

TSH BIOPHARM CORPORATION LIMITED

2023 Annual General Meeting Minutes

(Translation Version)

- Time: May 25, 2023(Thursday) 9:00 AM
- Location: International Convention Center of Nangang Software Park (Building A, 2nd Floor, No. 19-10, Sanchong Road, Nangang District, Taipei City)
- Total outstanding TSH shares: 38,398,140 shares
Total shares represented by shareholder present in person or by proxy: 23,967,680 shares
Percentage of shares held by shareholder present in person or by proxy: 62.41%
- Directors Present: Lin, Chuan; Carl Hsiao; Chou, Kang-Chi; Wang, Chih-Li (Independent Director & Chairman of the Audit Committee); Chen, Rwei-Syun (Independent Director); Huang, Yaw-Bin (Independent Director)
- Attendance: Huang, Shin-Ting CPA of KPMG; Lin, Cheng-Lung of Guo Lian Law Office
- Chairman: Lin, Chuan
- Recorder: Huang, Shu-Ping

Meeting procedures

1. Calling the Meeting to Order.

2. Meeting formalities.

3. Chairman's remarks. (Omitted)

4. Report Items.

(1) The Company's 2022 Business Report. (Please refer to Attachment 1)

(2) The Audit Committee reviews the report on the financial statements of 2022. (Please refer to Attachment 2)

(3) Report on the distribution of compensation to employees and directors of 2022. (Please refer to Handbook)

5. Acknowledged Items.

Item 1

Proposed by the Board of Directors

The Company's Business Report and financial statements for 2022 are hereby submitted for your adoption.

Description:

1. The Board of Directors has approved the Company's 2022 Business Report and financial statements, of which the financial statements were audited by CPA Shin-Ting Huang and CPA Yilien Han from KPMG Taiwan, who have also issued an independent auditors' report containing their unqualified opinion.
2. The said Business Report and financial statements have already been reviewed by the Audit Committee and are hereby submitted for your adoption.
3. For the Company's Business Report and financial statements for 2022, please refer to Attachment 1 and Attachment 3 respectively.

Voting Results: Shares represented at the time of voting: 23,967,680 shares

Voting Results	percentage of the total represented share present
Votes in favor: 23,778,280 shares (including votes casted electronically 22,492,179 shares)	99.20%
Votes against: 19,901 shares (including votes casted electronically 19,901 shares)	0.08%
Invalid votes: 0 shares	0.00%
Votes abstained and not voted: 169,499 shares (including votes casted electronically 3,499 shares)	0.70%

Resolution: RESOLVED, 99.20% of total represented voting rights present voted for and this proposal was approved as proposed.

Item 2

Proposed by the Board of Directors

The Company's 2022 Earnings Distribution Proposal is hereby submitted for your adoption.

Description:

1. The Company intends to take from the distributable earnings an amount of NT\$61,437,024 as shareholders' cash dividends; each share in the possession of the shareholders in the Shareholder Register on the record date is entitled to NT\$1.6. The amount of dividends distributed to each shareholder will be paid in integers, with the fraction thereof recognized as the Company's other income. After the distribution is approved by the Annual Shareholders' Meeting, the Chairman of the Board of Directors is authorized to determine the ex-dividend date and payable date, among other related matters.
2. If there is a subsequent change in the Company's share capital that affects the number of shares outstanding and thus the dividend payout ratio, it is proposed that the Chairman of

the Board of Directors be authorized by the Shareholders' Meeting to handle all related matters at his/her discretion.

3. Below is the Earnings Distribution Statement for 2022:

TSH Biopharm Corporation Ltd.
Earnings Distribution Statement for 2022

Unit: NT\$

Item	Amount	Remark
Unappropriated retained earnings at the beginning of the period	50,755,779	Cash dividends of NT\$1.60 per share
Add: Profits for the year 2022	61,889,892	
Less: Provision of legal reserves (10%)	6,188,989	
Less: Provision of special reserves	4,417,794	
Distributable earnings for the current period:	102,038,888	
Distribution item:		
Cash dividends	61,437,024	
Unappropriated retained earnings at the end of the period	40,601,864	

Note: The said shareholder dividends are calculated as of February 24, 2023 based on the Company's outstanding common shares in the number of 38,398,140 shares.

