chairman Chuan Lin	Chairman Chuan Lin	Chairman Chuan Lin	Chairman Chuan Lin
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 7 people	Total 7 people	Total 7 people	Total 7 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 (3-1), or (3-2-1) and (3-2-2).
- 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 is listed.
- 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.). V\(^Tien 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 sending 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 reliant 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 reliant 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 1 of the remuneration scale table. And change the field name to "parent company and all reinvested businesses I".
- 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.

\* 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 2021

Unit: Thousand NTS

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonus & special expenses, etc. (C) (Note 3)		Employee remuneration amount (D) (Note 4)				The proportion of the four items A · B · C · D and in the net profit after tax (%) (Note 8)		Remuneration from reinvested businesses other than subsidiary or parent company (Note 9)
		This company	All companies in the financial report (Note 5)	This company	All companies in the financial report (Note 5)	This company	All companies in the financial report (Note 5)	All companies in the financial report (Note 5)		This company	All companies in the financial report (Note 5)			
								Cash amount	Stock amount			Cash amount	Stock amount	
General Manager	Sze-Yuan Yang	3,117	3,117	108	108	1,125	1,125	1,374	0	1,374	0	5,724	12.15%	Nil
Vice General Manager	Xin-Yang Liu	2,422	2,422	108	108	157	157	378	0	378	0	3,065	6.5%	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: 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 2021**

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 <sup>(Note 6)</sup>	All companies in the financial report <sup>(Note 7) E</sup>
Below 1,000,000 dollars	Nil	Nil
1,000,000 dollars (inclusive) ~2,000,000 dollars (exclusive )	Nil	Nil
2,000,000 dollars (inclusive) ~3,500,000 dollars (exclusive )	Xin-Yang Liu	Xin-Yang Liu
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 the purpose of 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 31, 2022

	Title	Name	Stock amount	Cash amount	Total	Percentage of total amount to net profit after tax (%)
Managers	General Manager	Sze-Yuan Yang	0	870	870	1.84
	Business Development Division Director	Chao-Ren Liao				
	Sales Division Director	Jian-Rong Huang				
	AVP of General Administration	Xin-Yang Liu				
	Senior 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 25, 2022.

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. 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.

B. 2021: The total remuneration paid by the Company in 2021 to Directors, General manager and Vice General Managers accounts for 26.60% 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 aspects to be considered include the control of the Company's goals and missions, the Director's awareness of responsibilities, the degree of participation in the Company's operations, the management and communication of internal relations, the Director's professional and continuing education, and internal control, 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. Unlike General Directors, Independent Directors of the Company receive fixed remuneration and travel expenses for attending the meeting.

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 these indicators include financial indicators (marketing-oriented such as company revenue, operating net profit, pre-tax net profit achievement rate, etc.) and non-financial indicators (manufacturing-oriented such as inventory and cost management, R&D-oriented such as development project process, etc., organizational development-oriented such as talent development programs, etc.), which are 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 5 meetings in 2021 (A). The attendance of directors is as follows:

Title	Name (Note 1)	Actual attendance (B)	Entrusted attendance	Actual attendance rate (%) [B/A] (Note 2)	Remark
Chairman	TTY Biopharm Representative: Chuan Lin	5	0	100	
Director	TTY Biopharm Representative: Chao-I Chiang	5	0	100	
Director	TTY Biopharm Representative: Carl Hsiao	5	0	100	
Director	TTY Biopharm Representative: Kang-Chi Chou	4	1	80	
Independent Director	Chih-Li Wang	5	0	100	
Independent Director	Rwei-Syun Chen	5	0	100	
Independent Director	Yi-Min Wang	5	0	100	

Other matters to be recorded:

1. If the operation of the board of directors falls under any of the following circumstances, the date of the board of directors, the period, the content of the proposal, the opinions of all Independent Directors and the Company's handling of the opinions of the Independent Directors shall be stated:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act  
(2) Except for the previously mentioned matters, other matters resolved by the Board of Directors with objections or reserved opinions of Independent Directors and with records or written statements.

Board of Directors Meeting	Proposal Content and Follow-up Processing	Matters listed in Article 14-3 of Securities and Exchange Act	Independent Directors have objections or reserved opinions.
The Fifth session The Fifth term 2021.3.10	1. 2020 Employees' and Directors' Remuneration Allocation of the Company. 2. 2020 Statement of Internal Control System of the Company. 3. Removal of Directors' Non-Competition Restriction.  Independent Director's Opinions: Nil. The Company's Handling of Independent Directors' Opinions: Nil. Resolution Result: Unanimously passed by all directors present.	V	-
The Sixth session The Fifth term 2021.5.4	1. Proposal of signing an "Entrusted Service Contract" for 2021 to 2023 with TTY Biopharm 2. Remuneration Committee's proposal (1) 2010 Director's Remuneration List  Independent Director's Opinions: Nil. The Company's Handling of Independent Directors' Opinions: Nil. Resolution Result: Unanimously passed by all directors present.	V	-
The Eighth session The Fifth	1. Proposal of amending the Company's "accounting system". 2. Proposal of amending the Company's "internal control system" and "internal audit system"	V	-

term 2021.11.3	Independent Director's Opinions: Nil. The Company's Handling of Independent Directors' Opinions: Nil. Resolution Result: Unanimously passed by all directors present.		
The Ninth Session The Fifth Term 2021.12.17	1. 2022 Audit Plan of the Company. 2. In 2022, it is proposed to appoint KPMG Taiwan as the Company's certified public accounting firm and the expenses for various certified public services. 3. It is proposed to add an addendum to the house rental agreement signed with TTY Biopharm.	V	-
	Independent Director's Opinions: Nil. The Company's Handling of Independent Directors' Opinions: Nil. Resolution Result: Unanimously passed by all directors present.		
The Tenth Session The Fifth Term 2022.3.4	1. 2021 Employees' and Directors' Remuneration Allocation of the Company. 2. 2021 Statement of Internal Control System of the Company. 3. Amendment to the "Processing Procedures for Acquisition or Disposal of Assets" of the Company.	V	-
	Independent Directors' Opinions: Nil. The Company's Handling of Independent Directors' Opinions: Nil. Resolution Result: Unanimously passed by all directors present.		

2. Execution Status of Directors Avoiding Conflict of Interest: The Director's name, the content of motion, the reasons for avoidance of conflict of interest, and the situation of participating in voting shall be given:

Date	Name	Content of Motion	Reasons for Avoidance of Conflict of Interest	Situation of Participating in Voting
2021.3.10	Chuan Lin, CARL HSIAO, Chao-I Chiang, Kang-Chi Chou	Removal of Directors' Non-Competition Restriction.	The Company's Director is a legal representative of an affiliated company.	The Directors of the Company did not participate in voting due to conflict of interest.
2021.5.4	Chuan Lin, CARL HSIAO, Chao-I Chiang, Kang-Chi Chou	The Company intends to enter into "Entrusted Service Contract" for 2021 to 2023 with TTY Biopharm.	The Company's Director is a legal representative of an affiliated company.	The Directors of the Company did not participate in voting due to conflict of interest.
2021.5.4	Chuan Lin, CARL HSIAO, Chao-I Chiang, Kang-Chi Chou	List of 2020 Directors' Remuneration	The Company's Director is a related party.	The Directors of the Company did not participate in voting due to their self-interest, since it involves the Directors' self-interest.
2021.12.17	Chuan Lin, CARL HSIAO, Chao-I Chiang, Kang-Chi Chou	The Company intends to amend the housing "lease contract signed with TTY Biopharm.	The Company's Director is a legal representative of an affiliated company.	The Directors of the Company did not participate in voting due to conflict of interest.

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.

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: 2021/1/1~2021/12/31	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 34.
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 35. 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. Evaluation result: A score of 100 (out of 100) was evaluated by the Meeting Affairs Unit. 4. The content and results of the effectiveness evaluation of the Board of Directors are detailed on page 36.

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. The Company's 2021 risk management operation was reported by the Head of Corporate Governance at the Board of Directors on December 17, 2021.
2. The Company's 2021 integrity management performance was reported by the Head of Corporate Governance at the Board of Directors on March 4, 2022.
3. The Company has established an Integrity Management Promotion Team, and the Board of Directors has adopted the plan and policy to prevent dishonest conducts. The Head of Auditing conducted an audit in December 2021 and reported the audit results to the Board of Directors on March 4, 2022.
4. The situation of stakeholder communications was reported to the Board of Directors half-yearly (on 2021/8/3 and 2021/12/17) .
5. In 2021, the Company's "Board of Directors Performance Evaluation Method", "Functional Committee Performance Evaluation Method", "Audit Committee Organization Regulations", "Remuneration Committee Organization Regulations" and "Independent Directors' Scope of Responsibilities and Rules" were reviewed and amended continuously.
6. Starting from 2021, major news will be released in Chinese and English synchronously.
7. Arrangements are made for at least two times a year for the Directors and certified public accountants to meet for communications.
8. Three Independent Directors attended each of the Company's 2021 Board of Directors meetings in person, and the attendance status of the Independent Directors attending each Board of Directors Meeting in 2021 is listed below:

⊙: Attend in person ☆: Attend by proxy \* : Absent

Independent Director	Mar. 10, 2021	May 4, 2021	Aug. 3, 2021	Nov. 3, 2021	Dec.17, 2021
Chih-Li Wang	⊙	⊙	⊙	⊙	⊙
Rwei-Syun Chen	⊙	⊙	⊙	⊙	⊙
Yi-Min Wang	⊙	⊙	⊙	⊙	⊙

9. Regular assessments of the independence of accountants are implemented continuously. On December 17, 2021, The Audit Committee and the Board of Directors approved the independence and appropriate qualification of the accountants in accordance with the Company's "Certified Public Accountant Selection Review Method" and the statement of independence issued by KPMG. The qualification review results are detailed in "(4) Operation of Corporate Governance and its Differences and Reasons from the Code of Practice for Corporate Governance of Listed Companies" of "4. Operation of Corporate Governance" and in the fourth point of "3, Composition and Responsibilities of the Board of Directors", see Page 34.
10. Since the Company participated in the first corporate governance evaluation, short, medium and long-term improvement goals were set based on the evaluation results of each year for projects that do not meet corporate governance standards, and the improvement results were reported year by year. For those not improved yet, priorities and measures for strengthening were proposed. Please refer to the ninth point of "(4) The operation of corporate governance and its differences with the Code of Practice on Corporate Governance for Listed OTC Companies and the reasons" in "4. Operation of Corporate Governance", see Page 50.

**(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.

[Reviewed financial report]

The Board of Directors prepared the Company's 2021 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 resolution by the Board of Directors on December 17, 2021, KPMG's Certified Public Accountants and Huang Hsin-Ting and Han Yi-Lien deemed both meet the independence assessment standards and are sufficient to serve as the Company's financial and tax accountants (Due to the accountant rotation system, from 2022, accountants Chih Shin-chin and Tseng Kuo-Yang are changed to accountants Huang Hsin-ting and Han Yi-lien).

[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 2021 Audit Committee of the Company met 5 times (A). The attendance status of the Independent Directors attending is listed below:

Title	Name	Actual attendance (B)	Entrusted attendance	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remark
Independent director	Chih-Li Wang	5	0	100	
Independent director	Rwei-Syun Chen	5	0	100	
Independent director	Yi-Min Wang	5	0	100	

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 Independent Director's oppositions, reserved opinions or major 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
2 <sup>nd</sup> 4 <sup>th</sup> session 2021.3.10	1. THE COMPANY'S 2020 FINANCIAL STATEMENTS AND BUSINESS REPORTS. 2. FORMULATION OF THE 2020 INTERNAL CONTORL STATEMENT 3. Intended to amend the Company's "Audit Committee Organization Regulations". 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.	V	-
2 <sup>nd</sup> Term 5 <sup>th</sup> session 2021.5.4	1. The Company's 2021 First Quarter Financial Statement. 2. Proposal of signing the Company's "Entrusted Service Contract" with TTY Biopharm Co., Ltd. (hereinafter referred to as "TTY Biopharm") for 2021 to 2023. 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.	V	-
2 <sup>nd</sup> Term 6 <sup>th</sup> session 2021.8.3	The Company's second QUARTER 2021 FINANCIAL STATEMENTS. 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.	V	-
2 <sup>nd</sup> Term 7 <sup>st</sup> session 2021.11.3	1. The Company's financial statements for the third quarter of 2021. 2. Proposal of amending the Company's "Measures for Preparation and Management of Financial Reports". 3. Proposal of amending the Company's "Accounting System". 4. Proposal of amending the Company's "Internal Control System" and "Internal Audit System". 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.	V	-
2 <sup>nd</sup> Term 8 <sup>th</sup> session 2021.12.17	1. The Company's 2022 Audit Plan. 2. Proposal of appointing "KPMG" as the Company's certified public accountant firm and setting various certification service fees for 2022. 3. Proposal of amending the Company's housing "least contract" signed with TTY Biopharm Co, Ltd. (hereinafter referred to as "TTY Biopharm" )	V	-

Audit Committee Opinions: Nil. The Company's handling of Audit Committee opinions: Nil. Resolution result: All the present audit committee members agreed to pass.
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(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:

1. The Company arranges at least once a year for the Independent Directors to communicate face-to-face with the accountants without the presence of the Company's management team.

2. The Company arranges at least one conference every year for Independent Directors, management team and accountant to meet.

The certified public accountants attend the Audit Committee quarterly and report the review (audit) results of the financial reports of that quarter. At the same time, the accountants will also address important accounting standards or interpretation letters, securities regulations, the impact of the newly applied IFRS Bulletin on the Company and the key audit matters are explained to the Audit Committee. Please refer to the Company's website for details.

Note 1: If an Independent Director leaves the Company before the end of the year, the date of leaving should be indicated in the remarks and the actual attendance rate (%) is calculated based on the number of Audit Committee meetings and the actual number of attendance during the Independent Director's tenure.

Note 2: If there is an Independent Director re-elected before the end of the year, the new and old Independent Directors should be listed and indicated in the remarks as the old, new or re-elected Independent Director and the date of re-election. The actual attendance rate (%) is in the number of Audit Committee meetings and the number of actual attendance during their term of office.

**(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

<p>(2) Does the Company have a list of major shareholders and the final controllers of the major shareholders who actually control the Company?</p> <p>(3) Does the Company establish and implement a risk control mechanism and firewall mechanism between its affiliated companies?</p> <p>(4) Has the Company established internal regulations to prohibit the Company's insiders from using the non-disclosed information on the market to buy and sell securities?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>(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.</p> <p>(3) Transactions between the Company and the parent company are handled in accordance with the " Group Companies, Specific Companies, and Related Party's 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.</p> <p>(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 regular^ publicize the precautions to prevent insider trading to the Company's colleagues every year, and publicize new directors and managers after taking office.</p>	<p>(2) No difference</p> <p>(3) No difference</p> <p>(4) No difference</p>
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<p>3. The composition and responsibilities of the board of directors</p> <p>(1) Does the Board of Directors formulate and implement the diversified policy, specifically manage the objectives and policies, and implement and execute on the composition of members?</p>	<p>V</p>	<p>(1) The Company has revised "Code of Practice on Corporate Governance" and policy for diversity of board members. The nomination and selection of members of the Board of Directors of the Company comply with the provisions of the Company's articles of association and adopt a candidate nomination system. In addition to assessing the qualifications of each candidate, and referring to the opinions of stakeholders, complying with the "Director Election Method" and the "Code of Practice on Corporate Governance" to ensure the diversity of directors.</p> <p>The Company's diversity policy is as follows:</p> <ul style="list-style-type: none"> <li>● Structure of Board of Directors: According to the scale of the company's operation and development and the shareholding situation of major shareholders, the appropriate number of Directors shall be more than 5 people depending on practical operation needs.</li> <li>● The number of directors who also serve as the Company's manager shall not exceed 1/3 of the total number of Directors.</li> <li>● Basic conditions and values: Gender (female directors may be one-fourth of the total number of directors), age, nationality and culture.</li> <li>● Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</li> <li>● Abilities: including operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, international market view, leadership ability, and decision-making ability.</li> <li>● The diversity policy has been disclosed in detail on the Company's website and Market Observation Post System.</li> </ul>	<p>(1) No difference</p>
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Assessment items	Operation status (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies																																																																																
	Yes	No																																																																																	
	<p style="text-align: center;"><b>Summary</b></p> <p style="text-align: center;"><b>Specific Implementation of the Company's diversity policy and Management Goals:</b></p> <table border="1"> <thead> <tr> <th>Multiple core projects</th> <th>Nationality</th> <th>Gender</th> <th>Length of service of an independent director</th> <th>Part-time employees of the company</th> <th>Management</th> <th>Leader's decision</th> <th>Industry knowledge</th> <th>Finance &amp; accounting</th> <th>Financial law</th> </tr> </thead> <tbody> <tr> <td>Chairman Chuan Lin</td> <td>ROC</td> <td>M</td> <td>-</td> <td>NA</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Director Carl Hsiao</td> <td>USA</td> <td>M</td> <td>-</td> <td>NA</td> <td>V</td> <td></td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Director Chao-I Chiang</td> <td>ROC</td> <td>M</td> <td>-</td> <td>NA</td> <td></td> <td></td> <td></td> <td>V</td> <td>V</td> </tr> <tr> <td>Director Kang-Chi Chou</td> <td>ROC</td> <td>M</td> <td>-</td> <td>NA</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Independent director Chih-Li Wang</td> <td>ROC</td> <td>M</td> <td>5 years</td> <td>NA</td> <td></td> <td></td> <td></td> <td>V</td> <td>V</td> </tr> <tr> <td>Independent director Rwei-Syun Chen</td> <td>ROC</td> <td>F</td> <td>4 years</td> <td>NA</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> <tr> <td>Independent director Yi-Min Wang</td> <td>ROC</td> <td>M</td> <td>5 years</td> <td>NA</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> </tr> </tbody> </table> <p>Note 1: There are seven current Directors, and none of them is the Company employee. Female Directors currently account for 14.2%, and Independent Directors currently account for 42.9%. Independent Director has a tenure of 4~5 years. The Company pays attention to the diversity of the Board of Directors members, and the target ratios of Directors having biotechnology and medical background and accounting background are above 29% and 14% respectively, and the current ratios are 43% and 29% respectively.</p> <p>Note 2: According to the Company's business model and strategy, Directors suitable for the Company's staged development are selected. They include Chairman Chuan Lin with rich industry, government, academia and international experience, Independent Director Wang Chih-I (Taiwanese accountant), Director Chao-I Chiang (American CPA) Director, Kang-Chi Chou with business management background, Independent Director Rwei-Syun Chen with international financial institution and biotechnology industry management and development background, Director Xiao Jiabin with American pharmacy background and sales channel experience in the US market and Independent Director Yi-Min Wang with background in financial analysis and securities market. (Refer to Page 8 for Directors' education and experience)</p> <p>Note 3: Please refer to page 12 for the Board of Directors' specific management goals and guidelines for diversity and its implementation.</p>		Multiple core projects	Nationality	Gender	Length of service of an independent director	Part-time employees of the company	Management	Leader's decision	Industry knowledge	Finance & accounting	Financial law	Chairman Chuan Lin	ROC	M	-	NA	V	V	V	V	V	Director Carl Hsiao	USA	M	-	NA	V		V			Director Chao-I Chiang	ROC	M	-	NA				V	V	Director Kang-Chi Chou	ROC	M	-	NA	V	V				Independent director Chih-Li Wang	ROC	M	5 years	NA				V	V	Independent director Rwei-Syun Chen	ROC	F	4 years	NA	V	V	V		V	Independent director Yi-Min Wang	ROC	M	5 years	NA	V	V		V	V	
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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	V	(2) The functional committees currently set up by the Company are the Remuneration Committee and the Audit Committee. Other functional committees will be evaluated and set up as needed in the future.  (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) In accordance with the amended "Board Performance Evaluation Measures" approved by the Board of Directors of the Company on March 10, 2021 within 3 months after the end of each year, the internal self-evaluation method is adopted to evaluate the performance of the Board of Directors, and the deliberating unit is responsible for implementation, based on specific indicators, evaluation standard scoring method, responsible for assisting in the performance evaluation of the Board of Directors and self-evaluation by board members, and submitting the report of the Board of Directors as a reference for directors' performance and remuneration. In addition, in order to improve the operational performance of the Board of Directors, it is clearly stipulated that at least once every three years an external unit should evaluate the effectiveness of the Board of Directors.

