

1. Spokesperson, Deputy Spokesperson, Title, and Contact Information

	SPOKESPERSON
Name	Allen Chao
Title	Chief Executive Officer
Telephone Number	Tel: +886-2-2701-0518
E-mail	E-mail: contact@tanvex.com

2. Corporate Headquarters, Subsidiaries, Facility Addresses and Contact Information

- 1) Corporate Headquarter: Tanvex BioPharma, Inc. ("Tanvex" or the "Company")
Registered Address: P.O. BOX 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, KY1-1205, Cayman Islands
Contact Tel: +886-2-2701-0518
Taipei Representative Office: 13F-1, No. 376, Sec. 4, Renai Road, Da'an District, Taipei City, Taiwan
Taipei Representative Office Tel: +886-2-2701-0518
- 2) U.S. Subsidiary: Tanvex BioPharma USA, Inc.
Address: 10394 Pacific Center Court, San Diego, CA 92121, U. S. A.
Tel: +1-858-210-4100
- 3) Taiwan Subsidiary: Tanvex Biologics Corporation ("Tanvex Taiwan" or "Tanvex TW")
Address: 33F, No. 99, Sec. 1, Xintai 5th Road, Xizhi District, New Taipei City, Taiwan
Tel: +886-2-2697-1315

3. Stock Transfer Agent Name, Address, Telephone and Website

Name: China Trust Commercial Bank Stock Transfer Agency Service
Address: 5F, No. 83, Sec. 1, Chongqing South Road, Taipei, Taiwan
Tel: +886-2-6636-5566
Website: <https://ecorp.ctbcbank.com>

4. Most Recent Year Financial Auditor's Name, CPA Firm, Address, Telephone and Website

Auditor: Ms. Tseng, Hui-Chin, Mr. Teng, Sheng-Wei
CPA Firm: PricewaterhouseCoopers Taiwan ("PwC Taiwan")
Address: 27F, No. 333, Sec. 1, Keelung Road, Xinyi District, Taipei, Taiwan
Tel: +886-2-2729-6666
Website: <https://www.pwc.tw>

5. Listing Foreign Stock Exchange and Query Method: Not Applicable

6. Board of Directors

TITLE	NAME	NATIONALITY	WORK EXPERIENCE
Chairman	Peng Lin Investment Co., Ltd., Representative: Lin, Horng-Dar	Taiwan, ROC	Please refer to the Section 3.2 Board Members Information of this Annual Report for more details.
Director	Peng Lin Investment Co., Ltd., Representative: Cho, Lung-Yeh	Taiwan, ROC	
Director & CEO	Allen Chao and Lee Hwa Chao Family Trust, Representative: Allen Chao	U.S.A	
Director & CSO	Hsia Family Trust, Representative: Hsia, David	U.S.A	
Director	Delos Capital Fund, LP, Representative: Chen, Lin-Cheng	Taiwan, ROC	
Director	Yen, Yun	Taiwan, ROC	
Independent Director	Tsai, Jin-Pau	Taiwan, ROC	
Independent Director	Chang, Lee-Chiou	Taiwan, ROC	
Independent Director	Shih, Chuan	Taiwan, ROC	

7. Designated Agent Name, Title, Telephone Number and Email Address

Name	Lin, Horng-Dar
Title	Litigation and non-litigation agents
Telephone Number	+886-2-2701-0518
E-mail	contact@tanvex.com

8. Company Website: www.tanvex.com

Notice to Reader:

1. For the convenience of readers and for informational purposes only, the 2018 Annual Report for the 2019 Annual General Meeting has been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version, or any differences in the interpretation of the two versions, the Chinese-Language annual report should prevail.
2. Tanvex is a high-tech company that aims to develop biosimilar and new drug products. Due to the lengthy R&D process, extensive spending, failure to obtain the regulatory approval of government authorities which may result in non-productive R&D activities, investors should assess carefully the risks of investment. Please refer to the risk assessment section 7.6 of this annual report for more details.

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1. Letter to Shareholders

1.1 Letter from CEO

With the full support of our shareholders and the unyielding efforts of our employees, Tanvex reached several important milestones in 2018. Milestones that illustrate the comprehensive development of Tanvex and our transition from a research and development company to a commercial biotech company.

In 2018, our most noteworthy achievement was the submission of our first Biologics License Application (BLA) to the US Food and Drug Administration. We submitted our BLA for TX-01, a proposed biosimilar to Neupogen® (filgrastim), to the US FDA in September and FDA formally accepted our application in November, which was in accordance with their prescribed timeline. This result is undoubtedly a great encouragement to the shareholders and employees of Tanvex. This accomplishment is a testament to their hard work and more importantly, their team work.

In addition to the filing and FDA's acceptance of our TX-01 application, we continued to advance other products in our pipeline during the year. We commenced dosing in our Phase III trials for TX-05, a proposed biosimilar to Herceptin®(trastuzumab). We also began to prepare for Phase III trials for TX-16, a proposed biosimilar to Avastin®(bevacizumab).

In May 2018, Tanvex was added to the Morgan Stanley Capital International (MSCI) Global Small Cap Index. We are proud to have been selected to be a part of this influential index. We completed a secondary public offering in August, raising an additional US\$70 million. These funds will be used to continue the development of our pipeline and prepare for the commercial launch of TX-01. We are grateful for the continued support of our shareholders.

I must also say how proud I am of our employees. As we have progressed towards the filing of our first product application, all of our employees, from top to bottom, have been eager to contribute their part in order to achieve this goal. It took tremendous effort from all areas including regulatory, research and development, manufacturing, quality and facilities management to meet the stringent compliance requirements of the FDA. While we encountered many challenges along the way, anticipating additional challenges ahead, the experience and learnings provided precious development opportunities for all employees.

We believe in the future of the biosimilar market. We have seen the FDA continuing to promote the adoption of biosimilars in the US. It is an unstoppable trend and Tanvex is fortunate to be well positioned to play a part in delivering the next wave of cost savings to our healthcare system and its patients. We expect to grow and expand with the rising tide of the biosimilar market and to eventually become a major player in the industry.

As we look to 2019, it will be a transition year for Tanvex from a R&D company to a commercial company, and the expansion of value chain will make Tanvex even stronger. We will also continue to advance our other pipeline products.

The future is bright for Tanvex and we hope that our shareholders can continue to participate in the growth and advancement of the Company. Focused on our mission to drive greater good by expanding access to safe, effective and affordable biopharmaceutical products, we are confident that we will achieve our goals.



Allen Chao, CEO
Tanvex BioPharma, Inc.

1.2 2018 Business Report

The high price of biologic drugs presents a significant financial burden on the healthcare system globally. Consequently, quality, effective and affordable biosimilar products has emerged as one of the best solutions to reduce pharmaceutical costs.

The United States represents the single, largest market in the world for biologic drugs. In 2010, the US government approved the Biologics Price Competition and Innovation Act (“BPCIA”) which established a clear and efficient pathway for biosimilar regulation and market access. In 2015, the US FDA approved the first biosimilar product (Zarxio®), a biosimilar to Neupogen®. As of December 31, 2018, the US FDA had approved a total of sixteen biosimilar products, seven of which were approved during 2018. This provides further evidence of the emergence of the biosimilar industry in the United States.

Tanvex BioPharma, Inc. (Tanvex) is developing biosimilar products and plans to target the US market as a priority. The Company plans to leverage its in-house development, manufacturing and commercialization capabilities, which provide it control and flexibility and the ability to successfully compete in the US market. Key accomplishments in 2018 are as follows:

2018 Product and Operation Results, Financial Performance and Budget Execution Status

1. 2018 Product and Operation Results:

To deliver on our commitment to shareholders, we have been diligently working on advancing the development of our product pipeline and building the foundation for commercialization. Below is an overview of the progress we made in 2018:

→ **Product TX01 (A Proposed biosimilar to Neupogen®)**

Submitted Biologics License Application (BLA) to US FDA; BLA accepted by US FDA in November 2018

→ **Product TX05 (A Proposed biosimilar to Herceptin®)**

Advanced Phase III clinical program; commenced dosing of subjects

→ **Product TX16 (A Proposed biosimilar to Avastin®)**

Initiated planning for Phase III clinical trials

→ Bolstered our sales and marketing team and further developed our commercial plans for the launch of TX01

→ Added to Morgan Stanley Capital International (MSCI) Global Small Cap Index

→ Raised ~NT\$2.125 billion (~US\$70 million) of additional capital through secondary public offering of common stock in September 2018.

Our product pipeline development status is outlined in the table below:

Product Code	Product Category	Product Development Stage (As of 12/31/2018)				
		Pre-Clinical	IND	Phase I	Phase III	BLA Submission
TX01	Biosimilar	▶				
TX05		▶				
TX16		▶				
Various		▶				

2. Year 2018 financial performance

As our products are still in the development stage, no revenue was generated in 2018. Below is a summary of our financial results for 2018 and 2017:

Unit: NT\$ in thousands, (except per share amounts)

DESCRIPTION	2018	2017	VARIANCE	% OF VARIANCE
Sales and Revenue	0	0	0	0%
Cost of Goods Sold	0	0	0	0%
Operating Expenses	(1,950,580)	(1,403,168)	(547,412)	39%
Non-operating Income and Expenses	56,742	(6,607)	63,349	-959 %
Income Tax Expense	(24)	(25)	1	-4%
Net Loss after Tax	(1,893,862)	(1,409,800)	(484,062)	34%
Net Loss Per Share (NT\$)	(8.32)	(7.29)	(1.03)	14%

We continued to invest heavily in research and development and pre-commercialization activities in 2018. As a result, we incurred a net loss in 2018 of NT\$1.9 billion which was NT\$484 million more than 2017. Our research and development costs were NT\$1.7 billion in 2018, which represented a 52% increase over the prior year. This increase in research and development costs was primarily due to the advancement of our phase III clinical trials for TX05. All product development activities were implemented as planned and within the Company's overall budget of NT\$2.2 billion in 2018.

Outlook

Tanvex will continue its transition to commercialization in the coming year. In 2019, if approved by US FDA, the Company plans to launch TX01, a proposed biosimilar to Neupogen® (filgrastim). In addition, the Company will continue to progress its Phase III clinical programs for TX05, a proposed biosimilar to Herceptin® (trastuzumab), and develop its Phase III protocols for TX16, a proposed biosimilar to Avastin® (bevacizumab). Tanvex will continue to develop a robust pipeline of biosimilar products and build out its commercial infrastructure to successfully bring its products to the market.

Tanvex BioPharma, Inc.
Horng-Dar Lin, Chairman
Dr. Allen Chao, Chief Executive Officer

1.3 Potential Challenges from External Competition Environment, Regulations and Overall Business Environment

1. Challenges from External Competition

When products are launched in the market, the Company may face challenges from a new drug with the same efficacy approved by the FDA, other biosimilar products with the same efficacy entering the market, or the insurance company reducing the reimbursement or declines the coverage. However, Tanvex's talented team, unique marketing strategies and vertical integration with cost efficiency will combat competitors and result in being a standout performer in the biosimilar market.

2. Impact from Regulatory Changes

- (1) Although U.S. FDA has established standards for biosimilar and approved sixteen biosimilars as of 2018, the requirements and procedures are still evolving due to a variety of attributes of biosimilars.
- (2) The Company is registered in the British Cayman Islands (Cayman Islands), with operations in the United States and Taiwan. The Company has no business activities carried on in the Cayman Islands other than registration. Financial services are the main business in the Cayman Islands. The United States has one of the world's largest economic systems, stable economic development and political environment. The Company has strictly followed local regulations and policies, constantly monitors the changes and trends on important policies, consults with the attorney and CPA on any change that has occurred, or assigns them to evaluate the situation and suggests measurements to be taken. In most recent year and up to the date of this report, there hasn't been any change which significantly affects the Company's business and financials. In addition, the Company constantly monitors the regulatory changes in order to take proper actions in a timely fashion.

3. Challenges from Overall Business Environment

The Company was registered in the Cayman Islands on May 8, 2013 as a holding company and has no substantial economic activities in the Cayman Islands. The government in the Cayman Islands not only strengthens crime prevention, but also strives to protect the privacy of legitimate business practices. It has very stable political and economic environment. At the same time, the growth of the global economy is slow and the international market and economic situation have not been significant. The Company has two wholly-owned subsidiaries which are located in Taiwan and the United States. These two countries are all politically and economically stable. Their governments are actively boosting domestic demand, and committed to long-term economic restructuring to recover the economy. Therefore, there is no significant impact on the Company's operation.

2. Company Profile

2.1 Company Overview

Tanvex Biopharma, Inc. (TWSE: 6541) is a biopharmaceutical company focused on biologic pharmaceutical products with a core focus on biosimilar products. We are vertically integrated with in-house capabilities to research, develop, manufacture and bring to market our products. Tanvex operates out of its facilities in the United States and Taiwan. Taiwan subsidiary is in charge of developing cell line and initial stage bioprocess development. US subsidiary (Tanvex BioPharma USA, Inc.) takes over developed cell line and early stage bioprocess from Taiwan, continues on scale up process development and commercial production. Seamless co-operations between the two subsidiaries promote the Company's overall international competitiveness.

Key Facts:

- Founded in 2013
- Over 160 employees in the U.S. and Taiwan.
- The Company was listed on the Taiwan Stock Exchange (TWSE) in October 2017, raised approximately US \$55 million to fund our operations.
- Vertically integrated with in-house capabilities to research, develop and manufacture to control the quality and costs.
- Technical expertise and equipment to develop and manufacture products using either mammalian or microbial cells/systems.
- TX-01 (biosimilar to Neupogen®) filed BLA with US FDA in September 2018; TX-05 (biosimilar to Herceptin®) in Phase III clinical trial; TX-16 (biosimilar to Avastin®) completed Phase I clinical trial and planning for Phase III clinical program.

Manufacturing

- Tanvex BioPharma USA, Inc. is the early commercialization production base which is located in San Diego, California. It has two buildings which include manufacturing, lab, warehouse and offices. Total area is approximately 109,000 square foot.
- Initial commercialization production expansion was completed which equipped us with 1 x 150 liter stainless steel fermenter (with capacity to expand to 300 liter) for microbial product, and 4 x 1000 liter single-use bioreactors (with capacity to expand to 10,000 liter) for mammalian cell products.
- In-house fill-finish technology, automatic pre-fill syringe production line.

2.2 Market Overview

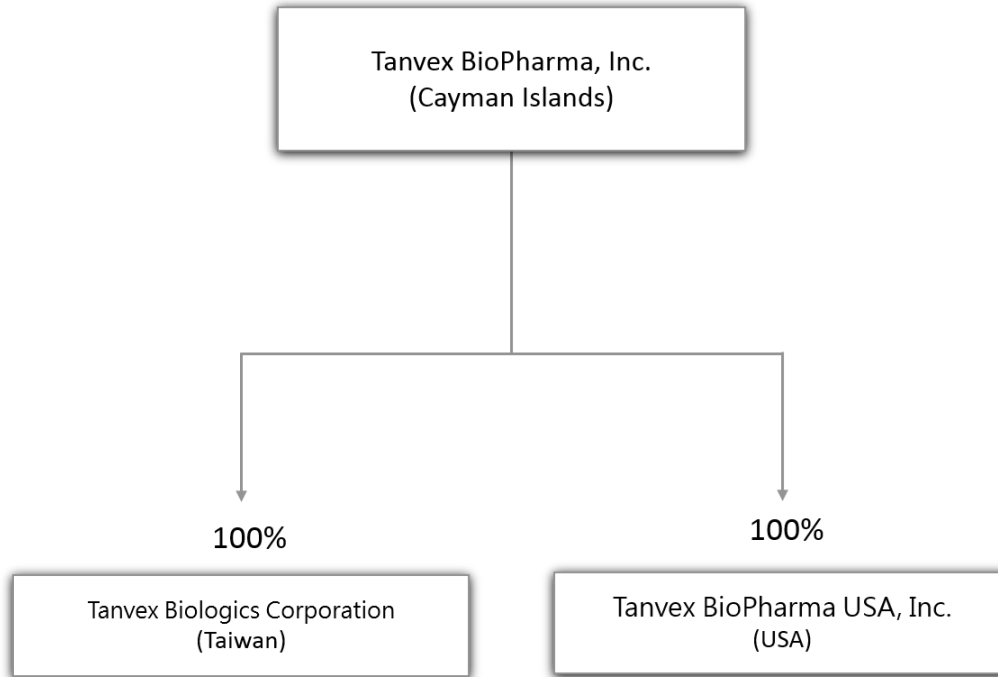
Most pharmaceutical products can be classified into one of two major categories: small molecule products and large molecule products. Small molecule products are generally made from chemicals which have been synthesized using chemical reactions between different organic and/or inorganic compounds. Small molecule products have relatively simple structure and "small" molecular weight. Large molecule products are made from living organisms such as human, animal, yeast and bacteria cells. Large molecule products have a relatively complex structure and "large" molecular weight. Biologic pharmaceutical products ("biologics") fall into the large molecule classification.

Many of today's important therapeutics are biologics. Biologics are used to treat multiple conditions including various types of cancer, low white blood cell counts, anemia, rheumatoid arthritis, and inflammatory bowel disease and skin conditions such as psoriasis. By 2024, biologics are expected to reach \$480 billion and hold 50% of the top 100 products ranked by sales value.

Biosimilars are biologics that have been shown to have no clinically meaningful differences from an already approved biologic known as the reference product. Biosimilars represent a relatively new market. The high, growing cost of biologics and the need to increase access to critical treatment options will continue to drive demand for lower cost alternatives and create vast commercial potential for the biosimilars market. According to research conducted by McKinsey & Company in 2018, global sales of biosimilars are expected to reach \$15 billion by 2020.

The process to develop and manufacture biosimilars is complex and requires a high level of scientific sophistication. The associated technical barriers, in addition to the high cost of development (relative to small molecule generics) will limit many potential competitors, enhancing the overall commercial opportunity within the biosimilar market.

2.3 Group Structure



2.4 Company History

YEAR	MILESTONES
May 2013	Ruenvex Biotech Inc. was registered in Cayman Islands on May 8th, 2013 .Authorized capital stock US\$50,000
September 2013	Cash capital increase for US\$16,000,000 for business funding
September 2013	Acquired 100% shares of Tanvex Biologics Corporation for obtaining cell line patent and licensing, and developing biosimilar market
September 2014	Ruenvex Biotech Inc. changed name to Tanvex BioPharma, Inc. on September 30th, 2014
September 2014	Acquired 100% shares of La Jolla Biologics Inc. for obtaining technology on process development, commercialization manufacturing and equipments, and vertically integrating the supply chain of upstream, midstream and downstream

YEAR	MILESTONES
October 2014	Closed US\$20,000,000 equity financing for business operation
March 2015	Closed US\$50,000,000 equity financing for facility expansion, research and development of various biosimilar products
March 2015	Par value conversion of stock options to US\$ 109
April 2015	Par value conversion of stock options to US\$ 125
May 2015	Approved by the Board on conversion of stock par value to NT\$10, paid in capital is NT\$ 1,656,650,000 after conversion
July 2015	Approved by Taipei Exchange as public listed company in Taiwan
August 2015	Approved by Taipei Exchange as emerging stock company on Emerging Stock Board
February 2016	Closed NT\$3,328,000,000 equity financing with issued common stock 26,000,000 shares at NT\$128 per share, paid in capital valued NT\$1,924,445,000 post funding
March 2016	Completed phase II manufacturing facility expansion for La Jolla Biologics Inc. in the U.S.
October 2016	(1) Entered Phase III clinical trial for TX01 (2) Completed lab expansion for Tanvex Biologics Corporation in Taiwan (3) Completed building 2 remodel for La Jolla Biologics Inc. in the U.S.
November 2016	(1) Obtained approval from Industry Development Bureau on high-tech science and technology business application (2) Applied for primary listing on the Taiwan Stock Exchange
January 2017	Entered Phase I clinical trials for TX16
May 2017	Approved by Taiwan Stock Exchange as public listed company in Taiwan
July, October 2017	Precessed and Listed stock on Taiwan Stock Exchange (TWSE) and raised NT\$1.65 Billion
August 2017	Completed Phase III clinical trials for TX01, the pre-specified endpoints are met
October 2017	Initiated Phase III clinical trials for TX05
December 2017	Completed Phase I clinical trials for TX16
January 2018	Tanvex BioPharma, Inc. wholly owned subsidiary La Jolla Biologics, Inc. changed name to Tanvex BioPharma USA, Inc.
August 2018	Tanvex Biologics Corporation to expand process development capability
September 2018	Raised ~US\$70 million of additional capital through secondary public offering of common stock
September 2018	TX01 Filed Biologics License Application (BLA) with US FDA
November 2018	FDA accepts TX01 BLA filing

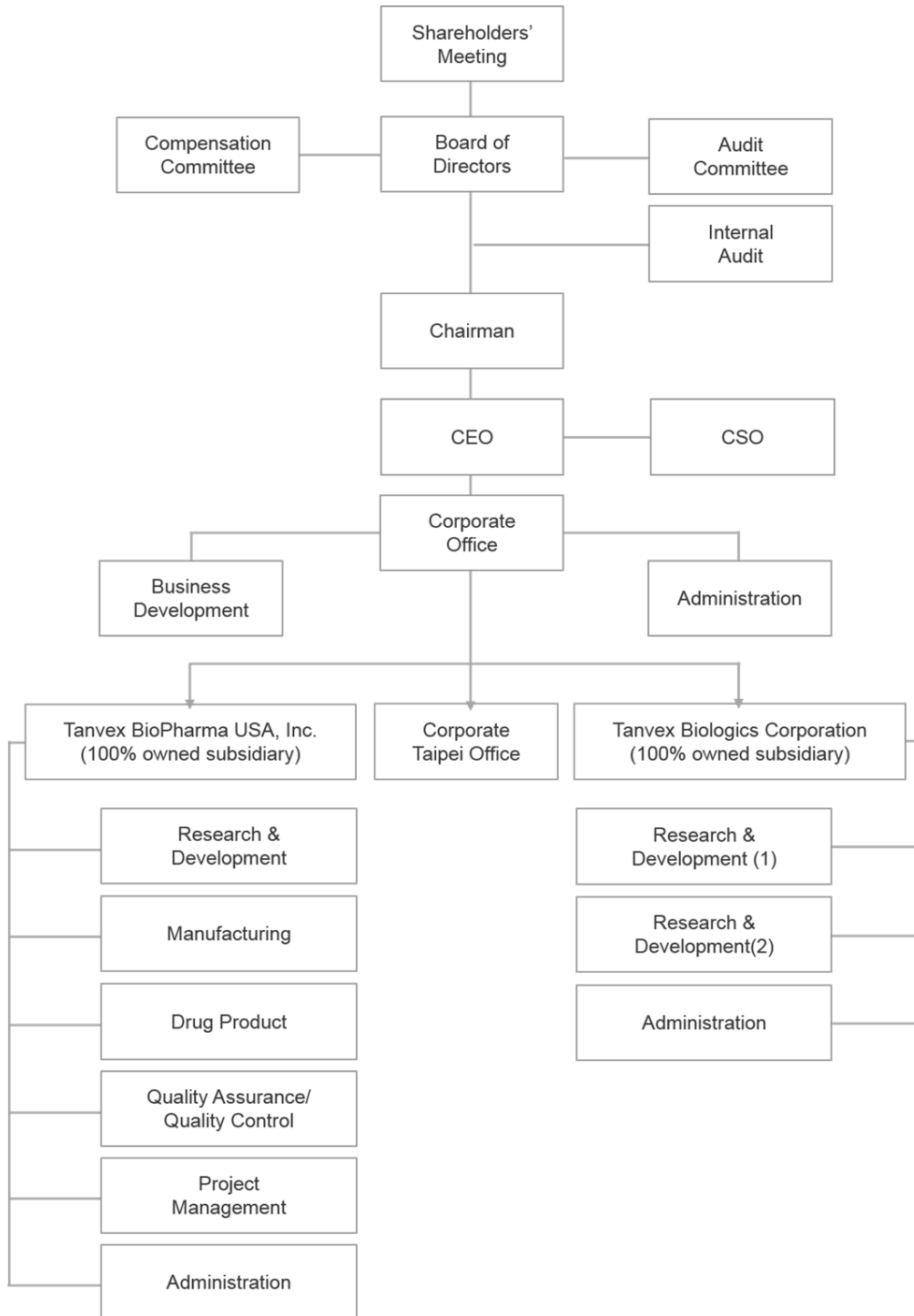
2.5 Risk Factors

Please refer to section 7 “Review and Analysis of Financial Position, Operating Results and Risk Assessment”.

3. Corporate Governance

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Duties of Main Departments

DEPARTMENT	MAIN DUTIES
Board of Directors (the "Board")	Formulate strategies, objectives, and policies on Tanvex BioPharma's business operations.
Audit Committee	Conduct financial and business supervision over Tanvex BioPharma, oversee representations in its financial reports to ensure appropriateness, and monitor its implementation of internal controls to ensure effectiveness.
Remuneration Committee	Review performance evaluation and remuneration of directors and officers and formulate and review on a regular basis policies, systems, standards and structures regarding performance evaluation and remuneration of the Board directors and officers.
Chairman of the Board	(1) Oversee Company operations on behalf of the Board. (2) Guide managements in implementation of major operational strategies of Tanvex, according to Board Resolution.
CEO/General Manager	(1) Formulate, plan and supervise the Company's operational plans, objectives, and quality policies. (2) Formulate the Company's overall business strategies and revise business performance forecasts. (3) Execute plans and report the operational result to the Board.
Chief Scientific Officer (CSO)	(1) Oversee and manage product development and results. (2) Formulate, modify preclinical, clinical study planning, consult, communicate and coordinate with domestic and international regulatory agencies. (3) Establish and implement product selection system.
Internal Audit	(1) Examine and evaluate the soundness, reasonableness, effectiveness, and implementation of internal controls for each department. (2) Execute annual audit plans. (3) Draft audit reports, assess improvements, and conduct self-examination of internal control systems. (4) Other actions as required by laws and regulations.
Administration	(1) Convene and assist with Compensation Committee, Audit Committee, the Board and shareholders' meetings. (2) HR, conduct general procurements, and handle administrative matters. (3) Manage accounting and tax matters. (4) Financial and cash flow management and utilization of funds. (5) Stock affairs and Employee Stock Option Plan management (6) Manage and maintain IT system, computer software and hardware. (7) Set up and manage the security of information systems. (8) Manage properties, inventories, and materials.
Business Development	(1) Formulate, plan, execute, manage and coordinate the Company's business development strategies. (2) Product marketing collaboration, promotion and execution.
Research & Development	U.S. subsidiary, Tanvex BioPharma USA, Inc.: (1) Cell culture development group—upstream cell line development and scale-up process development. (2) Purification group—protein purification method development, process improvement and scale-up. (3) Analytical Science group—analytical method setup and development, establish testing program according to FDA regulations, perform lab sample and stability analysis. (4) Formulation group—drug formulation design and development. (5) Preclinical/Clinical Research group—support preparation and planning of preclinical and clinical study, execution of CRO research, communicate with regulation agencies, and clinical research and drug license application. Taiwan subsidiary, Tanvex Biologics Corporation: (1) Cell line development—design cell line development platform, build and select cell line, develop stable and high quality cell line. (2) Initial stage process development—microbial fermentation, upstream and downstream initial stage process development and scale-up for mammalian cell products, including upstream cell cultivation and downstream protein purification process development. (3) Analytical Science—biosimilar product character analysis, sample data analysis, analytical method development and research. (4) New drug development—drug vector and cell line development, drug formulation design and process research.
Manufacturing	(1) Biosimilar products upstream and downstream scale up, improvement and commercial production technology development. (2) Conduct GMP manufacturing of cell cultures and purification. (3) Initial commercialization production.
Drug Product	Drug fill, packaging and labeling.
Quality Assurance/Quality Control	(1) Quality Assurance - GMP sample analysis, stability test and environmental monitoring. (2) Quality Control - Establish product analysis and process procedure documentation, ensure the execution of the procedure, and audit product process and documentation.
Project Management	(1) Projects management and progress tracking. (2) Prepare annual project planning. (3) Assist in preparation of preclinical, clinical study plan, execution and management. (4) Communication and coordination among project units.