Chairman: Chuan Lin General Manager: Sze-Yuan Yang Accounting Manager: Chen-Ju Kan

Voting Results: Shares represented at the time of voting: 23,967,680 shares

Voting Results	percentage of the total represented share present
Votes in favor: 23,778,080 shares (including votes casted electronically 22,491,979 shares)	99.20%
Votes against: 21,101 shares (including votes casted electronically 21,101 shares)	0.08%
Invalid votes: 0 shares	0.00%
Votes abstained and not voted: 168,499 shares (including votes casted electronically 2,499 shares)	0.70%

Resolution: RESOLVED, 99.20% of total represented voting rights present voted for and this proposal was approved as proposed.

6. Items for Discussion

Item1

Proposed by the Board of Directors

The proposal on the revision of the Company's "Articles of Incorporation" is hereby submitted for your discussion.

Description:

1. To revise some clauses of the Company’s “Articles of Incorporation” to align it with the laws and regulations and the Company’s actual operational needs.
2. Below is a comparison table of the Company’s Articles of Incorporation before and after revision:

Clause before revision	Clause after revision	Description of revision
<p>Article 10</p> <p>An Annual Shareholders’ Meeting shall be convened once a year within 6 months after the end of a fiscal year. An Extraordinary Shareholders’ Meeting may be convened at any time in the manner specified in law whenever required.</p> <p><u>(This part is newly added)</u></p>	<p>Article 10</p> <p>An Annual Shareholders’ Meeting shall be convened once a year within 6 months after the end of a fiscal year. An Extraordinary Shareholders’ Meeting may be convened at any time in the manner specified in law whenever required.</p> <p><u>The Company’s convening a Shareholders’ Meeting may be by video conferencing or other means announced by the competent authority. The qualifications, operating procedures, and other compliance matters required for holding a video conference shall be in accordance with the regulations of the competent authority.</u></p>	<p>Revised to align with laws and regulations and the Company’s actual operating needs.</p>
<p>Article 15</p> <p>Matters relating to the resolutions of a shareholders’ meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chairman’s full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of the Company.</p> <p>(Omitted)</p>	<p>Article 15</p> <p>Matters relating to the resolutions of a shareholders’ meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chairman of the meeting <u>and a copy shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be distributed by means of announcements.</u> The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chairman’s full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of the Company.</p> <p>(Omitted)</p>	<p>Revised to align with laws and regulations and the Company’s actual operating needs.</p>

Clause before revision	Clause after revision	Description of revision
<p>Article 17</p> <p>The Company shall have <u>five</u> to <u>seven</u> directors, who shall be elected by the shareholders' meeting from among the director nominees list through a candidate nomination system. The term of office for directors shall be three years and the directors may be re-elected; if the term of office expires before the following election takes place, the term of office may be extended until the newly elected directors take office. The total registered shares owned by the directors of the Company shall be in accordance with the standard set forth in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.</p> <p>(Omitted)</p>	<p>Article 17</p> <p>The Company shall have <u>seven</u> to <u>eleven</u> directors, who shall be elected by the shareholders' meeting from among the director nominees list through a candidate nomination system. The term of office for directors shall be three years and the directors may be re-elected; if the term of office expires before the following election takes place, the term of office may be extended until the newly elected directors take office. The total registered shares owned by the directors of the Company shall be in accordance with the standard set forth in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.</p> <p>(Omitted)</p>	<p>Revised to align with the Company's actual operational needs.</p>
<p>Article 33</p> <p>This Articles of Incorporation was established on June 25, 2010.</p> <p>The 1st revision was made on December 20, 2010.</p> <p>The 2nd revision was made on October 6, 2011.</p> <p>The 3rd revision was made on June 19, 2013.</p> <p>The 4th revision was made on June 23, 2015.</p> <p>The 5th revision was made on June 23, 2016.</p> <p>The 6th revision was made on June 15, 2017.</p> <p>The 7th revision was made on June 15, 2018.</p> <p>The 8th revision was made on May 29, 2020.</p>	<p>Article 33</p> <p>This Articles of Incorporation was established on June 25, 2010.</p> <p>The 1st revision was made on December 20, 2010.</p> <p>The 2nd revision was made on October 6, 2011.</p> <p>The 3rd revision was made on June 19, 2013.</p> <p>The 4th revision was made on June 23, 2015.</p> <p>The 5th revision was made on June 23, 2016.</p> <p>The 6th revision was made on June 15, 2017.</p> <p>The 7th revision was made on June 15, 2018.</p> <p>The 8th revision was made on May 29, 2020.</p> <p>The 9th revision was made on May 25, 2023.</p>	<p>Add a revision date.</p>

Voting Results: Shares represented at the time of voting: 23,967,680 shares

Voting Results	percentage of the total represented share present
<p>Votes in favor: 23,777,158 shares (including votes casted electronically 22,491,057 shares)</p>	<p>99.20%</p>

Votes against: 20,023 shares (including votes casted electronically 20,023 shares)	0.08%
Invalid votes: 0 shares	0.00%
Votes abstained and not voted: 170,499 shares (including votes casted electronically 4,499 shares)	0.71%

Resolution: RESOLVED, 99.20% of total represented voting rights present voted for and this proposal was approved as proposed.