[Periodic internal evaluation every year]:

- The performance evaluation aspects of the 2021 Board of Directors of (evaluated by the deliberative unit and the board members) and the evaluation results are as follows:
- Evaluation by deliberative unit:

Performance evaluation appraisal aspect	Item	Percentage
A. Level of participation in the operation of the various components	12	30%
B. Improve the quality of board decisions	12	25%
C. Board composition and structure	7	10%
D. Selection and continuing education of directors	7	20%
E. Internal control	7	15%
Total	45	100%

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>• Evaluation result: A score of 96.02 (out of 100) was obtained according to the above evaluation result by the Meeting Affairs Unit in 2021, and the evaluation result was reported in the Board of Directors on March 4, 2022.</p> <p>Based on the 2021 evaluation result, an improvement plan was to maintain or increase the attendance rate of Directors to participate in the Board of Directors and review the frequency of the Board of Directors.</p> <p>•Director evaluation:</p> <table border="1" data-bbox="762 613 1342 1205"> <thead> <tr> <th>Self-evaluation aspects of board members</th> <th>Item</th> <th>Percentage</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 andcontinuing education of directors</td> <td>3</td> <td>10%</td> </tr> <tr> <td>F. Internal control</td> <td>3</td> <td>15%</td> </tr> <tr> <td>Total</td> <td>23</td> <td>100%</td> </tr> </tbody> </table>	Self-evaluation aspects of board members	Item	Percentage	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 andcontinuing education of directors	3	10%	F. Internal control	3	15%	Total	23	100%
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		<p>Summary</p> <ul style="list-style-type: none"> <li>• Evaluation Results: A score of 98.7 (out of 100) was obtained according to the above evaluation result by the Meeting Affairs Unit in 2021, and the evaluation result was reported in the Board of Directors on March 4, 2022.</li> </ul> <p>Based on the 2021 evaluation result, an improvement plan was to maintain or increase the attendance rate of Directors to participate in the Board of Directors and review the frequency of the Board of Directors.</p> <p>[External Evaluation Taken Place Once Every Three Years] : In September 2020, the Taiwan Corporate Governance Association was commissioned to conduct a Board of Directors performance evaluation for the Company, and an evaluation report was obtained in December of the same year, and the evaluation results and improvement plans were reported in the Board of Directors on December 20, 2020.</p> <p>General evaluation of corporate governance association:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol>	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies										
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		<p>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.</p> <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 reviews 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> <tr> <td>It is recommended that the Board of Directors should not only pay attention to the promotion of the Company's business, but should also pay more attention to the succession plan of Directors and senior managers to facilitate sustainable operation..</td> <td>In response to the adjustment of the strategic direction, we will continue to promote and review the succession plan of senior managers regularly; at this stage, external Directors with industry-related professionalism or experience will be selected, so that a talent pool of external Directors will be established; in the future, it will be based on the Group's or Company's strategy, and then cultivate internal Director candidates.</td> </tr> <tr> <td>It is recommended that your company asks the Audit Committee to express their opinions on the work performance of the audit supervisor first.</td> <td>It is proposed to hold a symposium between Audit Committee members and the audit supervisor to understand the work performance results of the audit supervisor, and give opinions for the reference of the Chairman's assessment.</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 reviews 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.	It is recommended that the Board of Directors should not only pay attention to the promotion of the Company's business, but should also pay more attention to the succession plan of Directors and senior managers to facilitate sustainable operation..	In response to the adjustment of the strategic direction, we will continue to promote and review the succession plan of senior managers regularly; at this stage, external Directors with industry-related professionalism or experience will be selected, so that a talent pool of external Directors will be established; in the future, it will be based on the Group's or Company's strategy, and then cultivate internal Director candidates.	It is recommended that your company asks the Audit Committee to express their opinions on the work performance of the audit supervisor first.	It is proposed to hold a symposium between Audit Committee members and the audit supervisor to understand the work performance results of the audit supervisor, and give opinions for the reference of the Chairman's assessment.	
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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?			<p>(4) The Board of Directors regularly evaluates the independence of accountants every year. 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. The accountant evaluation procedures and results have been submitted to the Audit Committee for review and resolved by the Board of Directors on December 17, 2021. Both Huang Hsin-Ting and Han Yi-Lien accountants of KPMG meet the evaluation criteria for independence and suitability (due to the accountant rotation system, accountants Shin-Chin Chih and Kuo-Yang Tseng are changed from to accountants Huang Hsin-Ting and Han Yi-Lien) from the first quarter of 2022, who are competent as the Company's financial and tax compliance audit accountant</p> <p>The main review and evaluation key points of the accountant selection review form include the following:</p> <p>1. 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 who are not employees, directors, or supervisors of the Company or its affiliates.</p> <p>2. Not an employee, director, or supervisor of the Company or its affiliated companies.</p> <p>3. 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.</p> <p>4. Not spouses, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship listed.</p> <p>5. 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 five legal person shareholders holding shares.</p> <p>6. Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a special 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.</p> <p>Competence</p> <p>1. Possess knowledge of the industry or field related to the Company's business, and understand relevant laws and regulations.</p> <p>2. Have enough professional skills to check the Company and complete the case within the agreed time limit.</p> <p>3. Assess whether the Company's upcoming major events in the next year will affect competence.</p> <p>4. No potential conflict of interest</p>

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 meetings, 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 2021 performance evaluation will be reported to the Board of Directors in March 2022</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 2021 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	
		<p>(3) Appropriate liability insurance (including scope, expenses, etc.) is insured for directors and managers every year, and the Board of Directors reports in the first quarter of the year. The liability insurance insured in 2021 has been reported to the Board of Directors on March 10, 2021, and the liability insurance insured in 2022 has been reported to the Board of Directors on March 4, 2022.</p> <p>(4) To facilitate communication between management and directors to facilitate directors' understanding of the company's business development.</p> <p>(5) To provide information on refresher courses for directors' reference or assist in arranging and enrolling courses from time to time.</p> <p>2. Assist the board of directors, audit committee and shareholders meeting procedures and resolutions on compliance matters:</p> <p>(1) Review and draft improvement plans for the 2020 corporate governance appraisal project and report to the board of directors on 2021/8/3.</p> <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>	

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) Handle the registration prior to the date of the Shareholders Meeting and the declaration of various announcements in accordance with the law, and send out the Shareholders Meeting Notice within the statutory period</p> <p>(5) Report the execution status of Corporate Social Responsibility and the prepared Corporate Social Responsibility Report to the Board of Directors, and report the Corporate Social Responsibility Report to the Board of Directors on August 3, 2021.</p> <p>3. Maintain investor relations: Attend corporate briefings and report to investors on the company financial status and operating performance to better understand the company's operations.</p> <p>4. Registration of change of the Company.</p> <p>5. Regularly report to the Board of Directors on the communications with stakeholders: The situations of communications with stakeholders including feedbacks from stakeholders, company responses and follow-up response plans have been reported to the Board of Directors on August 3, 2021 and December 17, 2021.</p> <p>6. Regularly report to the Board of Directors on the integrity management performance: The situations of the 2020 integrity management performance have been reported to the Board of Directors on March 10, 2021.</p> <p>7. Regularly report to the Board of Directors on the risk management operation: The situations of the 2021 risk management operation have been reported to the Board of Directors on December 17, 2021.</p>	

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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, and on August 3, 2021 and December 17, 2021 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.
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.
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 <a href="http://www.tshbiopharm.com">http://www.tshbiopharm.com</a> )
(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 service/latest news) for the investing public to read.

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	<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.(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 harmonic labor relations. For operating conditions, please refer to Page 110 of this annual report "5. Employer~Employee Relations" in "V. Operation Overview".</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 outstanding talents, for operating conditions, please refer to "5. Employer-Employee Relations" in "V. Operation Overview" on Page 110 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 14 of this annual report.</p>	<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>

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
			(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 pro^ 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 4 legal person briefings in 2021. 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 shareholder 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

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

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

(5) Director training: The Directors of the Company participate in relevant training courses according to their profession.

Title	Name	Sponsor	Course	No. of hours
Chairman (TTY representative)	Chuan Lin	Taiwan Corporate Governance Association	Company operation dispute cases and introduction to commercial case adjudication act.	3
Director (TTY representative)	Carl Hsiao	Taiwan Corporate Governance Association	Business strategy and corporate governance in response to the risk of unsustainability in the world from the perspective of COVID-19.	3
Director (TTY representative)	Chao-I Chiang	Taiwan Corporate Governance Association	Value Realization of Enterprise M&A - Discussion on Integration Issues after Enterprise M&A and Establishment of Management Mechanism	3
		Taiwan Corporate Governance Association	Hostile M&A, case studies on competition of management rights and corporate countermeasures	3
		Accounting Research and Development Foundation (online)	Company operation dispute cases and introduction to commercial case adjudication act	3
		Securities & Futures Institute	Using ESG to enhance corporate strategic capabilities and respond to sustainable financial trends	6
Director (TTY representative)	Kang-Chi Chou	Taiwan Corporate Governance Association	Seminar for Directors and Supervisors (including Independent Directors and Supervisors) and Corporate Governance Executives-[Course on Fair Hospitality Principle for Directors and Supervisors]	3
		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
		Taiwan Corporate Governance Association	Seminar - Responsibility and Risk Management for Directors and Supervisors of Fubon Property Insurance	3
		Securities & Futures Institute	Seminar for Directors and Supervisors (including Independent Directors and Supervisors) and Corporate Governance Executives-[Discussion on practices of money laundering control and countering terrorism financing]	3
		Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (Afternoon Session)	3
		Securities & Futures Institute	Seminar for Directors and Supervisors (including Independent Directors and Supervisors) and Corporate Governance Executives - [Case Study on Frauds of Enterprise Financial Statement]	3
Independent director	Chih-Li Wang	Consortium ROC Securities Counter Trading Center	2021 Online Forum on Sustainable Upgrade of OTC	4
		Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (Morning and Afternoon Sessions)	6
		Taiwan Corporate Governance Association	Business strategy and corporate governance in response to the risk of unsustainability in the world from the perspective of COVID-19.	3
		Securities & Futures Institute	Seminar for Directors and Supervisors (including Independent Directors and Supervisors) and Corporate Governance Executives-[Corporate M&A Practice-Focusing on Hostile M&A]	3
		Securities & Futures Institute	Seminar for Directors and Supervisors (including Independent Directors and Supervisors) and Corporate Governance Executives-[ Discussion on Human Resource and M&A Integration Issues in the Process of Enterprise M&A ]	3
		Accounting Research and Development Foundation	《 International Supervision vs Fraud Frontline 》 Analysis of the latest international financial supervision trends and financial crimes/fraud cases	3
		Taiwan Corporate Governance Association	Competition for management rights and case analysis	3
		Taiwan Corporate Governance Association	Discussion on the use of reward and remuneration strategies and tools for enterprise employees	3
		Taiwan Corporate Governance Association	Business strategy and corporate governance in response to the risk of unsustainability in the world from the perspective of COVID-19.	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) The implementation of risk management policies and risk assessment 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's regularly assesses risks at least once a year, and formulates and implements risk Management policies and procedures for each year so as to effectively identify risks, and keep it within an acceptable range, and the risk management operation situation has been reported to the Board of Directors on December 17, 2021. The organization structure and responsibilities of the company's risk management are as follows:		Summary	
RISK MANAGEMENT UNIT		RISK MANAGEMENT RESPONSIBILITIES	
BOARD OF DIRECTORS		THE HIGHEST UMT 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 MOMTORJG, 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 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.	
INTERNAL AUDIT			
Each department		EACH DEPARTMENT/DIVISION SUPERVISOR IS RESPONSIBLE FOR RISK MANAGEMENT AND RESPONSIBLE FOR ANALYZING AND MONITORING RELEVANT RISKS IN THEIR SUBORDINATE UNITS TO ENSURE THE EFFECTIVE IMPLEMENTATION OF RISK CONTROL MECHANISMS AND PROCEDURES.	

Please refer to the section "Corporate Governance/Corporate Governance Operation" of the Company's website for the risk management operation of the Company in 2021.

(7) IMPLEMENTATION OF CUSTOMER POLICY: IN ADDITION TO SETTING UP CUSTOMER SERVICE HOTLINES AND POSTING THEM ON THE COMPANY'S WEBSITE, THE COMPANY PROVIDES CHANNELS FOR CONSUMER INQUIRIES OR COMPLAINTS, AND ALSO HAS "CUSTOMER COMPLAINT HANDLING MEASURES", "PRODUCT RECALL MANAGEMENT MEASURES" AND SETS UP CUSTOMER COMPLAINT INVESTIGATION AND PROCESSING SYSTEM. AFTER RECEIVING ALL CUSTOMER COMPLAINTS, THE SYSTEM WILL IMMEDIATELY NOTIFY THE PERSON IN CHARGE OF THE PRODUCT TO QUICKLY HANDLE AND RESPOND TO RELATED ISSUES; THERE IS AN "ADVERSE DRUG REACTION NOTIFICATION" OPERATION METHOD, AND THE DRUG SAFETY TEAM IS RESPONSIBLE FOR HANDLING ADVERSE REACTIONS IN THE EVENT, ALL CASES HAVE BEEN PROPERLY HANDLED AND ARCHIVED, AND THEY HAVE INDEED COMPLIED WITH THE RELEVANT PROVISIONS OF THE PERSONAL DATA PROTECTION ACT.

(8) CIRCUMSTANCES IN WHICH THE COMPANY PURCHASES LIABILITY INSURANCE FOR DIRECTORS: THE COMPANY HAS PURCHASED LIABILITY INSURANCE FOR DIRECTOR, COMPLETED THE INSURANCE COVERAGE OF LIABILITY INSURANCE FOR 2022, AND REPORTED TO THE BOARD OF DIRECTORS ON MARCH 4, 2022 ABOUT THE AMOUNT AND COVERAGE OF THE LIABILITY INSURANCE FOR DIRECTORS AND SUPERVISORS IS USD 3 MILLION.

(9) THE SITUATION OF THE COMPANY MANAGERS AND INTERNAL AUDITOR 2021 ON CORPORATE GOVERNANCE RELATED TRAINING:

Title	Name	Sponsor	Course	No. of hours
General Manager of General Administration	Xin-Yang Liu	<i>The 13th Corporate Governance Forum (morning session and afternoon session)</i>	Financial Supervisory Commission	6
		<i>Value Realization of Enterprise M&amp;A - Discussion on Integration Issues after Enterprise M&amp;A and Establishment of Management Mechanism</i>	Taiwan Corporate Governance Association	3
		<i>Hostile takeover, case studies of management rights competition and corporate countermeasures</i>	Taiwan Corporate Governance Association	3
		<i>Company operation dispute cases and introduction to commercial event trial law</i>	Taiwan Corporate Governance Association	3
		<i>Business strategy and corporate governance in response to the risk of unsustainability in the world from the perspective of the COVID19</i>	Taiwan Corporate Governance Association	3
Senior Manager of Finance and Accounting	Chen-Ju Kan	<i>Development and business opportunities of applications of artificial intelligence technology</i>	Taiwan Corporate Governance Association	3
		Accounting Research and Development Foundation	Continuing Education for Principal Accounting Officers of Issuers, Securities Firms and Security Exchanges	12
Senior Specialist of Audit Office	Ya-Chi Wu	Institute of Internal Auditors Taiwan	Business activities and case analysis on risks of dishonest behavior	6
		Institute of Internal Auditors Taiwan	Practice of self-assessment	6
		Institute of Internal Auditors Taiwan	Policy analysis and key discussion on internal audit and internal control practice for enterprises to improve their ability of preparing financial reports by themselves	6

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

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.

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:

- ISSUE THE ANNUAL FINANCIAL REPORT IN ENGLISH AND UPLOAD IT 7 DAYS BEFORE THE GENERAL SHAREHOLDERS MEETING.
- ISSUE AN ENGLISH FINANCIAL REPORT AND UPLOAD IT WITHIN TWO MONTHS BEFORE THE DEADLINE OF REPORTING THE CHINESE INTERIM FINANCIAL REPORT.
- ISSUE THE ENGLISH VERSION OF THE SHAREHOLDERS MEETING HANDBOOK AND MEETING SUPPLEMENTARY MATERIALS AND UPLOAD THEM 30 DAYS BEFORE THE GENERAL SHAREHOLDERS MEETING.
- ISSUE THE ANNUAL REPORT OF THE SHAREHOLDERS MEETING IN ENGLISH AND UPLOAD IT 7 DAYS BEFORE THE GENERAL SHAREHOLDERS MEETING.
- INCREASE THE ATTENDANCE RATE OF DIRECTORS ATTENDING SHAREHOLDERS' MEETINGS IN PERSON.

ACCORDING TO THE LATEST REVISED CORPORATE GOVERNANCE EVALUATION INDICATORS, THE SET IMPROVEMENT PROMOTION GOALS OF 2022 ARE AS FOLLOWS:

- UPLOAD THE ANNUAL REPORT IN CHINESE 18 DAYS BEFORE THE SHAREHOLDERS MEETING.
- UPLOAD THE ANNUAL REPORT IN ENGLISH 16 DAYS BEFORE THE SHAREHOLDERS MEETING.
- INCREASE THE PERCENTAGE OF FEMALE DIRECTORS ON THE BOARD TO 28%.
- ACCORDING TO THE SUPPLIER MANAGEMENT POLICY – THE 2022 GOAL OF IMPROVING THE SELF-ASSESSMENT QUESTIONNAIRE RESPONSE RATE ON THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY OF DOMESTIC FINISHED PRODUCT SUPPLIERS AND CONTRACT FACTORIES.
- AMEND THE MANAGEMENT MEASURES AND PUBLICIZE INTERNAL REGULATIONS THAT PROHIBIT INSIDERS SUCH AS DIRECTORS OR EMPLOYEES FROM USING UNDISCLOSED INFORMATION IN THE MARKET TO BUY AND SELL SECURITIES, INCLUDING BUT NOT LIMITED TO THAT DIRECTORS SHALL NOT TRADE THEIR SHARES DURING THE 30-DAY PERIOD PRIOR TO THE ANNOUNCEMENT OF ANNUAL FINANCIAL REPORT AND THE 15-DAY CLOSING PERIOD PRIOR TO THE ANNOUNCEMENT OF QUARTERLY FINANCIAL REPORT.

