

2022 Annual Report

Now is The Time For Biosimilars

Published on April 30th, 2023

The Tanvex Annual Report is available at:

<http://mops.twse.com.tw>

<http://www.tanvex.com>

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

6. Board of Directors

TITLE	NAME	NATIONALITY	WORK EXPERIENCE
Chairman & CEO	Yen, Yun	Taiwan, ROC	Please refer to 3.2 “Information on BoD Members” in this annual report for details.
Director	Peng Lin Investment Co., Ltd., Representative: Chen, Chi-Chuan	Taiwan, ROC	
Director	Peng Lin Investment Co., Ltd., Representative: Tseng, Tamon	Taiwan, ROC	
Director	Allen Chao and Lee Hwa Chao Family Trust Representative: Allen Chao	U.S.A	
Director	Hsia Family Trust Representative: Hsia, David	U.S.A	
Director	Delos Capital Fund, LP Representative: Ula Xue	China, PRC	
Independent Director	Tsai, Jin-Pau	Taiwan, ROC	
Independent Director	Wang, Tay-Chang	Taiwan, ROC	
Independent Director	Chang ,Chun-Yen	Taiwan, ROC	

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Notice to Reader:

- For the convenience of readers and for informational purposes only, the 2022Annual Report for the 2023 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.
- Tanvex is a biotechnology 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

Dear Shareholders:

In August 2021, I was unanimously elected as the Chairman/ President by all directors, and then assumed the position of CEO subsequently. Driven by the sense of vocation with “inevitable responsibility” over this period, I lead Tanvex to continuous growth and thriving with steady paces. Moreover, the Tanvex 2.0 Project was launched at the end of 2022. Through the development of new ADC (Antibody-Drug Conjugate), our biosimilars were expected to be given with new value, and developed new chapters for Tanvex!

Currently, there are two products under Tanvex BioPharma, namely the TX01 and TX05 and both are under review by the FDA (Food and Drug Administration, USA) for licensing.

TX05, the biosimilar product to fight breast cancer was successfully unblinded over Phase III clinical trials in February 2021, and the clinical data was satisfactory. In April 2022, the FDA also completed the establishment inspection for TX05 and no major deficiencies were found among the facilities. During comparison and brand drug Herceptin, however, partial similarities still required further clarification. To address the CRL (Complete Response Letter) issued by FDA at the end of July 2022, our colleagues have actively prepared to submit additional data as support to prove the drug similarity.

Under their relentless efforts, TX01 the biosimilar also achieved gratifying results. In mid-August 2022, the FDA accepted the application supplementary information for licensing and conducted establishment inspection at the beginning of 2023. Fortunately, no major deficiencies were found among the facilities and the improvement of downstream vendors was also under control, hence the issuance of TX01 license could be anticipated in new future. Regarding TX01 promotion in Canadian market, TX01 was successfully granted with business license for new drug by Health Canada in July 2022, where various preparations for commercialization were completed gradually. Extensive progress also took place among production lines of other biosimilars. Among them, TX04 was the long-acting drug for TX01, and the drug development process required for clinical trials had commenced.

The corporate governance is worth to be mentioned particularly. In August 2022, the corporate sustainable operation team was established and Tanvex officially joined the corporate responsibilities for environmental protection and social care. On the subject of sustainability, I expect us to contribute as citizens on Earth. In addition, with the approval by BoD, the Company has commenced the capital reduction in November 2022 and completed it in early 2023, which allows the Company to utilize funds with more flexibility and improve operating efficiency. At the same time, we also continued to promote the establishment in terms of manpower, physical resources and GMP plants required for CDMO business under Tanvex USA, where we actively and practically utilized the existing foundation of Tanvex for moving towards the focused and refined CDMO business.

While leading Tanvex over this one and a half year, the journey was full of various challenges, but also very fulfilling. Tanvex has possessed well foundation originally, and through the process of continuous learning and growing, I have expanded experiences and energy, where I can be ready for Tanvex deployment over the next decade, two decades and more!