7. Election Items

Item 1 (Proposed by the Board of Directors)
It is proposed to hold a general election of directors.

Description:

1. The directors of the current Board of Directors will be leaving office on May 28, 2023. Therefore, the Company intends to hold a general election of directors at this Annual Shareholders' Meeting. The incumbent directors will leave office once new directors are elected.
2. Pursuant to the Company's Articles of Incorporation, seven directors (including three independent directors) must be elected this time through a candidate nomination system. The term of office for newly elected directors shall be three years, from May 25, 2023 through May 24, 2026.
3. The Board of Directors had resolved to approve the list of candidates for directors (including independent directors) on April 13, 2023, please refer to the Handbook.

Voting Result:

List of directors elected		
Type of Candidate	Name	Votes received
Director	Representative of TTY Biopharm Company Limited: Chuan Lin	31,855,816
Director	Representative of TTY Biopharm Company Limited: Carl Hsiao	26,338,017
Director	Representative of TTY Biopharm Company Limited: Kang-Chi Chou	24,337,996
Director	Representative of TTY Biopharm Company Limited: Yong-Liang Wu	22,341,496
Independent Director	Te-Yu Chou	19,867,547
Independent Director	Rwei-Syun Chen	19,356,852
Independent Director	Yaw-Bin Huang	17,669,891

8. Other proposals

Item 1 (Proposed by the Board of Directors)
The proposal to lift the non-compete restriction on new directors and their

representatives is hereby submitted for your discussion.

Description:

1. To align with the Company's business strategy and the need for business expansion, it is proposed that the Shareholders' Meeting give its consent to allow the Company's directors and their representatives to engage in business conduct within the Company's business scope, for either themselves or others, i.e. exempting them from being restricted by Article 209 of the Company Act.
2. For the details of candidates for directors' (including independent directors) current positions at other companies, please refer to Attachment 4.

Voting Results: Shares represented at the time of voting: 23,967,680 shares

Voting Results	percentage of the total represented share present
Votes in favor: 23,727,297 shares (including votes casted electronically 22,441,196 shares)	98.99%
Votes against: 67,274 shares (including votes casted electronically 67,274 shares)	0.28%
Invalid votes: 0 shares	0.00%
Votes abstained and not voted: 173,109 shares (including votes casted electronically 7,109 shares)	0.72%

Resolution: RESOLVED, 98.99% of total represented voting rights present voted for and this proposal was approved as proposed.

9. Questions and Motions :

Mr. Chen, whose register number of shareholder is 8658, raised question first time in the meeting:

The profit and dividends of TSH have not been as good as before since TSH split-off from TTY Biopharm Company Limited (hereinafter referred to as TTY). The Company is asked to consider the possibility of merger with TTY or external recruitment to change the corporate culture thereby increase profits.

The Chairman replied in the meeting:

The shareholder structures of related companies are not completely consistent. The existing business and development of TSH are different from those of parent company TTY. The decision of split-off is to give both company full play to their respective advantages and create synergies effects. We hope that shareholders can give us encouragement and support. With regard to dividend distribution, due to

the decrease in profits in the early days, the Company used retained earnings to maintain the dividend distribution level. Furthermore, considering the Company's future expansion and development, it is necessary to retain appropriate funds. After GM Yang took over the Company, she launched products one after another and tried to change the declining performance. It takes a long time to observe the changes in the pharmaceutical industry. I hope that shareholders can give the Company more time.

The Chairman authorized GM Yang to add explanation in the meeting:

In the early days, TSH distributed dividends by disposing of investment to make up for the decline in operation profits. When I took over TSH, the Company faced unpredictable situations such as products being recalled by the original factory and weight-loss drugs being removed from the market due to uncontrollable factors. In order to reduce the crisis, TSH changed its strategy to control risk, however, it takes more time for pharmaceutical industry from development, obtain drug certificate, introduce the drugs, promotion to revenue contribution. The cost of promotion occurs earlier than revenue contribution, which in turn affects earnings performance in 2023 Q1. The sales performance was higher in the beginning and end of year in the past, but this situation has been changed. It is expected that the sales performance of the Company will be rebounded, the goal is to achieve double-digit % growth. Also, we are actively entering overseas markets. I believe that we will get a good result this year. Thank you for your suggestions, Mr. Chen.