3.2 Board Members

3.2.1 Board Members information

As of April 21, 2019

TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE2)	SHAREHOLDING UPON ELECTION		CURRENT SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING		SHARES HELD IN ANOTHER'S NAME		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 3)	CONCURRENT POSITIONS HELD IN THE COMPANY AND OTHER COMPANIES	OTHER OFFICER, DIRECTOR OR SUPERVISOR WHO IS THE SPOUSE OR WITHIN A SECOND-DEGREE RELATIONSHIP OF CONSANG UINITY TO THE MEMBER		
							NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%			TITLE	NAME	RELATION- SHIP
	Peng Lin Investment Co., Ltd.	Taiwan R.O.C.		06/13/ 2018	Three Year	10/04/ 2013	70,566,999	32.52 %	70,566,999	28.92 %	—	—	—	—	—	—	—	—	
Chair- man	Repre- sentative: Lin, Horng-Dar (Note4)	Taiwan R.O.C.	Male		Three Year (Note4)	10/04/ 2013 (Note5)	—	—	—	—	—	—	—	—	Columbia University, L.L.M. Taiwan Taipei District Court Judge Vice President , Foxconn Group Winston & Strawn LLP Partner	<ul style="list-style-type: none"> • Representative of corporate Chairman, Tanvex BioPharma, Inc. • Representative of corporate Board director, Tanvex Biologics Corp. • Representative of corporate Board director, Tanvex Biologics, Inc. • Representative of corporate Board director, AP Biosciences, Inc. 	—	—	—

TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE2)	SHAREHOLDING UPON ELECTION		CURRENT SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING		SHARES HELD IN ANOTHER'S NAME		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 3)	CONCURRENT POSITIONS HELD IN THE COMPANY AND OTHER COMPANIES	OTHER OFFICER, DIRECTOR OR SUPERVISOR WHO IS THE SPOUSE OR WITHIN A SECOND-DEGREE RELATIONSHIP OF CONSANGUINITY TO THE MEMBER		
							NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%			TITLE	NAME	RELATIONSHIP
Director	Peng Lin Investment Co., Ltd.	Taiwan R.O.C.		06/13/2018	Three Year	10/04/2013	70,566,999	32.52 %	70,566,999	28.92 %	-	-	-	-	-	-	-	-	-
	Representative: Cho, Lung-Yeh	Taiwan R.O.C.	Male	06/13/2018	Three Year	10/04/2013	-	-	-	-	-	-	-	Bachelor in Accounting, National Taipei University CPA, KPMG	<ul style="list-style-type: none"> Representative of Corporate Board Director, Tanvex BioPharma, Inc. Special Assistant to Chairman of Ruentex Group Representative of Corporate Board Director, OBI Pharma, Inc. Representative of corporate Board director, RENBIO, Inc. Representative of corporate Board director, RenBio Holdings Ltd. Representative of corporate Board director, TaiMed Biologics, Inc. Representative of corporate Board director, Nan Shan Life Insurance Co., Ltd Representative of corporate supervisor, Ruenhui Biopharmaceuticals Inc. 	-	-	-	
Director	Delos capital Fund, LP	Cayman Islands		06/13/2018	Three Year	05/15/2015	14,400,000	6.64 %	14,400,000	5.90 %	-	-	-	-	-	-	-	-	-
	Representative: Chen, Lin-Cheng	Taiwan R.O.C.	Male	06/13/2018	Three Year	05/15/2015	-	-	-	-	-	-	-	J.D., Harvard University Managing Partner, Delos Capital Fund, LP Partner and Co-Head of Asia, Permira Managing Director, Goldman Sachs Lawyer, Davis Polk & Wardwell, LLP and New York Bar	<ul style="list-style-type: none"> Representative of Corporate Board Director, Tanvex BioPharma, Inc. Managing Partner, Delos Capital Fund, LP Board Director, Atia Medical, Inc. Board Director, Allegra Therapeutics GmbH Board Director, BAROnova, Inc. Board Director, Curatia Medical, Inc. Board Director, Hemo Bioengineering Limited Board Director, Imperative Care, Inc. Board Director, Syndax Pharmaceuticals, Inc. 	-	-	-	

TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE2)	SHAREHOLDING UPON ELECTION		CURRENT SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING		SHARES HELD IN ANOTHER'S NAME		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 3)	CONCURRENT POSITIONS HELD IN THE COMPANY AND OTHER COMPANIES	OTHER OFFICER, DIRECTOR OR SUPERVISOR WHO IS THE SPOUSE OR WITHIN A SECOND-DEGREE RELATIONSHIP OF CONSANG UINITY TO THE MEMBER		
							NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%			TITLE	NAME	RELATION- SHIP
Director	Allen Chao and Lee Hwa Chao Family Trust	U.S.A.		06/13/2018	Three Year	05/15/2015	16,888,022	7.78 %	18,444,578	7.56 %	-	-	-	-	-	-	-	-	-
	Representative: Allen Chao	U.S.A.	Male	06/13/2018	Three Year	06/10/2013	1,143,421	0.53 %	1,171,811	0.48 %	180,000	0.07 %	-	-	Ph.D., Purdue University, College of Pharmacy Founder and CEO, Watson Pharmaceuticals (now Allergan)	<ul style="list-style-type: none"> CEO and Representative of Corporate Board Director, Tanvex BioPharma, Inc. Chairman, Tanvex Biologics Corp. Chairman, Tanvex Biologics Inc. Chairman, Ansun BioPharma Inc. Board Director, Arbor Pharmaceuticals, LLC Board Director, Mithra Biotechnology Inc. Trust Director, Taipei Medical University 	Director	Hsia, David	Brother-in-law
Director	Hsia Family Trust	U.S.A.		06/13/2018	Three Year	05/15/2015	2,442,430	1.13 %	2,478,430	1.02 %	-	-	-	-	-	-	-	-	-
	Representative: David Hsia	U.S.A.	Male	06/13/2018	Three Year	05/15/2015	-	-	-	-	-	-	-	-	Ph.D., Purdue University, College of Pharmacy Senior Vice President, R&D, Watson Pharmaceuticals (now Allergan) Manager, Pharmaceutical Technology R&D Director, American Hospital Supply Corp. (now Baxter)	<ul style="list-style-type: none"> Representative of Corporate Board Director, Tanvex BioPharma, Inc. Board Director, Tanvex Biologics Inc. Member of Consulting committee, Allianz Pharmascience Ltd. 	Director	Allen Chao	Brother-in-law

Director	Yen, Yun	Taiwan R.O.C.	Male	06/13/ 2018	Three Year	05/15/ 2015	273,748	0.13%	298,979	0.12%	-	-	-	-	<p>Adjunct Professor, Graduate Institute of Oncology, National Taiwan University Affiliate Professor, California Institute of Technology Attending Physician, Division of Medical Oncology, City of Hope; Professor, Medical Oncology and Graduate School, City of Hope; Director, Developmental Cancer Therapeutics Program, City of Hope; Chairman, Molecular Pharmacology Department, City of Hope; Vice President, City of Hope Fellow, Hematology and Oncology Section, School of Medicine, Yale U. Ph.D. in Pathology and Cell Biology, Thomas Jefferson University M.D., Taipei Medical College</p> <ul style="list-style-type: none"> • Board Director, Tanvex BioPharma, Inc. • Professor, Ph.D. Program for Cancer Molecular Biology and Drug Discovery, Taipei Medical University • Chairman, Sino American Cancer Foundation • Chief Science Advisor, Stembios • Chief Science Advisor, Fulgent • Member of Consulting committee, Allianz Pharmascience Ltd. • Chairman, Calgent Biotechnology Co. Ltd. 	-	-	-
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Independent Director	Tsai, Jin-Pau	Taiwan R.O.C.	Male	06/13/2018	Three Year	05/15/2015	-	-	-	-	-	-	-	-	-	<p>Department of Accounting, National Chengchi University Master in Accounting, Graduate Institute of Accounting, National Chengchi University Master in Law, College of Law, National Chengchi University Vice Chairman, Fuh Hwa Securities Investment Trust Co., Ltd. Deputy CEO, CEO and Deputy Chairman, PwC Taiwan Consultant, Public Service Pension Fund Supervisory Board President, PricewaterhouseCoopers Management Consulting Company Ltd. Director and Managing Director, Taiwan Corporate Governance Association Managing Director, Accounting Research and Development Foundation, and Chairman, Auditing Standards Committee</p> <ul style="list-style-type: none"> • Independent Board Director, Tanvex BioPharma, Inc • Adjunct Associate Professor, Department of Accounting, National Chengchi University • Chairman, Jia Guang Development Industry Co., Ltd. • Chairman, Wanshida Development, Ltd. • Board Director, Global Life Insurance Co. Ltd. • Board Director, Oriental Recreation and Development Corp. • Board Director, Tuntex Incorporation • Board Director, FCB Leasing Co., Ltd. • Board Director, FCB International Leasing Co., Ltd. • Board Director, FCB International Leasing (Xiamen) Co., Ltd. • Independent Director, Sunny Friend Environmental Technology Co., Ltd. • Independent Board Director, Zenitron Corporation • Independent Board Director, KD Holding Corporation 	-	-	-
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TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE2)	SHAREHOLDING UPON ELECTION		CURRENT SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING		SHARES HELD IN ANOTHER'S NAME		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 3)	CONCURRENT POSITIONS HELD IN THE COMPANY AND OTHER COMPANIES	OTHER OFFICER, DIRECTOR OR SUPERVISOR WHO IS THE SPOUSE OR WITHIN A SECOND-DEGREE RELATIONSHIP OF CONSANG UINITY TO THE MEMBER		
							NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%			TITLE	NAME	RELATION- SHIP
Independent Director	Chang, Lee- Chiou	Taiwan R.O.C.	Male	06/13/ 2018	Three Year	05/15/ 2015	—	—	—	—	—	—	—	—	NCCU Department of Risk Management and Insurance Department of Public Finance, National Chengchi University Chairman, Yuanta Securities Finance Co., Ltd. President, Yuanta Jinghua Securities Co., Ltd. President, Grand Cathay Securities Corp. Auditor, Director, Special Commissioner, Assistant Director, Director, Securities and Exchange Commission, Ministry of Finance Auditor and Assistant Auditor, National Taxation Bureau of Taipei	<ul style="list-style-type: none"> • Independent Board Director, Tanvex BioPharma, Inc • Chairman, Board Director, Panion & BF Biotech Inc. • Chairman, Board Director, FOCI Fiber Optic Communications, Inc. • CEO, Sun Ten Group • Chairman, Board Director, Herbiotek Co., Ltd. • Independent Board Director, Compensations Committee member, Taya Telecom Cable Co. Ltd. • Independent Board Director, Audit Committee member, Compensations Committee member Acme Electronics Corporation • Independent Board Director, Compensations Committee member, T3EX Global Holding Inc. 	—	—	—
Independent Director	Shih, Chuan	Taiwan R.O.C.	Male	06/13/ 2018	Three Year	05/15/ 2015	—	—	—	—	—	—	—	—	National Chung- Hsing University, BS The Ohio State University, M.S/Ph.D.	<ul style="list-style-type: none"> • Independent Board Director, Tanvex BioPharma, Inc • Venture Partner, Venture Partner • Visiting professor, Institute of Biotechnology and Pharmaceutical Research (IBPR), National Health Research Institutes (NHRI) • Member of Science Consulting Committee, Crown Bioscience Inc. • Independent Board Director, TaiRx Inc. • Professor, Chemistry Department, National Chung Hsing University 	—	—	—

Note 1: An institutional shareholder shall list its name and representative individually (where the member is a representative of an institutional shareholder, the name of the institutional shareholder shall be specified). Table 1 shall also be completed.
Note 2: The time the member first acted as a Company director or supervisor shall be entered. In the event of suspension, the reason shall be stated.
Note 3: In regard to experiences relevant to positions currently held, the titles held and duties shall be stated if the member has worked in a CPA firm or an affiliate thereof during the aforementioned period.
Note 4: Peng-Lin Investment Co. Ltd. changed Representative to Lin, Horng-Dar on 12/19/2018.
Note 5: Same as the date elected as Peng-Lin Investment Co. Ltd.

3.2.2 Major Institutional Shareholders with Representation on the Board

As of December 31, 2018

INSTITUTIONAL SHAREHOLDER NAME (NOTE 1)	MAJOR SHAREHOLDERS (NOTE 2)
Peng Lin Investment Co., Ltd.	Yin, Chungyao (100%)
Delos Capital Fund, LP	Peng Lin Investment Co., Ltd. (38.46%), Alpha Institutional Holdings Limited (15.38%), Viva Victory Limited (7.69%), Taishin Venture Capital Co. Ltd. (7.69%), E. Sun Venture Capital Co. Ltd. (7.69%), MAL Investment Company (3.85%), Allen Chao and Lee Hwa Chao Family Trust (3.85%)
Allen Chao and Lee Hwa Chao Family Trust	Allen Chao and Lee Hwa Chao (100%)
Hsia Family Trust	David Hsia and Phylis Hsia (100%)
<p>Note 1: Where a supervisor is a representative of an institutional shareholder, the name of institutional shareholder shall be specified. Note 2: Top 10 shareholders shall be listed with their shareholding percentage. If the shareholder is an institutional entity, further information shall be provided in below table.</p>	

3.2.3 Major Shareholders of the Institutional Shareholders with Representation on the Board

As of December 31, 2018

INSTITUTIONAL SHAREHOLDER NAME (NOTE 1)	MAJOR SHAREHOLDERS (NOTE 2)
Peng Lin Investment Co., Ltd.	Yin, Chungyao (100%)
Alpha Corporation Holdings Limited	Geng, Zhongxuan (91%), Chang, Jinjin (9%)
Viva Victory Limited	Geng, Zhongxuan (91%), Chang, Jinjin (9%)
MAL Investment Company	Allen Chao and Lee Hwa Chao Family Trust (69%), Michael Chao (31%)
Taishin Venture Capital Co. Ltd.	Taishin Venture Capital Co. Ltd. (100%)
E Sun Venture Capital Co. Ltd.	E Sun Venture Capital Co. Ltd. (100%)
<p>Note 1: If shareholder is a corporate/institutional entity, the name of the entity shall be specified. Note 2: Top 10 shareholders shall be listed with their shareholding percentage.</p>	

3.2.4 Professional Qualifications and Independence of Directors and Supervisors

As of December 31, 2018

QUALIFICATIONS NAME (NOTE 1)	AT LEAST FIVE YEARS WORK EXPERIENCE AND HOLDS THE FOLLOWING PROFESSIONAL QUALIFICATIONS			INDEPENDENCE CRITERIA (NOTE 2)										NO. OF OTHER PUBLIC COMPANIES FOR WHICH THE MEMBER ACTS AS AN INDEPENDENT DIRECTOR CONCURRENTLY
	RANK OF LECTURER OR ABOVE IN BUSINESS, LAW, FINANCE, ACCOUNTING OR OTHER DEPARTMENT RELATED TO COMPANY BUSINESS, OF A PUBLIC OR PRIVATE COLLEGE OR UNIVERSITY	A JUDGE, PROSECUTOR, LAWYER, ACCOUNTANT, OR OTHER PROFESSIONAL AND TECHNICAL PERSONNEL HAVING PASSED A NATIONAL EXAMINATION WITH A CERTIFICATE GRANTED, AS REQUIRED BY COMPANY BUSINESS	WORK EXPERIENCE IN BUSINESS, LAW, FINANCE, ACCOUNTING, OR OTHERWISE REQUIRED BY COMPANY BUSINESS	1	2	3	4	5	6	7	8	9	10	
Peng Lin Investment Co., Ltd. Representative: Chen, Chi-Chuan	—	—	✓	✓	—	✓	✓	—	—	✓	✓	✓	—	—
Peng Lin Investment Co., Ltd. Representative: Cho, Lung-Yeh	—	✓	✓	✓	—	✓	✓	—	✓	✓	✓	✓	—	—
Delos Capital Fund, LP Representative: Chen, Lin-Cheng	—	—	✓	✓	✓	✓	✓	—	✓	✓	✓	✓	—	—
Allen Chao and Lee Hwa Chao Family Trust Representative: Allen Chao	—	—	✓	—	—	—	—	—	—	✓	—	✓	—	—
Hsia Family Trus Representative: Hsia, David	—	—	✓	—	—	—	—	—	—	✓	—	✓	—	—
Yen, Yun	✓	—	✓	✓	✓	✓	✓	✓	—	✓	✓	✓	✓	—
Tsia, Jin-Pau	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Chang, Lee-Chiou	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Shih, Chuan	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: The numbers of columns depends on the actual numbers.

Note 2: Please check the box with a "✓" under each criteria number if a director or a supervisor Satisfies the relevant condition two years prior to election and during employment:

1. Not an employee of the company or an affiliate of the company.
2. Not a director or supervisor of the company or an affiliate of the company, unless the member is an independent director of the company, its parent company, or a subsidiary of the company in which the company holds directly or indirectly a majority of the shares with voting rights.
3. Not a natural-person shareholder that holds 1% or more of the company's total issued shares or holds company shares as one of its top ten shareholders, in the member's own name or in the name of his spouse, minor or others.
4. Not a spouse, or one-, two- or three-degree relation, of any person listed in the preceding three subparagraphs.
5. Not a director, supervisor or employee of a corporate shareholder that holds directly 5% or more of the company's total issued shares, or a director, supervisor or employee of one of the top five corporate shareholders.
6. Not a director, supervisor, officer or shareholder with 5% of more shares, of a special company or institution with financial or business transactions with the company.
7. Not a professional, or an owner, partner, director, supervisor or officer of a proprietorship, partnership, company or institution, that offers business, legal, financial, accounting services or consultancy to the company or an affiliate of the company, or a spouse
8. Not a spouse or within a second-degree relationship of consanguinity to another member
9. None of the circumstances in the subparagraphs of Article 30 of the Company Act applies
10. Never be elected as government, corporate or representative under Article 27 of the Company Act

3.2.5 Remuneration Paid to Directors (Including Independent Director)

2018 Remuneration paid to directors (Including independent directors)

As of December 31, 2018; Unit: NT\$ in thousands

TITLE	NAME(NOTE1)	REMUNERATION TO DIRECTORS								TOTAL REMUNERAION (A+B+C+D) AS A % OF 2017 NET INCOME (NOTE 8)		REMUNERATION TO DIRECTORS AS CONCURRENT EMPLOYEES								TOTAL REMUNERATION (A+B+C+D+E+F+G) AS A % OF 2017 NET INCOME (NOTE 9)		REMUNERATION FROM INVESTED ENTERPRISES OTHER THAN A SUBSIDIARY (NOTE 10)
		REMUNERATION (A) (NOTE 2)		SEVERANCE PAY AND PENSION (B)		REMUNERATION ALLOCATED FROM EARNINGS (C) (NOTE 3)		BUSINESS EXECUTION EXPENSES (D) (NOTE 4)				SALARY, BONUS & ALLOWANCES (E) (NOTE 5)		RETIREMENT PENSION (F)		REMUNERATION (G) (NOTE 6)						
		TANVEX BIO- PHARMA	ALL COM- PANIES CONSOLID ATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO- PHARMA	ALL COM- PANIES CONSOLID ATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO- PHARMA	ALL COM- PANIES CONSOLIDA TED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO- PHARMA	ALL COM- PANIES CONSOLIDAT ED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO- PHARMA	ALL COM-PANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO- PHARMA	ALL COM- PANIES CONSOLID ATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO- PHARMA	ALL COM- PANIES CONSOLIDA TED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO- PHARMA	ALL COM-PANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	CASH DIVIDEND	STOCK DIVIDEND	CASH DIVIDEND	STOCK DIVIDEND	
Director	Peng Lin Investment Co., Ltd. Representative: Chen, Chi-Chuan (NOTE 12)	-	-	-	-	-	-	40	40	(0.002)	(0.002)	-	-	-	-	-	-	-	-	(0.002)	(0.002)	-
Director	Peng Lin Investment Co., Ltd. Representative: Lin, Horng-Dar (NOTE 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Peng Lin Investment Co., Ltd. Representative: Cho, Lung-Yeh	-	-	-	-	-	-	20	20	(0.001)	(0.001)	-	-	-	-	-	-	-	-	(0.001)	(0.001)	-
Director	Delos Capital Fund, LP Representative: Chen, Lin-Cheng	-	-	-	-	-	-	15	15	(0.001)	(0.001)	-	-	-	-	-	-	-	-	(0.001)	(0.001)	-
Director	Allen Chao and Lee Hwa Chao Family Trust Representative: Allen Chao	-	-	-	-	-	-	35	35	(0.002)	(0.002)	-	-	-	-	-	-	-	-	(0.002)	(0.002)	-
Director	Hsia Family Trust Representative: Hsia, David	-	-	-	-	-	-	5	5	(0.000)	(0.000)	-	-	-	-	-	-	-	-	(0.000)	(0.000)	-
Director	Yen, Yun	-	-	-	-	-	-	20	20	(0.001)	(0.001)	-	-	-	-	-	-	-	-	(0.001)	(0.001)	-
Independent Director	Tsai, Jin Pau	612	612	-	-	-	-	80	80	(0.037)	(0.037)	-	-	-	-	-	-	-	-	(0.037)	(0.037)	-
Independent Director	Chang, Lee-Chiou	612	612	-	-	-	-	80	80	(0.037)	(0.037)	-	-	-	-	-	-	-	-	(0.037)	(0.037)	-
Independent Director	Shih, Chuan	612	612	-	-	-	-	15	15	(0.033)	(0.033)	-	-	-	-	-	-	-	-	(0.033)	(0.033)	-

The current year (2018) supervisor remuneration does not apply as Tanvex BioPharma has no supervisor.

Except disclosed above, the Company's directors did not receive any compensation or pay for the services they provided in year 2017 financial report (e.g. providing consultations as non-employee).

Note 1: The above remuneration represented as aggregated amounts. For the remuneration of the Company's Director who is also the CEO, General Manager or Vice President, please refer to the section 3.3.1 of this annual report.

Note 2: Refer to most recent year remuneration (including salary, allowance, termination payment, bonus, etc)

Note 3: Refer to most recent year apportioned remuneration approved by Board Meeting

Note 4: Refer to most recent year business expenses (including transportation, special allowance, other allowances, accommodation, company car, etc.). Nature of asset and cost shall be disclosed if house, vehicle or other individual costs incurred. If a driver is hired, remuneration to the driver shall be disclosed but excluded from remuneration.

Note 5: Refer to most recent year remuneration for a director who is also an employee, including salary, allowance, termination payment, bonus, transportation, accommodation, company car usage, etc. Nature of asset and cost shall be disclosed if house, vehicle or other individual costs incurred. If a driver is hired, remuneration to the driver shall be disclosed but excluded from remuneration. In addition, according to IFRS 2 "Stock Based Remuneration", it shall include employee stock option granted, new restricted stock option and stock subscription during public offering.

Note 6: Refer to most recent year a director who is also an employee (including General Manager, vice General Manager, other managers or staff) gets remuneration (including stocks and cash), shall disclose most recent year apportioned compensator approved by Board Meeting. If the amount can't be predicted, the previous year's apportion rate can be used as reference.

Note 7: Total remuneration shall include all entities within the consolidated financial report.

Note 8: Names of directors shall be disclosed in Payment Range table.

Note 9: Total remuneration shall include all entities within the consolidated financial report. Names of directors shall be disclosed in Payment Range table.

Note 10: Net profit after tax refers to the most recent year amount. If IFRS adopted, net profit after tax shall be most recent year individual entity's net profit after tax.

Note 11: a. Remuneration from invested enterprises other than subsidiaries shall be disclosed. b. The remuneration in a. shall be disclosed in Payment Range table 1st column named "all invested enterprises". c. Remuneration refers to amount a director earned from position as direct, supervisor, managers in the invested enterprises.

Note 12: Peng-Lin Investment Co. Ltd. changed Representative to Lin, Horng-Dar on 12/19/2018.

*Remuneration disclosed in the table applies different concept from that of tax law, therefore, it is for disclosure only and shall not be used for tax purpose.