Chairman & CEO

A handwritten signature in black ink, appearing to read "Yuan Jiao", written in a cursive style.

Tanvex BioPharma, Inc.

1.2 2022 Business Report

Expensive biopharmaceuticals have caused financial stress in global medicine; for example, although the USA is the largest single market of biopharmaceuticals worldwide, it is also the country with highest medical expenditure. Therefore, providing effective and affordable biosimilars with excellent quality has become one of the best solutions for reducing medical expenditure in various countries. In view of this, the USA government passed the BPCIA (Biologics Price Competition and Innovation Act) in 2010 to establish clear and simplified path of regulations and market entry for biosimilars. Pursuant to FDA approval of the first biosimilar (Zarxio® from Sandoz) in 2015, the FDA has approved 40 biosimilars up till 2022, and among them, 25 biosimilars have been marketed in USA. Although the speed of FDA approval slowed down significantly over the peak duration of global COVID-19 pandemic, rebound of approval number appeared in 2022, where licenses of 7 new biosimilars in total were granted. All these 7 biosimilars had been approved previously, and there was no any other biosimilars as products of new reference. A total of 4 new biosimilar drugs will be launched in 2022, including 2 Lucentis® (ranibizumab) biosimilar drugs. It could be observed that the potential of developing USA biosimilars continued to increase. Due to the continuing of Covid-19 pandemic in 2022, the macro economy was impacted in general; yet Tanvex BioPharma, Inc. (hereinafter referred to as “Tanvex” or the Company) continued to promote products in efficient manner still, where our TX01 acquired the Canadian license in July 2022 successfully.

Tanvex is a biosimilar developer focusing on the USA market. Through utilization of its development, production, commercialization and mass production technology for to vertical integration with the industry chain, the Company is able to controls cost, maintain flexible operation strategies and ensure product competitiveness for successful entry into the USA market.

Status of business results, financial performance and budget execution in 2022:

1. Outcome of 2022 business plan implementation:

The main product developed by the Company is still at R&D stage and has yet to contribute revenue; however, we have started to undertake CDMO projects from AP Biosciences Inc. since 2022 for generating relevant revenue. Our revenue in 2022 was NT\$ 22,404 thousand, which increased by approximately 314% comparing to 2021. The net loss for 2022 was NT\$1,641,130 thousand, which slightly increased by approximately 6% comparing to 2021. The 2022 Business status report for the Company is as follows:

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

Item	2022	2021	Difference	Variance percentage
Operating revenue	22,404	5,406	16,998	314%
Operating costs	(41,752)	(1,856)	(39,896)	2150%
Operating expenses	(1,586,169)	(1,602,734)	16,565	-1%
Non-operating income and expenses	(35,590)	55,995	(91,585)	-164%
Income tax	(23)	(22)	(1)	5%
Current profit (loss)	(1,641,130)	(1,543,211)	(97,919)	6%
Loss per share	(4.65)	(4.74)	0.09	-2%

The revenue in 2022 mainly came from the Company undertaking CDMO project under AP Biosciences, which was used in developing and producing the latest clinical candidates from development platform of bispecific antibody. Moreover, to cooperate with the progress of product development, the Company continued to invest in R&D activities and commercialization in 2022. This resulted the net loss after tax in 2022 at NT\$1,641,130 thousand, which was a slight increase of NT\$97,919 thousand comparing to 2021. The R&D expenditures in 2022 were mainly used for relevant items such as the CRL supplementary correction prepared for TX01, inspection preparation for BLA review, and CRL-related supplementary correction data as reply to the FDA for TX05.

2. Budget execution:

The actual net loss after tax in 2022 for the Company was NT\$1,641,130 thousand, which was equivalent to the 2022 budget. The current operating expenses were mainly invested in R&D, which amounted to about NT\$1,351,425 thousand, accounting for about 85% of the operating expense.