10. Adjournment: 9 : 43 AM, May 25, 2023

(The minutes of the shareholder's general meeting record the essentials and results of the meeting in accordance with Article 183, Item 4 of the Company Act. The contents, procedures and shareholder speeches of the meeting are still subject to the audio-visual records of the meeting.)

TSH Biopharm Coporation Ltd Business Report

The Company's business achievements in 2022

(i) Business Plan implementation results

The Company's net operating income in 2022 was NT\$464,378 thousand, up NT\$50,895 thousand, or 12.31%, from NT\$413,483 thousand in 2021. Profit for year 2022 was NT\$61,890 thousand, up NT\$14,782 thousand, or 31.38%, from NT\$47,108 thousand in 2021. The main revenue came from the drugs for cardiovascular diseases and gastrointestinal diseases and the testing products of precision medicine. Revenue and profit increased due to the growth in cardiovascular products and the products that patients pay their own expenses, in 2022.

(ii) Budget implementation status

The Company's net operating revenue in 2022 was NT\$464,378 thousand, which was 91% of the set annual budget target.

(iii) Analysis of income and expenses and profitability

Item		Year	January 1, 2022 through December 31, 2022
Income and expenditures	Interest income (in NT\$1,000)		3,224
	Interest expenses (in NT\$1,000)		29
Profitability analysis	Return on assets (%)		5.33
	Return on equity (%)		5.75
	Profit margin (%)		13.33
	Diluted earnings per share (in NT\$1)		1.61

(iv) Research and development condition

Below is a summary of the products the Company introduced or developed in 2022:

- July 2022:
Added a cancer gene detection service item to the business lines for which the Company is an exclusive agent for a Korean principal.
- August 2022:
Officially launched the project on developing the hypolipidemic drug IECA22, a Taiwan new chemical entity (TNCE).
- August 2022:
Obtained an authorization to market Amtrel® as a new chemical entity (NCE) in Myanmar.
- September 2022:
Signed a contract with Chi Mei Hospital to act as an agent for the sale of its lung

- cancer diagnosis and detection service products.
- October 2022:
Obtained an authorization to market Rhynorm®, an anti-arrhythmic drug, in Hong Kong.
- December 2022:
Officially launched the projects on developing EDIA20, a drug for rare diseases.
- December 2022:
TRIAS (T20), a biosimilar, was undergoing Taiwan’s Biologics License Application (BLA) process for registration purpose.

Summary of the 2023 Business Plan:

(i) Business policy

TSH has been entered a “5-Year Dual-track Transformation Period”: TSH has been accelerated the rate of diversifying its product portfolio by adopting a double-engine strategy, namely, “License-in” and “Self-development.” Most of the ongoing projects are based on TNCE. Originally, TFDA required that a TNCE submitted for license application must had been on the market in an advanced foreign country for 10 years or more; it later reduced the requirement to 5 years to encourage and accelerate domestic development. The Company’s products under independent development or joint development include NCEs and 505B2 (such as biosimilars, new compound drugs, and new dosage forms). The 5-year plan had aimed to put at least 3 new drugs on the market. As of the end of 2021, TSH already obtained 3 drug licenses separately for Rancad® Extended Release; Cretrol tablet, a new compound hypolipidemic drug; and Alprosm Lyophilized Powder for Injection. The Taiwan Headquarters aims to become the major sources of new products in the future; it will continue to develop new products and put them on Taiwan and Asian markets, and will seek the opportunities to license out self-developed products, mainly to companies in overseas pharmaceutical markets, e.g. China, the US, Japan, and Europe. As for overseas sales, the Company actively sought to have its drugs registered with the competent authorities in Southeast Asia over the past four years and obtained two drug licenses in overseas markets as of 2022. We also kick started the assessment and development of multiple new projects over the past 3 years. Currently, we have eight undergoing drug development projects. In 2023, we expect to file an application for a marketing license for new products to be marketed in target markets, so as to provide patients with more treatment options.

Our patient care team not only acted as an agent for the sale of products of Korean partners and German partners, but also worked with Korean partners to launch new products tailored to the needs of the Taiwan market. In addition, we also acted as an agent for the sale of Chi Mei Hospital’s lung cancer diagnosis and detection service. Furthermore, we have also had discussions with internationally renowned testing companies on collaboration on multiple products, and with other companies on the collaboration on pharmaceutical equipment, in the hope to improve our product portfolio in the future, thereby improving the living qualities of patients suffering from chronic diseases.