3.3 Management Team

3.3.1 Information Regarding Management Team

TITLE	NAME	NATIONALITY	GENDER	START DATE	SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING		SHARES HELD IN ANOTHER'S NAME		EDUCATION & MAJOR WORK EXPERIENCE	CONCURRENT POSITIONS CURRENTLY AT OTHER COMPANIES	OFFICER WHO IS THE SPOUSE OR WITHIN SECOND-DEGREE RELATIONSHIP OF CONSANGUINITY TO EACH OTHER			EMPLOYEE STOCK OPTIONS GRANT STATUS
					NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%			TITLE	NAME	RELATIONSHIP	
Director	Allen Chao	U.S.A.	Male	12/17/2014	1,171,811	0.48 %	—	—	180,000	0.07 %	Ph.D., Purdue University, College of Pharmacy Founder and CEO, Watson Pharmaceuticals (now Allergan)	<ul style="list-style-type: none"> CEO and Representative of Corporate Board Director, Tanvex BioPharma, Inc. Chairman, Tanvex Biologics Corp. Chairman, Tanvex Biologics Inc. Chairman, Ansun BioPharma Inc. Board Director, Arbor Pharmaceuticals, LLC Board Director, Mithra Biotechnology Inc. Trust Director, Taipei Medical University 	Director	Hsia, David	Brother-in-law	Note

TITLE	NAME	NATIONALITY	GENDER	START DATE	SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING		SHARES HELD IN ANOTHER'S NAME		EDUCATION & MAJOR WORK EXPERIENCE	CONCURRENT POSITIONS CURRENTLY AT OTHER COMPANIES	OFFICER WHO IS THE SPOUSE OR WITHIN SECOND-DEGREE RELATIONSHIP OF CONSANGUINITY TO EACH OTHER			EMPLOYEE STOCK OPTIONS GRANT STATUS
					NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%			TITLE	NAME	RELATIONSHIP	
Director	David Hsia	U.S.A.	Male	12/17/2014	—	—	—	—	—	—	Ph.D., Purdue University, College of Pharmacy Senior Vice President, R&D, Watson Pharmaceuticals (now Allergan) Manager, Pharmaceutical Technology R&D Director, American Hospital Supply Corp. (now Baxter)	<ul style="list-style-type: none"> • Representative of Corporate Board Director, Tanvex BioPharma, Inc. • Board Director, Tanvex Biologics Inc. • Member of Consulting committee, Allianz Pharmascience Ltd. 	Director	Allen Chao	Brother-in-law	Note
Corporate Controller	James Williamson	U.S.A.	Male	12/01/2018	—	—	—	—	—	—	Bachelor of Science, Business Administration, California State University, Dominguez hills Vice President, Finance Global Operations, Allergan PLC	—	—	—	Note	

Note: Please refer to section 4.5 of this annual report on employee stock option plan status.

3.3.2 Remuneration Paid to CEO, General Manager, President and Vice Presidents in 2018

NT\$ in thousands

TITLE	NAME (NOTE 1)	SALARY (A) (NOTE 2)		SEVERANCE PAY AND PENSION (B)		BONUSES AND ALLOWANCES (C) (NOTE 3)		EMPLOYEE REMUNERATION (D) (NOTE 4)				SUM OF A, B, C, AND D AS % OF 2018 NET INCOME (NOTE 8)		REMUNERATION RECEIVED FROM NON-CONSOLIDATED AFFILIATES (NOTE 9)
		TANVEX BIOPHARMA	ALL CONSOLIDATED ENTITIES (NOTE 5)	TANVEX BIOPHARMA	ALL CONSOLIDATED ENTITIES (NOTE 5)	TANVEX BIOPHARMA	ALL CONSOLIDATED ENTITIES (NOTE 5)	TANVEX BIOPHARMA		ALL CONSOLIDATED ENTITIES (NOTE 5)		TANVEX BIOPHARMA	ALL CONSOLIDATED ENTITIES (NOTE 5)	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
CEO	Allen Chao	3,262	59,368	108	850	2,858	72,058	-	-	-	-	(0.33)	(6.98)	Nil
Chief Scientific Officer	David Hsia													
Vice President Quality, Tanvex US	Reza Rahimi													
Vice President R&D, Tanvex US	Yongjian Wu													
Vice President Manufacturing, Tanvex US	Kaiwen Yang													
Vice President, Business Development & Investor Relations	Pei-Lan Chu (Note 10)													
Vice President Bioprocess, Tanvex US	Jennifer Hopp													
Vice President Project Planning, Tanvex US	Qi Liu													
Corporate Controller	James Williamson													
Senior Vice President Tech Operation/General manager, Tanvex US	Michael Parker (Note 11)													
Chief Financial Officer	Yiching Wu (Note 12)													
Vice President Operational Services, Tanvex US	Dilip Joshi													
Vice President Commercial Sales, Tanvex US	Samuel Lum													

Payment Range

REMUNERATION PAID TO EACH OF THE PRESIDENTS AND VICE	NAMES OF PRESIDENTS AND VICE PRESIDENTS	
	TANVEX BIOPHARMA (NOTE 6)	ALL CONSOLIDATED ENTITIES (NOTE 7) (E)
Below \$2,000,000	Allen Chao; David Hsia	Allen Chao; David Hsia
\$2,000,000 (inclusive) ~ \$5,000,000 (exclusive)	—	Jennifer Hopp, Qi Liu, James Williamson, Michael Parker (NOTE 11), Yiching Wu (NOTE 12)
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	Chu, Pei-Lan (NOTE 10)	Chu, Pei-Lan (NOTE 10)
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	—	Dilip Joshi
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	—	Reza Rahimi, Samuel Lum, Kaiwen Yang
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	—	Yongjian Wu
\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	—	—
Above \$100,000,000	—	—
Total	3	13

Note 1: Name of CEO, Vice Presidents and Officers shall be listed separately. If CEO or Vice President is a director, please refer to Section 3.3.2.
 Note 2: Includes most recent year's salary, raise and severance payment.
 Note 3: Includes most recent year's all types of bonus, incentive, transportation allowance, special allowance, accommodations, housing, and company provided car and other type of non-cash remuneration. Nature of asset and cost, rent paid at actual cost or evaluated by fair market value, gasoline and other payments shall be disclosed if house, vehicle or other individual costs incurred. If a driver is hired, remuneration to the driver shall be disclosed but excluded from remuneration listed above. In addition, according to IFRS 2 "Stock Based Remuneration", it shall include employee stock option granted, new restricted stock option and stock subscription during public offering.
 Note 4: Includes remuneration amount paid to the CEO, Vice Presidents and Officers (including stock and cash) based on the Retained Earnings distribution plan approved by the Board of Directors in most recent year. If the remuneration cannot be projected, previous year's amount can be used as an estimate to fill in the applicable table. Net income after tax is the most recent year's amount. If IFRS is adopted, net income after tax shall be the amount from individual financial statements.
 Note 5: Includes remuneration from all consolidated entities. Name of the CEO, Vice Presidents and Officers shall be disclosed.
 Note 6: Names of CEO and Vice Presidents shall be disclosed in the table of Payment Range.
 Note 7: Includes remuneration from all consolidated entities. Name of the CEO, Vice Presidents and Officers shall be disclosed in the table of Payment Range.
 Note 8: Net income after tax is applied to recent year's amount. If IFRS is adopted, net income after tax shall be the amount from individual financial statements.
 Note 9: a. Disclose remuneration paid to CEO, Vice Presidents and Officers from any reinvested entity other than subsidiaries.
 b. If applied, the remuneration paid to CEO, Vice Presidents and Officers shall be listed in Column E and renamed as "All Invested Entries".
 c. Includes remuneration when the CEO, Vice Presidents and Officers act as a director, supervisor or manager of the invested entities.
 Note 10: Employee resigned in February 2019.
 Note 11: Employee transferred to be consultant in March 2018.
 Note 12: Employee resigned in November 2018.
 *Remuneration disclosed in the above-mentioned table applies different concept from that of tax law, therefore, it is for disclosure only and shall not be used for tax purpose.

3.3.3 Remuneration Paid to Director, Supervisor, CEO, General Manager and Vice Presidents as a Percentage of Net Income after Tax of All Consolidated Entities in Most Recent Two Years, and Remuneration Polices, Standards and Composition, Procedures and Linkage on Business Performance and Future Risks

Remuneration paid to Directors, Supervisors, CEO, General Manager and Vice Presidents as a percentage of net profit after tax in most recent two years.

NT\$ in thousands; %

TITLE	2018				2017			
	REMUNERATION		% OF NET INCOME		REMUNERATION		% OF NET INCOME	
	TANVEX BIOPHARMA	ALL CONSOLIDATED ENTITIES	TANVEX BIOPHARMA	ALL CONSOLIDATED ENTITIES	TANVEX BIOPHARMA	ALL CONSOLIDATED ENTITIES	TANVEX BIOPHARMA	ALL CONSOLIDATED ENTITIES
Board Directors	2,146	2,146	(0.11)	(0.11)	2,115	2,115	(0.15)	(0.15)
CEO, Vice Presidents and Officers	6,228	132,276	(0.33)	(6.98)	15,759	65,765	(1.11)	(4.66)

Policies, standards and composition, procedures and linkage on business performance and future risks.

(1) The Company has established a Compensation Committee to review the performance of directors and managers regularly, and evaluate the policies of salary.

(2) Director: Retained Earnings distribution and remuneration to directors and supervisors are based on the Articles of Incorporation of the Company. Remuneration to directors who execute duties for the company is based on their contribution and benchmarks in the same industry

(3) CEO and Vice Presidents: Remunerations to CEO, Vice Presidents and Officers are based on their position and level of job responsibilities. Bonus is based on the evaluation of working performance and adjusted by projected future risks. The effects of future risk remain low.

3.4 Corporate Governance Implementation Status

3.4.1 Board of Directors Meeting Implementation Status

Five Board meetings were convened in 2018 with directors' attendance is listed below:

TITLE	NAME	NO. OF ATTENDANCE IN PERSON	NO. OF ATTENDANCE BY PROXY	ATTENDANCE RATE (%)	NOTES
Chairman	Peng Lin Investment Co., Ltd. Representative: Lin, Horng-Dar	5	0	100 %	—
Director	Peng Lin Investment Co., Ltd. Representative: Cho, Lung-Yeh	4	0	80 %	—
Director	Allen Chao and Lee Hwa Chao Family Trust Representative: Dr. Allen Chao	5	0	100 %	—
Director	Hsia Family Trust Representative: Hsia, David	4	1	80 %	—
Director	Delos Capital Fund, LP Representative: Chen, Lin Cheng	5	0	100 %	—
Director	Yen, Yun	5	0	100 %	—
Independent Director	Tsai, Jin-Pau	5	0	100 %	—
Independent Director	Chang, Lee-Chiou	4	1	80 %	—
Independent Director	Shih, Chuan	4	1	80 %	—

Others notes to be specified:

1. If one of the following subsequent condition occurs, date, terms, agenda, meeting minutes, opinions of independent directors and how their opinions are responded by the Company shall be listed.

(1) What is listed in Article 14-3 of the Securities and Exchange Act: **None**. Please refer to section of 3.4.12.

(2) Other than above, any Board resolutions on which independent directors have expressed dissenting or qualified opinion, with a record or written statement of such opinion made: **None**. Please refer to section of 3.4.12.

2. Recusal of a director from review of a proposal where stakes are involved; the independent director's name, content of the proposal, reasons for recusal, and voting status:

Name	Meeting Date	Content	Reasons for recusal	Voting status
Director Dr. Allen Chao	2018/12/19	The employee stock options to CEO	Dr. Allen Chao is also the CEO, so he is the stakeholder of this case	The stakeholder left before discussion and vote; proposal resolved unanimously

3. Goal of strengthening the Board of Directors governance and evaluation of implementation status in the current year and most recent year (i.e., establish Audit Committee, increase information transparency): The Company has established an Audit Committee and Compensation Committee to strengthen Board of Directors' governance. Company's website has been established to disclose related information. Financial information has been disclosed on the Market Observation Post System (MOPS) by TWSE.

3.4.2 Audit Committee Meeting Implementation Status

Six audit committee meetings were convened in 2018, with Independent Directors' attendance is listed below:

TITLE	NAME	NO. OF ATTENDANCE IN PERSON	NO. OF ATTENDANCE BY PROXY	ATTENDANCE RATE (%)	NOTES
Convener	Chang, Lee-Chiou	6	0	100 %	2018/06/13 Elected
Member	Tsai, Jin-Pau	6	0	100 %	2018/06/13 Elected
Member	Shih, Chuan	4	2	67 %	2018/06/13 Elected

Others notes to be specified:

1. If one of the following subsequent condition occurs, date, terms, agenda, meeting minutes, resolution of the meeting and how their opinions are responded by the Company shall be listed.

(1) What is indicated in Article 14-5 of the Securities and Exchange Act: Please refer to 3.4.2.1

(2) Other than above, any resolution which was not approved by Audit Committee but passed by more than two third of Board members: **None**.

2. Recusal of an independent director from review of a proposal where stakes are involved, the independent director's name, content of the proposal, reasons for recusal, and voting status: **None**.

3. Communication of independent directors with internal audit supervisors and CPAs (including material items, methods and results of audits of corporate finance or operations, etc.).

(1) The Company's internal audit supervisor has periodically reported audit result to Audit Committee. The internal audit supervisor has also attended meetings of the audit committee:

Date	Meeting	Content
2018.03.26	The 15 th meeting of 1 st term of Audit Committee	<ul style="list-style-type: none"> ● Audit result in Q4, 2017 ● Statement of Internal Audit in 2017
2018.04.26	The 16 th meeting of 1 st term of Audit Committee	<ul style="list-style-type: none"> ● Internal Audit result in Q1, 2018
2018.08.13	The 1 st meeting of 2 nd term of Audit Committee	<ul style="list-style-type: none"> ● Internal Audit result in Q2, 2018
2018.11.05	The 2 nd meeting of 2 nd term of Audit Committee	<ul style="list-style-type: none"> ● Internal Audit result in Q3, 2018 ● Audit plan in 2019

(2) Audit Committee audits the company's financial reports regularly. Independent CPAs also attend Audit Committee meetings to present their audit result.

Date	Meeting	Content
2018.03.26	The 15 th meeting of 1 st term of Audit Committee	<ul style="list-style-type: none"> ● Review instructions for 2017 annual Consolidated Financial Report, Final Statement and Business Reports.
2018.04.26	The 16 th meeting of 1 st term of Audit Committee	<ul style="list-style-type: none"> ● Review instructions for 2018 Q1 Consolidated Financial Report.
2018.08.13	The 1 st meeting of 2 nd term of Audit Committee	<ul style="list-style-type: none"> ● Review instructions for 2018 Q2 Consolidated Financial Report. °
2018.11.05	The 2 nd meeting of 2 nd term of Audit Committee	<ul style="list-style-type: none"> ● Review instructions for 2018 Q3 Consolidated Financial Report.
2018.12.19	The 3 rd meeting of 2 nd term of Audit Committee	<ul style="list-style-type: none"> ● The evaluation of CPA's independence ° ● The appointment of CPA for consolidated financial statements audit of 2019.

3.4.2.1 Important Resolutions of Audit Committee

DATE OF MEETING	IMPORTANT RESOLUTIONS	RESULT
2018.03.26 (The 15 th meeting of 1 st term)	(1) Approved the 2017 annual Consolidated Financial Report, Final Statement and Business Reports. (2) Approved the proposal for loss make-up of 2017. (3) Approved the change to the plan of capital injection into the Company's subsidiaries. (4) Approved of the 2017 Internal Control Declaration. (5) Approved the Amendment to Company's Memorandum and Articles of Association.	(1) Proposal resolved unanimously by the Board of Directors. (2) Proposal resolved unanimously by the Board of Directors. (3) Proposal resolved unanimously by the Board of Directors. (4) Proposal resolved unanimously by the Board of Directors. (5) Proposal resolved unanimously by the Board of Directors.
2018.04.26 (The 16 th meeting of 1 st term)	(1) Approved 2018 Q1 consolidated financial report. (2) Approved relief of directors from non-competition restrictions.	(1) Report to the Board of Directors. (2) Proposal resolved unanimously by the Board of Directors.
2018.05.28 (The 17 th meeting of 1 st term)	Approved the equity finance by issue new shares in 2018	Proposal resolved unanimously by the Board of Directors.
2018.08.13 (The 1 st meeting of 2 nd term)	Approved 2018 Q2 financial report	Report to the Board of Directors.
2018.11.05 (The 2 nd meeting of 2 nd term)	(1) Approved 2018 Q3 consolidated financial report (2) Approved the audit plan of 2019.	(1) Report to the Board of Directors. (2) Proposal resolved unanimously by the Board of Directors.
2018.12.19 (The 3 rd meeting of 2 nd term)	(1) Approved the evaluation of CPA's independence. (2) Approved the appointment of CPA for consolidated financial statements audit of 2019.	(1) Proposal resolved unanimously by the Board of Directors. (2) Proposal resolved unanimously by the Board of Directors.

3.4.3 Corporate Governance Implementation Status and Deviation from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)		NON-COMPLIANCE AND REASONS	
	YES	NO		EXPLANATION
1. Does the company establish and disclose its corporate governance practices in accordance with the Corporate Governance Code of Practice of Taiwan Stock Exchange and Taipei Exchange Listed Companies?	✓		The company has established its Corporate Governance Code of Practice according to the Corporate Governance Code of Practice of Taiwan Stock Exchange and Taipei Exchange Listed Companies, and discloses related information in Corporate Governance section on the company's website.	No material divergence
2. Shareholding structure and shareholders' rights				
(1) Does the company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly?	✓		(1) To protect shareholders' interest, the company assigns spokespersons and deputy spokespersons to handle shareholders' suggestions and disputes.	No material divergence
(2) Does the company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		(2) The company conducts regular reviews of the list of major shareholders based on updated records as of the book closure date, and regularly discloses change of pledge of stock rights owned by shareholders with more than 10% stockholdings.	No material divergence

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			NON-COMPLIANCE AND REASONS
	YES	NO	EXPLANATION	
(3) Has the company built and executed a risk management system and “firewall” between the company and its affiliates?	✓		(3) The company has established an “Operating Procedure for Transactions Among Interested Parties, Special Companies and Group Enterprises”, and strictly complies with it.	No material divergence
(4) Has the company established internal rules prohibiting insider trading on undisclosed information?	✓		(4) The company has established “Procedure for Processing significant inside information” and “Directions for Prevention of Insider Trading” and strictly complies with and enforces them.	No material divergence
3. Composition and responsibilities of the board of directors				
(1) Has the company established a diversification policy for the composition of its board of directors and has it been implemented accordingly?	✓		(1) In regard to the composition of the board of directors, candidates nominated by the board of directors are presented to the shareholders’ meeting for election. Diversity is emphasized in the nomination. Current board members have extensive experience either in the relevant industries or in operation and finance. (a) master of Business Administration School of National Taiwan University, bachelor of Accounting Department of National Taipei University, doctor of Pharmacy School of Purdue University, doctor of Law School of Harvard University, and doctor of Pathology and Cytology School of Thomas Jefferson University as the general directors; (b) master of Insurance School of National Chengchi University, master of Accounting School of National Chengchi University, and doctor of Organic Chemistry School of Ohio State University as the independent directors; and (c) in addition to directors of Taiwanese nationality, there are more directors residing in the USA of different nationalities and with different cultural backgrounds.	No material divergence
(2) Other than the compensation committee and the audit committee which are required by law, does the company plan to set up other board committees?	✓		(2) The company has not set up functional committees other than the compensation committee and the audit committee. New committee will be set up in future based on evaluation of necessities.	No material divergence
(3) Has the company established regulations for evaluating the performance of its board of directors, and conducted such evaluation on an annual basis?	✓		(3) The company’s board of directors adopted the “Board Performance Evaluation Rules” on November 14, 2017 and issued a self-evaluation questionnaire to each of the directors in every December from 2017 so as to evaluate the overall operation of the board of directors and to have each director perform self-evaluation. The completion rate of self-evaluation of the board directors was 97.5% in 2018, please refer to company’s website.	No material divergence
(4) Does the company regularly evaluate its external auditors’ independence?	✓		(4) The board of directors evaluates the independence of CPAs annually. The company and the external auditors are not related parties, and don’t have interest in each other. The recent evaluations resolved in Audit Committee and Board meeting in 12/19/2018.	No material divergence
4. Has the company established corporate governance unit or personnel to manage governance related matters (including but not limited to prepare materials for director and supervisor for performing business, manage matters of Board Meeting and Shareholders Meeting according to related regulations, manage company registration, and prepare meeting minutes of Board Meeting and Shareholders Meeting)?	✓		The company’s CEO Office is in charge of corporate governance matters, including the following: (1) company registration and amendment to registration (2) manage matters of Board Meeting and Shareholders Meeting according to related regulations (3) prepare meeting minutes of Board Meeting and Shareholders Meeting (4) prepare materials for director and supervisor for performing business, update on development of new regulations and support directors and independent	No material divergence

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			NON-COMPLIANCE AND REASONS
	YES	NO	EXPLANATION	
			<p>directors to follow related rules and regulations</p> <p>(5) other compliance matters on company article of associations and contracts</p>	
5. Has the company established a means of communicating with its stakeholders or created a stakeholders section on its company website? Does the company address properly stakeholders' concerns about important corporate responsibilities issues?	✓		<p>(1) Shareholders: The company annually convenes a shareholders' meeting, issues annual reports, and periodically discloses the relevant information on the Market Observation Post System or on its own website as required by law.</p> <p>(2) Employees: The company convenes a labor-management meeting on a regular basis and an employees' meeting on an irregular basis.</p> <p>(3) Suppliers: The company conducts evaluation of applicable suppliers to ensure that all suppliers comply with the laws and regulations of the jurisdiction in which the company operates its business and have no materially wrongful act.</p> <p>The company has spokespersons and deputy spokespersons and designates a specific section for stakeholders on its website so as to respond to the comments from stakeholders.</p>	No material divergence
6. Has the company appointed a professional registrar for its shareholders' meetings?	✓		The company has appointed CTBC Bank to handle its shareholders' meetings.	None
7. Information Disclosure				
(1) Has the company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		(1) The company has established a website and discloses financial and corporate governance data on it. It also discloses financial information on MOPS by TWSE.	No material divergence
(2) Does the company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference etc.)?	✓		(2) The company has assigned personnel to collect and disclose company information and has also appointed spokespersons and deputy spokespersons. The company maintains an English-language website and webcasts investors' conferences onto its website.	No material divergence
8. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education and training of directors and supervisor, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and liability insurances for directors and supervisors)?	✓		<p>(1) Employee rights and employee wellness: Besides following local labor laws, the company has established various measures concerning employee benefits and systems concerning continuing education and training, retirement, and provides employment and medical insurance, group insurance.</p> <p>(2) Investor relations: The company has regularly disclosed financial and business information according to related regulations to protect investors' interest.</p> <p>(3) Supplier relations: the company maintains relations with both suppliers on a good and equal basis.</p> <p>(4) Stakeholders' relations: the company upholds the principle of good faith, maintains excellent communication channel with stakeholders to protect their legal interest.</p> <p>(5) Implementation of risk management policies and risk evaluation measures: The company has established and complies with various bylaws to control risks and audited by internal auditor regularly.</p> <p>(6) Implementation of customer relations policies: Products are still in the R&D stage. Relevant customer policies will be established in future as needed.</p> <p>(7) Liability insurances for directors and supervisors: the company has taken out liability insurance for directors</p>	No material divergence

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			NON-COMPLIANCE AND REASONS
	YES	NO	EXPLANATION	
			and evaluates the coverage regularly.	
<p>9. Please list improved items, and prioritized items under improvement status based on evaluation result from TWSE governance center in most recent year:</p> <p>(1) Improved Projects (a): The annual report reveals the implementation of the resolutions of the shareholders' meeting in the previous year. (b): The annual report reveals in detail the results of the resolutions of the audit committee on major resolutions and the company's handling of the opinions of the audit committee. (c): The board of directors has assessed the independence of CPAs regularly (at least once a year) and disclosed the assessment procedure in the annual report. (d): The annual report reveals the amount and nature of non-audit fees paid to CPAs, CPA firms and affiliates of such firms.</p> <p>(2) Priority improvements (a): Upload agenda and appendices 30 days prior to the date of shareholders' meeting. (b): The company insures all directors of liability insurance and report in the latest board meeting. (c): The annual report and company website reveals the list of shareholder with 5% of more shares or top 10 shareholders including their names, number of shares and percentage.</p>				
<p>Note: Implementation status should be specified when check "yes" or "no".</p>				

3.4.4 The Composition, Duties and Operation of the Compensation Committee

1. Compensation Committee Members

TITLE (NOTE 1)	QUALIFICATIONS NAME	AT LEAST FIVE YEARS' WORK EXPERIENCE, AND THE FOLLOWING PROFESSIONAL QUALIFICATIONS			INDEPENDENCE CRITERIA (NOTE 2)								NO. OF OTHER PUBLIC COMPANIES OF WHICH THE MEMBER ACTS AS AN INDEPENDENT DIRECTOR/COMPENSATION COMMITTEE MEMBER CONCURRENTLY	NOTES	
		RANK OF LECTURER OR ABOVE IN BUSINESS, LAW, FINANCE, ACCOUNTING OR OTHER DEPARTMENT RELATED TO COMPANY BUSINESS, OF A PUBLIC OR PRIVATE COLLEGE OR UNIVERSITY	JUDGE, PROSECUTOR, LAWYER, ATTORNEY, CPA, OR OTHER PROFESSIONAL AND TECHNICAL PERSONNEL HAVING PASSED A NATIONAL EXAMINATION WITH A CERTIFICATE GRANTED, AS REQUIRED BY COMPANY BUSINESS	WORK EXPERIENCE IN BUSINESS, LAW, FINANCE, ACCOUNTING, OR OTHERWISE REQUIRED BY COMPANY BUSINESS	1	2	3	4	5	6	7	8			
Independent Director	Tsai, Jin-Pau	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Chang, Lee-Chiou	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Shih, Chuan	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note 1: Please enter director, independent director or others as identity.

Note 2: Please check the box with a "✓" under each condition number if the member satisfies the relevant condition two years prior to being elected and during employment:

- (1) Not an employee of the Company or an affiliate of the Company.
- (2) Not a director or supervisor of the Company or its affiliates, unless the member is an independent director of the Company, its parent company, or a subsidiary of the Company in which the Company holds directly or indirectly a majority of the shares with voting rights.
- (3) Not a natural-person shareholder who holds 1% or more of the Company's total issued shares or holds Company shares as one of its top ten shareholders, in the member's own name or in the name of his spouse, minor or others.
- (4) Not a spouse, or one-, two- or three-degree relation, of any person listed in the preceding three subparagraphs.
- (5) Not a director, supervisor or employee of institutional shareholders that holds directly 5% or more of the Company's total issued shares, or a director, supervisor or employee of one of the top five institutional shareholders.
- (6) Not a director, supervisor, officer or shareholder with 5% or more shares of any specific company or organization which have financial or business transactions with the company.
- (7) Not a professional, or an owner, partner, director, supervisor or officer of a proprietorship, partnership, company or institution, that offers business, legal, financial, accounting services or consultancy to the Company or an affiliate of the Company, or a spouse.
- (8) None of the circumstances in the subparagraphs of Article 30 of the Company Law applies.