#### (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: Graduate School of Accounting, Changhua Normal University
Rwei-Syun Chen	1. Independent Director of Welgene Biotech Co., Ltd. 2. Education: MBA of Columbia University (USA) and Department of Biology, National Taiwan Normal University.
Chih-Li Wang	1. Moores Rowland CPAs partner accountant, independent director of PharmaEngine, Inc. 2. Education: Accounting Department of Soochow University

##### 2. Information about the members of the Remuneration Committee:

March 31, 2022

Identity (Note 1) Name	Name	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
Convener Independent director	Yi-Min Wang	Graduated from the Graduate School of Accounting of Changhua Normal University, served as the Executive Deputy General Manager of Yuanta Securities, and having more than five years of work experience in finance and corporate business, and does not have any condition as described forth in Article 30 of the Company Law. Currently serving as the Chairman of Yuanta Securities (Hong Kong) Limited, Director of Yuanta Hong Kong Holdings (Cayman) Limited, Director of Yuanta Investment Management (Cayman) Limited, Director of Yuanta Asia Investments (Hong Kong) Limited, Director of Yuanta Securities Vietnam Ltd. (Authorized Representative).	The Company has obtained a written statement from each Independent Director confirming that he/she and his/her spouse, relatives within the second degree are independent of the Company, and that he/she is not an employee of the Company and does not hold shares in the Company.	0
Independent director	Rwei-Syun Chen	Served as General Manager of Taho Pharma, VP Corporate Development of NAL Pharmaceuticals Ltd, and Director of Faith Leaper, Co., Ltd. and having more than five years of work experience required for business and corporate business, and does not have any condition as described forth in Article 30 of the Company Law. Currently serving as Independent Director of Welgene Biotech Co., Ltd.	The Company has obtained a written statement from each Independent Director confirming that he/she and his/her spouse, relatives within the second degree are independent of the Company, and that he/she is not an employee of the Company and does not hold shares in the Company.	1
Independent director	Chih-Li Wang	Taiwan's practicing accountant with more than five years of work experience, and having none of the conditions as described in Article 30 of the Company Law. He is currently the partner accountant of Moores Rowland International Accountant Firm and the Independent Director of PharmaEngine Inc.	The Company has obtained a written statement from each Independent Director confirming of himself/herself and his/her spouse, relatives within the second degree relative to the Company, and has not acted as an employee of the Company. Independent Director, Chi-li Wang, only holds 30 shares of the Company, which is an extremely low shareholding ratio and does not affect his independence.	1

Note 1: Please specify the number of years of relevant working experience, professional qualifications and independence of each Remuneration Committee member in the table. Please refer to page 11 of Appendix 3 for the professional qualifications of the (1) Directors and the information on the independence of the Independent Directors. Please fill in the Independent Directors or others (and note that if he/she is the convener).

Note 2: Professional Qualifications and Experience: Describe the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Condition of Independence: Clarify that the Remuneration Committee members meet the conditions of independence, including but not limited to whether the member, his/her spouse, and relatives within the second degree is a Director,

Supervisor or employee of the Company or its affiliated companies; whether the member, his/her spouse, and relatives within the second degree of kinship (or in the name of others) holds a number and proportion of the Company's shares or serves as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Clauses 5~8, Paragraph 1 of Article 6 of the Measures for the Establishment and Exercise of Powers of the Remuneration Committee of Companies Listed on Stocks or Trading at the Business Office of a Securities Firm) specified in Paragraph 1, Subparagraphs 5 to 8); and the amount of remuneration received for providing the Company or its affiliates with business, legal, financial, accounting and other services in the last two years.

Note 4: For disclosure, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

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 2021 is as follows:

Date	Term/session	Content of discussions
2021.03.10	Second Session of Fourth Term	<ol style="list-style-type: none"> <li>1. The Company's 2020 Employees' and Directors' Remuneration Distribution.</li> <li>2. The Company's 2020 Employees' Bonus Distribution.</li> <li>3. The Company's 2021 Sales Division Head's Bonus Distribution</li> <li>4. The Company's 2021 Business Development Division Head's Bonus Distribution</li> <li>5. Proposal of the Company's Manager Remuneration adjustment of this year.</li> </ol>
2021.05.04	Third Session of Fourth Term	The Company's 2020 Director Remuneration List.

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 2021 Remuneration Committee will meet 2 times (A).

Title	Name	Actual attendance (B)	Entrusted attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Yi-min Wang	2	0	100	
Member	Chih-li Wang	2	0	100	
Member	Rwei-Syun Chen	2	0	100	

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 Committee	Proposal content and follow-up processing	Resolution result	The Company's handling of the opinions of the Remuneration Committee
Second Session of Fourth Term 2021.03.10	<ol style="list-style-type: none"> <li>1. The Company's 2020 Employees' and Directors' Remuneration Distribution.</li> <li>2. The Company's 2020 Employees' Bonus Distribution.</li> <li>3. The Company's 2021 Sales Division Head's Bonus Distribution.</li> <li>4. The Company's 2021 Business Development Division Head's Bonus Distribution.</li> <li>5. Proposal of the Company's Manager Remuneration adjustment of this year.</li> <li>6. Amend the Company's "Director Performance Evaluation Method".</li> <li>7. Amend the Company's "Functional Committee Performance Evaluation Method".</li> <li>8. Amend the Company's "Remuneration Committee Organization Regulations".</li> </ol>	All the members present agreed to pass.	The proposal to the Board of Directors is approved by all the directors present.
Third Session of Fourth Term 2021.05.04	<ol style="list-style-type: none"> <li>1. The Company's 2020 Director Remuneration List.</li> <li>2. The Company's professional manager's promotion</li> </ol>	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 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.

7. information and operation information of Nomination Committee member: The Company has not established a Nomination Committee and is thus not applicable.

**(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**

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed and OTC companies
	Yes	No	
1. Has the Company established a governance structure to promote sustainable development, and set up a full-time (or part-time) entity to promote sustainable development and that is authorized by the Board of Directors to handle senior management and supervised by the Board of Directors?	V		The Company's part-time entity for promoting sustainable development is the General Management Office. They propose and implement sustainable development policies and specific promotion plans, and discuss the stakeholders' concerns and responses with the relevant departments every year. Once the year is through, they prepare a report on the situation of sustainability development. At a certain point in following year, they will report on sustainability implementation and improvement to the Board of Directors, and the Board of Directors will formulate sustainable development strategies and goals and review the effectiveness of the plan's implementation. The situation of the promotion of sustainable development for 2020 was reported to the Board of Directors on August 3, 2021.
2. 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 2)	V		No difference The Company passed a resolution by the Board of Directors on October 30, 2020 to formulate "risk management policies and procedures", and set up a risk management organization as the authority responsible for the implementation of risk management. We are to carry out an annual identification and evaluation mechanism, where the risk assessment boundary is mainly based on the Company. Based on the relevancy to business operations and the degree of impact on issues of major concern, we are to identify the risks that are significant to the Company, and take the appropriate risk response to them, so as to ensure that the risk is kept within an acceptable range and possible losses are prevented. The important risks identified in 2021 are operational risk (pertaining to supply chain, business operations, R&D, marketing, information security, and sustainability), market risk, legal risk (compliance and legal-oriented), and hazard risk (epidemic diseases), etc. The status of the Company's risk management operations was reported to the Board of Directors on December 17, 2021. The Company's risk management operations and risk management measures are detailed on the Company's website.
3. Environmental issues (1) Does the Company establish an appropriate environmental management system based on its industrial characteristics?	V		(I) No difference 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 ping 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.



Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed companies 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		(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	(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.

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed 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, and the main pollution sources in operation were only the general domestic waste of the office and the domestic water of the general staff. 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"> <li>• Adjust the temperature of the workplace in response to weather factors.</li> <li>• Turn off the lighting in some areas during breaks.</li> <li>• Turn off the lighting and air-conditioning in the meeting room or when it is not necessary for reading.</li> <li>• Set up food waste bins and garbage sorting and recycling bins.</li> <li>• Recycle waste paper for reuse.</li> <li>• The process of importing electronic forms.</li> <li>• Colleagues bring their own tableware.</li> <li>• The Company has tea sets and cups and trays to replace paper cups, reducing disposable tableware.</li> <li>• Put up energy-saving and carbon-reduction slogans in common spaces such as meeting rooms and tea room.</li> </ul> <p>The Company's total carbon dioxide emissions in 2020 and 2021 were 19,904 kg and 13,699 kg respectively, based on data from Taipower and Taiwan Water Company without hiring external agencies for the verification. The Company's water consumption in 2020 and 2021 were 628 metric tons and 574 metric tons respectively, accounting for only 0.24% and 0.32% of carbon dioxide emissions in the current year. The Company paid attention to the quality of medicines, and the number of waste medicines was small, and 2.16 metric tons and 4.46 metric tons of waste medicines with harmless properties and ingredients were discarded in 2020 and 2021 respectively, based on operational characteristics of water consumption, and the total waste weight information was not material to the Company.</p>	(4) No difference

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed 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) No</p>	<p>(1) No difference</p>
		<p>Summary(Note 2)</p>	
		<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"> <li>• Provide a safe and healthy working environment to ensure the safety of employees and effectively reduce the risk of occupational disasters.</li> <li>• Encourage employees to maintain physical and mental health and work-life balance.</li> <li>• 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.</li> <li>• The employment of child labor and illegal foreign labor is prohibited.</li> </ul>	

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed corporate governance of listed and OTC companies
	Yes	No	
		<p>Summary(Note 2)</p> <ul style="list-style-type: none"> <li>Forced labor is prohibited, employees are not restricted to take vacations, and they are not forced to work overtime.</li> <li>Create an environment that is willing to communicate and encourage colleagues to communicate with the Company through employer-employee meetings.</li> <li>Provide diversified open dialogue channels, so that stakeholders such as suppliers and business partners can provide feedback to the Company or report suspected violations.</li> <li>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 2021, 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".</li> <li>Regularly review and evaluate related risks and review related systems and behaviors.</li> </ul>	

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed companies 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	<p>The Company advocates equality in the workplace, and is committed to implementing equal pay and promotion opportunities for men and women. In 2021, the proportion of female employees is 60.29%; the proportion of women as senior executives is 52.94%. 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.</p> <ul style="list-style-type: none"> <li>• Annual salary adjustment: Annual salary adjustment is based on the market salary level and the Company's annual operating performance. In 2021, the salary adjustment for managers and non-managers is 1.5%.</li> <li>• 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 Issuance Guidelines" will be adjusted according to their promoted level in accordance with the salary management method.</li> </ul>	(2) No difference

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed corporate governance of listed and OTC companies
	Yes	No	
			<p>• 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. Other employee welfare measures are detailed in the Annual Report on page 110 "V. Operation Overview. 5. Employer-Employee Relations" and the Company website.</p>

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed 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	<ul style="list-style-type: none"> <li>• 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 Nan gang 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 entrance and exit of the Company are also restricted by the Company's access control to ensure the safety of colleagues. No employee occupational accident occurred in the Company in 2021.</li> <li>• 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.</li> </ul>	(3) No difference

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed corporate governance of listed and OTC companies
	Yes	No	
		<p>Summary (Note 2)</p> <ul style="list-style-type: none"> <li>• Medical Checkup &amp; Education: The Company attaches great importance to the health of colleagues. In 2021, the Welfare Committee arranged influenza vaccination and genetic cancer testing for all colleagues. The group held many disease training courses, and employees were free to participate. In addition, the family members of colleagues were welcome to participate; every year, the company and the group hold many disease training courses, and employees are welcome to participate.</li> </ul>	
(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

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed 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, and related issues, does the Company follow relevant laws and regulations and international standards, and formulate relevant consumer or customer protection policies and appeal procedures?	V		(5) No difference
			<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. 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". The Company has established a personal data protection management system to manage and protect customer privacy. Through personal internal audit, crisis prevention and education and training, it is responsible for customer data. 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>

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed 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 important 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> <ul style="list-style-type: none"> <li>(1) New supplier evaluation <ul style="list-style-type: none"> <li>● With PIC/S GMP certification.</li> <li>● Perform on-site and written reviews to evaluate manufacturing systems, quality assurance systems, quality control systems, warehousing systems, support systems, and validation systems. Those who have an evaluation score of 60 points or more are eligible to be listed as qualified suppliers.</li> </ul> </li> <li>(2) Re-evaluation of suppliers every three years.</li> <li>(3) Comprehensive evaluation is carried out regularly every year: <ul style="list-style-type: none"> <li>● Conduct evaluation once a year.</li> <li>● Evaluation items include quality, delivery date and service, etc.</li> <li>● Temporarily stop procurement when scoring is below 60 points.</li> <li>● Additional points will be awarded for suppliers who have obtained environmental, occupational safety and health, and labor rights certifications (such as HSAS18001 occupational safety and health management system, ISO45001 occupational safety and health management system, ISO14001 environmental certification, etc.) and submit the supplier sustainable development self-assessment questionnaire.</li> </ul> </li> <li>(4) Regular and irregular meetings with suppliers.</li> </ul> <p>For detailed supplier management policies, please refer to the Company's website.</p>	(6) The Company encourages suppliers to follow relevant regulations and obtain relevant certifications on issues such as environmental protection, occupational safety and health or labor rights, and include them in the supplier management policy. (No difference)

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed corporate governance of listed and OTC companies
	Yes	No	
		<p>● <b>Supplier Self-Assessment</b> Beginning with the 2021 supplier evaluation, our company issued its suppliers an annual self-assessment questionnaire. Each supplier conducts a self-assessment on its responsibilities with respect to environment, labor practices, human rights, society and products, so that our company can understand the current situation of sustainable development among its suppliers. At present, this is only used as the basis for additional points in supplier evaluation.</p> <p>● <b>Coaching and Tracking</b> Our company carried out a supplier evaluation in 2021. No supplier was found to have the need of suspending its procurement, or any new supplier was evaluated as Grade C that requires coaching and tracking.</p> <p>● <b>Performance Evaluation</b> Our company carried out a supplier evaluation in 2021. We concluded that all evaluation criteria as concerns quality, service, and delivery were satisfied. In addition, an evaluation and on-site audit of two new suppliers was conducted, with the suppliers receiving scores of "Excellent" and "Grade A". Both are included in the list of qualified suppliers.</p>	
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>Our 2020 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 was presented to the Board of Directors on August 3, 2021. The previous report did not receive verification and validation from a third party.</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.

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed and OTC companies
	Yes	No	
<p>7. Other important information to help understand the implementation of promoting sustainable development:            Since the Company's founding in 2020, we have upheld the spirit of "drawing from and giving back to society", and have continuously invested in public welfare activities that give back to the public. Through protecting the environment, caring for disadvantaged groups, and participating in charitable giving, we work to send warmth and care to every place that needs it. In 2021, celebrating ten years in business, we launched the tenth anniversary sustainable development plan. All employees were organized into groups to carry activities related to charitable giving, environmental protection and sustainability, thus putting into practice corporate social responsibility, and performing actions that demonstrate the Company's commitment to the sustainable development of society, the environment, and governance. These activities are listed below.</p>			
	Summary		
	Resulting Benefit		
Year-End Charity Sale: Donation to Mindao Home	All the charity sale items were provided free of charge by our employees, and all the proceeds from the charity sale were donated to Mindao Home who care for the mentally and physically disabled, totaling 50,000NTD. Let TSH BioPharm do its part on the road toward a better home for everyone!		
Sending Love to Hualian: Infusing Vitality into the Fu-Kang Senior Center	Striving toward "Health and Well-Being", the third of the in the United Nations Sustainable Development Goals (SDGs), we sent love to the Hualien Fukang Elderly Long-Term Care Center, providing lectures on medication for chronic diseases and teaching Baduanjin Qigong exercises. An appropriate understanding of medicine and Baduanjin Qigong can each to complement the other and together can improve the health, well-being and quality of life of the elderly with chronic diseases!		
Leave No Trace (LNT) Mountain Forest Conservation	Striving toward "Conservation of Terrestrial Ecology", the fifteenth of the United Nations Sustainable Development Goals (SDGs), by putting into practice the concept of conservation and sustainable use of terrestrial ecosystems, we organized a trekking trip to the traced mountain forest, in order education organization members on concept of Leave No Trace (LNT), which is about being attentive to and engaged in the protection and maintenance of the local ecological environment. We practice the seven principles of Leave No Trace: "Don't be reckless", "Don't wander", "Don't litter", "Don't destroy things", "Don't start fires", "Don't disturb wildlife", "Don't be raucous", the process of going up a mountain ought to be like that of a stone quietly returning to its original position without causing any intrusion.		
Drawing Activity Thanking Medical Workers & 2022 Calendar Giveaway	In 2021, in the thick of the COVID-19 pandemic, medical workers all over Taiwan worked tirelessly on the front lines guarding the health of the people. In order to thank them, TSH BioPharm held a drawing competition for drawings conveying thanks, and selected 12 works to make up our 2022 desk calendar. They were distributed free of charge to cooperating medical institutions as an expression of gratitude.		
Warm Stomach Charity Fundraiser Hondao Senior Citizens Welfare Foundation	Eating is such an ordinary part of everyday life, but for some elderly people it is unfortunately not a certainty. On our tenth anniversary, TSH BioPharm has raised 25,000NTD to donate to the Hondao Senior Citizens Welfare Foundation to purchase cooking oil, providing needed care and attention to elder people who have trouble cooking for themselves due to physical limitations, or who live alone, overlooked by society, or who due to chronic diseases need meal preparation help.		
Spreading the Love Items for Africa Drive	On this occasion, TSH BioPharm spread loving kindness not just in Taiwan but to Africa as well! We held a fundraiser to collect old shoes, clothes, bags, and other essentials. Ultimately collecting over 70 items for donation, TSH BioPharm is working hard to spread love and kindness to every corner of the globe!		
Three Festivals Charity Sponsorship	Striving toward "Decent Work and Economic Growth," the 8 <sup>th</sup> of the United Nations Sustainable Development Goals (SDGs), we selected high-quality products from the sheltered workshop of Xinlu Cultural and Educational Foundation as Spring Festival gifts, so that people with intellectual disabilities, autism, Down syndrome, cerebral palsy and other physical and intellectual disabilities can support themselves through work. During the Dragon Boat Festival, we sponsored the Association for People with ALS, and donated picture books and canvas bags created by the Association to the media and partners, so that more people can understand the disease, and to support the association to enhance its operations and serve more patients. During the 2021 Mid-autumn Festival, the Down's Syndrome Foundation's "Lunar Paradise Creative Mooncake Gift Box" was selected as our official Mid-Autumn Festival gift, in an effort to enhance employment opportunities for persons with Down syndrome, while providing them skills training, social resources and high-quality services.		

Note 1: If you check "Yes" for the execution status, please specify the important policies, strategies, measures and execution status adopted. If you click "No" for the execution status, please explain the circumstances and reasons for discrepancies, as well as the plans of relevant policies, strategies and measures to be taken in the future.

Note 2: The material principles refer to those with significant impacts on the Company's investors and other stakeholders in relation to environmental, social and corporate governance issues.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

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

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of corporate 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		<p>(1) No difference</p>
<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		<p>(2) No difference</p>

Promoting Items	Execution Status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed companies 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 2021.
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.
(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. 2021 Operation Report of the Board of Directors on March 4, 2022:

Promoting items	Execution Status (Note 1)		Reasons for differences between the codes of practice for sustainable development of corporate governance of listed and OTC companies
	Yes	No	
		<p>1. Publicity training</p> <p>On November 5, 2021, the Legal Department conducted a 30-minute online presentation of "Integrity Management, Prevention of Insider Trading and Personal Information Law" for all employees to let colleagues understand the importance of honest management and prevention of insider trading and compliance with the personal data protection act. In addition, on the Board of Directors on August 3, 2021, the directors were informed about the status of the right to belong to the insiders and the Company's "internal important information processing": "Procedures for the Management of Insider Transactions"</p> <p>2. Summary of the reporting situation</p> <p>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 2021, 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>	

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of 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) 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) No difference

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed companies and OTC companies
	Yes	No	
(5) Does the Company regularly organize internal and external education and training on integrity management?	V		(5) No difference
			<p>The Company organizes internal integrity management education and publicity by the “Integrity Management Promotion Team” every year. On November 5, 2021, the Legal Department conducted a 30-minute online presentation on “Integrity Management, Prevention of Insider Trading and Personal Information Law for all employees to let colleagues understand the importance of honest management and prevention of insider trading and compliance with the personal data protection act, and all have completed the online test after class, with a total of 70 participants. The directors were also arranged to participate in external related courses, and the directors’ training status was detailed on page 47.</p>

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of 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>No</p> <p>Summary (Note 2)</p> <p>The Company has established a "reporting system" (details 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"> <li>• Reporting channel: Integrity management promotion team Mailbox: <a href="mailto:ethical@tshbiopharm.com">ethical@tshbiopharm.com</a> Internal reporting channel: Reporting hotline: VP of General Administration Xin-Yang Liu (Ext 5500) Audit supervisor Ya-Chi Wu (Ext 5523) Tel: 02-2655-8525</li> <li>• Mailbox: VP of General Administration <a href="mailto:Sean.Liu@tshbiopharm.com">Sean.Liu@tshbiopharm.com</a> Audit supervisor <a href="mailto:Jessica.Wu@tshbiopharm.com">Jessica.Wu@tshbiopharm.com</a> External reporting channel: Name: Chih- Li Wang Independent director (Moore's Rowland CPA) Mailbox: <a href="mailto:lmui@ms59.hinet.net">lmui@ms59.hinet.net</a></li> <li>• Acceptance unit: The unit responsible for the acceptance includes the integrity management promotion team, the VP of the general administration and the audit supervisor.</li> <li>• 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.</li> </ul>	(I) No difference

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of listed companies 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>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"> <li>• Necessary for whistleblowing: the real name should be used to report and the facts should be stated and confirmed by the whistleblower.</li> <li>• Accepted.</li> <li>• 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.</li> <li>• 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.</li> </ul>

Promoting items	Execution status (Note 1)		Reasons for differences between the codes of practice for sustainable development of 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) 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		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 prevents dishonest behavior in order to achieve the goal of sustainable operation.			