The Company was granted three awards in 2022 for its unremitting endeavor to improve its corporate governance, brand image, and talent cultivation. Such awards include the following:

- (1) Ranked among the top 5% on the list of companies participating in the “Corporate Governance Evaluation for OTC-traded Companies”: Of the 790 OTC-traded companies, only 36 were among the top 5%, of which only seven companies were biotech companies, including TSH, TTY, PAHSCO, MICROBIO, MedFirst, Oneness, and EIRGENIX.
- (2) The 1st TIRI Awards: Only five winners, including three exchange-traded companies, namely, TSMC, Global Unichip Corporation, and FDC INTERNATIONAL, and two OTC-traded companies, namely, TSH and E Ink.
- (3) 2022 HR Asia – Best Companies to Work for in Asia: This is the first time TSH has participated in this award, and it won. There were 330 companies took part in the selection around Taiwan, only 97, roughly 30%, passed.

We have laid a solid foundation for development and built team consensus in 2022. In 2023, we will continue to strive towards the goals of the 5-year plan, aiming to bring more benefits and corporate value to shareholders and employees.

(ii) Expected volume of sale, and the basis for such expectation

The Company expects to sell 176,361 thousand tablets of oral preparations and 58 thousand injections in 2023. The expected sales volume is based on the statistical report of IMS, taking into account future market competition and changes in supply and demand.

(iii) Important production and marketing policy:

1. Business plan

- The Company will accelerate the proportion of business growth by means of exports of self-developed products and license-out of products at the early stage of development to overseas companies. In addition, aside from making progress in the application of drug license around the world, the Company will co-develop new drugs at the early stage of development with international partners and create value therefor and will use a “Double-engine strategy” to develop international drugs and do international marketing.
- The new business model of biotechnology industry: The Company will introduce products in relation to personalized medicine. The rise of personalized medicine has made testing part of treatment or preventive medicine. In addition, AI has become increasingly available. TSH will continue to put more testing products on the market to meet more clinical needs.

2. Production strategy

The Company will maintain its past strategy, which was designed to outsource the production of pharmaceuticals to contract manufacturers. Currently, the production of all products is outsourced to PIC/S GMP-certified manufacturers. In addition, temperature control during storage and transportation is the key to maintaining the quality of drugs throughout the entire distribution chain. Therefore, in line with the “Western Pharmaceuticals Good Distribution Practice (GDP) Regulations” promulgated by the government, the Company has included substances in its GDP scope, and will include medical equipment in the future.

The same strategy for pharmaceuticals is adopted for the Company’s testing business, that is, working closely with internationally certified laboratories.

Meanwhile, the Company will pay close attention to the key points and impact of the implementation of the “Draft Amendment of Regulations Governing the Application of Specific Medical Technique and Medical Device.” Having collaborated with Korean testing companies, German testing companies, and Taiwan’s medical institutions for the past 3 years, the Company is able to provide target audience with testing items of internationally recognized standards and offer physicians the best tool for cancer treatment and for assessing the risk of acquiring a cancer.

3. Marketing and R&D strategy

Double engines propelling on three tracks to provide better healthcare services

We will remain “customer-oriented” and adopt a double-engine system propelling on three tracks; we will also focus on “traditional pharmaceuticals manufacture” and “Innovative medicine” to provide a product portfolio to satisfy patients’ unmet medical needs; deeply engage in new ingredients, special dosage forms, chronic disease treatment, genetic testing, cancer testing, and co-development of innovative medical treatment methods; and become the best partners of international innovative biotechnology companies in developing and marketing new drugs in Asia, striving to provide the human being with healthcare services before, during, and after medical treatment.

Company’s development strategy

Corporate Vision: Improve the quality of life of patients and become the best strategic partner in development and marketing in Asia for international innovative biotechnology companies!

Business goals:

- ✓ Focus: Focusing on the quality of life of patients with unmet medical needs by providing them with total solutions.
- ✓ Differentiation: Develop innovative, special medical technology and dosage forms to gain a market differentiation.
- ✓ Create value: Become the best strategic partner in development and marketing in Asia for international innovative biotechnology companies.

Impact of external competition, regulatory environment, and macroeconomic environment

Challenge 1: Impact of COVID-19 on the pharmaceutical industry

- The COVID-19 pandemic has substantially impacted the world since 2020, and the pharmaceutical industry is not excepted, in terms of not only the supply chain (including substances and manufacturing capacity) but also the research and development. The clinical trials conducted by TSH in the past two years have also been delayed by about 3–6 months. However, as the pandemic has eased and lock-down lifted, the Company will appropriately adjust, and assess the risk of, the planning of development and licensing of products in the future.