2. Compensation Committee Meeting Implementation Status

(1) The Compensation Committee includes three members.

(2) Term: 1st Term: June 10th, 2015 to June 9th, 2018. 2nd Term: June 21st, 2018 to June 20th, 2021

Three meetings were convened in 2018, eligibility and attendance of members:

TITLE	NAME	NO. OF ATTENDANCE IN PERSON	NO. OF ATTENDANCE BY PROXY	ACTUAL ATTENDANCE RATE (B/A) (%) (NOTE)	NOTES
Convener	Tsai, Jin-Pau	3	0	100 %	—
Member	Chang, Lee-Chiou	3	0	100 %	—
Member	Shih, Chuan	3	0	100 %	—

Others notes to be specified:

- If the board of directors decline to adopt or revise the recommendations of the compensation committee, it shall state the date of the board meeting, term of the board, content of the proposal, results of the board resolutions, and actions taken by the company in response to comments made by the compensation committee (if the remuneration passed by the board is better than as recommended by the compensation committee, the difference and reasons shall be provided): None.
- If a member has expressed a dissenting or qualified opinion, with a record or written statement of such opinion made, on a resolution of the compensation committee, the date of the meeting of the compensation committee, term of the committee, content of the proposal, opinions of all the members, and actions taken to address the opinions shall be specified: None.

Notes:

- If a member of the compensation committee resigned before the last day of fiscal year, the date of departure shall be specified in the Notes column and his/her actual attendance rate (%) shall be based on the number of meetings of the compensation committee that has been held and the number of actual attendance as an active member.
- Where an election of the compensation committee is held before the last day of a fiscal year, both the new and the old members of the compensation committee shall be listed, and whether he is old, new or re-elected, and the date of election, shall be stated in the Notes column. His actual attendance rate (%) shall be based on the number of meetings of the compensation committee that has been held and the number of actual attendance as an active member.

3. Compensation Committee Duties

The compensation committee with the independent position under the applicable law to evaluate compensation of the directors of Board and executives, discharges its responsibilities on compensation policies based on related regulations, and submits suggestions to the Board as reference for decision.

4. Important Resolutions of Compensation Committee

DATE OF MEETING	IMPORTANT RESOLUTIONS	RESULT
2018.03.26 (The 12 th meeting of 1 st term)	<ol style="list-style-type: none"> Approved the amendment of Compensation Committee of Articles of Association. Approved the amendment to the Salaries and Remunerations Policy for Directors and Officers. Approved the amendment to the Performance Evaluation and Review Rules for Officers. Approved the grant/issue of employee stock options of 2018 Approved the ratification to the appointment of the new officers. 	<ol style="list-style-type: none"> Proposal resolved unanimously by the Board of Directors. Proposal resolved unanimously by the Board of Directors after amended. Proposal resolved unanimously by the Board of Directors after amended. Proposal resolved unanimously by the Board of Directors. Proposal resolved unanimously by the Board of Directors.
2018.08.13 (The 1 st meeting of 2 nd term)	Elect 2 nd Term of Compensation Committee convener	Report to the Board of Directors
2018.12.19 (The 2 nd meeting of 2 nd term)	<ol style="list-style-type: none"> Approved the proposal to increase the merit of officers of the Company in the year of 2018 Approved the grant/issue of employee stock options to officers. Approved the employee stock options to CEO. 	<ol style="list-style-type: none"> Proposal resolved unanimously by the Board of Directors. Proposal resolved unanimously by the Board of Directors. Proposal resolved unanimously by the Board of Directors.

3.4.5 Corporate Social Responsibility

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			DIVERGENCE FROM CORPORATE SOCIAL RESPONSIBILITY (CSR) CODE OF PRACTICE OF TAIWAN STOCK EXCHANGE AND TAIPEI EXCHANGE LISTED COMPANIES, AND REASONS
	YES	NO	EXPLANATION	
1. Implementation of corporate governance (1) Does the company have a corporate social responsibility policy or system and evaluate its implementation? (2) Does the company hold regular CSR training? (3) Does the company have a dedicated (or ad-hoc) CSR organization with Board of Directors' authorization for senior management, which reports to the Board of Directors? (4) Does the company set a reasonable compensation policy, integrate employee appraisal with CSR policy, and set clear and effective incentive and disciplinary policies?	✓ ✓ ✓	✓ ✓	(1) The company established a "Corporate Social Responsibility Policy" on August 5, 2016, has implemented the policy and reviewed the result continuously. (2) The company has continuously promoted social responsibilities during department meetings and manager meetings both routinely and occasionally. (3) The company has a non-dedicated CSR office to be served by the CEO office to facilitate the company's continuous CSR fulfillment. (4) The company has made the remuneration and reward/discipline policy. However, as the products of the company are still under RD and the company has not yet had revenue, the Company will integrate its CSR policy as the reference for reward and discipline depending on the actual need in the future.	No material divergence No material divergence No material divergence The policies will be made after assessed as needed in the future.
2. Environmentally sustainable development (1) Is the company committed to improving resource efficiency and to the use of renewable materials with low environmental impact? (2) Has the company set an Environmental management system designed to industry characteristics? (3) Does the company track the impact of climate change on operations, carry out greenhouse gas inventories, and set energy conservation and greenhouse gas reduction strategies?	✓ ✓ ✓	✓ ✓	(1) As a biopharmaceutical company, the company does not use any renewable materials with high environmental impact and always encourages employees to have two sides of paper used so as to maximize the use of paper and make repeated use of files, and thus improve resource efficiency and reduce unnecessary waste. (2) As a biopharmaceutical company, the company has organized a toxic chemical substance team and accepted training and education on toxic chemical substances according to the characteristics of the industry, with its laboratory wastes to be disposed of by an engaged company certified by the government so as to prevent any environmental pollution. Also, the company's decoration has been approved in respect of fire prevention as required by the government and conforms to the laws and regulations for environmental protection, sanitation and fire prevention of each jurisdiction in which the company operates its business. (3) As a biopharmaceutical company, the company encourages employees to recycle, turn off lights when they leave, reduce paper usage, etc to achieve energy saving and carbon reduction.	No material divergence No material divergence No material divergence
3. Promotion of social welfare (1) Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles? (2) Has the company established appropriately managed employee complaint procedures and avenues? (3) Does the company provide employees with a safe and healthy working environment, with regular	✓ ✓ ✓	✓ ✓	(1) The company has established Work Rules pursuant to local law in all regional locations and internationally accepted labor laws to protect employees' rights and interests. (2) The company's employees are able to submit complaint and suggestion through internal meeting, emails, phone call or verbally, and the department head and Human Resource will process or coordinate the matters promptly. (3) The company has had its office decoration approved in respect of fire prevention and engaged a company	No material divergence No material divergence No material divergence

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			DIVERGENCE FROM CORPORATE SOCIAL RESPONSIBILITY (CSR) CODE OF PRACTICE OF TAIWAN STOCK EXCHANGE AND TAIPEI EXCHANGE LISTED COMPANIES, AND REASONS
	YES	NO	EXPLANATION	
safety and health training?			certified by the government to dispose of the laboratory wastes. Also, the company provides its employees with the welfare of annual physical examination and enhances employees' ability to respond to emergencies and concept of safety through continuing education, training, and promotion of awareness, in an effort to provide employees with a safe and healthy working environment.	
(4) Has the company established a mechanism for regular communication with employees and use reasonable measures to notify employees of operational changes which may cause significant impact to employees?	✓		(4) The company communicates major operational policies and objectives to employees through regular and irregular strategic meetings and department meetings.	No material divergence
(5) Has the company established effective career development training plans?	✓		(5) The company encourages continuing education and training subject to individual situations, and has effective career development training plans.	No material divergence
(6) Has the company set polices and consumer complaint procedures in its R&D, purchasing, production, operations, and service processes?		✓	(6) The company has not engaged in product sales yet, and will set consumer interest protection and consumer complaint processing procedures. The company designates a special section on its website for stakeholders' communication, wherein stakeholders, such as suppliers, shareholders and employees, may provide their complaints or suggestions at any time.	No material divergence
(7) Does the company follow regulations and international standards in the marketing and labelling of its products and services?		✓	(7) The company has not engaged in product sales yet, and will follow regulations and international standards in the marketing and labelling of its products and services.	No material divergence
(8) Does the company evaluate environmental and social track records before engaging with potential suppliers?	✓		(8) Before engaging a potential supplier, the company will have its procurement department conduct a proper evaluation and will only engage an ethical supplier with no record of materially causing environmental and social harm so as to keep a long-term commercial relationship.	No material divergence
(9) Do the company's contracts with major suppliers include termination clauses if they violate CSR policy and cause significant environmental and social impact?	✓		(9) The company has not engaged in a contract with any major supplier since the company's product is still in R&D stage.	No material divergence
4. Enhanced information disclosure				
(1) Does the company disclose relevant and reliable CSR information on its website and the Taiwan Stock Exchange website?	✓		(1) The company discloses relevant CSR information in the annual report as required. It is also posted on MOPS by TWSE.	No material divergence
5. If the company has established its corporate social responsibility code of practice according to "Listed Companies Corporate Social Responsibility Code of Practice," please describe the operational status and differences:				
The company has adopted its own "Corporate Social Responsibility Best Practice Principles" in accordance with the "Corporate Social Responsibility Practice Principles for TWSE/GTSM Listed Companies" and has been performing its corporate governance and social responsibility in compliance with the laws and regulations of the jurisdictions in which it operates business, with no material divergence between the company's corporate social responsibility and the applicable practice principles as assessed.				
6. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility:				
(1) Human Rights: All employees are entitled to the same work rights and afforded opportunities for free expression and development, irrespective of race, sex and age.				
(2) Other Social Responsibilities: The company is dedicated to provide high quality, affordable biosimilar drug to benefit people and society.				
7. Other information regarding "Corporate Responsibility Report" which is verified by certification bodies:				
The company has so far not produced a Corporate Social Responsibility Report and not engaged an certification agency for certification.				
Note : Implementation status should be specified when check "yes" or "no".				

3.4.6 Ethical Management

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			DIVERGENCE FROM ETHICAL MANAGEMENT CODE OF PRACTICE OF TAIWAN STOCK EXCHANGE AND TAIPEI EXCHANGE LISTED COMPANIES, AND REASONS
	YES	NO	EXPLANATION	
<p>1. Establish ethical management policies and plans</p> <p>(1) Are the company's guidelines, practices, and board of directors' and management's commitments to implement the policies provided in its bylaws and disclosed publicly?</p> <p>(2) Has the company established, and does it strictly enforce, relevant policies for preventing any unethical conduct, each incorporating operating procedures and guidelines, penal provisions for violations, and complaint mechanisms?</p> <p>(3) Does the company adopt measures for preventing the business activities in Article 7, paragraph 2 of the Code of Ethics of Taiwan Stock Exchange and Taipei Exchange Listed Companies or business activities within other business scope with a higher risk of unethical conduct?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(3) The company has made "Ethical Management Principles" and "Ethical Operating Procedures and Guidelines for Conduct" in accordance with applicable laws, while the board of directors and the management have fulfilled their obligations as good administrators to supervise the implementation of the ethical management policies.</p> <p>(4) The company has made "Ethical Management Principles" and "Ethical Operating Procedures and Guidelines for Conduct", while the board of directors and the management have fulfilled their obligations as good administrators to supervise the implementation of the ethical management policies, and the auditing office has conducted audit on an irregular basis.</p> <p>(5) The company has made "Ethical Management Principles" and "Ethical Operating Procedures and Guidelines for Conduct" and has given anti-corruption instructions to its board directors and employees so as for them to understand the company's determination to implement ethical management and the consequence of any unethical conduct.</p>	<p>No material divergence</p> <p>No material divergence</p> <p>No material divergence</p>
<p>2. Ethical management</p> <p>(1) Does the company evaluate trading counterparts' ethical records and incorporate ethics related clauses in the contracts executed with them?</p> <p>(2) Has the company set up a dedicated (ad hoc) unit under the board of directors in charge of promotion of the company's ethical management and reporting the enforcement to the board of directors on a regular basis?</p> <p>(3) Has the company established policies to prevent conflicts of interest? Does it provide appropriate communication avenues? Does it strictly comply with such policies?</p> <p>(4) Has the company established effective accounting and internal control systems for the implementation of ethical management? Does the internal audit unit conduct regular audits itself or through CPAs?</p> <p>(5) Does the company provide internal and external educational training on ethical management on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p></p> <p></p>		<p>(1) The company conducts business activities in a fair, transparent manner and evaluates potential trading counterparts before entering into transactions with them to ascertain whether they are legal and have a poor ethical record.</p> <p>(2) The company has dedicated Internal Auditor who reports to Board, and supervises the implementation of ethical management.</p> <p>(3) The company has made "Rules of Procedure for Board Meetings" to provide that, if a director or the legal entity that the director represents has an interest in a proposal that is likely to prejudice the interests of the company, the director shall excuse himself or herself from the discussion or voting on the proposal and may not exercise the voting right as proxy for another director. Also, the company has made "Guidelines for Prevention of Insider Trading" and "Procedures for Handling Material Inside Information", under which no staff may disclose any unpublished information of the company, and the company promotes the awareness thereof at employees' meetings so as to ensure the faithful implementation of the relevant policies.</p> <p>(4) The company has established effective accounting and internal control systems in accordance with applicable laws and regulations. Its internal auditors review its compliance on a regular basis and report to the Board of Directors and Audit Committee.</p> <p>(5) The company promotes the awareness of matters relating to ethical management at employees' and supervisors' meetings.</p>	<p>No material divergence</p> <p>No material divergence</p> <p>No material divergence</p> <p>No material divergence</p> <p>No material divergence</p>

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			DIVERGENCE FROM ETHICAL MANAGEMENT CODE OF PRACTICE OF TAIWAN STOCK EXCHANGE AND TAIPEI EXCHANGE LISTED COMPANIES, AND REASONS
	YES	NO	EXPLANATION	
3. Implementation of Compliance Procedures				
(1) Has the company established specific report and incentive systems, set up convenient avenues for reports to be made, and assigned appropriate personnel to entertain reports against accused parties?	✓		(1) The company encourages employees to report any unethical and improper behavior and rewards complainants based on the severity of the matters. Employees may report any ethics violation through stakeholder section, related management shall take action immediately and inform complainants on the result. The whole reporting process is confidential to protect the complainants.	No material divergence
(2) Does the company have standard operating procedures for investigating reports entertained, and the relevant nondisclosure mechanism?	✓		(2) Employees may report any ethics violation through stakeholder section. The whole reporting process is confidential to protect the complainants.	No material divergence
(3) Does the company adopt measures to protect informers from inappropriate actions taken against them?	✓		(3) The company adopts measures to protect informers from inappropriate actions against them.	No material divergence
4. Enhanced information disclosure				
(1) Does the company disclose the content and results of promotion of its code of ethics on its website and the Market Observation Post System?	✓		(1) The company has disclosed its Code of Ethical Management in its annual report and on its website.	No material divergence
5. If the company has established a code of ethics based on the Code of Ethics of Taiwan Stock Exchange and Taipei Exchange Listed Companies, please describe the enforcement of its own code of ethics and any discrepancy between the two codes:				
The company has established "Ethical Management Principles", takes social responsibilities, constantly follows ethical management principle.				
6. Other important information to facilitate better understanding of the company's enforcement of ethical management (e.g., review and amendment of the company's code of ethics):				
The company keeps track of development on related rules and regulations domestically and internationally, update and promote ethical management policies accordingly, to improve the implementation results.				
Note : Implementation status should be specified when check "yes" or "no"				

3.4.7 Description of How Company Discloses Its Code of Corporate Governance and Relevant Bylaws, If Applicable

In compliance with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the company has established "Rules of Procedures for Board Meetings", "Rules of Procedures for Shareholders' Meetings", "Election Procedures for Directors", "Rules of Audit Committee" and "Rules of Compensation Committee". All information is disclosed on the company's website for inquiry.

3.4.8 Other Important Information to Facilitate Shareholders' Understanding of Corporate Governance

None.

3.4.9 Internal Control System Execution Status

2018 Statement of Internal Control System

Tanvex BioPharma, Inc. Statement of Internal Control System

Date: March 26, 2019

Tanvex's self-assessment results for 2018 Internal Control System are presented below:

1. Tanvex is fully aware that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Board of Directors and management. Tanvex has established such a system with the objective to provide reasonable assurance for attainment of operating effect and efficiency (including profitability, performance, and safeguarding of assets), reliability of our financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Tanvex BioPharma takes immediate remedial actions in response to any identified deficiencies.
3. Tanvex BioPharma evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each of such components is further divided into several items, which can all be found in the Regulations.
4. Tanvex BioPharma has evaluated the design and operating effectiveness of its internal control system according to the Regulations.
5. Based on the findings of such evaluation, Tanvex BioPharma believes that as of December 31, 2018, it has maintained in all material respects an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.
6. To comply with the Taiwan Stock Exchange Corporation Rules for Regulating Primary Listed Foreign Issuers, the Company has retained a CPA to conduct a special audit of the internal control system in connection with the reliability of financial reporting and safeguarding of asset security (prevention of unauthorized acquisition, use, or disposition of assets) for the aforementioned period pursuant to Article 28 of the Regulations. As indicated above, such systems have been designed and implemented effectively, with no material deficiency affecting the reliability of the recording, processing, compilation, and reporting of financial information, and no material deficiency affecting the safeguarding of asset security resulting in any unauthorized acquisition, use, or disposition of assets.
7. This Statement will be an integral part of Tanvex BioPharma's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
8. This Statement has been approved by the Board of Directors in the meeting held on March 28, 2019, where none of the nine attending directors expressing any dissenting opinion and the remainder all affirming the content of this Statement.

Tanvex BioPharma, Inc.

Chairman: Horng-Dar Lin

CEO: Dr. Allen Chao

3.4.10 Description of Any Legal Sanctions Against Company or Its Internal Personnel, Disciplinary Action Taken by the Company Against Its Own Personnel for Violation of Internal Controls, and Major Shortcomings in Company's Internal Control System as Well as Improvements Made, in 2018 and as of the Date of This Annual Report

CAUSE	REASON	RESOLUTIONS
Major information declaration does not comply with the regulations	<ul style="list-style-type: none"> ● Approved in Board of Directors' meeting on 3/23/2018 for TW subsidiary Tanvex Biologics Corporation to withdraw equity financing, but made the late announcement on 1/17/2019 at 18:57. ● Finance/Accounting officers personnel changes adopted in Board of Directors' meeting for TW subsidiary Tanvex Biologics Corporation on 5/9/2018, but made the late announcement on 1/15/2019 at 13:56. ● Litigation and non-litigation agents changes on 12/19/2018, but made late announcement on 2/22/2019 at 14:35. 	<ul style="list-style-type: none"> ● Get training to gain more knowledge of regulation for related personnel. ● Communicate with underwriter or authority before make public announcements, and reserve plenty of time to work on. ● Ask for assistance from attorney or underwriter for public announcements of the important resolutions of Board of Directors' meetings.

3.4.11 Important Resolutions of Shareholders' Meetings in 2018 and as of the Date of This Annual Report

DATE OF MEETING	TYPE	IMPORTANT RESOLUTIONS	IMPLEMENTATION
2018/06/13	Shareholders' meeting	<ol style="list-style-type: none"> 1. Approved 2017 annual consolidated financial report, final statement and business report. 2. Approved the proposal of loss make-up for year 2017. 3. Adoption the amendment of Company Articles. 4. Approved the re-election for Company's Board of Directors. 5. Approved relief of directors from non-competition restrictions. 	<ol style="list-style-type: none"> 1. Shareholders approved by voting, no follow-up needed. 2. Shareholders approved by voting, no follow-up needed. 3. Shareholders adopted by voting, no follow-up needed. 4. Shareholders voted to elect 9 board of directors (including 3 independent directors), no follow-up needed. 5. Shareholders approved by voting, no follow-up needed.

3.4.12 Important Resolutions of Board of Directors' Meetings in 2018 and as of the Date of This Annual Report

DATE OF MEETING	TYPE	IMPORTANT RESOLUTIONS	Any Dissenting Opinion Made by Independent directors
2018/03/26	Board of Directors' meeting	<ol style="list-style-type: none"> 1. Approved the 2017 annual Consolidated Financial Report, Final Statement and Business Reports. 2. Approved the proposal for loss make-up of 2017. 3. Approved the change to the plan of capital injection into the Company's subsidiaries. 4. Approval of the 2017 Internal Control Declaration. 5. Approved the amendment to the Rules of Remuneration Committee. 6. Approved the amendment to the Salaries and Remunerations Policy for Directors and Officers. 7. Approved the amendment to the Performance Evaluation and Review Rules for Officers. 8. Approved the Amendment to Company's Memorandum and Articles of Association. 9. Approved the re-election for Company's Board of Directors. 10. Approved the acceptance of the list of director candidates' nomination, review standards and relevant process. 11. Approved the list of director candidates, including independent director candidates, to be nominated by the Board of Directors. 12. Approval of the issuance of Employee Stock Option for 2018. 13. Approved the ratification to the appointment of the new officers. 14. Approved the compensation to officers. 15. Approved the time, venue, and agenda of the 2018 shareholders' annual general meeting. 	<ol style="list-style-type: none"> 1. None. 2. None. 3. None. 4. None. 5. None. 6. None. 7. None. 8. None. 9. None. 10. None. 11. None. 12. None. 13. None. 14. None. 15. None.

DATE OF MEETING	TYPE	IMPORTANT RESOLUTIONS	Any Dissenting Opinion Made by Independent directors
2018/04/16	Board of Directors' meeting	<ol style="list-style-type: none"> 1. Approved relief of directors from non-competition restrictions. 2. Approved proposed addition of report 	<ol style="list-style-type: none"> 1. None. 2. None.
2018/05/29	Board of Directors' meeting	Approved the equity finance by issue new shares in 2018	None.
2018/06/13	Shareholders' meeting	<ol style="list-style-type: none"> 1. Approved 2017 annual consolidated financial report, final statement and business report. 2. Approved the proposal of loss make-up for year 2017. 3. Adoption the amendment of Company Articles. 4. Approved the re-election for Company's Board of Directors. 5. Approved relief of directors from non-competition restrictions. 	<ol style="list-style-type: none"> 1. None. 2. None. 3. None. 4. None. 5. None.
2018/06/21	Board of Directors' meeting	<ol style="list-style-type: none"> 1. Chairman election 2. Approved 2nd term of audit committee members appointment. 3. Approved 2nd term of compensation committee members appointment. 	<ol style="list-style-type: none"> 1. None. 2. None. 3. None.
2018/11/05	Board of Directors' meeting	Approved the audit plan of 2019.	None.
2018/12/19	Board of Directors' meeting	<ol style="list-style-type: none"> 1. Approved the evaluation of CPA's independence. 2. Approved the appointment of CPA for consolidated financial statements audit of 2019. 3. Approved the proposal to increase the merit of officers of the Company in the year of 2018. 4. Approved the grant/issue of employee stock options to officers. 5. Approved the employee stock options to CEO. 	<ol style="list-style-type: none"> 1. None. 2. None. 3. None. 4. None. 5. None.
2018/12/19	Extraordinary Board of Directors' meeting	Chairman election	None.
2019/01/04	Extraordinary Board of Directors' meeting	Approved capital injection of US \$ 20Million into the Company's subsidiary Tanvex BioPharma, Inc. U.S.A	None.
2019/02/13	Board of Directors' meeting	<ol style="list-style-type: none"> 1. Approval of operation and budget plan of 2019. 2. Approved capital injection into the Company's subsidiary Tanvex BioPharma, Inc. U.S.A 3. Approved the appointment of Corporate Controller. 	<ol style="list-style-type: none"> 1. None. 2. None. 3. None.
2019/03/28	Board of Directors' meeting	<ol style="list-style-type: none"> 1. Approved the 2018 annual Consolidated Financial Report, Final Statement and Business Reports. 2. Approved the proposal for loss make-up of 2018. 3. Approval of the issuance of Employee Stock Option for 2019. 4. Approval of the 2017 Internal Control Declaration. 5. Approval of "SOP to Meet Board of Directors' requirements". 6. Approval of CPA changes by PwC's internal policy. 7. Approved relief of directors from non-competition restrictions. 8. Adoption the amendment of Company Articles. 9. Amendment to the Operational Procedures for Acquisition and Disposal of Assets. 	<ol style="list-style-type: none"> 1. None. 2. None. 3. None. 4. None. 5. None. 6. None. 7. None. 8. None. 9. None. 10. None. 11. None.

DATE OF MEETING	TYPE	IMPORTANT RESOLUTIONS	Any Dissenting Opinion Made by Independent directors
		10. Amendment to the Operational Procedures for Fund Loan. 11. Amendment to the Operational Procedures for Endorsement Guarantee. 12. Approved the time, venue and proposals of annual general meeting in 2019.	12. None.

3.4.13 Major Issues of Any Dissenting Opinion Made by Any Director or Supervisor to Important Resolution Approved by the Board of Directors, Where There Is a Record or Written Statement of Such Opinion, in 2018 and as of the Date of This Annual Report

None.

3.4.14 Resignation and Dismissal of Chairman, CEO, General Manager, Heads of Accounting and Finance, Internal Audit Supervisor, Head of R&D during 2018 and as of the Date of This Annual Report

DATE	TITLE	NAME	REASON
2018/11/30	Chief Financial Officer	Yiching Wu	Resigned
2018/12/19	Chairman	Chi-Chuan Chen	Institutional Shareholder changed representative

3.5 Independent Auditor Information

3.5.1 Audit Fees and Non-Audit Fees Paid to CPAs, CPA Firms, and Affiliates of Such Firms

Unit: NT\$ in thousands

ACCOUNTING FIRM	NAME OF CPA	AUDIT FEE	NON-AUDIT FEE					CPA'S AUDIT PERIOD	NOTES
			RULES STIPULATION	REGISTRATION	HUMAN RESOURCE	OTHERS	SUBTOTAL		
Pricewaterhouse Coopers Taiwan	Tseng, Hui-Chin Teng, Sheng-Wei	2,953	0	75	0	8,290	8,365	2018	Note 1

Note 1: Fees mainly related to US GAAP conversion project and agreed-upon procedures for equity financing.