Note: 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 Sustainable Development "                |
| (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.ishbiopharm.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 4, 2022

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, 2021 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 4, 2022. 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 2021 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 2021 AND AS OF THE PUBLICATION DATE OF THE ANNUAL REPORT, IMPORTANT RESOLUTIONS OF THE SHAREHOLDERS MEETING AND THE BOARD OF DIRECTORS AND THEIR IMPLEMENTATION:**

**2. IMPORTANT RESOLUTIONS OF THE SHAREHOLDERS MEETING AND THEIR IMPLEMENTATION:**

NAME OF MEETING/DATE	IMPORTANT RESOLUTIONS AND IMPLEMENTATION
GENERAL MEETING OF SHAREHOLDERS AUG 20, 2021	<ol style="list-style-type: none"> <li>1. Passed and acknowledged the case of the Company’s 2020 financial statement and business report. Execution status: Resolved and passed.</li> <li>2. Passed and acknowledged the case of the Company’s 2020 surplus distribution. Execution status: Resolved and passed. The resolution was passed and completed in accordance with the resolutions of the Shareholders Meeting. The ex-dividend base date would be set on September 13, 2021, and the distribution date would be set on October 8, 2021 (with a cash dividend of \$1.8 per share).</li> <li>3. Removal of Directors’ non-competition restriction. Execution status: Resolved and passed. Directors were removed from their position currently taken in other companies.</li> </ol>

**1. IMPORTANT RESOLUTIONS OF THE BOARD OF DIRECTORS:**

NAME OF MEETING/DATE	SUMMARY OF IMPORTANT RESOLUTIONS
BOARD OF DIRECTORS 2021.03.10	<ol style="list-style-type: none"> <li>1. The Company’s 2020 Employees’ and Directors’ Remuneration Allocation.</li> <li>2. The Company’s 2020 Business Report and Financial Statement.</li> <li>3. The Company’s 2020 Surplus Distribution.</li> <li>4. The Company’s 2020 Statement of Internal Control System.</li> <li>5. The amendment to the Company’s “Board of Directors Performance Evaluation Method”.</li> <li>6. The amendment to the Company’s “Functional Committee Performance Evaluation Method”.</li> <li>7. The amendment to the Company’s “Code of Ethical Conduct”.</li> <li>8. The amendment to the Company’s “Whistleblowing System “.</li> <li>9. The amendment to the Company’s “Audit Committee Organization Regulations”.</li> <li>10. The amendment to the Company’s “Remuneration Committee Organization Regulations”.</li> <li>11. The amendment to the Company’s “Independent Director’s Responsibility Scope and Rules”.</li> <li>12. The removal of Directors’ non-competition restriction.</li> <li>13. Agenda, date, time and venue of the Company’s 2021 Shareholders Meeting.</li> <li>14. Remuneration Committee’s proposal.               <ol style="list-style-type: none"> <li>(1) The Company’s 2020 Employees Bonus Distribution.</li> <li>(2) The Company’s 2021 Sales Division Head Bonus Distribution.</li> <li>(3) The Company’s 2021 Business Development Division Head Bonus Distribution.</li> <li>(4) The Company’s Manager annual remuneration adjustment proposal.</li> </ol> </li> </ol>
BOARD OF DIRECTORS 2021.05.04	<ol style="list-style-type: none"> <li>1. The Company’s 2021 first quarter financial statement.</li> <li>2. The Company’s proposal of signing an “Entrusted Service Contract” for 2021 to 2023 with TTY Biopharm Co., Ltd. (hereinafter referred to as “TTY Biopharm”.</li> <li>3. Remuneration Committee’s proposal.               <ol style="list-style-type: none"> <li>(1) The Company’s 2020 Director’s Remuneration List.</li> <li>(2) The Company’s Manager’s Promotion Recommendation.</li> </ol> </li> </ol>

NAME OF MEETING/DATE	SUMMARY OF IMPORTANT RESOLUTIONS
Board of Directors 2021.08.03	<ol style="list-style-type: none"> <li>1. The Company's 2021 Second Quarter Financial Statement.</li> <li>2. Proposed to reschedule the date and venue of the Company's 2021 General Shareholders Meeting.</li> </ol>
Board of Directors 2021.11.03	<ol style="list-style-type: none"> <li>1. The Company's 2021 Third Quarter Financial Report.</li> <li>2. Proposal of amending the Company's "Measures for Preparation and Management of Financial Reports".</li> <li>3. Proposal of amending the Company's "Accounting System".</li> <li>4. Proposal of amending the Company's Internal Control System" and "Internal Audit System".</li> <li>5. Proposal of terminating the service contract of the Company with E Co., Ltd.</li> <li>6. Proposal of entering into a service contract of the Company's development project with French consultant company A.</li> </ol>
Board of Directors 2021.12.17	<ol style="list-style-type: none"> <li>1. The Company's 2022 Budget and KPI (Key Performance Indicators).</li> <li>2. The Company's 2022 Audit Plan.</li> <li>3. Proposal of appointing "KPMG " as the Company's certified public accountant firm and setting various certification service fees for 2022</li> <li>4. Proposal of amending the Company's housing "lease contract" signed with TTY Biopharm Co., Ltd. (hereinafter referred to as "TTY Biopharm".</li> </ol>
Board of Directors 2022.03.04.	<ol style="list-style-type: none"> <li>1. The Company's 2021 Employees' and Directors' Remuneration Distribution.</li> <li>2. The Company's 2021 Business Report and Financial Report.</li> <li>3. The Company's 2021 Surplus Distribution.</li> <li>4. Re-election of Independent Director.</li> <li>5. Amendment to the Company's "Processing Procedures for Acquisition or Disposal of Assets ".</li> <li>6. Amendment to the Company's "Director Election Method".</li> <li>7. Agenda, Date, Time and Venue of the 2022 Shareholders Meeting of the Company.</li> <li>8. The Company's 2021 "Statement of Internal Control System".</li> <li>9. Remuneration Committee's Proposal. <ol style="list-style-type: none"> <li>(1) The Company's 2021 Employee's Bonus Distribution: In order to motivate the important management of the Company (including managers and non-managers), it is proposed to combine performance bonuses with employee remuneration for the bonus distribution.</li> <li>(2) The Company's 2022 Sales Division Head's Bonus Distribution.</li> <li>(3) The Company's 2022 Business Development Division Head's Bonus Distribution.</li> <li>(4) Proposal of the Company's 2022 Manager's Remuneration Adjustment.</li> </ol> </li> </ol>

**(12) IN CASE OF ANY DISAGREEMENT AND RECORD OR WRITTEN STATEMENT ON THE BOARD OF DIRECTORS' ADOPTION OF IMPORTANT RESOLUTIONS IN 2021 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 2021 AND UP TO THE DATE OF PUBLICATION OF THE ANNUAL REPORT: THE COMPANY HAS NO SUCH SITUATIONS.**

**(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

Amount: Thousand NT\$

Name of Accounting Firm	Name of Accountant	Accountant Audit Period	Audit Fees	non-audit fees	Total	Remarks
KPMG	Shin-Chin Chih	2021/01/01~ 2021/12/31	1,020	406	1,426	—
	Kuo-Yang Tseng	2021/01/01~ 2021/12/31				

Note: The Company's non-audit fees including tax compliance audit fees, financial report printing fees and seal certification fees are approximately \$406,000.

Note: If the Company has changed accountants or accounting firms this year, please list the audit period separately, explain the reason for the change in the remarks, and disclose the audit and non-audit fees paid in sequence. For non-audit fees, the content of services should be described in the notes.

- 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: Audit fees are the fees for checking (reviewing) financial reports. The tax compliance audit fees are adjusted to non-audit fees in correspondence to the amendment to the "Standards Governing Information to be Published in Annual Reports of Public Companies" by Securities and Futures Bureau of the Financial Supervisory Commission on January 30, 2021, plus the financial report printing fees and seal certification fees.**
- 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:

### (1) About the former accountants

Date of Change	Passed by the Board of Directors on December 17, 2021		
Reason and Description of Change	KPMG's internal operation and personnel adjustment: From the first quarter of 2022, public certified accountants are changed from Shin-Chin Chih and Kuo-Yang Tseng to Huang Hsin-Ting and Han Yi-Lien.		
Indicating that the appointee or accountant terminates or no longer accepts the appointment	Situation	Related Party	Appointee
	Voluntary Termination of Appointment		N/A
	No longer accept (continue) appointments.		
Comments and reasons of issuing audit reports other than the unreserved opinions within the last two years	No		
Different Opinions with Issuer	Yes		Accounting Principles or Practices
			Disclosure of Financial Reports
			Audit Scope or Steps
			Others
	No	V	
	Description		
Other Disclosed Matters (Those should be disclosed according to Items 1-4 to 1-7 of , Paragraph 6 of Article 10 of this standard)	None		

### (2) About the Successor Accountants

Name of Firm	KPMG
Name of accountant	Huang Hsin-Ting, Han Yi-Lien
Date of Appointment	Passed by Board of Directors on December 17, 2021
Opinions and results that may be issued on the financial reports prior to the appointment on the accounting processing methods or accounting principles for specific transactions.	N/A
Written opinions by Successor accountants on matters of disagreement with previous accountants	N/A

(3) Reply letter from the former accountants on Items 1 and 2-3 of Article 10 (6) of this standard: N/A

## 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 2021 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	2021		As of March 3 of the year	
		Increase (decrease) in the number of shares	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares	Increase (decrease) in the number of pledged shares
Director (Major shareholder with more than 10% of shareholdings)	TTY Biopharm	0	0	0	0
Independent director	Chih-Li Wang	0	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	9,000	0	0	0
Deputy General Manager of General Management Office	Xin-Yang Liu	0	0	0	0
Director of Business Development Division	Chao-Jen Liao	0	0	0	0
Director of Sales Division	Jian-Rong Huang	0	0	0	0
Senior Manager of Accounting Department of General Management Division	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	
Dawan Technology Co., Ltd. Representative: Ying-Jun Hsiao	805,941	2.10	0	0	0	0	None	None	
Ding-Wei Hong	432,730	1.13	0	0	0	0	None	None	
Chung Tian Biotechnology Co., Ltd. Representative: Hsien-Shou Kuo	386,240	1.01	0	0	0	0	None	None	
Rong-Jin Lin	350,194	0.91	0	0	0	0	None	None	
Ya-Chi Pan	303,000	0.79	0	0	0	0	None	None	
Ying-Chang Liu	282,300	0.74	0	0	0	0	None	None	
Wen-Xing Lee	235,000	0.61	0	0	0	0	None	None	
Guei-Tang Shih	218,000	0.57	0	0	0	0	None	None	
Ci-Sheng Chen	205,000	0.53	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 31, 2022 (Unit: person; share)

Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
No. of persons	0	0	12	4,488	17	4,517
No. of shares held	0	0	23,097,622	15,095,916	204,602	38,389,140
Shareholding percentage	0.00%	0.00%	60.15%	39.31%	0.53%	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 31, 2022

Shareholding classification (share)	No. of shareholders (person)	No. of shares held	Shareholding ratio (%)
1 to 999	2,128	258,569	0.67
1,000 to 5,000	1,874	3,590,084	9.35
5,001 to 10,000	270	2,100,906	5.47
10,001 to 15,000	87	1,129,084	2.94
15,001 to 20,000	38	702,604	1.83
20,001 to 30,000	35	879,535	2.29
30,001 to 40,000	17	573,813	1.49
40,001 to 50,000	19	854,604	2.23
50,001 to 100,000	29	2,109,243	5.49
100,001 to 200,000	10	1,294,116	3.37
200,001 to 400,000	7	1,979,734	5.16
400,001 to 600,000	1	432,730	1.13
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 Grading according to actual situations	1	21,687,177	56.48
Total	4,517	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
Dawan Technology Co., Ltd.		805,941	2.10
Ding-Wei Hong		432,730	1.13
Chung Tian Biotechnology Co., Ltd.		386,240	1.01
Rong-Jin Lin		350,194	0.91
Ya-Chi Pan		303,000	0.79
Ying-Chang Liu		282,300	0.74
Wen-Xing Lee		235,000	0.61
Guei-Tang Shih		218,000	0.57
Ci-Sheng Chen		205,000	0.53

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; NTS**

Item	Year	2020	2021	As of March 31, 2022 (Note 8)	
Price per share (Note 1)	Highest	82.10	61.50	N/A	
	Lowest	58.10	38.80	N/A	
	Average	68.46	46.06	N/A	
NAV per share (Note 2)	Before distribution	29.33	28.22	N/A	
	After distribution	27.53	26.72	N/A	
EPS	Weighted average number of shares	38,398	38,398	N/A	
	Earnings per share (Note 3)	1.60	1.23	N/A	
Dividend per share	Cash dividend	1.80	1.50	N/A	
	Free- Gratis	Earning allotment	0	0	N/A
		Capital surplus allotment	0	0	N/A
	Cumulative unpaid dividend (Note 4)	N/A	N/A	N/A	
Return on investment analysis	Price-to-earnings ratio (Note 5)	42.79	37.45	N/A	
	Price-to-dividend ratio (Note 6)	38.03	30.71	N/A	
	Dividend yield (Note 7)	2.63	3.26	N/A	

\* If there is a capital increase or an allotment by means of surplus or capital reserve, the market price and cash dividend information which are retrospectively adjusted according to the number of issued shares shall be disclosed.

Note 1: List the highest and lowest market prices of ordinary shares in each year, and calculate the average market price in each year based on the transaction value and volume in each year.

Note 2: Please fill in this field based on the number of shares issued at the end of the year and according to the resolved distribution of the Board of Directors or the resolution of the next annual shareholders meeting.

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for the issuance of equity securities stipulate that the unpaid dividends in the current year are accumulated to the year when there is a surplus, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price-to-earnings ratio = Average closing price per share for the year/Earnings per share.

Note 6: Price-to-earnings ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share for the year.

Note 8: Net worth per share and earnings per share shall be filled with the information audited (reviewed) by the accountant in the most recent quarter up to the printing date of the annual report; other fields shall be filled with the information of the current year up to the printing date of the annual report.

## (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.

### 2. Implementation of dividend distribution in 2021 (distributing the surplus of 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	-

### 3. Dividend distribution planned at shareholders general meeting in 2022 (distributing the surplus of 2021):

Dividend distribution planned at shareholders general meeting in 2022 (2022/3/4 Audit Committee audited and agreed and adopted by the Board of Directors)

Types of dividend	Dividend per share (dollar)	Amount	Source
Cash dividend	1.5	57,597,210	Undistributed profits
Total	1.5	57,597,210	-

**(7) The impact of the proposed free rights issue on the Company's 2022 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:

- (1) The Board of Directors of the Company approved the distribution of employee and director compensation on March 4, 2022. 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 2021 financial report.

- (2) If the actual distribution amount is different from the estimated amount, the accounting will be processed by adjusting the difference to the profit and loss of the actual distribution year.

3. Distribution of compensation approved by the Board of Directors:

- (1) The Company's Board of Directors resolved on March 4, 2022 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: On March 4, 2022, the Board of Directors resolved to distribute employee cash compensation of NT\$ 1,282 thousand, employee stock compensation of NT\$0,

and director compensation of NT\$1,282 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 2021 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 that has not been completed or completed in the last three years and the planned benefits have not yet shown and are 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	2020		2021	
		Amount	Percentage of business	Amount	Percentage of business
Cardiovascular medicine		313,191	69.93%	280,841	67.92%
Gastroenterological medicine		80,748	18.03%	78,775	19.05%
Central nervous medicine		30,912	6.90%	27,576	6.67%
Others		0	0%	0	0.00%
Testing		20,898	4.67%	24,188	5.85%
Income from services rendered		2,113	0.47%	2,103	0.51%
Total		447,862	100.00%	413,483	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, Cretrol
Cardiovascular medicine	Angina pectoris	Rancad, Isormol
Cardiovascular medicine	Antiplatelet agglutination	Licodin
Cardiovascular medication	Improving the symptoms of peripheral arterial occlusive disease	Alprosm
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

4. 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, and has been inspected and registered in the Philippines, Malaysia, and Myanmar.

- (2) Committed to drug development, in the fields of cardiovascular and autoimmune diseases, develop high barrier and patentable new drugs. In addition to obtaining the marketing approval of Rancad in 2020, the Company also successfully obtained the marketing approval of Cretrol and the drug license transfer of Alprosm in 2021.
- (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 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 Generic 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, Linicor and Rancad have been launched successively. TSH Biopharm also successfully marketed Cretrol 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.

## 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 Loxoxa SR have been marketed, and compound dosage forms such as Amtrel and Linicor have been put on market. In this year, the Company has also obtained the marketing approval of Cretrol, a new compound drug for lowering blood lipids. In the future, the Company will continue to invest in the development of special dosage forms and compound dosage forms for the treatment of chronic diseases and treatment solutions for special patient groups.

- 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 2021 and up to the first quarter of 2022

Unit: Thousand dollars

Item	2021	Q1 in 2022
Research and development costs	23,515	N/A
Net operating income	413,483	N/A
Percentage of net revenue	5.69%	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 2012	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
April 2020	Launched MPap endometrial cancer screening test exclusively licensed by Guzip Biomarkers Corporation.
October 2020	Obtained exclusive license on IMBDx cancer NGS products in Taiwan and commercialized the products.
March 2021	Obtained the license of testing cancer and non-cancer in Taiwan from Centogene
December 2021	Obtained the marketing approval of Cretrol, a new compound drug for lowering blood lipids, in Taiwan
December 2021	Obtained the marketing approval of Alprosm Lyophilized Powder for Injection for the palliative treatment of peripheral arterial diseases in Taiwan.

### 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. TRIA11	Planning to enter into the global market, completed European EMA Scientific advice, and conducting process validation test.	130,000	2022 Q4	Comparative trial and clinical trials
2. LBCA19	Expected to complete the bioequivalence pre-trial in Q1 of 2022.	30,000	2023 Q4	Formulation development and bioequivalence test
3. ACTA20	Expected to complete the bioequivalence pre-trial in Q2 of 2022.	30,000	2024 Q 4	Formulation development and bioequivalence test

### (3) 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 90% 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% in a compound half-year growth rate to \$150.0 billion by 2025. 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. Since COVID-19 has a greater impact on the cardiovascular drug market, mainly due to changes in medical treatment habits. For patients with long-term medication for diseases such as cardiovascular disorder, drug acquisition and convenience of taking medication will be a major issue.

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". With the continuous introduction of drugs covered by National Health Insurance, companion targeted gene detections are also a mainstream of future development. Among these detections, the application of liquid biopsy in the field of oncology is the fastest, because it only requires body fluid samples (for example, blood, saliva or urine) for analysis and incurs a low invasiveness. In addition to cancer screening, it can also be used for early detection and diagnosis of other major diseases, so that liquid biopsies have a very high potential in market development.

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 March 2021, the total drug market in Mat Taiwan reached NT\$200.42 billion, an increase of 4.86% over the same period last year. However, due to the severe epidemic situation after May 2021, it is forecasted that the growth rate of the overall drug market will be affected and currently estimated that it will have a greater impact on drugs for chronic disease treatment. 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.

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.