Challenge 2: The global pharmaceutical industry is experiencing a rapid change.

- The ongoing factors in the past few years around the world, e.g. increased medical expenses, increased costs, and volatile political and economic changes, along with

the rise of big data analytics and precision medicine, will effect a rapid change in the business model of pharmaceutical companies. Therefore, TSH has adopted a dual-track strategy: TSH will maintain its current R&D momentum and put new products on the market every year; it will also simultaneously invest in innovative fields to embark on the international trend.

Challenge 3: Trends in international investment and M&A

- A growing number of start-ups are willing to engage in early drug development, and pharmaceutical giants may have a share in them through either direct investment or licensing. This enables those start-ups to access the various resources for them to develop new drugs and thereby reduce risks and increase chances of success. TSH will continue to leverage multiple channels to collaborate with upstream and downstream partners; merge or acquire businesses; participate in international business matchmaking events; and provide more opportunities for new partners to expand collaboration in Asia.

Sitting amid a competitive environment, we will expand existing treatment fields and explore the opportunities accompanying new treatment fields by increasingly focusing on risk control, enhancing the operations in certain areas and through certain channels, and collaborating with partners.

Chairperson: Chuan Lin Manager: Sze-Yuan Yang Accounting Officer: Chen-Ju Kan

Attachment 2

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

The Board of Directors has prepared and submitted the Company's 2022 Business Report, Financial Statements, and the Earnings Distribution Proposal, of which the Financial Statements were audited by CPA Shin-Ting Huang and CPA Yilien Han from KPMG Taiwan, who have also furnished an audit report. After reviewing the said reports and statements, the Audit Committee did not find any non-conformities, and thus prepared this Audit Committee Review Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your approval.

To

TSH Biopharm Corporation Ltd. Annual General Shareholders' Meeting of 2023

Convener of Audit Committee: Chih-Li Wang

February 24, 2023

Attachment 3

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, 2022 and 2021, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021 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-Ting Huang and Yilien Han.

KPMG
Taipei, Taiwan (Republic of China)
February 24, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and 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, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

		<u>December 31, 2022</u>		<u>December 31, 2021</u>				<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (notes 6(1) and (19))	\$ 404,476	35	381,887	33	2150	Notes payable (note 6(19))	\$ 733	-	441	-
1120	Current financial assets at fair value through other comprehensive income (notes 6(2) 、(19) and 13)	51,811	5	52,929	5	2170	Accounts payable (note 6(19))	8,500	1	5,833	-
1150	Notes receivable, net (notes 6(3) 、(16) and (19))	16,077	1	14,716	1	2180	Accounts payable to related parties (notes 6(19) and 7)	7,245	-	6,445	1
1170	Accounts receivable, net (notes 6(3) 、(16) and (19))	90,939	8	84,131	7	2200	Other payables (notes 6(10) 、(19) and 7)	52,212	5	60,409	5
1180	Accounts receivable from related parties (notes 6(3) 、(16) 、(19) and 7)	301	-	218	-	2230	Current income tax liabilities	8,018	1	7,102	1
1200	Other receivables (notes 6(4) 、(19) and 7)	1,658	-	1,064	-	2280	Current lease liabilities (notes 6(11) 、(19) 、(22) and 7)	4,485	-	4,567	-
130x	Inventories (note 6(5))	59,259	5	73,219	6	2300	Other current liabilities	<u>1,308</u>	-	<u>1,003</u>	-
1476	Other financial assets-current (notes 6(1) 、(9) and (19))	275,053	24	298,589	26			<u>82,501</u>	<u>7</u>	<u>85,800</u>	<u>7</u>
1479	Other current assets –other (notes 6(9))	<u>7,948</u>	<u>1</u>	<u>13,219</u>	<u>1</u>						
		<u>907,522</u>	<u>79</u>	<u>919,972</u>	<u>79</u>	2580	Non-current liabilities: Non-current lease liabilities (notes 6(11) 、(19) 、(22) and 7)	<u>4,557</u>	-	-	-
	Non-current assets:						Total liabilities	<u>87,058</u>	<u>7</u>	<u>85,800</u>	<u>7</u>
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(2) 、(19) and 13)	192,259	17	211,767	18		Equity (note 6(2) and (14)) :				
1600	Property, plant and equipment (note 6(6))	24,566	2	22,792	2	3100	Capital stock	383,981	33	383,981	33
1755	Right-of-use assets (note 6 (7))	9,042	1	4,567	1	3200	Capital surplus	459,435	40	459,361	39
1780	Intangible assets (note 6 (8))	14,392	1	3,628	-		Retained earnings :				
1840	Deferred income tax assets (note 6 (13))	1,800	-	2,010	-	3310	Legal reserve	115,721	10	113,065	10
1915	Prepayment for equipment	711	-	-	-	3350	Unappropriated retained earnings	112,647	10	111,010	10
1920	Refundable deposits paid (notes 6(9) 、(19) and 7)	4,049	-	4,393	-	3400	Other equity	<u>(4,417)</u>	-	<u>16,209</u>	<u>1</u>
1984	Other non-current financial assets (notes 6(9) and (19))	<u>84</u>	-	<u>297</u>	-		Total equity	<u>1,067,367</u>	<u>93</u>	<u>1,083,626</u>	<u>93</u>
		<u>246,903</u>	<u>21</u>	<u>249,454</u>	<u>21</u>		Total liabilities and equity	<u>\$ 1,154,425</u>	<u>100</u>	<u>1,169,426</u>	<u>100</u>
	Total assets	<u>\$ 1,154,425</u>	<u>100</u>	<u>1,169,426</u>	<u>100</u>						