3.5.2 Discussion of Replacement of Accounting Firm when the Audit Fees Paid in the Year of Replacement are Less Than the Audit Fees of the Previous Year

None.

3.5.3 Discussion of Audit Fees if Current Year Fees are Less Than the Previous Year by 15% or More

None.

3.6 Replacement of Auditors

None.

3.7 Discussion of Circumstances if the Company's Chairman, CEO, or Officers Responsible for Finance and Accounting Operations Have Held Positions at the CPA Firm or Its Affiliates within recent year

None.

3.8 Information on the Equity Transfers and Changes in Pledges of Stock Rights by Directors, Supervisors, Officers and Major Shareholders Holding More than 10% of Company's Shares, in 2018 and up to the Date of This Annual Report

3.8.1 Changes in Equity of Directors, Supervisors, Officers and Major Shareholders

TITLE (NOTE 1)	NAME	2018		APRIL 21TH, 2019	
		INCREASE OR DECREASE IN SHAREHOLDING	INCREASE OR DECREASE IN SHARES PLEDGED	INCREASE OR DECREASE IN SHAREHOLDING	INCREASE OR DECREASE IN SHARES PLEDGED
Director and Major shareholder	Peng Lin Investment Co., Ltd.	—	—	—	—
	Representative: Lin, Horng-Dar	—	—	—	—
Director and Major shareholder	Peng Lin Investment Co., Ltd.	—	—	—	—
	Representative: Cho, Lung-Yeh	—	—	—	—
Director	Allen Chao and Lee Hwa Chao Family Trust	1,556,556	—	—	—
	Representative: Allen Chao	28,390	—	—	—
Director	Hsia Family Trust	36,000	—	—	—
	Representative: David Hsia	—	—	—	—
Director	Delos Capital Fund, LP	—	—	—	—
	Representative: Chen, Lin-Cheng	—	—	—	—
Director	Yen, Yun	25,231	—	—	—
Independent Director	Tsai, Jin-Pau	—	—	—	—
Independent Director	Chang, Lee-Chiou	—	—	—	—
Independent Director	Shih, Chuan	—	—	—	—
CEO	Allen Chao	—	—	—	—
Chief Technology Officer	David Hsia	—	—	—	—
CFO	James Williamson	—	—	—	—
Vice President, Business Development Office & Investor Relations (Note2)	Chu, Pei-Lan	135,000	—	—	—
10% Major shareholder	Tanvex Biologics, Inc.	360,000	—	—	—

Note 1: Shareholders with shareholdings above 10% shall be stated as Major shareholders.

Note 2: Resigned on February 18th, 2019.

3.8.2 Information on a Counterparty to an Equity Transfer or Pledge of Stock Rights Who Is an Related Party

None.

3.9 Information on Top 10 Shareholders Who Are Related Party, Spouse, or Within a Second-Degree Relationship of Consanguinity to Each Other

April 21, 2019 / Unit: Shares; %

NAME (NOTE 1)	SHAREHOLDING IN SHAREHOLDER'S OWN NAME		SPOUSE AND MINOR SHAREHOLDING		SHAREHOLDING IN ANOTHER'S NAME		NAME AND RELATIONSHIP OF ANY OF THE TOP 10 SHAREHOLDERS BEING A RELATED PARTY, SPOUSE, OR WITHIN A SECOND-DEGREE RELATIONSHIP OF CONSANGUINITY TO THE MEMBER		NOTES
	SHARES	SHARE- HOLDING	SHARES	SHARE- HOLDING	SHARES	SHARE- HOLDING	NAME	RELATION-SHIP	
Peng Lin Investment Co., Ltd.	70,566,999	28.92	—	—	—	—	—	—	
Representative: Lin, Horng-Dar	—	—	—	—	—	—	—	—	
Representative: Cho, Lung-Yeh	—	—	—	—	—	—	—	—	
Tanvex Biologics, Inc.	37,811,668	15.50	—	—	—	—	—	—	
Representative: Allen Chao	1,171,811	0.48	180,000	0.07					
Allen Chao and Lee Hwa Chao Family Trust	18,444,578	7.56	—	—	—	—	Allen Chao Interests, Ltd. MAL Investment Company Hsia Family Trust	The directors are within a second- degree relationship of consanguinity to one another.	
Representative: Allen Chao	1,171,811	0.48	180,000	0.07	—	—	—	—	
Delos Capital Fund, LP	14,400,000	5.90	—	—	—	—	—	—	
Representative: Chen, Lin- Cheng	—	—	—	—	—	—	—	—	
Cathay Life Insurance C.o, Ltd.	6,626,000	2.72	—	—	—	—	—	—	
Representative:Huang, Tieou- Guwei	—	—	—	—	—	—	—	—	
Allen Chao Interests, Ltd.	5,314,086	2.18	—	—	—	—	Allen Chao and Lee Hwa Chao Family Trust MAL Investment Company Hsia Family Trust	The directors are within a second-degree relationship of consanguinity to one another.	
Representative:Michael Chao	—	—	—	—	—	—	—	—	
ARCH Healthcare Fund, LLC	4,601,578	1.89	—	—	—	—	—	—	
Representative:Michael Chao	—	—	—	—	—	—	—	—	
Fubon Life Insurance C.o, Ltd.	3,810,000	1.56	—	—	—	—	—	—	
Representative:Tsai, Ming- Hsiang	—	—	—	—	—	—	—	—	
MAL Investment Company	3,073,392	1.26	—	—	—	—	Allen Chao and Lee Hwa Chao Family Trust Allen Chao Interests, Ltd.	The directors are within a second-degree relationship of consanguinity to one another.	
Representative:Michael Chao	—	—	—	—	—	—	—	—	
Yi Tai Investment Co., Ltd.	2,607,696	1.07	—	—	—	—	—	—	

Representative: Chang, Kun-Lung	—	—	—	—	—	—	—	—	—
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Note 1: Top 10 shareholders shall be all disclosed. If a shareholder is a corporate entity, both the corporate name and representative name shall be disclosed.

3.10 Shareholding in the Reinvested Entity by the Company; Directors, Supervisors or Officers of the Company; and Entity Directly or Indirectly Controlled by the Company; and their Consolidated Shareholdings

Unit: 1,000 shares; %

REINVESTMENT ENTITY (NOTE)	TANVEX BIOPHARMA SHAREHOLDING		SHAREHOLDING OF DIRECTORS, SUPERVISORS, OFFICERS, AND DIRECTLY OR INDIRECTLY CONTROLLED ENTERPRISES		CONSOLIDATED SHAREHOLDING	
	SHARES	SHAREHOLDING	SHARES	SHAREHOLDING	SHARES	SHAREHOLDING
Tanvex Biologics Corporation	211,419	100%	0	0	211,419	100%
Tanvex BioPharma USA, Inc.	1,000	100%	0	0	1,000	100%

Note: Adopt Equity Method Investment

4. Financing

4.1 Capital and Shares

4.1.1 Capitalization

1. Changes in capital in recent years and up to the date of this annual report

As of April 21, 2019

MONTH/ YEAR	ISSUE PRICE (\$)	AUTHORIZED SHARE CAPITAL		PAID-IN CAPITAL		NOTES		
		SHARES (IN 1,000 SHARES)	AMOUNT	SHARES (IN 1,000 SHARES)	AMOUNT (NT\$ in Thousands, unless expressed in US\$)	SOURCES OF CAPITAL (NT\$ in Thousands, unless expressed in US\$)	STOCK PAYMENT PAID WITH ASSETS OTHER THAN CASH	OTHERS
05/2013	US\$ 0.0001	500,000	US\$ 50,000	0.001	US\$ 0.0001	Seed capital	None	
09/2013	-	-	-	-	-	Buy-back and deregistration	None	
09/2013	US\$ 0.2	500,000	US\$ 50,000	80,000	US\$ 8,000	Cash capital increase US\$8,000	None	
10/2014	US\$ 0.4	500,000	US\$ 50,000	130,000	US\$ 13,000	Cash capital increase US\$5,000	None	
03/2015	US\$ 1.5	500,000	US\$ 50,000	163,333	US\$ 16,333	Cash capital increase US\$3,333	None	
03/2015	US\$ 1.5	500,000	US\$ 50,000	164,418	US\$ 16,642	Face value of conversion of stock options US\$109	None	
04/2015	US\$ 1.5	500,000	US\$ 50,000	165,665	US\$ 16,567	Face value of conversion of stock options US\$125	None	
05/2015	NT\$10	500,000	5,000,000,000	165,665	1,656,651	Capital conversion \$518,540	None	Note 2
						Conversion of capital surplus to capital stock \$1,656,132		Note 3
06/2015	US\$ 0.2~0.4	500,000	5,000,000,000	166,408	1,664,084	Conversion of stock options \$7,434	None	
02/2016	NT\$128	500,000	5,000,000,000	192,408	1,924,084	Cash capital increase NT\$3,328	None	Note 4
02~12/2016	US\$ 0.2~1.5	500,000	5,000,000,000	192,993	1,929,927	Conversion of stock options \$5,843	None	
01~09/2017	US\$ 0.2~1.5	500,000	5,000,000,000	193,543	1,935,432	Conversion of stock options \$5,505	None	
10/2017	NT\$72	500,000	5,000,000,000	216,543	2,165,432	Cash capital increase NT\$230,000	None	Note 5
11~12/2017	US\$ 0.2~1.5	500,000	5,000,000,000	216,636	2,166,364	Conversion of stock options \$93	None	
01~08/2018	US\$ 0.2~1.5	500,000	5,000,000,000	217,338	2,173,384	Conversion of stock options \$7,020	None	
08/2018	NT\$85	500,000	5,000,000,000	242,338	2,423,384	Cash capital increase NT\$250,000	None	Note 6
09~12/2018	US\$ 0.2~1.5	500,000	5,000,000,000	243,068	2,430,678	Conversion of stock options \$7,294	None	
01~04/2019	US\$ 0.2~1.5	500,000	5,000,000,000	243,974	2,439,741	Conversion of stock options \$9,063	None	

Note 1: With regard to the stock capital of the Company, no stock payment has been paid with assets other than cash up to the date of the annual report.
Note 2: For the purposes of applying for primary listing on the Taipei Stock Exchange or Taipei Exchange, Tanvex resolved in the shareholders' meeting of May 15, 2015 on the change of capital, where US\$0.0001 per share and the paid-in capital of US\$16,566.51 were to be converted as NT\$10 per share and a paid-in capital of NT\$518,540, at the average US\$:NT\$ spot rate of 1:31.30 of the Bank of Taiwan as at March 31, 2015.
Note 3: Tanvex resolved in the shareholders' meeting of May 15, 2015 on the conversion of capital surplus as common shares at \$1,656,131,960.
Note 4: Approval date on cash capital increase: January 7th, 2016. Approval certificate Ginguanzhengfazi no. 1040053944
Note 5: Approval date on cash capital increase: October 3rd, 2017. Approval certificate Taizhengshangerhfazi no. 1060018129
Note 6: Approval date on cash capital increase: June 22th, 2018. Approval certificate Ginguanzhengfazi no. 1070321886

2. Types of shares in recent year and up to the date of this annual report

As of April 21, 2019; unit: share

TYPE	AUTHORIZED NUMBER OF SHARES			NOTES
	OUTSTANDING	NOT YET ISSUED	TOTAL	
Common stock	243,974,074	256,025,926	500,000,000	Listed stock

4.1.2 Composition of Shareholders

As of April 21, 2019

COMPOSITION NUMBER OF SHARES	GOVERNMENT INSTITUTIONS	FINANCIAL INSTITUTIONS	OTHER JURISTIC PERSONS	INDIVIDUALS	FOREIGN INSTITUTIONS AND INDIVIDUALS	TOTAL
Number of shareholders	—	5	50	5,390	61	5,506
Shares	—	13,008,829	89,871,056	39,950,927	101,143,262	243,974,074
Shareholding	—	5.33%	36.84%	16.38%	41.145%	100.00%

4.1.3 Distribution Profile of Share Ownership

As of April 21, 2019; unit: share

SHAREHOLDER OWNERSHIP	NO. OF SHAREHOLDERS	SHARES	SHAREHOLDING (%)
1~999	199	36,454	0.01%
1,000~5,000	4,175	7,286,347	2.99%
5,001~10,000	439	3,498,758	1.43%
10,001~15,000	173	2,211,081	0.91%
15,001~20,000	130	2,382,560	0.98%
20,001~30,000	111	2,768,547	1.13%
30,001~40,000	55	1,916,447	0.79%
40,001~50,000	44	2,005,568	0.82%
50,001~100,000	79	5,334,698	2.19%
100,001~200,000	41	5,367,648	2.20%
200,001~400,000	18	5,269,541	2.16%
400,001~600,000	10	5,012,891	2.05%
600,001~1,000,000	4	3,000,689	1.23%
800,001~1,000,000	2	1,817,121	0.74%
Over 1,000,001	26	196,065,724	80.37%
Total	5,506	243,974,074	100.00%

4.1.4 Major Shareholders (Names, and Shareholdings Either with up to 5% of Equity or among the Top Ten Shareholders)

As of April 21, 2019

SHARE	SHARES	SHAREHOLDING %
S MAJOR SHAREHOLDERS		
Peng Lin Investment Co., Ltd.	70,566,999	28.92%
Tanvex Biologics, Inc.	37,811,668	15.50%
Allen Chao and Lee Hwa Chao Family Trust	18,444,578	7.56%
Delos Capital Fund, LP	14,400,000	5.90%

4.1.5 Market Value, Net Worth, Earnings and Dividends per Share, and Other Related Information in Most Recent Two Years

Unit: NT\$

YEAR	2017 (NOTE 1)	2018 (NOTE 1)	2019 UP TO 3/31 (NOTE 2)		
ITEM					
Market Price per share	Highest	101.5	132.50	80.90	
	Lowest	73.5	53.00	61.50	
	Average	81.15	85.65	71.63	
Net Worth per share	Before distribution	17.3	17.3	15.46	
	After distribution	17.3	17.3	15.46	
Earnings per share	Weighted average (1,000 shares)	193,358	227,660	243,659	
	Earnings (losses) per share	(7.29)	(8.32)	(2.12)	
Dividends per share	Cash dividends	—	—	—	
	Stock grants	Stock Dividend from Retained Earnings	—	—	—
		Stock Dividend from Capital Reserve	—	—	—
Accumulated undistributed dividends	—	—	—		
Returns on investment	Price/earnings ratio	Not listed on Taiwan Stock Exchange or Taipei Exchange	Not applicable	Not applicable	
	Price/dividend ratio	(Note 3)	(Note 3)	(Note 3)	
	Cash dividend yield	(Note 3)	(Note 3)	(Note 3)	
Note 1: The financial data of 2017 and 2018 are from pro forma consolidated financial reports duly audited and certified by CPAs Note 2: The financial data of 2019 Q1 reviewed by CPAs Note 3: No distribution of dividend in 2017 and 2018 Note 4: Listed stock on Taiwan Stock Exchange (TWSE) on October 26, 2017					

4.1.6 Dividend Policy and Distribution of Earnings

Dividend policy set out in the Articles of Association:

Unless otherwise provided in the Applicable Listing Rules, where the Company makes profits before tax for the annual financial year, the Company shall allocate (1) at least one percent (1%) of such annual profits before tax for the purpose of employees' remunerations (including employees of the Company and/or any Affiliated Company) (the "Employees' Remunerations"); and (2) at most three percent (3%) of such annual profits before tax for the purpose of Directors' remunerations (the "Directors' Remunerations"). Notwithstanding the foregoing paragraph, if the Company has accumulated losses of the previous years for the annual financial year, the Company shall set aside the amount of such accumulated losses prior to the allocation of Employees' Remunerations and Directors' Remunerations. Subject to Cayman Islands law and notwithstanding Article 139, the Employees' Remunerations may be distributed in the form of cash and/or bonus shares, and the Directors' Remunerations may be distributed in the form of cash, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds (2/3) or more of the Directors. The resolutions of Board of Directors regarding the distribution of the Employees' Remunerations and the Directors' Remunerations in the preceding paragraph shall be reported to the Shareholders at the general meeting after such Board resolutions are approved.

Unless otherwise provided in the Applicable Listing Rules, the net profits of the Company for each annual financial year shall be allocated in the following order and proposed by the Board of Directors to the Shareholders in the general meeting for approval:

- (a) to make provision of the applicable amount of income tax pursuant to applicable tax laws and regulations;
- (b) to set off cumulative losses of previous years (if any);
- (c) to set aside ten percent (10%) as Legal Reserve pursuant to the Applicable Listing Rules unless the accumulated amount of such Legal Reserve equals to the total paid-up capital of the Company;
- (d) to set aside an amount as Special Reserve pursuant to the Applicable Listing Rules and requirements of the Commission; and
- (e) with respect to the earnings available for distribution (i.e. the net profit after the deduction of the items (a) to (d) above plus any previously undistributed cumulative Retained Earnings), the Board of Directors may present a proposal to distribute to the Shareholders by way of dividends at the annual general meeting for approval pursuant to the Applicable Listing Rules. Dividends may be distributed in the form of cash dividends and/or bonus shares, and, subject to Cayman Islands law, the amount of dividends shall be at least ten percent (10%) of the net profit after the deduction of the items (a) to (d) above. Cash dividends shall comprise a minimum of ten percent (10%) and a maximum of one hundred percent (100%) of the total dividends allocated to Shareholders.

Dividend distribution proposal discussed in the current shareholders' meeting: Not applicable.

Material changes anticipated to the dividend policy: None.

4.1.7 Impact of Stock Dividend Distributions Proposed in the Current Shareholders' Meeting on the Company's Business Performance and Earnings per Share.

None.

4.1.8 Profit Sharing Bonus to Employees and Remuneration to Directors

1. Distribution amount and range based on Articles of Association:

Unless otherwise provided in the Applicable Listing Rules, where the Company makes profits before tax for the annual financial year, the Company shall allocate (1) at least one percent (1%) of such annual profits before tax for the purpose of employees' remunerations (including employees of the Company and/or any Affiliated Company) (the "Employees' Remunerations"); and (2) at most three percent (3%) of such annual profits before tax for the purpose of Directors' remunerations (the "Directors' Remunerations"). Notwithstanding the foregoing paragraph, if the Company has accumulated losses of the previous years for the annual financial year, the Company shall set aside the amount of such accumulated losses prior to the allocation of Employees' Remunerations and Directors' Remunerations. Subject to Cayman Islands law and notwithstanding Article 139, the Employees' Remunerations may be distributed in the form of cash and/or bonus shares, and the Directors' Remunerations may be distributed in the form of cash, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds (2/3) or more of the Directors. The resolutions of Board of Directors regarding the distribution of the Employees' Remunerations and the Directors' Remunerations in the preceding paragraph shall be reported to the Shareholders at the general meeting after such Board resolutions are approved.

Unless otherwise provided in the Applicable Listing Rules, the net profits of the Company for each annual financial year shall be

allocated in the following order and proposed by the Board of Directors to the Shareholders in the general meeting for approval:

- (a) to make provision of the applicable amount of income tax pursuant to applicable tax laws and regulations;
- (b) to set off cumulative losses of previous years (if any);
- (c) to set aside ten percent (10%) as Legal Reserve pursuant to the Applicable Listing Rules unless the accumulated amount of such Legal Reserve equals to the total paid-up capital of the Company;
- (d) to set aside an amount as Special Reserve pursuant to the Applicable Listing Rules and requirements of the Commission; and
- (e) with respect to the earnings available for distribution (i.e. the net profit after the deduction of the items (a) to (d) above plus any previously undistributed cumulative Retained Earnings), the Board of Directors may present a proposal to distribute to the Shareholders by way of dividends at the annual general meeting for approval pursuant to the Applicable Listing Rules. Dividends may be distributed in the form of cash dividends and/or bonus shares, and, subject to Cayman Islands law, the amount of dividends shall be at least ten percent (10%) of the net profit after the deduction of the items (a) to (d) above. Cash dividends shall comprise a minimum of ten percent (10%), and a maximum of one hundred percent (100%) of the total dividends allocated to Shareholders.

2. Accounting treatment on difference between estimate base and actual payment:

The company had a net loss in 2018, therefore no estimate and actual payment.

3. Distribution approved by Board of Directors' meeting:

Not applicable.

4. Distribution (including number of shares, amount and share price) in previous year, difference, reason and treatment:

Not applicable.

4.1.9 Buyback of Common Stock

None.

4.2 Issuance of Corporate Bonds

None.

4.3 Preferred Stocks

None.

4.4 Overseas Depository Receipts

None.

4.5 Status of Employee Stock Options Plan

4.5.1 Non-Expired Employee Stock Options and Impact on Shareholders' Equity up to the date of this Annual Report

As of April 21, 2019

TYPE OF EMPLOYEE STOCK OPTION	2013 EMPLOYEE STOCK OPTIONS	2014 EMPLOYEE STOCK OPTIONS	2015 FIRST ISSUANCE EMPLOYEE STOCK OPTIONS	2015 SECOND ISSUANCE OF EMPLOYEE STOCK OPTIONS
Effective date of registration	Not applicable (Note 1)	Not applicable (Note 1)	Not applicable (Note 1)	2015/10/8
Issue date	2013/12/17 (Note 2)	2014/09/11 (Note 2)	2015/05/15 (Note 2)	2015/12/14 2016/06/14 2016/09/15
Option Duration	10 years	10 years	10 years	10 years
No. of options granted	802,000 shares (of which 155,000 shares are invalidated)	11,260,384 shares (of which 2,808,063 shares are invalidated)	1,000,000 shares (of which 142,500 shares are invalidated)	596,000 shares (596 units) 918,000 shares (918 units) 160,000 shares (160 units) (of which 808,000 shares are invalidated)
Percentage of shares exercisable to outstanding common shares	0.33%	4.62%	0.41%	0.69%
Vesting period	Within 10 years from the time of grant	Within 10 years from the time of grant	Within 10 years from the time of grant	Within 10 years from the time of grant
Performance	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares
Vesting schedule and ratio (%)	(1) 1st year: up to 25% (2) 2nd year: up to 50% (3) 3rd year: up to 75% (4) 4th year: up to 100%	(1) 1st year: up to 25% (2) 2nd year: up to 50% (3) 3rd year: up to 75% (4) 4th year: up to 100%	(1) 1st year: up to 25% (2) 2nd year: up to 50% (3) 3rd year: up to 75% (4) 4th year: up to 100%	(1) 2nd year: up to 50% (2) 3rd year: up to 75% (3) 4th year: up to 100%
Shares exercised	614,500	5,856,042	170,200	0
Value of shares exercised	US\$122,900	US\$3,048,342	US\$255,300	US\$0
Shares unexercised	32,500	2,596,279	687,300	866,000
Exercise price per share on unexercised shares (Note 3)	US\$0.20	US\$0.40~1.50	US\$1.50	US\$4.79/\$4.38 US\$3.96/\$3.82 US\$5.18
Percentage of shares unexercised to outstanding common shares (%)	0.01%	1.06%	0.28%	0.35%
Impact on shareholders' equity	Retain and attract talent, strengthen cohesiveness of employees, increase shareholder's value. Dilution to shareholder's equity is limited due to 10 years option duration.			
<p>Note 1: The issuance of employee stock options is subject to adoption of a board resolution if the company is a non-public company at the time of the issuance.</p> <p>Note 2: The board of directors will authorize the management to issue the employee stock options in the amount approved by the board of directors. The management will report the issuance in Board of Directors' meetings on a regular basis.</p> <p>Note 3: For grants with two exercise prices, the first value shows the original exercise price, which remains the same for U.S. employees due to U.S. tax laws. The second value represents a downward adjustment of exercise price for Taiwan employees following the issuance of new common shares.</p>				

TYPE OF EMPLOYEE STOCK OPTION	2016 EMPLOYEE STOCK OPTIONS	2017 EMPLOYEE STOCK OPTIONS	2018 EMPLOYEE STOCK OPTIONS
Effective date of registration	2016/07/04	2017/08/03	2018/06/05
Issue date	2016/07/04 2016/12/15 2017/01/01 2017/03/15 2017/06/15	2017/10/26 2017/12/15 2018/03/15	2018/06/15 2018/09/14 2018/09/25 2018/10/11 2018/12/19 2019/04/03
Option Duration	10 years	10 years	10 years
No. of options granted	3,014,000 shares (3,014 units) 686,000 shares (686 units) 200,000 shares (200 units) 320,000 shares (320 units) 416,000 shares (416 units) (of which 1,729,000 shares are invalidated)	3,595,300 shares (3,595 units) 359,000 shares (359 units) 1,614,000 shares (1,614 units) 400,000 shares (400 units) (of which 1,514,000 shares are invalidated)	1,200,000 shares (1,200 units) 544,000 shares (544 units) 2,264,200 shares (2,264 units) 16,000 shares (16 units) 1,688,000 shares (1,688 units) 490,000 shares (490 units) (of which 288,400 shares are invalidated)
Percentage of shares exercisable to outstanding common shares	1.90%	2.28%	2.54%
Vesting period	Within 10 years from the time of grant	Within 10 years from the time of grant	Within 10 years from the time of grant
Performance	Issuance of new shares	Issuance of new shares	Issuance of new shares
Vesting schedule and ratio (%)	(1) 2nd year: up to 50% (2) 3rd year: up to 75% (3) 4th year: up to 100%	(1) 2nd year: up to 50% (2) 3rd year: up to 75% (3) 4th year: up to 100%	(1) 2nd year: up to 50% (2) 3rd year: up to 75% (3) 4th year: up to 100%
Shares exercised	0	0	0
Value of shares exercised	US\$0	US\$0	US\$0
Shares unexercised	2,907,000	4,454,300	5,513,800
Exercise price per share on unexercised shares (Note 3)	US\$4.70 US\$4.57/\$4.41 US\$4.66 US\$4.18 US\$3.89/\$3.75	US\$3.21/\$3.16 US\$2.51/\$2.47 US\$3.56/\$3.39 US\$3.44	US\$3.44 US\$2.55 US\$2.44 US\$2.11 US\$2.04 US\$2.38
Percentage of shares unexercised to outstanding common shares (%)	1.19%	1.72%	2.37%
Impact on shareholders' equity	Retain and attract talent, strengthen cohesiveness of employees, increase shareholder's value. Dilution to shareholder's equity is limited due to 10 years option duration.		