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:

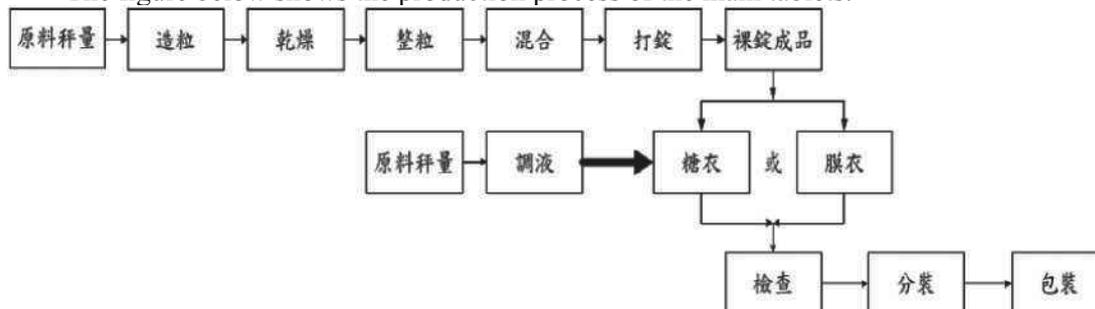
A. Cardiovascular medicine: hypertension, arrhythmia, antiplatelet, angina pectoris, lowering blood lipids.

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) Name and its purchase (sales) amount and proportion of purchase and sales customers who account for more than 10% of the total purchases (sales) in any year of the last two years, and explain the reasons for the increase or decrease**

1. Main purchase customers

**Information of major suppliers in the last two years**

Unit: Thousand NTS

Item	2020				2021				Q1 of 2022			
	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 Biopharm	97,759	53.32	Parent company	TTY Biopharm	71,615	43.61	Parent company	N/A	N/A	N/A	N/A
2	Gevovate	47,089	25.68	N/A	Gevovate	28,794	17.53	N/A	N/A	N/A	N/A	N/A
3	Others	38,484	21.00	N/A	Others	63,815	38.86	N/A	N/A	N/A	N/A	N/A
	Net purchase	183,332	100.00	-	Net purchase	164,224	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.

Note 3: In order to effectively control the cost, product quality and production timeliness of each product, in 2020 and 2021, respectively, the mode of commodity purchase was changed to the mode of customer supply, and the Company is responsible for purchasing API and then handing over to TTY Biopharm and Genovate for processing and production, resulting in the difference between the two years

## 2. Major sales customers

### Information of major sales customers in the last two years

Unit: Thousand dollars

Item	2020				2021				Q1 of 2022 (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 Pharma (Note 3)	72,800	16.26	N/A	Top Pharma (Note 3)	69,809	16.88	N/A	N/A	N/A	N/A	N/A
2	Others	372,949	83.27	N/A	Others	341,571	82.61	N/A	N/A	N/A	N/A	N/A
3	Labor income	2,113	0.47	Parent company	Labor income	2,103	0.51	Parent company	N/A	N/A	N/A	N/A
	Net sales	447,862	100.00	-	Net sales	413,483	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.

With the launch and sales of the Company's cardiovascular pharmacology lipid-coated tablets (Linicor), Rhynorm tablets, and various test products, the percentage of sales increases.

### (3) The output value of the last two years:

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

Year	Jan. 1 to Dec. 31, 2020			Jan. 1 to Dec. 31, 2021		
	Capacity (Note 1)	Output (Note 2, 3)	Output value (Note 3)	Capacity (Note 1)	Output	Output value
Cardiovascular medicine	N/A	72,236	105,283	N/A	69,039	95,677
Gastroenterology medicine	N/A	74,491	33,695	N/A	76,618	34,607
Central nervous system medicine	N/A	11,466	16,839	N/A	8,625	13,908
Testing items	N/A	2	12,008	N/A	2	16,263
Total	N/A	158,195	167,825	N/A	154,284	160,455

Note 1: The Company does not have a factory, so there is no capacity information..

Note 2: Output refers to the quantity of finished products with materials supplied by customers or imported products.

Note 3: It does not include the information of recalled agent products in 2020.

### (4) Value of sales in the last two years:

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

Sales amount	2020.01.01 to 2020.12.31				2021.01.01 to 2021.12.31			
	Domestic sales		Export		domestic sales		Export	
Main products	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Cardiovascular medicine	72,934	308,035	2,385	5,156	66,997	276,999	1,728	3,842
Gastroenterology medicine	75,751	80,748	N/A	N/A	76,230	76,857	250	1,918
Central nervous system medicine	12,701	30,912	N/A	N/A	10,462	27,576	N/A	N/A
Other medicines	2	20,898	N/A	N/A	1	24,188	N/A	N/A
Testing items	0	0	N/A	N/A	0	0	N/A	N/A
Total	161,388	440,593	2,385	5,156	153,690	405,620	1,978	5,760

### 3. Employees

Year		2020	2021	For the three months ended March 31, 2022
No. of employees	Management	14	14	14
	R & D	5	7	6
	Other employees	58	47	44
	Total	77	68	64
Average age		39.45	40.25	40.5
Average service years		3.6	4.5	4.8
Percentage distribution of academic qualifications	Doctor	0%	0%	0%
	Master	35%	35%	34%
	College	44%	48%	48%
	Junior college	19%	16%	17%
	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. In response to the trend of globalization, we have signed preferential plans with a number of foreign language learning institutions in 2021 to provide employees with plentiful foreign language learning resources. In addition, a special planning team will set up courses at the end of the year. Through team activities, we will build organizational consensus and move forward with our five-year goal.

Implementation Status of the Year

Item	No. of Classes	No. of Trainees	Total No. of Hours	Total Expense (dollars)
New Employee Training	1	10	4	0
Professional Skill Training	17	40	169.5	9,765
Management Training	5	43	32	43,147
General Knowledge Training	14	68	82	59,235
External Training	20	20	435	78,400
Total	57	181	722.5	190,547

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	Setting aside NT\$4,181,000 in 2021.
Application for retirement	No employee has applied for retirement in 2021.

(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 2021, the Company held employer-employee meetings regularly and set up multiple communication channels, including TSH Post, TSH TV, TSH Talk (Staff Mailbox) 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. Information Security Management

- (1) Information security risk management framework, security policy, specific management plan, and resources invested in information security management

1. To unify the coordination, planning, auditing and promotion of information security management and related matters, a single independent information security risk management team was established. This team is composed of the head of the general management office, IT personnel, and internal auditors. They regularly review our information security policy. The main responsibilities of this group include: the research, construction and evaluation of information security policies and technical specifications; research on, and management and protection of, data and information system security needs; the maintenance of information confidentiality, security audits, and the approval of other information security matters.

2. Information Security Policy and Specific Management Plan

Our company's information security policy objective is to ensure the confidentiality, integrity and availability of information.

- (1) Availability: To ensure timely and accurate data and data asset services to meet the needs of users.
- (2) Integrity: To classify information assets according to their importance and provide the necessary protection to ensure their integrity.
- (3) Confidentiality: To appropriately divide information according to confidentiality level, and properly regulate and protect it according to said level.

Our company's information security compliance standard is ISO27001, even though we are not among those companies required to obtain international certification for our information security policies and specific management plans. At present, according to the information security risk tolerance identified by the Company's risk management team, no insurance against security risks is required. However, in the interests of information security management, the Company continues to take measures to strengthen and defend our information security. Our company invested about NTD\$321,000 in 2021 to update our information software and hardware equipment, thereby strengthening our information security protection capabilities.

Our information security policies and specific management plan is provided below:

Regarding	Objectives	Steps being taken to that end
Employee security management and educational training	Continued creation, guidance and promotion of an understanding of information security among employees, in order to raise the level of information security competency	<ul style="list-style-type: none"> <li>1. Unscheduled online posting to company employees of our security information literature</li> <li>2. Unscheduled emailing of information security documents</li> <li>3. All new employees receive information security education and training.</li> <li>4. Current employees annually carry out information security advocacy.</li> </ul>

Computer system security management	Security management Update management Usage management Outsourcing management	1.All company computers are installed with anti-virus software, which updates automatically. 2.Changes to critical information systems perform updates in accordance with software management. 3.Updates to the software license list happen at the same time as software changes. 4.In the management of outsourced manufacturers, we perform maintenance operations via an application form.
Internet security management	External connections management Internal connections management Information flow management	1. Management of inter-network access 2. Separation of internal and external loops of our wireless base platform 3. Providing encryption software for the circulation of electronic files
System access controls	System access policies Management of personnel changes Personnel identification management Remote access management	1. All critical systems are set up via an authorization form 2. All remote workers will use VPN software to connect to the Company network via a secure, encrypted channel.
Security management for systems development and maintenance	Systems development management Outsourced manufacturing management Management during commission	Regardless of whether a software development project is self-developed or outsourced, in accordance with the software project framework, all documents and execution contents are retained.
Intellectual property security management	Intellectual Property Directory Information security levels Data output management	1. A full record of the software inventory is maintained at all times; the hardware inventory is updated annually. 2. Each data file is assigned a security level and a classification suitability assessment is performed. 3. The information security process records the specification and content of all output data. 4. Files are backed up remotely.
Physical and environmental security management	Safeguard system management Monitoring system management Access control system management	1. Regularly perform information security inspections. 2. Regularly review the environment to ensure compliance with information security standards
Management and outlining of a plan for sustainable businesses operations	Crisis response measures Sustainability plan	Perform regular disaster recovery exercises to check emergency response measures.

(2) List the losses incurred by, possible impacts of, and countermeasures taken against, all major information security incidents in the most recent year and as of the date of publication of the annual report. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated.

In the most recent year and up to the date of publication of the annual report, our company has not suffered any losses due to major information security incidents.

## 7. Important Contracts

Contractual Nature	Related Party	Contract Term	Main Content	Restrictions
investment agreement	CellMax.	Starting from 2019.02.13	Equity Investment	according to contract
Oversea License	Innopharmax	Starting from 2019.02.20	Oversea License of Products	according to contract
contract assignment	Anxo	Starting from 2020.08.04	Transfer of Drug License Rights	according to contract
contract assignment	Mycenax	Completed by 2018.01.04	Transfer of Drug License Rights	according to contract
OEM	TTY Biopharm	2021.01.01-2025.12.31	OEM	according to contract
OEM	Genovate.	2020.11.01-2023.10.31	ODM	according to contract
OEM	Genovate	2020.01.01-2022.12.31	OEM	according to contract
Distribution Agency	Aju Pharm.	2019.10.01-2025.9.30	Drug Distribution Agency	according to contract
Distribution Agency	American Taiwan Biopharm	Starting from 2013.08.20	Overseas Drug Distribution Agency	according to contract
Distribution Agency	CENTOGENE GmbH	Starting from 2021.03.01	Product/Service Distribution Agency	according to contract

## 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	Financial information for the last five years (Note 1)					Financial data for the year ending March 31, 2022	
Item	2017	2018	2019	2020	2021		
Current assets	997,419	895,718	885,884	943,841	919,972	N/A	
Real estate, plant, equipment	19,410	21,585	26,225	25,255	22,792	N/A	
Intangible assets	13,001	10,572	8,239	6,180	3,628	N/A	
Other assets	239,386	279,052	337,213	249,587	216,334	N/A	
Non-current assets	12,487	13,394	6,194	4,517	6,700	N/A	
Total assets	1,281,703	1,220,321	1,263,755	1,229,380	1,169,426	N/A	
Current liabilities	Before Distribution	135,082	99,417	138,792	98,618	85,800	N/A
	After Distribution	215,718	160,854	207,909	167,735	143,397	N/A
Non-Current	0	23	0	4,418	0	N/A	
Total liability	Before Distribution	135,082	99,440	138,792	103,036	85,800	N/A
	After Distribution	215,718	160,877	207,909	172,153	143,397	N/A
Equity of owner of parent company	1,146,621	1,120,881	1,124,963	1,126,344	1,083,626	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	459,361	N/A	
Retained surplus	Before Distribution	174,186	151,366	175,256	266,626	224,075	N/A
	After Distribution	93,550	89,929	106,139	197,509	166,478	N/A
Other equity	129,477	126,557	106,749	16,760	16,209	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	1,146,621	1,120,881	1,124,963	1,126,344	1,083,626	N/A
	After Distribution	1,065,955	1,059,444	1,055,846	1,057,227	1,026,029	N/A

Note 1: The 2021 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 March 31 2022
	2017	2018	2019	2020	2021	
Operating income	486,277	515,646	507,666	447,862	413,483	N/A
Operating gross profit	317,308	334,386	314,730	285,192	247,358	N/A
Operating profit and	70,922	61,964	56,198	74,304	55,615	N/A
Non-operating	3,220	3,943	47,157	2,928	5,934	N/A
Net profit before tax	74,142	65,907	103,355	77,232	61,549	N/A
Continued business unit Net profit for the period	64,971	57,784	85,327	61,570	47,108	N/A
Loss of failed	0	0	0	0	0	N/A
Net profit (loss) for the period	64,971	57,784	85,327	61,570	47,108	N/A
Other comprehensive gains and losses for the period (Net after tax)	(249,678)	(2,888)	(19,808)	8,928	(21,094)	N/A
Total	(184,707)	54,896	65,519	70,498	26,014	N/A
Net profit to the owner of the parent	(184,707)	54,896	65,519	70,498	26,014	N/A
Net profit attributable to non-controlling	0	0	0	0	0	N/A
The total comprehensive profit	(184,707)	54,896	65,519	70,498	26,014	N/A
Total comprehensive profit and loss	0	0	0	0	0	N/A
Earnings per share	1.69	1.50	2.22	1.60	1.23	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 NTS

Item	Year	Financial information of the last five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		—	—	—	—	—
Real estate, plant and equipment (Note 2)		—	—	—	—	—
Intangible assets		—	—	—	—	—
Other assets		—	—	—	—	—
Total assets		—	—	—	—	—
Current liabilities	Before distribution	—	—	—	—	—
	After distribution	—	—	—	—	—
Non-current liability		—	—	—	—	—
Other liabilities		—	—	—	—	—
Total liabilities	Before distribution	—	—	—	—	—
	After distribution	—	—	—	—	—
Equity		—	—	—	—	—
Capital reserve		—	—	—	—	—
Retained earnings	Before distribution	—	—	—	—	—
	After distribution	—	—	—	—	—
Other interests		—	—	—	—	—
Treasury shares		—	—	—	—	—
Total equity	Before distribution	—	—	—	—	—
	After distribution	—	—	—	—	—

Note 1: The year for which the certificate was not audited by the accountant should be indicated.

Note 2: If the asset revaluation was conducted in the current year, the date of the transaction and the revaluation value-added amount should be listed.

Note 3: Please fill in the above figures after distribution according to the situation of the Board of Directors or the resolution of the next annual shareholders meeting.

Note 4: If the financial information is notified by the competent authority that it should be corrected or restated by itself, such information should be listed in the figures after the correction or restatement, and the circumstances and reasons should be indicated.

Note 5: the Company has been established since September 1, 2010.

## 2. Concise Income Statement-Taiwan's Financial Accounting Standards

Unit: Thousand NT\$

Item	Year	Financial data for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Operating income		—	—	—	—	—
Operating gross profit		—	—	—	—	—
Operating profit & loss		—	—	—	—	—
Non-operating income and expenses		—	—	—	—	—
Net profit (loss) before tax		—	—	—	—	—
Profit and loss of continuing business units		—	—	—	—	—
Profit and loss of closed units		—	—	—	—	—
Cumulative effect of changes in accounting principles		—	—	—	—	—
Net profit (loss) for the current period		—	—	—	—	—
Other comprehensive profit and loss for the current period		—	—	—	—	—
Total comprehensive profit and loss for the current period		—	—	—	—	—

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
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
2021	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

Analysis items ( Note 3)		Financial Analysis for the last five years					As of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial Structure %	Ratio of liabilities to assets	10.54	8.15	10.98	8.38	7.34	N/A
	Ratio of long-term capital to real estate, plant and equipment	5,907.37	5,192.98	4,289.66	4,477.38	4,754.41	N/A
Solvency %	Current ratio	738.38	900.97	638.28	957.07	1,072.23	N/A
	Quick ratio	691.22	852.88	576.75	849.58	971.72	N/A
	Interest coverage ratio	N/A	N/A	1,261.43	2,861.44	770.36	N/A
Operating capacity	Turnover rate of accounts receivable (times)	3.29	3.95	4.30	3.91	3.94	N/A
	Average cash collection days	111	92	85	93	93	N/A
	Inventory turnover rate (times)	3.22	3.28	3.63	2.38	2.20	N/A
	Turnover of accounts payable (times)	3.24	3.47	4.94	6.70	16.50	N/A
	Average days of sales	113	111	101	154	166	N/A
	Turnover rate of real estate, plant and equipment (times)	23.52	25.16	21.24	17.40	17.21	N/A
	Turnover rate of total assets (times)	0.34	0.41	0.41	0.36	0.34	N/A
Profitability	Return on assets (%)	4.56	4.62	6.88	4.94	3.93	N/A
	Return on equity (%)	5.00	5.10	7.60	5.47	4.35	N/A
	The ratio of net profit before tax to paid-in capital (%) (Note 7)	19.31	17.16	26.92	20.11	16.03	N/A
	Net profit rate (%)	13.36	11.21	16.81	13.75	11.39	N/A
	Earnings per share ( dollars )	1.69	1.50	2.22	1.60	1.23	N/A
Cash flow	Cash flow ratio (%)	60.06	62.98	63.87	11.77	80.08	N/A
	Allowable cash flow ratio (%)	81.61	71.83	77.93	63.02	70.82	N/A
	Cash reinvestment ratio(%)	-3.31	-1.44	2.13	-4.82	-0.04	N/A
Leverage	Operating leverage	1.84	1.94	2.19	1.83	1.94	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):

- Since 2020, the Company has changed the purchase of finished products to the customer-supplied processing mode to control the increase of raw material costs. Different payment terms are set by each manufacturer, resulting in different payment speeds from previous years. In addition, due to the COVID-19 epidemic, in 2021, the number of outpatients in various medical institutions was reduced, and some health examination centers were closed, resulting in a decline in the sales of various products. At the same time, the progress of overseas R&D projects has also been delayed due to the impact of the epidemic, resulting in delayed implementation of R&D milestone funds, resulting in a lower labor income than expected.
- In summation, 2021 has a net profit lower than that of 2020. Except for the ratios related to financial structure and operating capacity other ratios such as interest coverage ratio, payables turnover ratio, profitability-related ratios, and cash flow-related ratios are all affected, and their financial ratios have changed by more than 20%.

Note 1: The year not audited by the accountant should be indicated.

Note 2: As of the date of publication of the annual report, companies whose stocks have been listed or whose stocks have been traded at the business offices of securities firms should also be analyzed if they have the most recent financial information that has been verified, certified or reviewed by the accountant.

Note 3: At the end of the annual report, the following calculation formula should be listed:

1. Capital Structure Analysis
  - (1) Debit ratio = Total liabilities/Total assets.
  - (2) Long-term fund to fixed asset (real estate, plant and equipment) ratio = (Total equity + Non-current liability) / Net amount of real estate, plant and equipment.
2. Liquidity Analysis
  - (1) Current ratio = Current assets/Current liabilities.
  - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
  - (3) Interest guarantee (times) = Net profit before income tax and interest expense / Interest expense for the current period.
3. Operating Performance Analysis
  - (1) Average Collection Turnover (including accounts receivable and bills receivable arising from business operations) = Net sales / Average balance of receivables (including accounts receivable and bills receivable arising from business operations) in each period.
  - (2) Average collection days = 365/Receivables turnover rate.
  - (3) Inventory turnover = Cost of goods sold/Average inventory.
  - (4) Turnover rate of accounts payable (including accounts payable and bills payable arising from business operations) = Cost of goods sold / Balance of average payables (including accounts payable and bills payable arising from business operations) in each period.
  - (5) Average days of sales = 365/inventory turnover rate.
  - (6) Turnover rate of real estate, plant and equipment = Net sales / Average net amount of real estate, plant and equipment.
  - (7) Turnover rate of total asset = Net sales / Average total assets.
4. Profitability
  - (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
  - (2) Return on equity = Profit and loss after tax / Average total equity.
  - (3) Net profit ratio = Profit and loss after tax / Net sales.
  - (4) Earnings per share = (Profits and losses attributable to owners of the parent company - dividends on special shares) / Weighted average number of issued shares. (Note 4)
5. Cash flow
  - (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
  - (2) Net cash flow adequacy ratio = Net cash flow of operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividend) of the last five years.
  - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross amount of 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 4: In the above calculation formulas of earnings per share, special attentions should be paid to the following:

1. Based on the weighted average number of ordinary shares, but not on the number of issued shares at the end of the year.
2. For those having a cash capital increase or treasury stock trading, the weighted average number of shares should be calculated taking their circulation period into account.
3. Whenever there is a capital increase from surplus or capital reserve, retrospective adjustments should be made according to the capital increase ratio when calculating the earnings per share for previous years and half-years, regardless of the issuance period of the capital increase.
4. If the preferred stock is a non-convertible cumulative preferred stock, its dividend for the current year (whether issued or not) should be deducted from the net profit after tax, or increased by the net loss after tax. If the preferred stock is of a non-cumulative preferred stock and there is profit after tax, the special stock dividend should be deducted from the net profit after tax; and no adjustment if it is a loss, it shall not be adjusted.