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, 2022 and 2021

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

	2022		2021	
	AMOUNT	%	AMOUNT	%
4000 Operating revenue (notes 6(16) and 7)	\$ 464,378	100	\$ 413,483	100
5000 Operating costs (notes 6(5) and 7)	184,506	40	166,125	40
Gross profit	<u>279,872</u>	<u>60</u>	<u>247,358</u>	<u>60</u>
6000 Operating expenses (notes 6(3)、(11)、(12)、(17)、7 and 12):				
6100 Selling expenses	139,681	30	120,215	29
6200 Administrative expenses	50,564	11	48,113	12
6300 Research and development expenses	26,345	6	23,515	6
6450 Expected credit loss (gain)	83	-	(100)	-
	<u>216,673</u>	<u>47</u>	<u>191,743</u>	<u>47</u>
Operating income	<u>63,199</u>	<u>13</u>	<u>55,615</u>	<u>13</u>
Non-operating income and expenses (notes 6(11)、(18) and 7):				
7100 Interest income	3,224	1	2,099	1
7010 Other income	95	-	48	-
7020 Other gains and losses	10,499	2	3,867	1
7050 Finance costs	(29)	-	(80)	-
	<u>13,789</u>	<u>3</u>	<u>5,934</u>	<u>2</u>
Profit before tax	<u>76,988</u>	<u>16</u>	<u>61,549</u>	<u>15</u>
7950 Income tax expense (note 6(13))	(15,098)	(3)	(14,441)	(3)
Profit for the year	<u>\$ 61,890</u>	<u>13</u>	<u>\$ 47,108</u>	<u>12</u>
8300 Other comprehensive income				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8316 Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(20,626)	(4)	(21,094)	(5)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(20,626)</u>	<u>(4)</u>	<u>(21,094)</u>	<u>(5)</u>
8300 Other comprehensive income	<u>(20,626)</u>	<u>(4)</u>	<u>(21,094)</u>	<u>(5)</u>
Total comprehensive income	<u>\$ 41,264</u>	<u>9</u>	<u>\$ 26,014</u>	<u>7</u>
Earnings per share (note 6(15))				
9750 Basic earnings per share	<u>\$ 1.61</u>		<u>\$ 1.23</u>	
9850 Diluted earnings per share	<u>\$ 1.61</u>		<u>\$ 1.23</u>	

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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings			Other equity interest		Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance as of January 1, 2021	\$ 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	-
Balance as of December 31, 2021	383,981	\$ 459,361	\$ 113,065	\$ 111,010	\$ 16,209	\$ 1,083,626
Net income for the year	-	-	-	61,890	-	61,890
Other comprehensive income for the year	-	-	-	-	(20,626)	(20,626)
Total comprehensive income for the year	-	-	-	61,890	(20,626)	41,264
Appropriation and distribution of retained earnings:						
Appropriation for legal reserve	-	-	2,656	(2,656)	-	-
Cash dividends of ordinary share distributed	-	-	-	(57,597)	-	(57,597)
Other changes in capital surplus	-	74	-	-	-	74
Balance as of December 31, 2022	\$ 383,981	\$ 459,435	\$ 115,721	\$ 112,647	(\$ 4,417)	\$ 1,067,367

See accompanying notes to financial statements.