4.5.2 Employee Stock Options Granted to Officers and Top 10 Employees (Note 3), up to the Date of this Annual Report

As of April 21, 2019

	TITLE (NOTE 1)	NAME	GRANT SHARES	RATIO OF SHARES GRANT TO TOTAL ISSUED SHARES(NOTE 4)	EXERCISED (NOTE 2)				UNEXERCISED (NOTE 2)			
					# OF SHARES EXERCISED	PRICE (US\$) PER SHARE (NOTE 5)	AMOUNT (US\$)	RATIO OF SHARES EXERCISED TO TOTAL ISSUED SHARES (%) (NOTE 4)	# OF SHARES UNEXERCISED (NOTE 9)	PRICE (US\$) PER SHARE (NOTE 6)	AMOUNT (US\$)	RATIO OF SHARES EXERCISED TO TOTAL ISSUED SHARES (%) (NOTE 4)
Officer	CEO	Chao, Allen	2,760,000	1.13%	865,000	0.74	637,500	0.35%	1,895,000	3.12	5,918,500	0.78%
	Chief Scientific Officer(Corporate)	Hsia, David										
	Vice President, Business Development & Investor Relations (Corporate)	Chu, Pei-Lan (Note 7)										
	Vice President, Corporate Controller	Williamson, James										
Top 10 Employees (Note 3)	Vice President, R&D	Wu, Yongjian	9,742,752	3.99%	1,800,000	0.49	890,500	0.74%	7,942,752	2.98	23,643,400.80	3.26%
	Sr. Director, Sales & Marketing	Grillo, Linda										
	Director, IT	Chen, Frank										
	Vice President, Manufacturing	Yang, Kaiwen										
	Vice President of Project Management	Liu, Qi										
	Executive Director, Financial Planning & Analysis	Unkrich, Matthew										
	Director of R&D (Cell Culture)	Tao, Yiwen										
	Vice President, Bioprocess	Hopp, Jennifer										
	CFO	Wu, Yi Ching (Note 8)										
	Vice President, Quality	Rahimi, Reza										

Note 1: Including officers and employees (deceased ones shall be so specified): individual names and titles shall be disclosed, but the situation concerning their share acquisition and subscription may be described in the aggregate.

Note 2: The number of columns may be adjusted depending on the number of actual issuances.

Note 3: The top 10 employees with most shares acquired refer to employees other than officers.

Note 4: The total number of issued shares is the number of shares actually listed on Taipei Exchange.

Note 5: Grant price for exercised employee stock options, actual exercised price shall be disclosed.

Note 6: Grant for unexercised employee stock options, calculated price based on stock option plan shall be disclosed.

Note 7: Resigned on February 18th, 2019.

Note 8: Resigned on November 30th, 2018.

Note 9: Includes 1,060,000 expired/forfeited shares of resigned employees.

4.6 Employee Restricted Stock

None.

4.7 Issuance of New Shares In Connection with Mergers and Acquisitions

None.

4.8 Financial Plans and Implementation Status

4.8.1.1 Plan Progress:

Plan Item	Expected Completion Date	Total fund needed	Expected fund application progress				
			2018		2019		
			Q4	Q1	Q2	Q3	Q4
Enrich Working capital	2019	2,150,000	84,079	549,240	747,392	615,396	153,893

4.8.1.2 Implementation Status:

ITEM	IMPLEMENTATION		2019 Q1	As of 2019 Q1	Reason for progress ahead or behind and Improvement plan
Enrich Working capital	Amount used	Expected	549,240	633,319	Completed capital increase in 2018 Q3, execute plan as planned as of 2019 Q1.
		Actual	549,240	633,319	
	Execution Progress%	Expected	25.5	29.46	
		Actual	25.5	29.46	

4.8.1.3 Improve Capital Structure:

ITEM	YEAR	Before cash capital increase	After cash capital increase
		(2018 Q1)	(2018 Q3)
Capital Structure(%)	Debt Ratio	5.02	3.15
	Long-term Fund to Fixed Assets Ratio	468.56	757.15
Liquidity Analysis%	Current Ratio	2,263.40	3,986.77

5. Operational Highlights

5.1 Business Activities

5.1.1 Scope of Business

The Company is primarily engaged in the following business activities:

Tanvex is a biopharmaceutical company with an integrated platform which allows it to develop, manufacture, sell and market its products. Tanvex is developing biotherapeutics and is primarily focused on biosimilar products. The Company has two wholly-owned subsidiaries, one in Taiwan and one in the United States. Our Taiwan subsidiary is mainly responsible for initial cell line development. Our U.S. subsidiary is responsible for process development, scale-up production, product analysis, and manufacturing.

The core competency of Tanvex BioPharma is its ability to control quality and costs through its vertical integration model. In view of the high prices of biopharmaceuticals and the increasing financial burden incurred by patients and healthcare systems, our primary objective is to expand access to safe, effective and affordable biosimilar products. Our current target market is in the United States, the single largest biopharmaceutical market in the world. We plan to commercialize our products directly in the US and will look to expand our reach beyond the US primarily via commercial partnerships.

5.1.2 Industry Overview

High pricing makes biopharmaceutical products unaffordable to many patients, and creates a tremendous financial burden on healthcare systems world-wide. This is creating a substantial opportunity for the biosimilar industry. According to the IQVIA Institute, in developed markets, competition from biosimilars will result in nearly \$160 billion in lower spending over the next five years.

As the molecule characteristics of biosimilar medicines are different from those of small-molecule medicines, most developed countries have established separate regulatory pathways for biosimilars. In some markets, such as the US, the regulatory pathways created for biosimilars have created a high barrier to entry, which is expected to result in lower levels of competition compared to the small molecule generic market. The biosimilar market is still in its early days and is continuing to emerge. As an example, the US established its regulatory pathway for biosimilars in 2010 with the enactment of the “Biologics Price Competition and Innovation Act” (BPCIA). However, as a result of the rigorous approval requirements and process, the US FDA did not approve a biosimilar product until March 2015. Even as of the end of 2018, only 6 biosimilar products were commercially available in the US.

5.1.3 Capacity Overview

Tanvex has the technological platforms and expertise to develop and manufacture biotherapeutics using both microbial and mammalian expression systems. The Company’s commercial manufacturing facility is located in San Diego, CA in the U.S. Our US plant currently has a 150 liter stainless steel fermenter for products using microbial expression systems. We also have four 1000 liter single-use bioreactors for products using mammalian expression systems. The plant has the space to add additional fermenters and bioreactors when needed. In addition, the Company has fill/finish capabilities. We have a fully automated line with the ability to fill pre-filled syringes and vials.

5.1.4 Technology and R&D Overview

Development progress on product line up to the date of this annual report:

ITEMS	INDICATION	DEVELOPMENT PROGRESS
TX01	Neutropenia, caused by chemotherapy for cancer	<ul style="list-style-type: none"> Submitted Biologics License Application (BLA) to US FDA in September 2018 BLA accepted by US FDA in November 2018
TX05	Breast cancer	<ul style="list-style-type: none"> Advanced Phase III clinical program Commenced dosing of subjects
TX16	Metastatic colorectal cancer	Initiated planning for Phase III clinical trials

R&D investment in 2018 and as of up to the date of this annual report:

NT\$ in thousands

ITEM \ YEAR	2018	Q1 2019
R&D expenses	1,652,837	450,892
Paid in Capital	2,430,678	2,439,141
R&D as % of Paid in Capital	68.00	18.49

5.1.5 Long-Term, Mid-Term and Near-Term Business Strategies

1. Near-Term Strategies:

The Company's near-term strategies include the continued development of its biosimilar product pipeline. The Company intends to directly market and sell its products in the United States and will look to expand its reach outside of the US primarily through commercial partnerships.

2. Mid-Term and Long-Term Strategies:

Looking forward, in addition to expanding upon our biosimilar capabilities and expertise, we expect to enhance and leverage our R&D capabilities to expand into the development of innovative biotherapeutics to fulfill unmet medical needs and to offer improved quality of life for patients.

5.2 Market, Production and Sales

5.2.1 Market Analysis

1. Major market

Our primary focus is on the US market, the single largest pharmaceutical market in the world. We are optimistic about the potential of the U.S. market, and plan to seize the opportunity to become a world-class biopharmaceutical company.

2. Market share

There is no market share analysis available for our products as they are not yet commercially available. We use internal market analysis to develop our product plans.

3. Market supply, demand and growth in the future

The biosimilar market is still emerging in the US. While the Biologics Price Competition and Innovation Act (BPCIA) was passed in 2010, the first licensed biosimilar product, Zarxio® (filgrastim-sndz), manufactured by Sandoz, was only launched in September 2015. As of December 31, 2018, there were just six biosimilars products (representing four different molecules) on the market in the US.

4. Core competency

The Company's core competency is its ability to control quality and cost through its vertical integration model and the flexibility it provides which enables us to respond quickly to changing customer and market conditions.

5. Advantages and Disadvantages

Advantages:

- (1) The approval of the first biosimilar medicine in 2015 opened the door and paved the way for other manufacturers.
- (2) Large and attractive US market.
- (3) An extensively experienced R&D and commercial team with a proven track record of success in the US market.

Disadvantages:

- (1) High regulatory hurdles requiring costly clinical trials.
- (2) Innovator companies have employed various tactics making it difficult for most of the initial biosimilars brought to market to gain traction.

5.2.2 Product Overview

1. Primary Product Indication

Tanvex's major products are biosimilar medicines used to treat neutropenia, breast cancer, metastatic colorectal cancer (mCRC) and other diseases.

2. Product Manufacturing Process

Our product manufacturing process uses an integrated platform. We have in-house capabilities from cell line development, cell culture, purification, and scale-up, to formulation development, to downstream fill and finish, allowing us to successfully manage both technology and costs.

5.2.3 Supply of Raw Materials

As our products are in the R&D stage, there were no reportable purchases or transactions related to raw materials. At this time, we only purchase materials needed for R&D activities. We have a stable supply of these materials and purchase our materials from various

sources. Thus, there has been no supply concentration.

5.2.4 Top 10% Vendors and Customers in 2017 and 2018

We did not have any business income, customers, nor reportable manufacturing or raw materials vendors in 2017 and 2018, as our products are in the R&D stage.

5.2.5 Production in 2017 and 2018

We do not have any commercial production in 2017 and 2018, as our products are in the R&D stage.

5.2.6 Sales in Most Recent Two Years

We do not have any sales in 2017 and 2018, as our products are in the R&D stage.

5.3 Credentials, Average Service Years, Average Age and Educational Background of Employees in Most Recent Two Years and up to Date of This Report

YEAR	2017	2018	AS OF MARCH 31, 2019
R&D staff headcount	71	91	95
Other employees headcount	22	28	28
Managerial position and above (R&D) headcount	21	26	27
Managerial position and above (Other) headcount	17	20	22
Total headcounts	131	165	172
Average age	41.64	41.24	41.17
Average service years	2.76	2.21	2.56
Ph.D. (%)	14	13	13
Master's degree (%)	21	22	23
College/Bachelor degree (%)	47	48	48
High school diploma (%)	18	17	17
No high school diploma (%)	0	0	0

5.4 Environmental Costs

1. Total amount of losses and penalties from environmental pollution in the most recent year and as of the date of this annual report: **None.**

We did not have any environmental pollution incidents in the most recent year and as of the date of this annual report. We will continue to follow a no pollution policy and maintain a commendable record in environmental protection.

2. Future action plan and possible expenditures: **None.**

5.5 Employees Relations

5.5.1 Description of Employee Benefits Programs, Advanced Education, Training, Retirement System and Implementation of the Above, and Negotiation between Employees and Management, as Well as Measures to Protect the Employees' Rights and Benefits.

For our Taiwan-based operation:

(1) Employee Benefits Program:

- A. Paid leave entitlement: We provide more favorable benefits to our employees by granting more days of paid personal leave, sick leave and annual leave than the requirements under the Taiwan Labor Standards Act.
- B. Team building activities: We organize company outings for all employees every year for socialization and relaxation.
- C. Labor insurance: We comply with the provisions of Taiwan labor insurance legislations.
- D. National healthcare insurance: We comply with the Taiwan National Health Insurance Act.
- E. Group insurance: We provide insurance benefits to all our employees, including health and medical coverage, accident injury coverage, cancer treatment coverage and occupational injury coverage.
- F. Employee health examinations: We provide one free health examination for all our employees every year.
- G. Employee stock options: To attract and retain talented employees, we provide an employee stock option plan as incentive to employees so that they can link their performance and effectiveness to the overall success of the Company. Upon the approval of the Board of Directors of the parent company, employees may be entitled to receive stock options issued by the parent company.

(2) Employee Development:

- A. Training for new hires: After a new hire reports to work, he or she will receive orientation from a Human Resources (HR) representative and get acquainted with the Company's HR policy, benefit programs, corporate overview, and co-workers in different departments.
- B. On-the-job training in Taiwan: To practice professional knowledge and improve work skills, we will provide internal training courses when necessary or send employees to attend training courses outside the Company.
- C. On-the-job training in overseas locations: In order to integrate the technologies within the value chain across the group and implement transfer of technologies developed in other countries, we will send staff to the parent company or affiliates in foreign countries or overseas institutions to attend educational courses and training to acquire new knowledge and skills.
- D. Advanced training opportunity: To help employees continue their academic study and acquire more professional knowledge, employees with two or more years of service may be eligible, subject to approval, to enroll in a formal degree program at an educational institution during regular working hours, in the evening or during non-working hours.

(3) Employee Retirement Programs:

As required by the Labor Pension Act, the Company allocates an amount equivalent to 6% of an employee's monthly salary to the employee's pension account with the Bureau of Labor Insurance on a monthly basis. Employees may elect to allocate a certain percentage of their salary to their pension account.

(4) Employee Communication and Rights Protection:

The Company sponsors various activities and events which provide opportunities for employees to socialize with each other, and for the Company to better understand employees' needs and voluntarily identify and resolve issues. We are committed to building an amicable employee-employer relationship and to enhancing employee loyalty and satisfaction with the Company. We have included provisions in the Company rules that protect female employees' rights and benefits at work. The Company also provides channels to file a complaint against sexual harassment at work.

For our U.S.-based operation:

(1) U.S. Employee Benefits Program:

- A. Paid-leave entitlement: Our employees are granted more days of paid sick leave and annual leave than the standard for our industry and size of company.
- B. Team building activities: We organize Company outings in order to provide employees the opportunity to socialize and bond with each other.
- C. Workers' Compensation: Employees are covered by Workers Compensation insurance in order to be protected from work-related injury.
- D. Medical insurance: We provide employees health and welfare plans including medical, dental and vision coverage, flexible spending accounts, long and short-term disability insurance.
- E. Group life insurance: We provide life insurance for employees and their family members.

- F. Voluntary plans: We give employees access to additional health and welfare plans including additional life insurance for themselves and family members, group accident and critical illness insurance, identity theft and legal assistance.
 - G. Annual health examination: within the medical insurance plan, employees and their family members are entitled to a free physical exam once a year.
 - H. Employee stock options: To attract and retain talented employees, we provide an employee stock option plan as incentive to employees so that they can link their performance and effectiveness to the overall success of the Company. Upon the approval of the Board of Directors of the parent company, employees may be entitled to stock options issued by the parent company.
- (2) U.S. Employee Development and Training:
- A. Training for new hires: After a new hire reports to work, he or she will receive orientation from a Human Resources (HR) representative and get acquainted with the Company's HR policies, benefit programs, corporate overview, and co-workers in different departments.
 - B. Domestic and foreign site training: Our employees complete job related professional training and many are certified or licensed. In addition, the Company reimburses job related classes employees choose to take on their own time. To improve working skills, we also provide internal training courses when necessary or send employees to attend training courses outside company.

(3) 401(k) retirement plan:

All eligible employees may enroll in the Company sponsored 401(k) retirement plan. It not only provides tax deferral benefits, but also helps employees set aside a portion of their income for retirement to secure their financial futures. As an additional benefit, the Company matches a certain percentage of the employees' contribution.

(4) Employee-Employer Relationship:

- A. We hold all-employee meetings throughout the year to communicate business updates and to collect feedback, suggestions, and concerns from employees. It provides a channel of interaction between the Company and employees in order to increase employees' loyalty and keep their morale high.
- B. All employees have equal rights and equal opportunity to be promoted without discrimination based on race, gender or other protected factors.
- C. We provide a private lactation room when needed to support breastfeeding female employees.
- D. The Human Resource (HR) department provides an inbox for employees' feedback and suggestions. Employees also may communicate with their supervisors and HR on any issue or concerns. This enables an effective communication channel between employees and the Company.
- E. We provide a cafeteria area for employee to take breaks and have lunches.

5.5.2 The Losses on Employee Disputes in Most Recent Year and as of the Date of This Annual Report, and Disclosure of Estimated Amount of Existing and Possible Future Disputes and Responsive Measures. If a Reasonable Evaluation Is Not Possible, Describe the Fact That Makes the Reasonable Evaluation Impossible.

At Tanvex BioPharma, we have a people-oriented corporate philosophy and we are rooted in professionalism. We are committed to providing a healthy work environment and professional development for our employees. We have therefore been able to maintain an amicable employee-employer relationship. There hasn't been any employee related loss.

5.6 Material Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year:

NATURE OF CONTRACT	CONTRACTING PARTIES	TERM	KEY CONTENTS	RESTRICTIVE CLAUSE
Lease agreement	U.S. Subsidiary La Jolla Biologics Inc. (LJB) and Kilroy Realty, L.P.	07/30/2010-07/30/2020	Agreement for lease of building (1) for LJB in San Diego, and the supplemental agreement	None
Lease agreement	LJB and Kilroy Realty, L.P.	01/20/2016-01/20/2026	Agreement for lease of building (2) for LJB	None

Lease agreement	Tanvex Taiwan and Best Suit Limited, Taiwan Branch	12/15/2015-04/14/2021	Lease of R&D lab and office for Tanvex Taiwan	None
Master Collaboration Agreement and SOW	Tavex TW and Tanvex BioPharma USA, Inc.	01/01/2018-12/31/2022	Collaboration on the biosimilar products development	None
Clinical research agreement	Tanvex Biologics Corporation and Clinical Research Ltd.	10/07/2017 - study completion	Phase III clinical trials for TX05	None

6. Financial Highlights

6.1 Condensed Financial Statements in Most Recent Five Years– IFRS

6.1.1 Condensed Consolidated Balance Sheet –IFRS

Unit: NTD\$ in thousands

ITEM	YEAR	MOST RECENT FIVE YEARS (NOTE 1,2)					AS OF MARCH 31, 2019 (NOTE 3)
		2014	2015	2016	2017	2018	
Current Assets		218,425	780,472	2,953,236	3,176,125	3,696,323	3,288,186
Property, Plant and Equip.		385,741	704,701	832,549	747,168	735,550	1,061,083
Intangible Assets		46,476	59,749	57,665	24,626	18,168	18,937
Other Assets		4,097	24,492	28,902	25,084	28,728	29,341
Total Assets		654,739	1,569,414	3,872,352	3,973,003	4,478,769	4,397,547
Current Liabilities	Before Distribution	44,875	102,402	233,147	164,704	209,463	282,001
	After Distribution	44,875	102,402	233,147	164,704	209,463	282,001
Non-Current Liabilities		20,220	19,012	66,098	59,078	54,453	345,807
Total Liabilities	Before Distribution	65,095	121,414	299,245	223,782	263,916	627,808
	After Distribution	65,095	121,414	299,245	223,782	263,916	627,808
Equity attributable to owners of the parent		589,644	1,448,000	3,573,107	3,749,221	4,214,853	3,769,739
Capital Stock		392	1,664,084	1,929,927	2,166,364	2,430,678	2,439,141
Capital Surplus		912,610	563,412	3,776,397	5,375,881	7,421,513	7,473,165
Retained Earnings	Before Distribution	(336,708)	(835,255)	(2,079,701)	(3,489,501)	(5,383,363)	(5,922,553)
	After Distribution	(336,708)	(835,255)	(2,079,701)	(3,489,501)	(5,383,363)	(5,922,553)
Other Equity		13,350	55,759	(53,516)	(303,523)	(253,975)	(220,014)
Equity under former common control		252,600	—	—	—	—	—
Total Equity	Before Distribution	589,644	1,448,000	3,573,107	3,749,221	4,214,853	3,769,739
	After Distribution	589,644	1,448,000	3,573,107	3,749,221	4,214,853	3,769,739

Note 1: The company was established in May 2013. It acquired two subsidiaries in September 2013 and September 2014. To ensure consistency in reporting, the financial information for year 2014 above is based on Proforma data.

Note 2: Independent Auditor's Report for year 2014 to 2018.

Note 3: Q1, 2019 financial report reviewed by Auditors of PWC Taiwan.

6.1.2 Condensed Consolidated Statement of Comprehensive Income – IFRS

Unit: NT\$ in thousands

ITEM	YEAR	MOST RECENT FIVE YEARS (NOTE 1, 2)					AS OF MARCH 31, 2019 (NOTE 3)
		2014	2015	2016	2017	2018	
Net Revenue		—	—	—	—	—	—
Gross Profit		—	—	—	—	—	—
Income (Loss) from Operations		(464,897)	(831,952)	(1,351,518)	(1,403,168)	(1,950,580)	(536,082)
Non-Operating Income(Expenses)		(7,564)	(3,278)	107,098	(6,607)	56,742	19,292
Net Loss before Tax		(472,461)	(835,230)	(1,244,420)	(1,409,775)	(1,893,838)	(516,790)
Continued Operation - Net Loss		(472,485)	(835,255)	(1,244,446)	(1,409,800)	(1,893,862)	(516,790)
Discontinued Operation- Net Loss		—	—	—	—	—	—
Net Loss		(472,485)	(835,255)	(1,244,446)	(1,409,800)	(1,893,862)	(516,790)
Other Comprehensive Income (net of tax)		22,807	42,423	(109,275)	(250,007)	49,548	33,961
Total Comprehensive Income (Loss)		(449,678)	(792,832)	(1,353,721)	(1,659,807)	(1,844,314)	(482,829)
Basic Earnings per Share		(5.11)	(5.95)	(6.61)	(7.29)	(8.32)	(2.12)

Note 1: The company was established in May 2013. It acquired two subsidiaries in September 2013 and September 2014. To ensure consistency in reporting, the financial information above is based on Proforma data.
 Note 2: Independent Auditor's Report for year 2014 to 2018
 Note 3: Q1, 2019 financial report reviewed by Auditors of PWC Taiwan

6.2 Condensed Financial Statements In Most Five Years – R.O.C. GAAP

6.2.1 Condensed Consolidated Balance Sheet –R.O.C. GAAP:

Not Applicable.

6.2.2 Condensed Consolidated Statement of Comprehensive Income – R.O.C. GAAP:

Not Applicable.

6.2.3 Significant Events Such as Accounting Policy Changes, Mergers & Acquisitions, Discontinued Operations, and Their Effects on Financial Reporting IFRS16 applied starting January 1st, 2019.

6.2.4 Auditors' Opinions from 2014-2018

1. Auditors name and opinions in most recent five years

YEAR	CPA FIRM NAME	AUDITORS	AUDIT OPINION
2014	PricewaterhouseCoopers Taiwan	Teng, Sheng-Wei; Tseng, Hui-Chin	An unqualified opinion
2015	PricewaterhouseCoopers Taiwan	Teng, Sheng-Wei; Tseng, Hui-Chin	An unqualified opinion
2016	PricewaterhouseCoopers Taiwan	Teng, Sheng-Wei; Tseng, Hui-Chin	An unqualified opinion
2017	PricewaterhouseCoopers Taiwan	Teng, Sheng-Wei; Tseng, Hui-Chin	An unqualified opinion
2018	PricewaterhouseCoopers Taiwan	Teng, Sheng-Wei; Tseng, Hui-Chin	An unqualified opinion

2. If there is any change of auditors in most recent five years, predecessors, successors and reasons shall be listed: None.

None.

6.3 Financial Analysis In Most Recent Five Years (Consolidated) –IFRS

ITEM		YEAR	Most Recent Five Years (Note 1, 2)					As of March 31, 2019 (Note 3)
		2014	2015	2016	2017	2018		
Capital Structure	Debt Ratio (%)	9.94	7.74	7.73	5.63	5.89	14.28	
	Long-term Fund to Fixed Assets Ratio (%)	158.1	208.18	437.12	509.70	580.4	566.32	
Liquidity Analysis	Current Ratio (%)	486.74	762.16	1,266.68	1,928.38	1,764.67	1,166.02	
	Quick Ratio (%)	453.44	740.88	1,252.69	1,860.64	1,690.79	1,092.67	
	Times Interest Earned (Times)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	
Operating Performance Analysis	Average Collection Turnover (Times)	—	—	—	—	—	—	
	Days Sales Outstanding	—	—	—	—	—	—	
	Average Inventory Turnover (Times)	—	—	—	—	—	—	
	Average Inventory Turnover Days	—	—	—	—	—	—	
	Average Payment Turnover (Times)	—	—	—	—	—	—	
	Fixed Assets Turnover (Times)	—	—	—	—	—	—	
	Total Assets Turnover (Times)	—	—	—	—	—	—	
Profitability Analysis	Return on Total Assets (%)	(82.75)	(75.11)	(45.74)	(35.94)	(44.82)	(46.96)	
	Return on Equity (%)	(95.14)	(81.98)	(49.57)	(38.51)	(47.56)	(51.78)	
	Operating Income to Paid-in Capital Ratio (%) (Note 4)	(78.84)	(49.99)	(70.03)	(64.77)	(80.25)	(87.91)	
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 4)	(80.13)	(50.19)	(64.48)	(65.08)	(77.91)	(84.75)	
	Net Margin (%)	—	—	—	—	—	—	
	Earnings Per Share (NT\$)	(5.11)	(5.95)	(6.61)	(7.29)	(8.32)	(2.12)	
Cash flow	Cash Flow Ratio (%)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	
	Cash Flow Adequacy Ratio (%)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	
	Cash Flow Reinvestment Ratio (%)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	
Capital Structure	Debt Ratio (%)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	
	Long-term Fund to Fixed Assets Ratio (%)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	

Analysis of deviation of 2017 vs. 2018 over 20% :

1. Capital Structure : Total Equity and Cash increased due to equity financing in August 2018. Part of the cash has been used to facility expansion and equipment purchase, therefore, capital structure has changed significantly from 2017 to 2018.
2. Liquity Analysis : Decreased due to the payable for clinical trials and material purchase
3. Profitability Analysis : Net loss increased due to continuous investment in research and development.

Note 1: The company was established in May 2013. It acquired two subsidiaries in September 2014 and September 2015. To ensure consistency in reporting, the financial information above is based on Proforma data.