Note 5: In the cash flow analysis, special attentions should be paid to the following:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities stated in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.

3. The increase of inventory will only be included when the closing balance is greater than the opening balance, and will be calculated as zero if the inventory at the end of the year decreases.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. The gross amount of real estate, plant and equipment refers to the total amount of real estate, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall divide various operating costs and operating expenses into fixed and variable cost according to their nature. Estimates or subjective judgments so involved shall be noted with special attentions to their rationality and maintenance of consistency.

Note 7: If the shares of the company have no par value or the denomination per share is not NT\$10, the aforementioned profit ratio of paid-in capital shall be calculated based on the equity ratio attributable to the owner of the parent company stated in the balance sheet.

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

Analysis		Year	Financial Analysis for the last five years				
		2017	2018	2019	2020	2021	
Financial structure	Debt to assets ratio	—	—	—	—	—	
	Ratio of long-term capital to real property, plant and equipment (%)	—	—	—	—	—	
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	—	—	—	—	—	
	Real estate, plant and equipment 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 (dollar)	—	—	—	—	—	
Cash flow	Cash flow ratio (%)	—	—	—	—	—	
	Allowable cash flow ratio (%)	—	—	—	—	—	
	Cash reinvestment ratio(%)	—	—	—	—	—	
Leverage	Operating leverage	—	—	—	—	—	
	Financial leverage	—	—	—	—	—	

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 capital to real estate, plant and equipment=(Total equity + non-current liability) / net amount 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) 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) Real estate, plant and equipment turnover rate = net sales/ net amount of real estate, plant and equipment.
- (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 4)
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 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 dividend ) /((Gross amount of real estate, plant and equipment + Long-term Investment + other non-current asset + Work 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 amount of real estate, plant and equipment refers to the total amount of real estate, plant and equipment 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 2021 business report, financial statements, and profit distribution table, Shin-Chin Chih CPA and Kuo-Yang Tseng 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 2022

Audit Committee Convener:

Chih-Li Wang

March 4, 2022

- 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 128 to 182 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, 2021 and 2020, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 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(5) 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 4, 2022

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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, 2021 and 2020  
(Expressed in thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020		December 31, 2021		December 31, 2020	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (notes 6(1) and (19))	\$ 381,887	33	\$ 396,701	32	2150	\$ 441	-	1,469
1120 Current financial assets at fair value through other comprehensive income (notes 6(2) - (19) and 13)	52,929	5	62,216	5	2170	5,833	-	2,835
1150 Notes receivable, net (notes 6(3) - (16) and (19))	14,716	1	15,577	1	2180	6,445	1	3,114
1170 Accounts receivable, net (notes 6(3) - (16) and (19))	84,131	7	90,881	8	2200	60,409	5	70,118
1180 Accounts receivable from related parties (notes 6(3) - (16) - (19) and 7)	218	-	2,421	-	2230	7,102	1	15,651
1200 Other receivables (notes 6(4) - (19) and 7)	1,064	-	2,981	-	2280	4,567	-	4,365
130x Inventories (note 6(5))	73,219	6	77,906	6	2300	1,003	-	1,066
1476 Other financial assets - current (notes 6(1) - (9) and (19))	298,589	26	266,751	22		85,800	7	98,618
1479 Other current assets (notes 6(9))	13,219	1	28,407	2				
	919,972	79	943,841	76				
<b>Non-current assets:</b>								
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(2) - (19) and 13)	211,767	18	240,804	20	2580	-	-	4,418
1600 Property, plant and equipment (note 6(6))	22,792	2	25,255	2		85,800	7	103,036
1755 Right-of-use assets (note 6(7))	4,567	1	8,783	1				
1780 Intangible assets (note 6(8))	3,628	-	6,180	1				
1840 Deferred income tax assets (note 6(13))	2,010	-	1,256	-				
1920 Refundable deposits paid (notes 6(9) - (19) and 7)	4,393	-	2,636	-				
1984 Other non-current financial assets (notes 6(9) and (19))	297	-	625	-				
	249,454	21	285,539	24				
	\$ 1,169,426	100	\$ 1,229,380	100		\$ 1,169,426	100	\$ 1,229,380
<b>Total assets</b>								
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Notes payable (note 6(19))								
Accounts payable (note 6(19))								
Accounts payable to related parties (notes 6(19) and 7)								
Other payables (notes 6(10) - (19) and 7)								
Current income tax liabilities								
Current lease liabilities (notes 6(11) - (19) - (22) and 7)								
Other current liabilities								
<b>Non-current liabilities:</b>								
Non-current lease liabilities (notes 6(11) - (19) - (22) and 7)								
<b>Total liabilities</b>								
<b>Equity (note 6(2) and (14)) :</b>								
Capital stock								
Capital surplus								
Retained earnings :								
Legal reserve								
Unappropriated retained earnings								
Other equity								
<b>Total equity</b>								
<b>Total liabilities and equity</b>								

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, 2021 and 2020**

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

	2021		2020	
	AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b> (notes 6(16) and 7)	\$ 413,483	100	\$ 447,862	100
5000 <b>Operating costs</b> (notes 6(5) and 7)	166,125	40	162,670	36
<b>Gross profit</b>	247,358	60	285,192	64
6000 <b>Operating expenses</b> (notes 6(3)、(12)、(17)、 7 and 12):				
6100 Selling expenses	120,215	29	124,836	28
6200 Administrative expenses	48,113	12	57,474	13
6300 Research and development expenses	23,515	6	28,681	6
6450 Expected credit loss (gain)	( 100)	-	( 103)	-
	191,743	47	210,888	47
<b>Operating income</b>	55,615	13	74,304	17
<b>Non-operating income and expenses</b> (notes 6(11)、(18) and 7):				
7100 Interest income	2,099	1	2,238	-
7010 Other income	48	-	57	-
7020 Other gains and losses	3,867	1	660	-
7050 Finance costs	( 80)	-	( 27)	-
	5,934	2	2,928	-
<b>Profit before tax</b>	61,549	15	77,232	17
7950 <b>Income tax expense</b> (note 6(13))	( 14,441)	( 3)	( 15,662)	( 3)
<b>Profit for the year</b>	\$ 47,108	12	\$ 61,570	14
8300 <b>Other comprehensive income</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316 Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	( 21,094)	( 5)	8,928	2
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	( 21,094)	( 5)	8,928	2
8300 <b>Other comprehensive income</b>	( 21,094)	( 5)	8,928	2
<b>Total comprehensive income</b>	\$ 26,014	7	\$ 70,498	16
<b>Earnings per share</b> (note 6(15))				
9750 <b>Basic earnings per share</b>	\$ 1.23	1.23	\$ 1.60	1.60
9850 <b>Diluted earnings per share</b>	\$ 1.23	1.23	\$ 1.60	1.60

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, 2021 and 2020**  
 (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	
<b>Balance as of January 1, 2020</b>	\$ 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)	-
<b>Balance as of December 31, 2020</b>	383,981	458,977	97,016	169,610	16,760	1,126,344
Net income for the year	-	-	-	47,108	-	47,108
Other comprehensive income for the year	-	-	-	-	( 21,094)	( 21,094)
Total comprehensive income for the year	-	-	-	47,108	( 21,094)	26,014
Appropriation and distribution of retained earnings:						
Appropriation for legal reserve	-	-	16,049	( 16,049)	-	-
Cash dividends of ordinary share distributed	-	-	-	( 69,116)	-	( 69,116)
Other changes in capital surplus	-	384	-	-	-	384
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	( 20,543)	20,543	-
<b>Balance as of December 31, 2021</b>	\$ 383,981	\$ 459,361	\$ 113,065	\$ 111,010	\$ 16,209	\$ 1,083,626

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 Cash Flows**

**For the years ended December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 61,549	\$ 77,232
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation	7,233	7,127
Amortization	2,552	2,522
Expected credit loss	( 100 )	( 103 )
Net loss on financial assets and liabilities at fair value through profit or loss	-	1,558
Interest expense	80	27
Interest income	( 2,099 )	( 2,238 )
Dividend income	( 6,360 )	( 6,420 )
Loss on disposal of property, plant and equipment	4	-
Impairment loss from non – financial assets	4,146	4,583
Gain on lease modification	( 47 )	-
Total adjustment to reconcile profit	<u>5,409</u>	<u>7,056</u>
Changes in operating assets and liabilities:		
Decrease in notes receivable	861	4,060
Decrease in accounts receivable(including related parties)	9,053	5,136
(Increase) decrease in other receivables	1,851	( 1,603 )
(Increase) decrease in inventories	4,687	( 18,851 )
(Increase) decrease in other current assets	11,042	( 8,110 )
Decrease in contract liabilities	-	( 2,483 )
Increase (decrease) in notes payable (including related parties)	( 1,028 )	969
Increase (Decrease) in accounts payable(including related parties)	6,329	( 34,659 )
Decrease in other payables	( 9,709 )	( 11,171 )
Increase in other current liabilities	322	117
Total changes in operating assets and liabilities	<u>23,408</u>	<u>( 66,595 )</u>
Total adjustments	<u>28,817</u>	<u>( 59,539 )</u>
Cash flows from operations	90,366	17,693
Interest received	2,165	2,238
Interest paid	( 80 )	( 27 )
Income tax paid	( 23,744 )	( 8,293 )
<b>Net cash flows from operating activities</b>	<u>68,707</u>	<u>11,611</u>

(Continued)

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**TSH Biopharm Corporation Ltd.**

**Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 3,478 )	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	20,707	182,784
Proceeds from disposal of financial assets at fair value through profit or loss	-	4,316
Acquisition of property, plant and equipment	( 382 )	( 1,916 )
Decrease (increase) in guarantee deposits paid	( 1,757 )	739
Acquisition of intangible assets	-	( 463 )
Decrease (increase) in other financial assets - current	( 31,838 )	41,909
Decrease in other financial assets - non-current	328	421
Dividends received	6,360	6,420
<b>Net cash flows from (used in) investing activities</b>	<u>( 10,060 )</u>	<u>234,210</u>
<b>Cash flows used in financing activities:</b>		
Payments of lease liabilities	( 4,345 )	( 4,215 )
Cash dividends paid	( 69,116 )	( 69,117 )
<b>Net cash flows used in financing activities</b>	<u>( 73,461 )</u>	<u>( 73,332 )</u>
Net (decrease) increase in cash and cash equivalents	( 14,814 )	172,489
Cash and cash equivalents at beginning of year	396,701	224,212
Cash and cash equivalents at end of year	<u>\$ 381,887</u>	<u>\$ 396,701</u>

See accompanying notes to financial statements.

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

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**TSH BIOPHARM CORPORATION LTD.**  
**Notes to the Parent Company Only Financial Statements**  
**December 31, 2021 and 2020**

**(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 4, 2022.

**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 4, “Extension of the temporary exemption from applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform- Phase 2”

The Company assesses that the adoption of the following new standards, effective from April 1, 2021 would not have any material impact on the financial statements.

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(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 IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Company believes that the adoption of the following standards would not have any significant impact on its parent-company-only 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 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single

**TSH Biopharm Corporation Ltd.**  
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Transaction”

#### **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 profit or loss and financial assets at fair value through other comprehensive income are measured at fair value.

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

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.

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

- 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.

(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:

**TSH Biopharm Corporation Ltd.**  
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- 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 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) 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.

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

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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 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 )

(E) 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

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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 ;
- 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.

(F) 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

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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 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

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

(9) Leases

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.

A. 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:

- (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

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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.

**B. 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 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.

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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	5~10 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 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.

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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:

- 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 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.

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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.

(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

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. 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.

**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, 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

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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(5) for further description of the valuation of inventories.

**6. Explanation of significant accounts**

(1) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Petty cash	\$ 140	\$ 230
Cash in banks	381,747	396,471
	<b>\$ 381,887</b>	<b>\$ 396,701</b>

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, 2021 and 2020, the amount of time deposits were \$298,589 and \$266,751, respectively.

C. Please refer to note 6(19) for the foreign currency risk and sensitivity analysis of the financial assets of the Company.

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

Items	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity instruments at fair value through other comprehensive income :		
Current	\$ 52,929	\$ 62,216
Non - current	211,767	240,804
	<b>\$ 264,696</b>	<b>\$ 303,020</b>

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, 2021. The shares sold had a fair value of \$35,478 and the Company realized a loss of \$20,543, which is already included in other comprehensive income. The loss has been transferred to retained earnings.

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.

B. Please refer to note 6(19) for credit and market risk information.

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

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

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	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 14,716	\$ 15,577
Accounts receivable-measured at amortized cost	85,350	94,403
Less: Allowance for expected credit losses	( 1,001 )	( 1,101 )
	<u>\$ 99,065</u>	<u>\$ 108,879</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 and the days past due, as well as forward looking information. The loss allowance provision was determined as follows:

	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Not past due	\$ 99,677	1%	\$ 997
Past due 1~60 days	314	1%	3
Past due 61~120 days	20	1%	-
Past due 121~180 days	7	2%	-
Past due 181~365 days	48	2%	1
	<u>\$ 100,066</u>		<u>\$ 1,001</u>

	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
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
	<u>\$ 109,980</u>		<u>\$ 1,101</u>

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Balance on January 1	\$ 1,101	\$ 1,204
Impairment losses reversed	( 100 )	( 103 )
Balance on December 31	<u>\$ 1,001</u>	<u>\$ 1,101</u>

As of December 31, 2021 and 2020, the accounts receivable and notes receivable for the Company were not pledged as collateral.

(4) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables - Tax receivables	\$ 501	\$ 700
Other receivables - Interest receivables	495	561
Other receivables - related parties	-	65
Others	68	1,655
	<u>\$ 1,064</u>	<u>\$ 2,981</u>

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- 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 July 16, 2020.

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(19).

(5) Inventories

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Merchandise	\$ 35,567	\$ 38,325
Raw materials and supplies - drug	44,119	41,234
- testing materials	1,046	869
Less: Allowance for inventory market decline and obsolescence	( 7,513)	( 2,522)
	<b>\$ 73,219</b>	<b>\$ 77,906</b>

The cost of inventories recognized as operating cost for the years ended December 31, 2021 and 2020 amounted to \$166,125 and \$162,670, respectively. The cost of inventory for the year ended December 31, 2021 included the amount of \$4,991, which the company wrote down from cost to net realizable value. The cost 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.

As of December 31, 2021 and 2020, the aforesaid inventories were not pledge as collateral.

(6) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<b>Land</b>	<b>Building and construction</b>	<b>Machinery equipment</b>	<b>Office equipment</b>	<b>Other equipment</b>	<b>Total</b>
<b>Cost</b>						
Balance on January 1, 2021	\$ 5,846	\$ 13,938	\$ 9,908	\$ 5,228	\$ 6,974	\$ 41,894
Additions	-	-	209	173	-	382
Disposals	-	-	-	( 17)	-	( 17)
Balance on December 31, 2021	<b>\$ 5,846</b>	<b>\$ 13,938</b>	<b>\$ 10,117</b>	<b>\$ 5,384</b>	<b>\$ 6,974</b>	<b>\$ 42,259</b>
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	<b>\$ 5,846</b>	<b>\$ 13,938</b>	<b>\$ 9,908</b>	<b>\$ 5,228</b>	<b>\$ 6,974</b>	<b>\$ 41,894</b>
<b>Accumulated depreciation and impairment:</b>						
Balance on January 1, 2021	\$ -	\$ 3,079	\$ 5,266	\$ 2,913	\$ 5,381	\$ 16,639
Depreciation for the year	-	845	777	642	577	2,841
Disposals	-	-	-	( 13)	-	( 13)
Balance on December 31, 2021	<b>\$ -</b>	<b>\$ 3,924</b>	<b>\$ 6,043</b>	<b>\$ 3,542</b>	<b>\$ 5,958</b>	<b>\$ 19,467</b>

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	<u>Land</u>	<u>Building and construction</u>	<u>Machinery equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
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	<u>\$ -</u>	<u>\$ 3,079</u>	<u>\$ 5,266</u>	<u>\$ 2,913</u>	<u>\$ 5,381</u>	<u>\$ 16,639</u>
Carrying amounts:						
Balance on December 31, 2021	<u>\$ 5,846</u>	<u>\$ 10,014</u>	<u>\$ 4,074</u>	<u>\$ 1,842</u>	<u>\$ 1,016</u>	<u>\$ 22,792</u>
Balance on January 1, 2020	<u>\$ 5,846</u>	<u>\$ 11,601</u>	<u>\$ 5,050</u>	<u>\$ 1,451</u>	<u>\$ 2,277</u>	<u>\$ 26,225</u>
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>

As of December 31, 2021 and 2020, the property, plant and equipment were not pledged as collateral.

(7) 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, 2021	\$ 8,783	\$ -	\$ 8,783
Additions	4,567	-	4,567
Decrease	(8,783)	-	(8,783)
Balance on December 31, 2021	<u>\$ 4,567</u>	<u>\$ -</u>	<u>\$ 4,567</u>
Balance on January 1, 2020	\$ 8,218	\$ 183	\$ 8,401
Additions	8,783	-	8,783
Decrease	(8,218)	(183)	(8,401)
Balance on December 31, 2020	<u>\$ 8,783</u>	<u>\$ -</u>	<u>\$ 8,783</u>
Accumulated depreciation:			
Balance on January 1, 2021	\$ -	\$ -	\$ -
Depreciation for the year	4,392	-	4,392
Decrease	(4,392)	-	(4,392)
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance on January 1, 2020	\$ 4,109	\$ 101	\$ 4,210
Depreciation for the year	4,109	82	4,191
Decrease	(8,218)	(183)	(8,401)
Balance on December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amounts :			
Balance on December 31, 2021	<u>\$ 4,567</u>	<u>\$ -</u>	<u>\$ 4,567</u>
Balance on December 31, 2020	<u>\$ 8,783</u>	<u>\$ -</u>	<u>\$ 8,783</u>
Balance on January 1, 2020	<u>\$ 4,109</u>	<u>\$ 82</u>	<u>\$ 4,191</u>

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(8) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<u>Computer software</u>	<u>Patent and drug permit license</u>	<u>Total</u>
Costs:			
Balance on December 31,2021 (The same balance on January 1, 2021)	<u>\$ 696</u>	<u>\$ 42,191</u>	<u>\$ 42,887</u>
Balance on January 1, 2020	\$ 233	\$ 42,191	\$ 42,424
Additions	463	-	463
Balance on December 31,2020	<u>\$ 696</u>	<u>\$ 42,191</u>	<u>\$ 42,887</u>
Accumulated amortization and impairment loss:			
Balance on January 1, 2021	\$ 155	\$ 36,552	\$ 36,707
Amortization for the year	136	2,416	2,552
Balance on December 31,2021	<u>\$ 291</u>	<u>\$ 38,968</u>	<u>\$ 39,259</u>
Balance on January 1, 2020	\$ 50	\$ 34,135	\$ 34,185
Amortization for the year	105	2,417	2,522
Balance on December 31,2020	<u>\$ 155</u>	<u>\$ 36,552</u>	<u>\$ 36,707</u>
Carrying amounts :			
Balance on December 31, 2021	<u>\$ 405</u>	<u>\$ 3,223</u>	<u>\$ 3,628</u>
Balance on January 1, 2020	<u>\$ 183</u>	<u>\$ 8,056</u>	<u>\$ 8,239</u>
Balance on December 31, 2020	<u>\$ 541</u>	<u>\$ 5,639</u>	<u>\$ 6,180</u>

A. Amortization expenses

Amortization expenses for intangible assets for the years ended December 31, 2021 and 2020 were recognized in the statement of comprehensive income, were as follows:

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Operating expenses	<u>\$ 2,552</u>	<u>\$ 2,522</u>

B. Collateral

As of December 31, 2021 and 2020, the aforementioned intangible assets were not pledged as collateral.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current financial assets	\$ 298,589	\$ 266,751
Other non-current financial assets	297	625
Other current assets	13,219	28,407
Refundable deposits	4,393	2,636
	<u>\$ 316,498</u>	<u>\$ 298,419</u>

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- 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(19).
- 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 \$4,146 and \$4,583 for the year ended December 31, 2021 and 2020, respectively.