TSH Biopharm Corporation Ltd.
Statements of Cash Flows
For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Profit before tax	\$ 76,988	\$ 61,549
Adjustments:		
Adjustments to reconcile profit		
Depreciation	7,059	7,233
Amortization	3,836	2,552
Expected credit loss (gain)	83	(100)
Interest expense	29	80
Interest income	(3,224)	(2,099)
Dividend income	(6,379)	(6,360)
Loss on disposal of property, plant and equipment	32	4
Impairment loss from non – financial assets	-	4,146
Gain on lease modification	-	(47)
Total adjustment to reconcile profit	<u>1,436</u>	<u>5,409</u>
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(1,361)	861
(Increase) decrease in accounts receivable(including related parties)	(6,974)	9,053
(Increase) decrease in other receivables	(295)	1,851
Decrease in inventories	13,960	4,687
Decrease in other current assets	5,271	11,042
Increase (decrease) in notes payable (including related parties)	292	(1,028)
Increase in accounts payable(including related parties)	3,467	6,329
Decrease in other payables	(8,197)	(9,709)
Increase in other current liabilities	379	322
Total changes in operating assets and liabilities	<u>6,542</u>	<u>23,408</u>
Total adjustments	<u>7,978</u>	<u>28,817</u>
Cash flows from operations	84,966	90,366
Interest received	2,925	2,165
Interest paid	(29)	(80)
Income tax paid	(13,972)	(23,744)
Net cash flows from operating activities	<u>73,890</u>	<u>68,707</u>

(Continued)

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) investing activities:		
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
Acquisition of property, plant and equipment	(4,298)	(382)
Decrease (increase) in guarantee deposits paid	344	(1,757)
Acquisition of intangible assets	(14,600)	-
Decrease (increase) in other financial assets - current	23,536	(31,838)
Decrease in other financial assets - non-current	213	328
Increase in prepayment for equipment	(711)	-
Dividends received	<u>6,379</u>	<u>6,360</u>
Net cash flows from (used in) investing activities	<u>10,863</u>	<u>(10,060)</u>
Cash flows used in financing activities:		
Payments of lease liabilities	(4,567)	(4,345)
Cash dividends paid	<u>(57,597)</u>	<u>(69,116)</u>
Net cash flows used in financing activities	<u>(62,164)</u>	<u>(73,461)</u>
Net (decrease) increase in cash and cash equivalents	22,589	(14,814)
Cash and cash equivalents at beginning of year	<u>381,887</u>	<u>396,701</u>
Cash and cash equivalents at end of year	<u>\$ 404,476</u>	<u>\$ 381,887</u>

Attachment 4

**Details of candidates for directors' (including independent directors)
current positions at other companies**

Title	Name	Positions concurrently held in other companies at present	
Director	TTY Biopharm Company Limited	PharmaEngine Inc. Chuang Yi Biotech Co. Ltd. Xudong Haipu Pharmaceutical Co., Ltd. Worldco International Co., Ltd. American Taiwan Biopharm Philippines Inc. American Taiwan Biopharm Co., Ltd. Gligio International Limited EnhanX, Inc. TTY Biopharm Korea Co., Ltd. TTY Biopharm Mexico S.A DE C.V. TTY Biopharm Turkey Health Products Industry and Trade Limited Company	Director Director Director Director Director Director Director Director Director Director
Director	TTY Biopharm Company Limited Representative: Chuan Lin	TTY Biopharm Company Limited PEGATRON CORPORATION	Chairman Independent Director
Director	TTY Biopharm Company Limited Representative: Kang-Chi Chou	IROC CO., LTD. C.C.P. Contact Probes Co., LTD. Radium Life Tech Co., Ltd. Orient Pharma Co. Ltd. Super Dragon Technology Co., Ltd. ATrack Technology Inc.	Chairman and President Independent Director Independent Director Independent Director Representative of a corporate director Representative of a corporate director
Director	TTY Biopharm Company Limited Representative: Carl Hsiao	TTY Biopharm Company Limited Dawan Technology Co., Ltd. American Taiwan Biopharm Co., Ltd.	Director Director Director
Director	TTY Biopharm Company Limited Representative: Yong-Liang Wu	Dawan Technology Co., Ltd.	Supervisor
Independent Director	Rwei-Syun Chen	Welgene Biotech Co., Ltd.	Independent Director
Independent Director	Te-Yu Chou	Taiwan Cooperative Bank Cardinal Tien Hospital	Independent Director Director