Note 2: Independent Auditor's Report for year 2014 to 2018

Note 3: Reviewed by Auditors of PWC Taiwan

1. Capital Structure Analysis

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long-Term Capital to Property, Plant and Equipment Ratio = (Total Equity + Non-Current Liabilities) / Property, Plant and Equipment

2. Solvency Analysis

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Interest Coverage Ratio = Income Before Interest Expenses and Income Taxes / Current Interest Expenses

3. Operating Ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = Net Sales / Average Receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2) Average Collection Days for Receivables = 365 / Receivables Turnover Rate

(3) Inventory Turnover Rate = Cost Of Sales / Average Inventory

(4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = Cost Of Sales / Average Payables (including accounts payable and notes payable arising from business operations) for each period

(5) Average Days Of Sale = 365 / Inventory Turnover Rate

(6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net Worth of Property, Plant and Equipment

(7) Total Assets Turnover Rate = Net Sales / Average Total Assets

4. Profitability Analysis

(1) Return on Assets = [Net Income + Interest Expense * (1 - Tax Rate)] / Average Total Assets

(2) Return On Equity = Net Income / Average Total Equity

(3) Profit Margin Before Tax = Net Income / Net Sales

(4) Earnings Per Share = (Profit and Loss attributable to owners of the parent – Dividends on Preferred Shares) / Weighted Average Number of Issued Shares

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities

(2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the most recent five years / (Capital Expenditures + Inventory Increase + Cash Dividend)

(3) Cash Flow Reinvestment Ratio = (Net Cash flow from Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment value + Long-Term Investments + Other Non-Current Assets + Working Capital)

6. Leveraging

(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income

(2) Financial Leverage = Operating Income / (Operating Income / Interest Expenses)

Note 2: Not calculated since operating cash has outflow only

Note 3: Not calculated as operations have resulted in a net loss

Note 4: Not calculated as operations have resulted in a net loss

6.4 Audit Committee's Review Report

Tanvex BioPharma, Inc. Audit Committee's Review Report

March 28, 2019

The Board of Directors has prepared the Company's 2018 business report, Financial Statements and proposal for loss make-up. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit Tanvex BioPharma, Inc.'s Financial Statements and has issued an audit report relating to the Financial Statements. The Business Reports, Financial Statements, and proposal for Loss make-up have been reviewed and determined to be correct and accurate by the Audit Committee members of Tanvex BioPharma, Inc. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this Report.

Annual General Meeting of Tanvex BioPharma, Inc.

Chairman of the Audit Committee

Lee-Chiou Chang

6.5 Consolidated Financial Statements and Independent Auditor's Report

Please refer to the Independent Auditor's Report following Section 9 of this report.

6.6 Parent Company Only Statements and Independent Auditor's Report

None.

6.7 Financial Difficulties of the Company and Its Subsidiaries in Recent year and as of the Date of This Annual Report, and Impact on the Company's Financial

None.

7. Review and Analysis of Financial Position, Operating Results and Risk Assessment

7.1 Financial Status

Discussion of the main reasons for significant changes in assets, liabilities and equities and their impact in most recent two years, if applicable. In the case of significant impact, describe the company's future action plan.

Unit: NT\$ in thousands; %

ITEM	YEAR	2018	2017	DIFFERENCE	
				AMOUNT	%
Current Assets		3,696,323	3,176,125	520,198	16.38
Property, Plant and Equipment		735,550	747,168	(11,618)	(1.55)
Intangible Assets		18,168	24,626	(6,458)	(26.22)
Other Assets		28,728	25,084	3,644	14.53
Total Assets		4,478,769	3,973,003	505,766	12.73
Current Liabilities		209,463	164,704	44,759	27.18
Non-Current Liabilities		54,453	59,078	(4,625)	(7.83)
Total Liabilities		263,916	223,782	40,134	17.93
Share Capital		2,430,678	2,166,364	264,314	12.20
Capital Surplus		7,421,513	5,375,881	2,045,632	38.05
Retained Earnings		(5,383,363)	(3,489,501)	(1,893,862)	54.27
Other Equities		(253,975)	(303,523)	49,548	(16.32)
Equity attributable to owners of the parent company		4,214,853	3,749,221	465,632	12.42
Total Shareholders' Equity		4,214,853	3,749,221	465,632	12.42

Description of analysis of the main reason for changes of more than 20% and amounts differing by more than NT\$10 million from the previous term:

- (1) Increase in Current Liabilities: mainly due to payable for clinical trials and material purchase in 2018
- (2) Increase in Capital Surplus: Mainly consists of the amount the company raises on the issue of shares in excess of their par value.
- (3) Decrease in Retained Earnings: mainly due to the fact that the Company is at an R&D stage and R&D expenses continue to grow, resulting in larger losses to be compensated.

7.2 Financial Performance

7.2.1 Analysis of Significant Changes in Revenue, Net Profits and Net Profits before Tax in Most Recent Two Years

Unit: NT\$ in thousands

ITEM	YEAR	2018	2017	Amount of Increase/Decrease	Change in percentage (%)
Cost of Goods Sold		—	—	—	—
Gross Profits		—	—	—	—
Operating Expenses		(1,950,580)	(1,403,168)	(547,412)	39.01
Net Operating Losses		(1,950,580)	(1,403,168)	(547,412)	39.01
Non-Operating Incomes And Expenses		56,742	(6,607)	63,349	(958.82)
Net Losses before Tax		(1,893,838)	(1,409,775)	(484,063)	(34.34)
Income Tax Expenses		(24)	(25)	1	(4)
Net Losses		(1,893,862)	(1,409,800)	(484,062)	34.34
Other Comprehensive Income (loss after tax)		49,548	(250,007)	299,555	(119.82)
Total Comprehensive Income (loss)		(1,844,314)	(1,659,807)	(184,507)	11.12

Description and analysis of main reason for changes of more than 20% and difference of over NT\$10 million from previous year:

- (1) Increase in Non-Operating Incomes and Expenses: Mainly due to the recognized impairment loss on patents and expertises based on the company's current product development strategy. Foreign exchange gain on fund raising increased comparing with 2017 due to the appreciation of the USD.
- (2) Increase in Total Comprehensive Income (Loss): mainly due to the increase of R&D expenses and R&D headcounts based on product development plan and progress in the year.

7.2.2 Projected Sales

As our products are in the R&D stage, we do not expect any significant sales volume during 2019.

7.2.3 Potential Impact on the Company's Financial Results

As our products are in the R&D stage, we do not expect any material impact during 2019.

7.3 Cash Flow

7.3.1 Cash Flow Analysis in Most Recent Two Years

Unit: NT\$ in thousands

ITEM	YEAR	2018	2017	DIFFERENCE	
		AMOUNT	AMOUNT	AMOUNT	%
Net Cash Flow from Operating Activities (Outflow)		(1,605,885)	(1,212,016)	(393,869)	32.50
Net Cash Flow from Investing Activities (Outflow)		(912,440)	339,834	1,252,274	(368.50)
Net Cash Flow from financing Activities (Outflow)		2,145,638	1,663,838	(481,800)	(28.96)
Description of analysis of increase/decrease in percentage: (1) Operating Activities: Increase of net cash outflow due to products are still in R&D stage, no revenue has been generated yet. (2) Investing Activities: mainly due to capital expenditure on research, facility expansion and equipment procurement, and NT\$804 million invested in CD in 2018. (3) Financing Activities: mainly from equity financing of NT\$3.3 billion in 2016, NT\$1.6 billion in 2017 and NT\$2.1 billion in 2018 to be used for future operating and R&D activities.					

7.3.2 Improvement Plan in Response to Lack of Liquidity

Not applicable.

7.3.3 Projected Cash Flow for 2019

Unit: NT\$ in thousands

BEGINNING BALANCE (A)	NET CASH FLOW FROM OPERATING ACTIVITIES (B)	EXPECTED CASH OUTFLOW CASH OUTFLOW IN THE YEAR (C) (NOTE)	EXPECTED CASH BALANCE ENDING BALANCE A+B-C	MEASURES TO MAKE UP FOR SHORTFALL IN CASH FLOW	
				FINANCING PLAN	INVESTING PLAN
3,527,285	57,691	(2,640,611)	944,365	—	—
Analysis of changes in cash flow 1. Cash outflow: mainly from expenditures spent on supplies, labor and equipment according to R&D schedule 2. Financing plan: Got IPO on Taiwan Stock Exchange (TWSE) and raised US\$55M in October 2017; equity financing raised US\$70M in August 2018.					

7.4 Major Capital Expenditures Which Significantly Impacted Financials of The Company in 2018

The company's capital expenditures in 2017 were mainly for capacity expansion and equipment purchases to accommodate the product R&D and to speed up the development progress. All expenditures are within budget. Therefore, there is no major impact to our financials in 2018.

7.5 Reinvestment Policies in 2018, Main Reason for Profits or Losses, Improvement and Investment Plan in 2019

1. Reinvestment polices:

Tanvex BioPharma's current reinvestment policies focus on investments relating to development of its core business. The company does not plan to make investments in other lines of business. All investment activities will be performed by the applicable execution department in compliance with "investment cycle" under the internal control system and the Procedures for Acquisition and Disposal of Assets, which have been discussed and approved at the board of directors' meeting or shareholders' meeting.

2. Main reason for profits or losses from reinvestment in 2016 and improvement plan:

December 31, 2018; (Unit: NT\$ in thousands)

REINVESTED COMPANY	BUSINESS ACTIVITIES	INVESTMENT GAINS/LOSSES IN 2018	REASON OF LOSSES AND IMPROVEMENT PLAN
Tanvex BioPharma USA, Inc.	Process development and manufacturing of biosimilars and new drugs	(1,813,669)	The product development is still at the early R&D stage, thus losses incurred. The company expects to start to earn profits after commercialization in the market.
Tanvex Biologics Corporation	Research and development of biosimilars and new drugs	(72,996)	The business activities are focused on early R&D, thus losses incurred.

3. Investment plan for next year:

Tanvex has established the Procedures for Acquisition and Disposal of Assets (the "Procedures") in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the competent authorities and follow the Procedures in performing reinvestment activities and to keep informed of related business and financial status. In addition, in order to have an enhanced level of supervision and management for our reinvested company, we have included regulations for supervision and management of subsidiaries in our internal control system, which provides for the management of a subsidiary's disclosure of information, finance, business, inventory and finance, so as to maximize the benefits of our reinvestments.

7.6 Risk Assessment for 2018 and as of the Date of This Annual Report

7.6.1 Impact of Interest Rate, Foreign Exchange fluctuation and Inflation on the Company's Earnings and Countermeasures

1. Interest Rate Fluctuation

Tanvex's funding source is solely from cash investment. In addition, interest rates have remained low due to the slow moving world-wide economy. Therefore, our exposure to interest rate risk is minimum. On the cash side, the Company controls spending tightly within budget, places its cash in short-term saving and checking accounts, and maintains healthy relationships with multiple major banks in order to preserve liquidity and security of our funds.

2. Foreign Exchange Volatility

Our functional currency is USD. The majority of research and development costs including clinical trial, consulting, lab material, and lab equipment purchase are in USD. Therefore, foreign exchange volatility has not significantly impacted our business. Operation costs for the subsidiary in Taiwan is in NTD. The accumulated exchange variance generated due to the exchange rate fluctuation is immaterial on the consolidated balance sheet. Overall, there is no significant risk associated with foreign exchange rate volatility. We will always monitor exchange rate fluctuations closely, adjust our practices based on the changes in order to minimize the impact from foreign exchange rate volatility.

3. Inflation Fluctuation

Based on statistics data, the inflation rate has remained low. Therefore, its impact to our business is minimal.

7.6.2 Major Reasons and Countermeasures for Gain and Losses on High-risk/High-leverage Investments; Loans to a Third Party, Making

Endorsements and Guarantees and Financial Derivatives

We did not make high-risk or highly-leveraged financial investments, lending, endorsements, guarantees for other parties, or financial derivative transactions during 2018 and up to the date of this report. We have established internal policies and procedures including “Procedures for Lending Funds to Other Parties,” “Procedures for Acquisition or Disposal of Assets”, and “Procedures for Endorsement and Guarantee.” All the procedures have been approved at the Board meeting and shareholders’ meeting. We will follow the related policy and procedures in the occurrence of such situations.

7.6.3 R&D Plans and Projected Spending

Our development plan for our key projects as well as our investment in research and development is provided below:

1. TX01

Completed Phase III clinical trials in August 2017; submitted BLA to US FDA in September 2018.

2. TX05

Initiated Phase III clinical trials in October 2017; Phase III clinicals ongoing during 2018.

3. TX16

Completed Phase I clinical trial in December 2017; Commenced planning for Phase III program in 2018.

Based on our development plan, our budgeted Research and Development costs are approximately NTD 2.3 billion in 2019. The plan is subject to adjustment upon any significant changes that may occur during the year.

7.6.4 Changes in International and Domestic Government Policies and Regulatory Environment

We are an international company with subsidiaries in the U.S. and Taiwan. Our management closely monitors all domestic and foreign governmental policies and regulations that might impact our business and financial operations. From 2018 until the date of the report, our business operation has not been impacted significantly by any change in policies and regulations.

7.6.5 Impact of Changes in Technologies and the Industry on the Financial Position and Operation of the Company and Countermeasures

We are a company specializing in the development, manufacturing and sale of biosimilars. The biosimilar market is an emerging global industry. Therefore, the regulatory environment for biosimilars is rigorous, dynamic, and evolving. In addition to the research and development team which focuses on product and process development, we have also established a dedicated team which closely monitors and evaluates changes in current technology, and implements on-site training in order to keep our staff at the leading edge of technological development. Our leadership is updated on any new regulations and remains agile in order to adapt to change. As a result, there has not been any significant impact to our business due to the change in technology.

7.6.6 Impact by Changes of Corporate Image on the Company’s Crisis Management and Countermeasures

Since the establishment of the Company, we have built an excellent corporate image based on our core values of quality and efficiency, culture of stability, integrity, and principle of sustainable business. We are committed to acting ethically in all aspects of our business, constantly and rigorously following rules and regulations. As a result, we are able to quickly respond to regulatory changes and opportunities. Therefore, there has not been any negative impact to our business due to a change in our corporate image from 2017 to the date of the annual report.

7.6.7 Expected Benefits and Potential Risks from Mergers and Acquisitions and Countermeasures

There have not been any mergers and acquisitions that occurred up to the date of the annual report.

7.6.8 Expected Benefits and Risks Related to Facility Expansion and Countermeasures

We have completed a plant expansion to fulfill the capability of preliminary commercialized production up to the date of the annual report. The expansion includes the following:

1. One 150L microbial fermenter production line, with potential to expand for two more 150L to meet the production requirement of the TX01 product in the future.
2. Four 1000L bioreactor production lines, with potential to expand to ten more 1000L bioreactor production lines to meet the production requirement of TX05/TX16.

The plant expansion uses a pre-piped and wired design. This enables us to expand the production lines step by step based on our product development progress, which reduces cash outflow and capital expenditure requirements.

We have a vertically integrated manufacturing platform, which enables us to fully control the entire process from R&D to the distribution of our final product to the market, optimize our funds distribution, maximize the efficiency of our capital, and in return, reduce risks.

7.6.9 Risk from Sales and Purchase Concentration

There has not been such risk as of the date of the annual report since we are still at the Research and Development stage.

7.6.10 Impact and Risk from Transfer or Swap of Stocks by Tanvex's Directors or Major Shareholders with over 10% of Tanvex's Total Outstanding Shares, and Countermeasures

There have not been sales of significant numbers of shares by directors, and/or major shareholders who own 10% or more of the total outstanding shares as of the date of the annual report.

7.6.11 Impact and Risk from the Changes in Management of the Company and Countermeasures

There has not been any change in management which affects business operation as of the date of the annual report. We have established complete and effective internal control procedures and policies, which reduce the risks associated with any change in management.

7.6.12 Litigation and Non-litigation Matters

1. Any pending or settled major litigious, non-litigious or administrative disputes against the Company, director, supervisor, general manager, person in charge in substance and major shareholders who own 10% or more of total outstanding shares where it has significant effects on shareholder's interest and share price, the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of this annual report shall be disclosed: None.
2. For director, supervisor, general manager, person in charge in substance, any events as stated in article 157 of Securities and Exchange Law of Taiwan occurred in 2017, 2018 and as of the date of this annual report: None.

7.6.13 Other Important Risks

Publicly traded foreign companies' state any changes in the macroeconomic situation and economic or political environment, any foreign exchanges controls, and any laws and regulations regarding tax of both the country where the foreign company is registered and operate its main business activities. They should also provide information about other risks such as whether or not the effects of a final and binding civil judgment from the Taiwan court can be recognized by the judicial system of the aforementioned countries as well as any measures which the Company has adopted in response to the risks.

The Company was incorporated on May 8, 2013 in the Cayman Islands as an ordinary investment holding company without any substantive economic activities. Tanvex has two wholly owned and invested subsidiaries, "Tanvex BioPharma USA, Inc." located in U.S. and "Tanvex Biologics Corporation" located in Taiwan with substantial operation and defined as the important offshore subsidiaries with significant impact to Tanvex. Below is the assessment of changes in macroeconomic situation, economic and political environment, related regulations, foreign exchanges controls, and the laws and regulations regarding tax, of Cayman Islands, the country of registration, Taiwan and the U.S. where the main places of business are located, as well as other risks such as whether or not the effects of a final and binding civil judgment of a Taiwan court can be recognized by these jurisdictions.

1. The Country of Registration: British Cayman Islands

(1) Changes in Macroeconomic, Political and Economic Environment

The Cayman Islands is British overseas territories in the western Caribbean Sea, which are situated about 268 kilometers northwest of Jamaica and 700 kilometers south of Miami. The local political situation has long been stable. George Town, its capital city located on the Great Cayman Island, is the center of administration, commerce, and finance. The main sources of revenues of the Cayman Islands are the financial service industry and tourism. The Cayman Islands enjoys a reputation of being one of the global financial centers.

There are six types of registration for enterprises in the Cayman Islands: Ordinary Company, Ordinary Non-Resident Company, Exempted Company, Limited Duration Company, Foreign Company, and Limited Liability Company. Specifically, exempted

companies are widely used by many enterprises and individuals for their financial planning.

In recent years, the local government has aggressively attempted to ameliorate its reputation regarding its offshore financial services by signing the Mutual Legal Assistance Treaty in 1990 with the U.S. and the UK to deter international criminal organizations from capitalizing on the Cayman Islands for any illegal transactions such as drug trafficking or money laundering. Not only have they entered into the Model 1 agreements including inter-governmental agreements and tax information exchange agreements in order to supplement the implementation of the Foreign Account Tax Compliance Act (FATCA), but the Cayman government has also signed a Multilateral Competent Authority Agreement with fifty other jurisdictions to declare its commitment to enforce the Common Reporting Standard (CRS) on October 29, 2014. When reinforcing crime prevention, the Cayman government has also committed to guarantee the confidentiality of commercial activities. Therefore, the political and economic environment is remarkably stable, and so is societal safety.

In conclusion, Tanvex has registered as an exempted company with no substantive business activities in the local markets, which insulates the Company from any material influence over its overall business functions that could arise from any political or economic changes in the macroeconomic situation.

(2) Foreign Exchanges Controls, Laws and Regulations, and Tax Risks

The Cayman government imposes no taxes upon Tanvex which would be deemed significant. The Cayman Islands has no regulations concerning foreign exchanges controls or currency controls. For an exempted company, the Cayman government does not impose taxation on an individual's or a company's profits, income, gains, appreciation other than the license tax. It also does not inflict any inheritance taxes upon the Company. The Cayman government does impose the stamp duty on any contract made or entered into by the contracting parties within the territories of the Cayman Islands. While individuals transferring the share of a Cayman company are not subject to any stamp duty, this exemption does not apply if Tanvex holds interests in land in the Cayman Islands. Below are the major laws and regulations governing an exempted company in the Cayman Islands:

- A. An exempted company shall conduct its business overseas;
- B. An exempted company must not issue a solicitation to residents of the Cayman Islands in its offer to subscribe its shares or bonds. Nor is it allowed to own any land in the Cayman Islands except with an approval of the Ministry of Finance and Economic Development of the Cayman Islands;
- C. The Cayman Company Act does not require to hold an annual shareholders' meeting, leaving it to the discretion of the Company to host a shareholders' meeting or a meeting of the Board of Directors (the "Board") according to the Memorandum and Articles of Association of the Company (the "AOA") and when such meeting is to be convened, it can take place on the Cayman Islands or elsewhere. According to the AOA, the Company should hold an annual general shareholders' meeting in Taiwan within six months after the end of a year when the Company is listed and traded on the Taiwan stock exchange ("TWSE") or Taipei Exchange ("TPEX") or is registered as emerging stock company in Taiwan. If the shareholders' meeting is to be held outside of Taiwan as approved by the Board, the Company should submit this proposal to the TPEX or TWSE within two days after the Board resolution or the shareholder submitting the proposal pursuant to Article 46 of the AOA should get the approval from the TWSE or TPEX.
- D. An exempted company is not required to provide or submit any detailed information about its shareholders to the registration office of the Cayman Islands. Yet, the AOA provides that the Board should keep a shareholders list at a stock agent in Taiwan. Shareholders may request at any time to review or transcribe the above document by providing documents proving it has interests in this matter and stating the scope of the inquiry.
- E. Shareholders' roster is not required to be available to the public.
- F. An exempted company may request the Cayman government to issue a certificate of tax exemption of the Company with a validity of twenty years. The certificate can be renewed prior to its expiration.
- G. An exempted company may request its registration be cancelled or transferred to another country of registration.
- H. An exempted company may register as a limited exempted company with not less than two shareholders as required for a valid period of not more than thirty years.

Due to the differences between the laws of the Republic of China ("ROC") and the Cayman Company Act, the Company has amended the AOA according to the Company Act and the Securities Exchange Act of the ROC to the extent the amendments are in compliance with the laws of the Cayman Islands to protect the interest of the ROC investors and shareholders.

In conclusion, there is no significant impact on the cash flow management of the Company in view that the Cayman government implements an open policy on foreign exchange without any restriction. Meanwhile, the taxes and relevant laws and regulations of the Cayman Islands have no materials impacts on the Company's overall business functions given the fact that it is registered

as a holding company without any business activities in the Cayman Islands.

(3) Recognition of a civil judgment issued by a Taiwan court

A. Litigation Risks

As the exempted Company of the Cayman Islands, the Company is not required to apply for recognition by the Ministry of Economic Affairs under Taiwan's Company Act. For a listed company in Taiwan, no provisions of the AOA of the Company should prevent any shareholder from initiating an action at a competent court to seek legal remedies against wrongful procedure to convene a shareholders' meeting or wrongful resolution at a shareholder meeting. Despite of the above, an investor may be able to secure a substantive judgment upon filing a lawsuit against the Company or its representative in a Taiwan court, although the Company has assigned a litigation or non-litigation advocate, pursuant to the rules of TWSE. However, there are uncertainties as to whether the Taiwan court has proper jurisdiction, how to conduct the service of process, and the application of foreign laws.

B. Risks of Judgment Recognition and Enforcement

Although the laws of the Cayman Islands have no statutes regarding the enforcement of a civil judgment issued by a foreign court, the principles of the Cayman Islands' common law recognize the effects of a final and conclusive civil judgment issued by a Taiwan court, provided that all of the following apply: (1) the judgment is final and conclusive; (2) the final judgment is made by a foreign court with jurisdiction; (3) the judgment held the debtor accountable for a definite liquidated sum of money; (4) the judgment is not to enforce any fines, taxes, penalties, and the likes; or the judgment is for a non-monetary relief under certain circumstance; (5) The judicial procedure or enforcement of the judgment are not contrary to the Cayman Islands public policy or natural justice. If a Cayman court does not recognize the judgment of a Taiwan court, an investor cannot enforce the judgment when obtaining a final and binding judgment against the debtor in Taiwan, meaning that an investor may not satisfy his/her claim overseas. Hence, investors should be acquainted with the legal risks regarding any securities issued by a foreign issuer which the investors intend to purchase.

2. The Principal Location of Operations: The United States

(1) The Macroeconomic and the Political Changes

The United States was the world's largest economy with the GDP of 21.48 trillion USD as of 2019, which constituted one-fifth of the world economy with the GDP per capita of 65 thousand USD, which ranked eighth in the world in 2018. The United States has the world's second-largest amount of foreign trade, is the second-largest exporter and largest importer. The United States has a mixed economy, where most of the microeconomic decisions are made by companies or private enterprises alone. The U.S. government also invests and assists in basic research, education, public health, social security, savings insurance, etc. China, Canada, Mexico, Japan, and United Kingdom are its top five business partners. The U.S. is also the third-largest oil producer and the largest producer of natural gas.

Economists predict that the global economy in 2019 has no dramatic change occurred within the U.S. market or international market, limiting negative impact on the Company's cash flow, financial conditions, competition and collaboration with other businesses.

(2) Risks of Foreign Exchanges Controls, Taxes and Regulations

Tanvex and its subsidiaries utilize the United States Dollar (USD) as the functional currency for transactions. However, for the financial reporting purpose in compliance with the IFRS recognized by the Financial Supervisory Commission in Taiwan, the consolidated financial report represents in New Taiwan Dollar (NTD). Due to the exchange rate fluctuations between USD and NTD, it may result the changes of cumulative translation adjustments reflected in the consolidated financial report.

As the most advanced currency market and the most convenient platform for international financial transactions, the United States leads as the most-developed and complete financial system, as well as a well-established management system of foreign exchange markets. Tanvex and its subsidiaries encounter at no risk on the controls of foreign exchange in the U.S. In terms of relevant laws and tax risk, Tanvex and its subsidiaries have not received any material financial impact due to any changes of relevant laws or tax regulations since Tanvex and its subsidiaries consistently comply with the U.S. Company Act and other applicable laws. Any changes in the relevant laws and tax regulation in the future may, however, affect Tanvex and its subsidiaries' operation.