(10) Other payables

The nature of other payables was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries	\$ 23,419	\$ 22,297
Research expenses	17,103	25,033
Commission	1,349	1,465
Others	18,538	21,323
	<u>\$ 60,409</u>	<u>\$ 70,118</u>

(11) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	<u>\$ 4,567</u>	<u>\$ 4,365</u>
Non-current	<u>\$ -</u>	<u>\$ 4,418</u>

For the maturity analysis, please refer to note 6(19).

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 80</u>	<u>\$ 27</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 300</u>	<u>\$ 300</u>
Expenses relating to short-term leases	<u>\$ -</u>	<u>\$ 41</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 245</u>	<u>\$ 172</u>

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

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 4,970</u>	<u>\$ 4,755</u>

A. Real estate leases

On January 1, 2019, the Company leased buildings for its office and plant. The leases of office typically run for a period of 2 years, and the 2 years lease was renewed on December 17, 2020. A supplementary agreement was signed in December 2021, and the new lease contract will be effective from December 1, 2021. Due to the early termination of some lease contracts, the Company reassessed lease period and decreased the lease liability by \$4,439.

On July 1, 2019, the Company leased buildings for its plant with a leases period of 13.5 years. Some leases include an option to renew the lease for an additional period of the same duration

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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.

**B. Other leases**

The Company leases transportation equipment, with lease term of 1.5 years. The lease contract has expired in August, 2020 and these is no further renewed.

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 short-term or low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

**(12) 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, 2021 and 2020 were as follows:

	<b>For the years ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Selling expenses	\$ 2,898	\$ 2,970
Administrative expenses	891	1,223
Research and development expenses	392	320
	<b>\$ 4,181</b>	<b>\$ 4,513</b>

**(13) Income taxes**

**A. Income tax expense**

The components of income tax in the years 2021 and 2020 were as follows:

	<b>For the years ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current income tax expense		
Current period	\$ 15,212	\$ 15,786
Adjustment for prior periods	( 17)	( 641)
Deferred income tax expense		
Origination and reversal of temporary differences	( 754)	517
Income tax expenses	<b>\$ 14,441</b>	<b>\$ 15,662</b>

There was no income tax recognized directly in equity and other comprehensive income for 2021 and 2020.

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Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

	<b>For the years ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before income tax	\$ 61,549	\$ 77,232
Income tax using the Company's domestic tax rate	\$ 12,310	\$ 15,446
Tax-exempt income	( 1,272)	( 1,284)
Tax incentives	( 2,636)	( 1,032)
Change in provision in prior periods	( 17)	( 641)
Surtax on unappropriated retained earnings	3,766	384
Income basic tax	-	467
Others	2,290	2,322
	<b>\$ 14,441</b>	<b>\$ 15,662</b>

**B. Deferred tax assets**

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	<b>Impairment loss</b>	<b>Loss from inventory devaluation</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax assets:</b>				
Balance on January 1, 2021	(\$ 494)	(\$ 505)	(\$ 257)	(\$ 1,256)
Recognized in profit or loss	212	( 998)	32	( 754)
Balance on December 31, 2021	<b>(\$ 282)</b>	<b>(\$ 1,503)</b>	<b>(\$ 225)</b>	<b>(\$ 2,010)</b>
Balance on January 1, 2020	(\$ 706)	(\$ 604)	(\$ 463)	(\$ 1,773)
Recognized in profit or loss	212	99	206	517
Balance on December 31, 2020	<b>(\$ 494)</b>	<b>(\$ 505)</b>	<b>(\$ 257)</b>	<b>(\$ 1,256)</b>

**C. Assessment of tax**

The Company's tax returns for the years through 2019 were assessed by the Taipei National Tax Administration.

**(14) Capital and other equity**

As of December 31, 2021 and 2020, the authorized capital of the Company amounted to \$1,000,000, with par value of \$10 per share, which consisting of 100,000 thousand shares of ordinary stock. The paid-in capital was \$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, 2021 and 2020 were as following:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Share Capital	\$ 458,977	\$ 458,977
Others	384	-
	<b>\$ 459,361</b>	<b>\$ 458,977</b>

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

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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 2020 and 2019 was decided by the resolution adopted, at the general meeting of shareholders held on August 20, 2021 and May 29, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	<b>For the years ended December 31,</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Amount per share (dollars)</b>	<b>Total amount</b>	<b>Amount per share (dollars)</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders:				
Cash	<b>\$ 1.80</b>	<b>\$ 69,116</b>	<b>\$ 1.80</b>	<b>\$ 69,117</b>

**C. Other equity interests**

	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>
Balance on January 1, 2021	\$ 16,760
Unrealized gains on financial assets measured at fair value through other comprehensive income	( 21,094)
Disposal of equity instruments measured at fair value through other comprehensive income	20,543
Balance on December 31, 2021	<b>\$ 16,209</b>

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Balance on January 1, 2020	\$	106,749
Unrealized losses 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	<u>\$</u>	<u>16,760</u>

(15) Earnings per share

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

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Basic earnings per share		
Net income attributable to ordinary shareholders	<u>\$ 47,108</u>	<u>\$ 61,570</u>
Weighted-average number of ordinary shares	<u>38,398</u>	<u>38,398</u>
	<u>\$ 1.23</u>	<u>\$ 1.60</u>
Diluted earnings per share		
Net income attributable to ordinary shareholders (after adjustment of dilutive potential ordinary shares)	<u>\$ 47,108</u>	<u>\$ 61,570</u>
Weighted-average number of ordinary shares	<u>38,398</u>	<u>38,398</u>
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	<u>35</u>	<u>32</u>
Weighted-average number of ordinary shares (after adjustment of dilutive potential ordinary shares)	<u>38,433</u>	<u>38,430</u>
	<u>\$ 1.23</u>	<u>\$ 1.60</u>

(16) Revenue from contracts with customers

A. Disaggregation of revenue

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Major products/service lines:		
Pharmaceuticals	\$ 387,192	\$ 424,851
Test	24,188	20,898
Services	2,103	2,113
	<u>\$ 413,483</u>	<u>\$ 447,862</u>

B. Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Notes receivable	\$ 14,716	\$ 15,577	\$ 19,637
Accounts receivable (included related parties)	85,350	94,403	99,539
Less: Allowance for expected credit losses	(1,001)	(1,101)	(1,204)
Total	<u>\$ 99,065</u>	<u>\$ 108,879</u>	<u>\$ 117,972</u>
Contract liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,483</u>

For details on notes receivable, accounts receivable and allowance for expected credit losses, please refer to note 6 (3)

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The amounts of revenue recognized for the years ended December 31, 2020 that was included in the contract liability balance at the beginning of the period was \$2,483 .

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

(17) 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, 2021 and 2020, the Company estimated its employee compensation amounting to \$1,282 and \$1,282 and directors' remuneration amounting to \$1,609 and \$1,609, 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 2021 and 2020. 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 2021 and 2020. Related information is available on the Market Observation Post System website.

(18) Non-operating income and expenses

A. Interest income

The details of interest income for the years ended December 31, 2021 and 2020 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ <b>2,099</b>	\$ <b>2,238</b>

B. Other income

The details of other income for the years ended December 31, 2021 and 2020 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Rent income	\$ <b>48</b>	\$ <b>57</b>

C. Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	<b>For the year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gains (losses)	(\$ 1,255)	\$ 406
Dividend income	6,360	6,420
Gain on lease modification	47	-

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Losses on disposals of property, plant and equipment	( 4)	-
Gains (losses) on financial assets at fair value through profit or loss	- (	1,558)
Impairment loss	( 4,146)	( 4,583)
Others	2,865	( 25)
	<u>\$ 3,867</u>	<u>\$ 660</u>

D. Finance costs

The details of finance costs for the years ended December 31, 2021 and 2020 were as follows:

	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Other finance costs - Interest expenses	<u>\$ 80</u>	<u>\$ 27</u>

(19) 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 12% and 16% of the total receivables as of December 31, 2021 and 2020, respectively. The concentration of credit risk accounted for 35% and 19% 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 (3).

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, 2021 and 2020. The balance as of December 31, 2021 and 2020 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>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Notes and accounts payable (including related parties)	\$ 12,719	\$ 12,719	\$ 12,719	\$ -	\$ -
Other payables	60,409	60,409	60,409	-	-
Lease liabilities	4,567	4,597	4,597	-	-
	<u>\$ 77,695</u>	<u>\$ 77,725</u>	<u>\$ 77,725</u>	<u>\$ -</u>	<u>\$ -</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>2~3 years</u>	<u>4~5 years</u>
<b>December 31, 2020</b>					
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>

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, 2021</u>			<u>December 31, 2020</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	\$ 1,890	27.68	\$ 52,306	\$ 251	28.48	\$ 7,135
CNY	2,265	4.344	9,838	2,247	4.377	9,788
EUR	104	31.32	3,262	104	35.02	4,061

(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, 2021 and 2020 would have increased (decreased) the net profit after tax by \$523 and \$168, 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:

	<u>For the years ended December 31,</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Foreign exchange gains (losses)</u>	<u>Average exchange rate</u>	<u>Foreign exchange gains (losses)</u>	<u>Average exchange rate</u>
USD	( 796)	-	( 458)	-
CNY	( 73)	-	109	-
EUR	( 386)	-	755	-

D. Interest rate analysis: None



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	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	\$ 12,719	\$ -	\$ -	\$ -	\$ -
Other payables	60,409	-	-	-	-
Lease liabilities	4,567	-	-	-	-
Subtotal	<u>77,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 77,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<b>December 31, 2020</b>					
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>Financial assets at fair value through other comprehensive income</b>					
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>
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>

(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:

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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 levels

There was no change in valuation techniques for financial instruments measured at fair value for the years ended December 31, 2021 and 2020, so there was no transfer between levels.

(F) Reconciliation of level 3 fair values:

	<b>Fair value through other comprehensive income</b>
	<b>Equity instruments without quoted price</b>
Balance as of January 1, 2021	\$ 63,834
Additions	14,771
Disposals	(49,271)
Balance as of December 31, 2021	<b>\$ 29,334</b>
Balance as of January 1, 2020	\$ 52,280
Recognized in other comprehensive income	11,554
Balance as of December 31, 2020	<b>\$ 63,834</b>

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(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"> <li>• Weighted average cost of capital (as of December 31, 2020, the rate was 13.32%)</li> <li>• Discount for lack of market liquidity (as of December 31, 2020, the rate were both 20.6%)</li> <li>• Discount for lack of market liquidity (as of December 31, 2021 and 2020, the rate were 20% ~ 28.5% and 30%, respectively)</li> </ul>	<p>The estimated fair value would decrease if:</p> <ul style="list-style-type: none"> <li>• WACC was higher;</li> <li>• The discount for lack of market liquidity was higher</li> </ul>
Financial assets at fair value through other comprehensive income — equity investments without an active market	Comparable companies method	<ul style="list-style-type: none"> <li>• Discount for lack of market liquidity (as of December 31, 2021 and 2020, the rate were 20% ~ 28.5% and 30%, respectively)</li> <li>• expected volatility (as of December 31, 2021, the rate was 60.84%)</li> </ul>	<p>The estimated fair value would decrease if the discount for lack of market liquidity was higher.</p> <p>The estimated fair value would increase if the volatility was higher.</p>

(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:

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	<u>Input value</u>	<u>Degree of variation</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	2 (	2)
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	341 (	341)

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.

(20) 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.

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

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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, 2021 and 2020, 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.

(21) 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.

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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, 2021 and 2020 were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 85,800	\$ 103,036
Less: cash and cash equivalents	( 381,887)	( 396,701)
Net debt	( 296,087)	( 293,665)
Total capital	1,083,626	1,126,344
Adjusted capital	<u>\$ 787,539</u>	<u>\$ 832,679</u>
Debt to equity ratio	<u>( 37.60% )</u>	<u>( 35.27% )</u>

(22) 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, 2021 and 2020, were as follows:

A. Acquisition of right-of-use assets under leases, please refer to note 6(7).

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, 2021 and 2020, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Additions of property, plant and equipment	\$ 382	\$ 1,966
Net changes on other payable	-	( 50)
Cash payment for acquisition of property, plant and equipment	<u>\$ 382</u>	<u>\$ 1,916</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>2021</u>	<u>Cash flow</u>	<u>changes</u>	<u>2021</u>
			<u>Others</u>	
Lease liabilities	<u>\$ 8,783</u>	<u>(\$ 4,345)</u>	<u>\$ 129</u>	<u>\$ 4,567</u>

	<u>January 1,</u>		<u>Non-cash</u>	<u>December 31,</u>
	<u>2020</u>	<u>Cash flow</u>	<u>changes</u>	<u>2209</u>
			<u>Others</u>	
Lease liabilities	<u>\$ 4,215</u>	<u>(\$ 4,215)</u>	<u>\$ 8,783</u>	<u>\$ 8,783</u>

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

**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:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Parent company- TTY Biopharm Company Limited	\$ 1,946	\$ 1,947
Other related parties	3,842	5,239
	<b><u>\$ 5,788</u></b>	<b><u>\$ 7,186</u></b>

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:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Parent company - TTY Biopharm Company Limited	\$ 71,615	\$ 97,759
Other related parties - Chuangyi Biotech Co., Ltd.(Note)	( 13)	( 25,908)
	<b><u>\$ 71,602</u></b>	<b><u>\$ 71,851</u></b>

Note: The reason of negative purchase amount with Chuangyi Biotech Co., Ltd for the year ended December 31, 2021 and 2020, please refer to note 6(4).

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-end 30 and 90 days.

C. Receivables from related parties

The amounts of receivables from related parties were as follows:

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

Items	Related Party Categories	December 31, 2021	December 31, 2020
Accounts receivable	Parent company	\$ 218	\$ 438
Accounts receivable	Other related parties	-	1,983
Other receivables	Other related parties	-	65
		<u>\$ 218</u>	<u>\$ 2,486</u>

D. Payables to related parties

The amounts of payables to related parties were as follows:

Items	Related Party Categories	December 31, 2021	December 31, 2020
Accounts payable- related parties	Parent company	\$ 6,445	\$ 3,114
Other payables	Parent company	2,473	1,731
		<u>\$ 8,918</u>	<u>\$ 4,845</u>

F. Lease

The Company leases offices and equipments from the parent company, and the refundable deposits amounted to \$766 and \$693, respectively, as of December 31, 2021 and 2020.

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 signed a new two-year lease contract with the parent company on December 17, 2020 for lease office and equipment with a total contract amount of \$8,892 and amended the lease contract in December 2021. The interest expenses of \$80 and \$27 were recognized for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the balances of lease liabilities were \$ 4,567 and \$8,783, respectively.

G. Others

(A) For the years ended December 31, 2021 and 2020, the operating expenses paid by the Company to the parent company or other related parties due to the operating and business transactions amounted to \$6,754 and \$6,430, respectively.

(B) For the years ended December 31, 2020, the research fee paid by the Company to the parent company due to the entrusted research and project development contract was \$374.

(C) The company authorizes other related parties to sell specific products with contract period from June 1, 2020 to May 31, 2021. As the contract expired, the purchase volume of other related parties did not reach the minimum purchase amount of \$3,000. Thus, the difference of \$2,897 was paid in June, 2021, which were accounted for under other income.

(4) Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$ 17,601	\$ 15,200
Post-employment benefits	495	536
	<u>\$ 18,096</u>	<u>\$ 15,736</u>

**8. Pledged assets: None.**

**9. Significant commitments and contingencies**

**TSH Biopharm Corporation Ltd.**  
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As of December 31, 2021 and 2020, the unrecognized contractual commitments of the Company were as follows:

	December 31, 2021	December 31, 2020
Contract with other units for research and development	\$ 86,828	\$ 122,787
Acquisition of intangible assets	5,355	3,150
Purchase of raw materials	\$ 162,400	\$ 185,600

**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, 2021 and 2020:

By function By item	For the years ended December 31,					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	-	83,707	83,707	-	93,968	93,968
Labor and health insurance	-	7,005	7,005	-	6,914	6,914
Pension	-	4,181	4,181	-	4,513	4,513
Director's remuneration	-	3,772	3,772	-	4,397	4,397
Others	-	3,298	3,298	-	3,222	3,222
Depreciation	-	7,233	7,233	-	7,127	7,127
Amortization	-	2,552	2,552	-	2,522	2,522

Additional information on the number of employees and employee benefits of the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Number of employees	80	76
Number of directors who were not employees	7	7
Average of employees benefits	\$ 1,345	\$ 1,574
Average of salary	\$ 1,147	\$ 1,362
Average adjustment of salary	( 15.79%)	( 8.53%)
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 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

**TSH Biopharm Corporation Ltd.**  
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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 \$7,136 and \$6,485 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, 2021 and 2020, 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(9) 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, 2021 (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			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
TSH Biopharm Corporation Ltd.	Lumosa Therapeutics Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	1,315	52,929	0.81%	52,929	
"	Fubon Financial Holding Co., Ltd. Preferred stock B	-	Non-current financial assets at fair value through other comprehensive income	2,500	157,750	0.38%	157,750	
"	Union Bank of Taiwan Preferred stock A	-	"	400	21,200	0.20%	21,200	
"	Fubon Financial Holding Co., Ltd. Preferred stock C	-	"	58	3,483	0.02%	3,483	
"	CellMax Ltd.	-	"	1,593	14,771	0.67%	14,771	
"	Chuangyi Biotech Co., Ltd.	-	"	1,320	14,563	3.89%	14,563	

D. Individual securities acquired or disposed of with an accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20%

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

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: None.