(3) Recognition of a Civil Judgment Issued by a Taiwan Court

According to the currently effective Uniform Foreign Money-Judgments Recognition Act in California (CA Code of Civil Procedure sec 1713-24, hereinafter "CA Recognition Act"), if a nonmonetary judgment is consistent with the requirements of the CA Recognition Act and the definition of "foreign judgment", the non-monetary judgment in a foreign court would be deemed as a final and conclusive foreign judgment to be enforceable under the ambit of the CA Recognition Act. A foreign judgment is enforceable if all of the following apply: (1) the judgment was for a monetary claim, either to approve or deny it; (2) according to the foreign law by which the judgment was made, the judgment was a conclusive, final, and enforceable judgment but not to enforce any taxes, fines, or penalties, and not to enforce any family court judgments for divorce, alimony, and maintenance (except for the circumstances where the doctrine of international comity applies or the foreign judgment excludes the application of CA Recognition Act). The CA Recognition Act also requires the plaintiff who seek the recognition of the foreign judgment to fulfill the burden of proof regarding these abovementioned elements and provides that the request of the recognition must be made within ten years since the judgment takes effect or within the statutory period of the foreign law by which the judgment is made, whichever is shorter.

In addition, the CA Recognition Act provides that the court should not recognize a foreign judgment for any of the following occurrences: (1) the judicial system where the foreign judgment was made did not provide court with equity and fairness or the due process consistent with the California laws; (2) the foreign court had no jurisdiction over the defendant against whom the plaintiff is attempting to enforce the judgment; or (3) the foreign court had no jurisdiction over the subject matter.

Furthermore, the CA Recognition Act states that the California court should not recognize a foreign judgment for any of the following circumstance: (1) the defendant did not receive notice of the proceedings in sufficient time to enable him to defend; (2) the judgment was obtained by fraud making the plaintiff who lose the case unable to defend sufficiently; (3) the judgment, the cause of action, or the remedy was repugnant to the public policy of the U.S. or California; (4) the civil judgment conflicts with another final and conclusive judgment; (5) the proceeding in the foreign court was contrary to an agreement between the parties under which the dispute was to be settled; (6) in the case of jurisdiction based on personal service of process, the foreign court was a significantly inconvenient forum for the trial; (7) the circumstance where the foreign judgment was made caused the integrity of the rendering court to be very doubtful; (8) the judgment was not rendered under procedures compatible with the requirements of due process under the laws of California; or (9) the subject matter of the foreign judgment was a libel claim (unless the foreign court provides the same degree of constitutional protection as the case in the U.S. or in California).

3. The Principal Location of Operations: Taiwan (ROC)

(1) The Macroeconomic and the Political Changes

Taiwan ranked 13th out of 140 countries for the global competition according to the World Economic Forum ("WEF") Global Competitiveness Report 2018 issued in October 2018. Additionally, Taiwan also ranked the fourth, after Switzerland and Norway and Singapore, out of 50 countries for the best investment environment country evaluated by the famous Business Environment Risk Intelligence Company ("BERI") in the "Assessment Report of Investment Environment" issued in December of 2018. Taiwan apparently has a stable economy, great investment environment, strong adaptabilities, financial institutions with good financial conditions, and a robust foreign exchange reserve, illustrating Taiwan as a considerable investment target for foreign companies.

The 2019 Index of Economic Freedom, published jointly by The Heritage Foundation and *The Wall Street Journal*, measures the four criteria including "rule of law", "government control", "regulatory effectiveness", and "open market" to determine the degree of freedom of economies around the world. Among the 180 countries and economies in the world, Taiwan ranked 10th, in the Asia-Pacific 43 countries and economies, Taiwan ranked 5th, followed by Hong Kong, Singapore, New Zealand and Australia. The report refers to Taiwan as having "relatively well-developed commercial code and open-market policies that facilitate the flow of goods and capital (which) have made small and medium-size enterprises the backbone of Taiwan's economic expansion."

The International Monetary Fund (IMF) forecast that Taiwan's gross domestic product (GDP) will grow 2.5 percent in 2019 and 2020 in the World Economic Outlook report dated April 2019. The IMF forecast for 2019 represents an increase from the 2 percent made in April 2018 and 2.4 percent in October 2018. In December 2018, the Executive Yuan approved the 2019 National Development Plan, which included a slight increase for Taiwan's projected economic growth. The government is now anticipating a growth rate of 2.6 percent for the next year, a small increase from the previously projected rate of 2.4 percent. Factors influencing the increase growth prediction include the number of business professionals anticipated to return to Taiwan from abroad, along with investment and job creation expected to be facilitated between Taiwanese businesses partnering with foreign companies in Taiwan, reports Radio Taiwan International.

(2) Risks of Foreign Exchange Control, Taxes, and Applicable Laws

Taiwan's foreign exchange is conducted pursuant to the market mechanism which allows a free flow of funds. For the flow of foreign currency involving exchange of funds in New Taiwan Dollar denomination, foreign exchange proceeds and payments from and for goods and services and capital transactions (including direct investments and securities investments) approved by Taiwan competent authority are subject to no restrictions, except for the requirements on dollar amount of foreign exchange settlement for transfer of short-term funds. The exchange rate of NTD is determined by supply and demand in the foreign exchange markets, except that Taiwan's Central Bank plays the role of maintaining the order of the foreign exchange markets when the regular operation of the markets is compromised by seasonable factors or under irregular circumstances. Taiwan's Central Bank also actively promotes financial liberalization and internationalization. Management of capital flows is subject to market factors and there is a free flow of funds in and out of Taiwan. Management of foreign reserve follows the fundamental principle of liquidity, security and profitability, with an emphasis on economic effects from promotion of economic development and upgrading of industries.

For tax regulations, Taiwan follows the rule of laws and the principle of taxation by law and all collections of taxes and duties shall be governed by law. The standard procedures for tax collection are based on the Tax Collection Act. The Taiwan government also follows the Administrative Procedure Act to ensure transparency of tax collection as well as acting by law to protect people's rights and interests and improve administrative efficiency. Tax denominations include "national taxes" and "local taxes", to be collected by the National Taxation Authority, and the tax collection authority at the municipal government or county/city government, as applicable. The Ministry of Finance is the highest administrative entity governing tax matters and responsible for general management of tax collection, interpretation of tax laws, and national budgeting.

In recent years, Taiwan is developing in tandem with the international society. In order to harmonize Taiwan's tax system with those in other jurisdictions, create a fair and equitable tax environment, and respond to changes in economic development and needs for cross-border investments, various revisions have been implemented to improve Taiwan's tax system. After Taiwan's accession to the World Trade Organization (WTO) in 2002, Taiwan has referred to the regulations published by the WTO in amending the applicable laws to be used as the basis of collection of customs. Taiwan has also implemented the tax system on tobacco and alcohol products to promote international trade. Taiwan has a favorable tax environment, and open and transparent collection procedures. There is smooth and fast communication channel with tax collection authority. The Taiwan government continues to take measures to improve its tax system in response to changes in economic environment. Taiwan therefore has an appealing investment environment in Asia Pacific.

In summary, despite the fact that Taiwan implements a managed floating exchange rate regime for foreign exchange control, this does not impose any material restriction on fund flows required for the Company's operation and business activities. There is no material restriction under tax and applicable laws that are expected to affect the Company's operation and business activities.

(3) Whether a Final Civil Judgment by Taiwan Court Is Recognized

As Tanvex Biologics Corporation, the Company's subsidiary in Taiwan, mainly engages its business in Taiwan, the final civil judgment by Taiwan court is always binding and enforceable. Therefore, the question that whether a final civil judgment by Taiwan court is recognized in the main place of business does not apply.

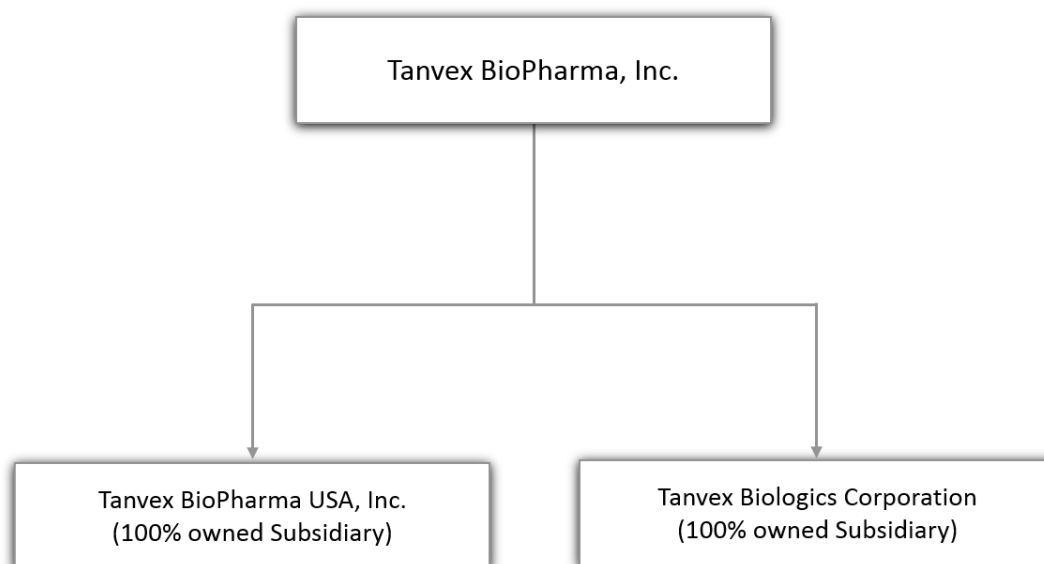
7.7 Other Important Matters

None.

8. Other Special Notes

8.1 Information on Subsidiaries

8.1.1 Subsidiaries Chart



8.1.2 Basic Information of Subsidiaries

December 31, 2018; Unit: in thousands

COMPANY	DATE OF INCORPORATION	PLACE OF REGISTRATION	PAID-IN CAPITAL	MAJOR BUSINESS
Tanvex BioPharma USA, Inc.	01/01/2011	10394 Pacific Center Court, San Diego, CA 92121, U. S. A.	US\$ 139,901	Process development and production of Biosimilar drugs and new drugs
Tanvex Biologics Corporation	04/07/2009	33F, No.99, Sec.1, Xintai No.5 Road, Xizhi District, New Taipei City, Taiwan R.O.C	NT\$ 2,114,190	Research and development of Biosimilar drugs and new drugs

8.1.3 Shareholders in Common of Tanvex and Its Subsidiaries with Deemed Control and Subordination:

None.

8.1.4 Rosters of Directors, Supervisor, Chairman and Presidents of Tanvex's Subsidiaries

December 31, 2018

COMPANY	TITLE	NAME OR THE REPRESENTATIVE	SHAREHOLDING	
			SHARE(S)	%
Tanvex BioPharma USA, Inc.	Chairman and CEO	Allen Chao	1,000,000	100%
Tanvex Biologics Corporation	Chairman and CEO	Allen Chao	211,419,000	100%

8.1.5 Operational Highlights of Subsidiaries

December 31, 2018; Unit: in thousands

COMPANY	PAID-IN CAPITAL	ASSETS	LIABILITIES	NET WORTH	REVENUE	OPERATING EXPENSE	NET LOSS AFTER TAXES
Tanvex BioPharma USA, Inc. (Note)	USD165,601	USD28,986	USD7,889	USD21,097	-	USD(60,237)	USD(60,215)
Tanvex Biologics Corporation	NTD2,114,190	NTD447,843	NTD23,035	NTD424,808	-	NTD(82,524)	NTD(72,996)

Note: This is different from the investment gains and losses recognized by the parent company due to the adjustment of the realized/unrealized gains and losses from the sidestream transactions between the subsidiaries.

8.1.6 Consolidated Financial Statements Covering the Subsidiaries:

Incorporated in the consolidated financial statements.

8.1.7 Consolidated Business Reports:

Not applicable.

8.2 Private Placement of Securities in Most Recent Year and up to the Date of this Annual Report

None.

8.3 Status of Common Stock Acquired, Disposed of, and Held by Subsidiaries in Most Recent Year and up to the Date of this Annual Report

None.

8.4 Other Necessary Supplemental Explanations (Major Differences Between the Company’s Articles and in Relation to the Protection of Shareholders’ Equity)

Due to the differences between the laws of Taiwan, ROC and the Cayman and Company Act, the amendment of the Shareholder Right Protection Checking List for foreign issuer amended by Taiwan Stock Exchange Corporation on November 30, 2018, may not be applicable to Tanvex. The Company’s Articles differs from the rules of the ROC in relation to the protection of shareholder equity as follows:

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY’S ARTICLES AND THE EXPLANATION
<p>A company which buys back its shares and assigns or transfers those shares to its employees may restrain such shares from being assigned or transferred to others within a specific period of time which shall in no case be longer than two years.</p>	<p>Treasury Shares may be disposed of by the Company on relevant terms and conditions as determined by the directors; there are no relevant provisions regarding employee incentive program under the Cayman Companies Law.</p>	<p>According to the Article 1 of the Memorandum and Articles of Association of the Company (“M&AA”), Treasury Shares refers to shares that were previously issued but were purchased, redeemed or otherwise acquired by the Company and have not been cancelled; as such, this provision is stipulated in Article 40D of the M&AA. However, as indicated by the Cayman lawyer, such restrictions agreed between the transferor and transferee is a contractual matter between themselves.</p>
<p>The following items shall be itemized in the causes or subjects to be described in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; material contents of such matters may be uploaded onto the website designated by the TWSE, TPEX or the Company with the address of website indicated in the notice:</p> <ol style="list-style-type: none"> (1) Election or discharge of directors and supervisors; (2) Alteration of the Articles of Incorporation; (3) Reduction in share capital of the Company; (4) Application for de-registration as a public company; (5) Dissolution, merger, spin-off; (6) Enter into, amend, or terminate any contract for lease of the Company’s business in whole, or for entrusted business, or for regular joint operation with others; (7) Transfer the whole or any essential part of its business or assets; or (8) Accept the transfer of another’s whole business or assets, which has great bearing on the business operation of the Company; (9) Offering, private placement of any equity-type securities; (10) Release the prohibition on directors from participation in competitive business; (11) Pay all or partial dividends and bonuses by way of issuing new shares; (12) Distribute the legal reserve and the capital reserve that derived from the income from the issuance of new shares at a premium or the income from endowments received by the Company. 	<p>There is no special provision regarding extemporary motions under Cayman Companies Law; according to the Cayman lawyer, with respect to extemporary motions, the notice of shareholders meeting shall specify content of discussion and provide relevant information to shareholders. However, the notice of shareholders’ meeting usually includes an item of “other issues;” such issues are usually informal or not material, and the chairman of the meeting shall not include any material issue in this item. All material issues shall be discussed and resolved in another meeting convened in accordance with the procedure, provided that if any urgent issue requires resolution in the meeting, it shall be raised and ratified in the next shareholders’ meeting. Although Cayman law does not expressly prohibit extemporary motions, the Cayman lawyer advises that it is inappropriate to exercise extemporary motions at the shareholder’s meeting.</p>	<p>The Cayman Companies Law has no special provisions regarding extemporary motion; as such, the Paragraph 6 is stipulated in Article 50 of M&AA. According to the Cayman lawyer, with respect to the extemporary motions, the notice of shareholders meeting shall specify content of discussion and provide relevant information to shareholders. However, the notice of shareholders’ meeting usually includes an item of “other issues;” such issues are usually informal or not material, and the chairman of the meeting shall not include any material issue in this item. All material issue shall be discussed and resolved in another meeting convened in accordance with the procedure, provided that if any urgent issue requires resolution in the meeting, it shall be raised and ratified in the next shareholders’ meeting.</p>

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
<p>If the voting power at a shareholders' meeting may be exercised in writing or by way of electronic transmission, the method for exercising the voting power shall be described in the shareholders' meeting notice. A shareholder who exercises the voting power at a shareholder's meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived the voting power in respect of any extemporary motion and/or the amendment to the contents of the original proposal.</p>	<p>There is no special provision regarding Paragraph 3 under Cayman Companies Law.</p>	<p>There is no special provision regarding the first paragraph of this Paragraph 3 under Cayman Companies Law; thus the first paragraph of this Paragraph 3 is stipulated in Article 68 of the M&AA. According to the Cayman lawyer, if the shareholder exercises the voting right in writing, it shall be deemed to authorize the chairman of the meeting to exercise the voting power, thus the latter paragraph of this Paragraph 3 is stipulated in Article 68 of the M&AA. (i.e., shareholders who exercise the voting power in writing or by way of electronic transmission shall be deemed to have authorized the chairman of the meeting to exercise its voting power in the meeting according to the instruction in writing or by way of electronic transmission, but shall be deemed to have waived the voting power in respect of any extemporary motion and/or the amendment to the contents of the original proposal. However, foregoing authorization shall be deemed not to constitute a provision regarding proxies under the laws and regulations in relation to TWSE/TPEX listed companies).</p>
<p>In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, at least 2 days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail.</p>	<p>There is no special provision regarding this Paragraph 5 under Cayman Companies Law.</p>	<p>There is no special provision regarding Paragraph 5 under Cayman Companies Law; as such, the first paragraph of this Paragraph 5 is stipulated in Article 70 of the M&AA. According to the comment of Cayman lawyer, under common law, a person may revoke his/her proxy by attending the meeting in person. Since shareholders who exercise the voting power in writing or by way of electronic transmission shall be deemed to have authorized the chairman of the meeting to exercise its voting power in the meeting according to the instruction in writing or by way of electronic transmission, Paragraph 5 may be not enforceable.</p>
<p>After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person, a proxy rescission notice shall be filed with the Company at least 2 days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.</p>	<p>There is no special provision regarding the power of attorney of soliciting of the power of attorney under the Cayman Companies Law.</p>	<p>Since there are no special provisions regarding the power of attorney of soliciting of the power of attorney under the Cayman Companies Law, set out the content of Paragraph 4 in the Article 62B of the M&AA. According to the comment of the Cayman lawyer, under the common law, a person may revoke its proxy by attending the meeting in person, so the content of Paragraph 4 may be not enforceable.</p>
<p>The following proposals involving significant interests of shareholders shall be adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares.</p>	<p>With regard to 1, 4 and 5 (the split part) there is no special provision of requirement or prohibition under the Cayman Companies Law. With regard to 2 and 3, Article 24 of the</p>	<p>1. There is no special or prohibition provisions regarding subparagraph 1, 4 and the split-up part of subparagraph 5 under the Cayman Companies Law; as</p>

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
<p>If the total number of shares represented by the shareholders present at shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, it may be adopted by two thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares:</p> <ol style="list-style-type: none"> 1. Enter into, amend, or terminate any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operation with others, accept the transfer of another's whole business or assets, which has great bearing on the business operation of the Company. 2. Amend the Articles of Incorporation. 3. Any amendment to the Articles of Incorporation prejudicial to the rights of special shareholders shall be adopted by special resolution. 4. The whole or a part of the distributable dividends and bonuses may be paid in the form of shares newly issued. 5. The proposal of dissolution, consolidation or merger and split-up. 	<p>Cayman Companies Law provides that any amendment to the M&AA shall be adopted by the special resolution.</p> <p>With regard to 5 (the dissolution part), the company shall be voluntarily dissolved by the special resolution pursuant to Article 116 the Cayman Companies Law, in the case that the company is voluntarily dissolved due to inability to pay off all claims, it may be adopted by the shareholders' meeting by way of an ordinary resolution. Where there is any higher threshold provided in the Articles of Incorporation, such higher threshold shall prevail.</p> <p>In addition, with regard to 5 (the consolidation or merger part), according to the Cayman legal consultant's suggestion, the Article 233(6) of the Cayman Companies Law provides that it shall be adopted by special resolution. However, it should be pursuant to the M&AA in the case that there are other provisions regarding the resolutions provided in the M&AA.</p>	<p>such subparagraph 1, 4 and the split-up part of subparagraph 5 are separately provided in Article 32(a)(b)(c)(d)(g) of the M&AA that it shall be adopted by the shareholder's meeting by way of special resolution (Supermajority Resolution Type A) refers to a resolution adopted at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares and exercise the voting rights in person or by a proxy (if the shareholders' meeting allows the proxy) or Supermajority Resolution Type B which means that the total number of shares represented by the shareholders present at a shareholders' meeting is less than the percentage of the total shareholdings required by the Supermajority Resolution Type A, which means that there is no resolution adopted at a shareholders' meeting by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares and exercise the voting rights in person or by proxy (if such shareholders' meeting allows the use of proxy).</p> <ol style="list-style-type: none"> 2. According to Article 24 of the Cayman Companies Law, any amendments to the M&AA shall be adopted by Special Resolution at a shareholders' meeting; as such, subparagraph 2 is provided in Article 157 of the M&AA, which means that the company may at any time amend the memorandum and/or M&AA. The threshold of the number of the shareholders present is in accordance with Article 51 of Article of Incorporation (which means that the total number of shares represented by the shareholders present in person or by proxy at a shareholders' meeting is more than a majority of outstanding shares). 3. According to Article 24 of the Cayman Companies Law, any amendments to the M&AA shall be adopted by the Special Resolution at a shareholders' meeting; as such, subparagraph 3 is provided in Article 18 of M&AA, which means that any amendment to the M&AA prejudicial to the rights of special shareholders shall be adopted by special resolution at a special shareholders' meeting in addition to the Special Resolution at a shareholders' meeting. The threshold of the number of the shareholders present is in accordance with Article 51 of Article of Incorporation (which means that the total number of shares represented by the shareholders present in person or by proxy at a shareholders' meeting is more than a majority of outstanding shares).

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
		<p>4. With regard to subparagraph 5 (the dissolution part), the company shall be voluntarily dissolved by the special resolution pursuant to Article 116 of the Cayman Companies Law, in the case that the company is voluntarily dissolved due to inability to pay off all claims, it may be adopted by an ordinary resolution at shareholders' meeting. Where there is any higher threshold provided in the M&AA, such higher threshold shall prevail; as such, the dissolution part of subparagraph 5 is provided in Article 33 of the M&AA, if the company is voluntarily dissolved due to inability to pay off all claims on schedule, it shall be adopted by a special resolution at a shareholders' meeting (Supermajority Resolution Type A) or Supermajority Resolution Type B (Article 33(a)); if the company is voluntarily dissolved due to other causes, the company shall be dissolved voluntarily by way of a special resolution (Article 33(b)). The threshold of the number of the shareholders present is in accordance with Article 51 of Article of Incorporation (which means that the total number of shares represented by the shareholders present in person or by proxy at a shareholders' meeting is more than a majority of outstanding shares).</p> <p>5. With regard to subparagraph 5 (the consolidation or merger part), according to the Cayman legal consultant's suggestion, the Article 233(6) of the Cayman Companies Law provides that it shall be adopted by special resolution. However, it should be pursuant to the M&AA in the case that there are other provisions regarding the resolutions provided in the M&AA; as such, the consolidation or merger part of subparagraph 5 is provided in the Article 31(c) of the M&AA. The threshold of the number of the shareholders present is in accordance with Article 51 of Article of Incorporation (which means that the total number of shares represented by the shareholders present in person or by proxy at a shareholders' meeting is more than a majority of outstanding shares).</p>
Provisions regarding the supervisors.	There is no special provision regarding the supervisors under the Cayman Companies Law.	Since the Company does not set up supervisors, no amendments to the M&AA are made.
1. Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the Company over one year may request in writing the supervisors of the Company to institute, for the Company, an action against a director of the Company, and the	There is no special provision of requirements or prohibitions under the Cayman Companies Law. According to the Law of the Cayman Islands, the circumstances in which the shareholder may institute an action for the company: (A) the act is in violation of the laws or beyond the purview of the company and cannot be ratified by the shareholders; or (B) the act constitutes	There is no special provision of requirements or prohibitions under the Cayman Companies Law, and the company sets up the audit committee rather than supervisors; referring to the provisions regarding the responsibility to replace the supervisors by independent directors of the audit committee in 27 July 2012 Letter No. Taiwan-Securities-listed 1011702189

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
<p>Taipei District Court in Taiwan shall be the competent court of the first instance.</p> <p>2. In case the supervisors fails to institute an action within 30 days after having received the request made under the preceding paragraph, then the shareholders filing such request under the preceding paragraph may institute the action for the Company; and the Taipei District Court in Taiwan shall be the competent court of the first instance.</p>	<p>fraud to the minority shareholders (that is, the instituted action requesting relief is against the major shareholders, such major shareholders may not allow the company to let the plaintiff institute the action. It is required to prove the fact of fraud and that the actor engaged in wrongdoing has the controlling power over the company.) As for the act within the purview of the company or beyond the purview of the company but can be ratified by the shareholders and is in line with the will of the majority of shareholders, the court of the Cayman Islands is inclined not to interfere in the internal act of the company.</p>	<p>of Taiwan Stock Exchange Corporation, thus replacing the supervisors part of the paragraph 1 and 2 by the independent directors of the audit committee provided in the Article 123 of the M&AA and may take the courts of competent jurisdiction (including Taipei District Court in Taiwan, if applicable) as the court of the jurisdiction. The Cayman lawyer further indicates that the Article 123 of the M&AA shall comply with the Cayman laws. According to the Cayman laws, the directors are not responsible to institute the action against the other directors by the request of the shareholders with 1% or more holding of the company in the case that the director considers it is not beneficial to company to institute the action.</p>
<p>1. The Directors shall exercise the fiduciary duties in performing their duties and exercise the duty of care as a good faith manager, and shall be held liable for damages resulting from violation of the above. In the event the Director has the above behavior for him/herself or another person, it may be resolved at the shareholders' meeting to deem any income from such behavior as part of the Company's income.</p> <p>2. If the Director is in violation of the law in performing business for the Company, therefore causing damage to another person, he/she shall be held jointly and severally liable for damage to such person with the Company.</p> <p>3. When performing their duties, the Company's officers and supervisors shall have the same damage liability as the Directors.</p>	<p>According to the Cayman Companies Law, the Directors have the fiduciary duties to the company and may be held liable for damages resulting from violation of the above by court decisions; in the event the Director violates the fiduciary duties and has the interest for him/herself or another person, the court may order the Director to return such interest by a court decision.</p> <p>According to the laws of the Cayman Islands, if the Director causes damage to the third party due to performing business for the company and the third party may thus claim for the damages against the company, then the company may claim for damages resulting from the third party's claim against such Director; even though the M&AA provides that the directors shall be held jointly and severally liable for damage to such person with the company, from Cayman law's point of view, the third party still cannot directly claim against the Director.</p>	<p>In light of the comments by the Cayman lawyer (please refer to the left column), set forth the content of Paragraph 1, 2 and 3 in the Article 97B of the M&AA; provided the Cayman lawyer indicates that even though the M&AA of the company provides that the directors shall be held jointly and severally liable for damage to such person with the company, from Cayman law's point of view, the third party still cannot directly claim against the Director.</p>

9. Any Events in 2018 and up to the Date of this Annual Report that Had Significant Impact on Shareholder's Rights or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act of Taiwan
None.