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:

Shareholding Shareholder's name	Total shares owned	Percentage of ownership (%)
TTY Biopharm Company Limited	21,687,177	56.47%

#### 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.

(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, 2021 and 2020 were as follows :

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
A403001	<b>\$ 69,809</b>	<b>\$ 72,800</b>

**TSH Biopharm Corporation Ltd.**  
**Statement of Cash and Cash Equivalents**

**December 31, 2021**

(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash		\$ 140
Cash in banks	Checking accounts	127
	Demand deposits	264,804
	Time deposits	100,000
	Foreign currency deposits	16,816
		<u>381,747</u>
		<u><b>\$ 381,887</b></u>

**TSH Biopharm Corporation Ltd.**

**Statement of Notes Receivable**

**December 31, 2021**

(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
A403001		\$ 6,425	
HBAC002		2,872	
G330043D		2,869	
G360001		2,773	
G351001F		2,556	
HAAF001		2,201	
G351001G		2,001	
HBAJ001		1,790	
HAAG004		1,481	
HAAA001		1,480	
Other		58,902	
Less: Allowance for expected credit losses		( 1,001 )	
Net amount		<u>\$ 84,349</u>	

**TSH Biopharm Corporation Ltd.**  
**Statement of Other Financial Assets - Current**  
**December 31, 2021**  
(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	<b>\$ 298,589</b>	

**TSH Biopharm Corporation Ltd.**

**Statement of Financial Assets at Fair Value Through Other Comprehensive Income - Current**

**For the year ended December 31, 2021**

(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	
Lumosa Therapeutics Co., Ltd.	1,765,000	1.50%	\$ 62,216	-	\$ -	450,000	\$ 9,287	1,315,000	0.81%	\$ 52,929	None
			<u>\$ 62,216</u>		<u>\$ -</u>		<u>( \$ 9,287)</u>			<u>\$ 52,929</u>	

**TSH Biopharm Corporation Ltd.**

**Statement of Financial Assets at Fair Value Through Other Comprehensive Income –Noncurrent**

**For the year ended December 31, 2021**

(Expressed in thousands of New Taiwan dollars)

Name of investee	Beginning Balance			Additions		Decrease			Evaluation	Ending Balance			Collateral
	Shares	Percentage of ownership (%)	Amount	Shares	Amount	Shares	Amount	Shares		Percentage of ownership (%)	Amount		
Fubon Financial Holdings Co., Ltd. Preferred Stock B	2,500,000	0.38%	\$ 156,250	-	\$ -	-	\$ -	\$ 1,500	2,500,000	0.38%	\$ 157,750	None	
Fubon Financial Holdings Co., Ltd. Preferred Stock C	-	-%	-	57,969	3,478	-	-	5	57,969	0.020%	3,483	"	
Union Bank of Taiwan Preferred Stock A	400,000	0.20%	20,720	-	-	-	-	480	400,000	0.20%	21,200	"	
Chuangyi Biotech Co., Ltd.	1,319,808	4.89%	14,563	-	-	-	-	-	1,319,808	4.89%	14,563	"	
CellMax Ltd.	1,592,516	2.03%	49,271	1,592,516	14,771	1,592,516	49,271	-	1,592,516	2.03%	14,771	"	
			<b>\$ 240,804</b>		<b>\$ 18,249</b>		<b>\$ 49,271</b>	<b>\$ 1,985</b>			<b>\$ 240,804</b>		

**TSH Biopharm Corporation Ltd.**  
**Statement of Others Payables**  
**December 31, 2021**  
**(Expressed in thousands of New Taiwan dollars)**

Please refer to note 6(10)

**TSH Biopharm Corporation Ltd.**  
**Statement of Operating Revenue**  
**For the year ended December 31, 2021**  
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue:			
Lozenges	153,628,407	\$ 378,232	
Capsules	1,987,253	8,186	
Injections	52,526	3,363	
Sales revenue subtotal		389,781	
Testing revenue		24,706	
Service revenue		2,103	
Total		416,590	
Less: Sales returns and allowances		( 3,107 )	
Net revenue		<u>\$ 413,483</u>	

**TSH Biopharm Corporation Ltd.**  
**Statement of Operating Costs**  
**For the year ended December 31, 2021**  
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Raw materials and supplies	
Add: Raw material, beginning of the year	\$ 42,103
Add: Purchase	39,135
Less: Raw materials, end of the year	( 45,165 )
Return on raw material	( 13 )
Loss on physical inventory	( 150 )
Transferred to expenses and losses	( 557 )
Raw materials consumed	35,353
Raw materials consumed	35,353
Add: Contract manufacture	114,623
Cost of goods sold	149,976
Merchandise	
Add: Merchandise, beginning of the year	\$ 38,325
Purchased	10,478
Less: Merchandise, end of the year	( 35,567 )
Transferred to expenses and losses	( 1,914 )
Reclassification	( 314 )
Cost of Merchandise sold	160,984
Add: Loss from inventory market decline	4,991
Loss on physical inventory	150
Operating costs	\$ 166,125

**TSH Biopharm Corporation Ltd.**  
**Statement of Operating Expenses**  
**For the year ended December 31, 2021**  
(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	\$ 54,365	\$ 24,612	\$ 8,502	\$ 87,479
Meal expenses	1,410	472	211	2,093
Pension	2,899	890	392	4,181
Insurance expense	4,683	1,632	691	7,006
Royalty expense	172	-	-	172
Rent expense	113	132	300	545
Traveling expenses	1,156	42	42	1,240
Freight	305	975	27	1,307
Advertising expense	5,233	92	-	5,325
Post and telecommunications	477	475	50	1,002
Entertainment expenses	9,028	334	-	9,362
Donation	7,082	54	-	7,136
Depreciation	861	5,289	1,083	7,233
Amortization	2,478	74	-	2,552
Commission expenses	8,086	-	-	8,086
Professional service fees	1,955	2,942	3,095	7,992
Sample cost	1,958	-	-	1,958
Research expense	-	-	6,916	6,916
Meeting expense	5,730	142	60	5,932
Transportation expense	5,073	468	28	5,569
Employee welfare	-	942	-	942
Others	7,151	8,546	2,118	17,815
<b>Total</b>	<b>\$ 120,215</b>	<b>\$ 48,113</b>	<b>\$ 23,515</b>	<b>\$ 191,843</b>

## 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 NTS

Year (Item)	2020	2021	Difference	
			Amount	%
Current assets	943,841	919,972	(23,869)	-3%
Real estate, plant and equipment	25,255	22,792	(2,463)	-10%
Intangible assets	6,180	3,628	(2,552)	-41%
Other assets	249,587	216,334	(33,253)	-13%
Non-current assets	4,517	6,700	2,183	48%
Total assets	1,229,380	1,169,426	(59,954)	-5%
Current liabilities	98,618	85,800	(12,818)	-13%
Total liabilities	103,036	85,800	(17,236)	-17%
Share capital	383,981	383,981	0	0%
Capital reserve	458,977	459,361	384	0%
Retained earnings	266,626	224,075	(42,551)	-16%
Other equity	16,760	16,209	(551)	-3%
Equity	1,126,344	1,083,626	(42,718)	-4%

**1. Main reasons for major changes**

- (1) Intangible Assets were decreased due to annual amortization of computer software, patents and drug licenses.
- (2) Non-current assets were increased with the launch of new products and the start of the bidding process of various medical institutions, and deposits have been made one after another, so that the non-current assets were increased compared with the same period last year.

**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	2020	2021	Increase (decrease) amount	Percentage Change (%)
Operating income	447,862	413,483	(34,379)	-8%
Operating gross profit	285,192	247,358	(37,834)	-13%
Operating profit and loss	74,304	55,615	(18,689)	-25%
Non-operating income and expenditure	2,928	5,934	3,006	103%
Net profit before tax	77,232	61,549	(15,683)	-20%
Net profit (loss) for the period	61,570	47,108	(14,462)	-23%

1. The main reasons for the major changes:

Profit and Loss: Being affected by the COVID-19 epidemic, the number of outpatient visits in various medical institutions decreased in 2021, and some health examination centers were closed, resulting in a decline in the sales of various products. The progress of overseas R&D projects was also affected by the epidemic, resulting in delayed implementation of R&D milestone funds, causing the labor income lower than expected; at the same time, due to changes of the combination in product sales and market activities, profit and loss were decreased compared with the same period last year.

The part of non-operating income and expenses was obtained from the distribution license fees from other companies, so that the non-operating income was increased compared with the same period.

2. Expected sales volume and its basis: The Company expected to sell 162,120,000 oral preparations and 88,000 injections in 2022.

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.

3. 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.**

1. Cash flow changes analysis in 2021:

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	or cash shortage
				Investment plan	Wealth management plan
396,701	68,707	(83,521)	381,887	-	-

- (1) Net cash inflow from operating activities: \$68,707,000, mainly from operating profit.
- (2) Net cash flow from investment and financing activities for the year: Net outflow of \$83,521,000, mainly due to the inflow of \$20,707,000 from the disposal of financial assets at fair value measurement through other comprehensive gains and losses; other financial assets were decreased (matured time deposits but not renewed in response to demand): outflow of \$31,838,000, due to the collection of investment financial assets to receive dividends of \$6,360,000 and the distribution of cash dividends of \$69,116,000 in 2020, etc.

2. Insufficient liquidity improvement plan in 2021:

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
381,887	68,092	(53,220)	396,759	—	—

(1) Analysis of Changes of Cash Flow in the Next Year (2022):

A. Cash inflow from operating activities: \$68,092,000 mainly due to the estimated revenue in 2022, so that the net cash inflow from operating activities is a positive number.

B. Estimated annual cash inflow: \$53,220,000, mainly due to cash dividends expected to be distributed in the current year, dividends received from financial assets, and adjustments to other financial assets.

(2) Remedial measures and liquidity analysis of cash shortage: N/A

**4. Major Capital Expenditures In 2021 And Its Impact On Financial Business: The Company has no major capital expenditure in 2021.**

**5. 2021 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), and Fubon Financial Holding C special stock (stock code: 2881C).

(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 is an innovative small molecule drug for the treatment of acute ischemic

stroke:

- (a) In 2021, a single-dose clinical phase 2a trial completed in Taiwan and the United States showed that patients with ischemic stroke within 24 hours after stroke received treatment of T3001 without an increased risk of intracerebral hemorrhage, and potentials of improvement on neurobehavior and function were observed.. Phase II clinical trials of multi-dose administration and device thrombectomy are in progress. In January 2022, USFDA notice was received, saying that LT3001 has passed the USFDA's 60-day examination and obtained a "Fast Track Designation" of new drugs. According to this designation, LT3001 can obtain a variety of assistance from the USFDA, which is conducive to accelerating the process of applying for US drug certification in the future.
  - (b) In 2022, based on the test plan reviewed by USFDA, a Phase II clinical trial application was submitted to the Ministry of Health and Welfare of Taiwan, and the case was accepted by a multinational multi-center. It was expected to complete the Phase II clinical multi-dose multi-center trial of LT3001 within 2 years, and 200 patients with acute ischemic stroke within 24 hours after the onset of stroke symptoms were accepted, but the actual schedule would be adjusted according to the progress of the implementation.
- B. LT1001 new long-acting pain reliever: LT1001 is a long-acting dosage form of the precursor drug of the analgesic nalbuphine, which has been on the market for many years and it (Product Name in Taiwan: NALDEBAIN®) has obtained marketing approvals in international markets including Singapore and Thailand.
- (a) NALDEBAIN® is currently the only analgesic injection on the market that has an analgesic effect up to seven days. Currently, most of the short-acting analgesic drugs on the market include the effect of relieving post-operative pains. According to the "Total Morphine Milligram Equivalent Sold" and "Price per Morphine Milligram Equivalent" estimated and published by the USFDA's white paper "FDA Analysis of Long-Term Trends in Opioid Analgesic Products: Quantity, Sales, and Price Trends", have a sales volume of opioids of about 7.1 billion US dollars in the United States in 2015. However, in response to the higher USFDA regulations requirements and the corresponding increase in investment and development costs, Lumosa Therapeutics has decided to terminate the US "relative bioavailability pharmacokinetics trial" of the new drug NALDEBAIN® long-acting analgesic injection. At the same time, we find suitable local partners to continue the development of this product, so as to complete all the human clinical trials required by the FDA before marketing.
  - (c) In December 2019, the development and commercialization rights of LT1001 in China were licensed to Jiangxi Jimincare Co., Ltd. who was responsible for the necessary clinical trials before launching products in China. In February 2022, the Company

received the results of the Phase III clinical trial of LT1001 from Jiangxi Jimincare. In view of the fact that the main evaluation indicators of the trial did not reach a statistically significant difference, Jiangxi Jimincare will analyze the reasons for the failure to meet the standards, and aim to continue the clinical development in China by redesigning the clinical trial.

As of December 31, 2021, there were still 1,315 shares held, with a shareholding percentage of 0.81%.

- (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	2021 (Thousand NT\$, %)
Net interest income and expenditure	2,019
Net gain or loss on exchange	(1,255)
Net interest income and expenditure as percentage of net pre-tax profit	3.28%
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	-2.04%
Net gain or loss on exchange as a percentage of net revenue	-0.30%

(2) The impact of interest rate, exchange rate changes, and inflation on the Company's profit and loss

A. Interest rate:

In 2021 and 2020, the Company's interest incomes/expenses were \$2,019,000 and \$2,211,000 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

Year	R&D expense	Unit: Thousand NT\$
		Percentage of sales
2020	28,681	6.40%
2021	23,515	5.69%
As of March 31,2022	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 (including information security risks) 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. In response to information security risks, the Company has taken countermeasures including implementing information security

systems and system authority management, maintaining remote backup systems, conducting educational promotion and network monitoring, and regularly provide education and training to project or R&D-related information handlers.

- (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 2021, 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 Biopharm and Genovate Biotechnology Co., 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 43.61% (2021). 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 2021 rose to 17.53% 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, Top Pharma & Biotech achieved a proportion of sales up to 16.97% in 2021.
- (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 2021 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) With regard to the case of TTY Biopharm's former Chairman Lin Rong-jin involving aggravated breach of trust under the Securities and Exchange Act, the Taipei District Prosecutor's Office had filed, in June 2015, an indictment against Chairman Lin Rong-jin for violating the Securities and Exchange Act. On September 1, 2017, the former Chairman Lin Rong-jin was acquitted by the Taiwan Taipei District Court for violating the Securities Exchange Act, and was subsequently acquitted by the Taiwan High Court on May 27, 2020, and the case was appealed to the Supreme Court of the third instance, which was sent back to Taiwan High Court by the Supreme Court on December 23, 2021 for trial. In addition, the Taipei District Prosecutor's Office applied to the Taiwan High Court for a combined trial with the aforementioned second-instance trials on April 23, 2018 for the case that the "Risperidone Drug Development Agreement" between Center Laboratories Inc. (hereinafter referred to as "Central Lab.") and TTY Biopharm signed by the former Chairman also violated the Securities and Exchange Act, and the application for the combined trial was rejected by Taiwan High Court on May 27, 2020. The Taipei District Prosecutor's Office still considered the case under trial at the third instance to be the same case, and applied to Supreme Court on September 29, 2020 for a combined trial. On September 6, 2017, the criminal incidental civil litigation

was transferred to Taiwan Taipei District Court for trial. On February 13, 2018, TTY Biopharm filed a criminal incidental civil claim for compensation in the aforementioned criminal case of the second-instance trial of the Taiwan High Court, and subsequently filed a joint trial with the Taipei District Prosecutor's Office for the drug "Risperidone", on June 29, 2018. In the aforementioned second-instance criminal incidental civil case, the former Chairman Lin Rong-jin was asked for additional compensation.

(2) On May 31, 2016, TTY Biopharm filed a complaint with Inopha AG in the District Court, Zug of Switzerland, to confirm the invalidity of thirteen licensing agreements between the two parties, and requested Inopha AG of Switzerland to return the interest of the infringement. Currently, the case is accepted by the court and in the preparatory process.

(3) With regard to the case that Janssen Pharmaceutica NV, at the request of TTY Biopharm, filed a tripartite arbitration case with Swiss Inopha AG and TTY Biopharm at the World Intellectual Property Organization (WIPO) Arbitration and Mediation Center on May 30, 2016 to confirm the ownership of the contract amount. Currently, WIPO Arbitration and Mediation Center has suspended the review process. As of December 31, 2021, Janssen Pharmaceutica NV has deposited the contract amount of EUR 21,538,000 in a trust account.

(4) With regard to the "Risperidone Drug Development Agreement" between Central Lab. and TTY Biopharm, Central Lab. filed a civil litigation against TTY Biopharm in the Taipei District Court on July 1, 2016 to confirm the contractual relationship. The civil litigation was filed on March 1, 2018, and the Taipei District Court finished a judgment of first instance that the legal relationship exists. On March 11, 2020, the Taiwan High Court rejected TTY Biopharm's appeal, and TTY Biopharm filed an appeal to the Supreme Court on April 10, 2020, following the Supreme Court on May 2021. The original judgment was abandoned and is now belonged to the Civil Division of Taiwan High Court.

TTY Biopharm filed a civil damage action against the original substantial beneficiary of the Swiss company Inopha AG Denis Opitz to the Labor Court, Dresden of Germany on February 28, 2020, and the case is currently accepted by the court and ready for proceedings.

(5) On May 14, 2021, TTY Biopharm received a disciplinary citation from the Fair Trade Commission. The Fair Trade Commission recognized that TTY Biopharm and Lotus Pharmaceutical Co. Ltd. had signed an exclusive agency distribution agreement of "Furil Capsules" on February 4, 2021 and constituted a concerted action, and a fine of \$220,000,000 shall be imposed, which shall be

accounted for under other benefits and losses. TTY Biopharm had filed a petition to the Taipei High Administrative Court on July 12, 2021 to file an administrative lawsuit to revoke the disciplinary citation. At present, the case has been accepted by the court.

(13 ) Other important risks and countermeasures: On October 30, 2020, the Board of Directors passed the "Risk Management Policy and Procedure" and established a risk management organization to define various risks that may be encountered in operational activities and formulate countermeasures to establish the risk identification, measurement, monitoring, and response and report in order to avoid or reduce risks to an acceptable range and ensure the sustainable development of the Company. Please refer to the "Corporate Governance/ Corporate Governance Operation" section of the company's website for the 2021 Risk Identification and Management of the Company.

## **7. Other Important Matters: Nil**

## **VIII. Special Notes**

### **1. Related Information Of Affiliated Enterprises:**

Please refer to pages **196-200** 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**

## **Accountants Review Opinion of the Relationship Report**

Recipient: TSH Biopharm Corporation Ltd.

2021 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 2021 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 4, 2022.

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 4, 2022

## Declaration

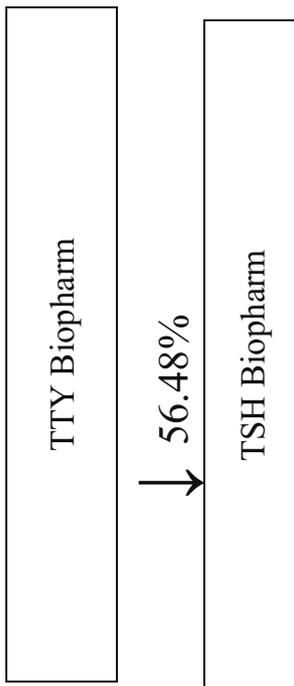
We hereby declare the Company's 2021 Relationship Report was prepared in accordance with the "Compilation Standards for Affiliated Business Consolidated Business Report, Affiliated Business Consolidated Financial Statements and Relationship Report", and there is no material discrepancy between the information 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 4, 2022

1. Overview of affiliated enterprises

(1) Organizational chart of affiliated enterprises



(2) 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	\$2,486,500,000	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:**

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	Unit price (dollar)		Credit period	Balance	Percentage of total accounts and bills receivable (payable)		Amount	Way of handling
Purchase	71,615	43.61%	N/A	-	30 days payment at end of month	-	30-60 days payment at end of month	-	No difference	(6,445)	(50.67) %	-	N/A	N/A	Purchase

**4. Property transactions: Nil**

**5. Capital financing: Nil**

6. Asset leasing:

Unit: Thousand NTS:%

Transaction type	Subject matter		Lease period	Description
	Name	Location		
Leasing	Office building	Two places: Park Street, Taipei City, Minsheng No. 1 Road, Kaohsiung City	2021.1.1-2022.12.31	For business needs, the Company signed a new lease with the parent company on December 17, 2020 to lease some business premises and equipment for a total of two years and a total contract value of \$8,892,000 and amend the lease contract. In 2021, the recognized interest expense was \$80,000, and the balance of lease liabilities as of December 31, 2021 was \$4,567,000.

7. Endorsement guarantee situation: Nil

8. Derivative commodity trading: Nil

9. Other Important Transactions:

Item	Amount (in Thousand dollars)	Description
Other Expenses	6,754	These expenses are the warehouse management fee negotiated and set by both parties with reference to the industry standard, etc. and the payment is made before the end of next month.
Other Payables	2,473	These payables mainly include rents, commissioned research fees and storage management fees.

**TSH Biopharm Corporation Ltd.**

**Chairman : Chuan Lin**