3. Research and development status:

Tanvex upholds its commitment to shareholders and employees, where the Company actively promotes progress in various product, constructs the foundation for product commercialization and deploys the sales channels. The progress of implementing each plan and operation is described as follows:

→ Product TX01 (Original medicine: Neupogen®)

- In August 2022, the supplementary documents for license assessment were submitted to the FDA.
- The sales and marketing teams are ready to launch the TX01 product.
- In July 2022, the drug establishment license was approved by Health Canada.

→ Product TX05 (Brand drug: Herceptin®)

- In July 2022, the complete response from the FDA was received, indicating that the current license assessment was completed. The Company intends to communicate with the FDA in US, where the supplementary information is expected to be provided to the FDA in US for completing the subsequent BLA review.
- Preparation for passing the preliminary assessment of licensing.

→ Product TX04 (Brand drug: Neulasta®)

- The Company is planning to scale up the production process and prepare for the Phase III pivotal trial. Currently, the stability test is being conducted simultaneously.

→ Product TX16 (Original medicine: Avastin®)

- The Phase I clinical trial on human subject has been completed. At present, the design for Phase III clinical trial and patent-related procedures are under planning continuously.

→ Product: TX52 (Brand drug: Perjeta®)

- The pre-clinical and manufacturing process are still under development currently.

→ Product TX54 (Brand drug: Keytruda®)

- Cell Line Development.

→ CDMO business Service

- Entrusted by OBI Pharma in Taiwan for composite development, manufacturing and production of cell lines in small batches.
- Entrusted by AP Biosciences to develop and produce the latest bispecific antibody development platform's

clinical candidate drug.

The development progress for various major products in 2022 is shown as per figure below:

Pipeline Product	Molecule	Innovator Product	Pre-clin	Phase I	Phase III	Submission	Approval	Status
TX-01	filgrastim	Neupogen® (Amgen)						BLA resubmission in Q3. FDA site inspection in Q1 2023.
TX-05	trastuzumab	Herceptin® (Genentech)						CRL received in Q3 2022. Plan for BLA resubmission late 2023.
TX-04	pegfilgrastim	Neulasta® (Amgen)						Pre-clinical activities; pivotal trial preparation.
TX-16	bevacizumab	Avastin® (Genentech)						on hold (delaying initiation of Phase III due to clinical cost).
TX-S2	pertuzumab	Perjeta® (Genentech)						on hold
TX-S4	pembrolizumab	Keytruda® (Merck)						Cell line development in 2022
CDMO AP-2205	bispecific antibody	NA						CDMO activity: cell line development in 2022.

Management policy and future prospects for 2023

Tanvex will continue to strive from R&D towards development in commercialization. The Company's product TX01 (Brand drug: Neupogen®) (Figrastim) has acquired the Canadian license in 2022, and expected to be distributed in the Canadian market by 2023. TX01 is also expected to be licensed by the FDA by 2023 for sales in the US market. In addition, the Company will also continue the R&D for other biosimilar products already planned, and continue to develop towards CDMO refinement.

Chairman : Yun Yen

CEO : Yun Yen

Accounting Officer : Peter Lin

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 new products (new drug and/or biosimilars) with the same efficacy, or the insurance companies reducing reimbursement amounts or declining coverage. However, the Company's unique marketing strategies, integrated, cost-effective structure, and its team's experience will enable the Company to overcome these challenges and successfully market and sell its products.

2. Impact from Regulatory Changes

- (1) Although the FDA has established a review mechanism for biosimilars and 40 biosimilars have been approved up till 2022, since the review requirements may differ due to different characteristics of each biosimilar upon FDA review on them, the risk of changes in regulations may arise.
- (2) The Company has strictly followed local, state and federal regulations and policies, constantly monitors the changes and trends on important policies, consults with its attorneys and certified public accountants to ensure it is aware of any changes in local regulations and policies and any related impact on the Company. In addition, the Company constantly monitors the regulatory changes in order to take proper actions in a timely fashion. In the 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.

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 generally stable political and economic environment. The Company has two wholly-owned subsidiaries which are located in Taiwan and the United States. These two countries are also both generally politically and economically stable. Their governments are actively boosting domestic demand, and committed to long-term economic restructuring to continue to strengthen their economies.

While the long-term economic impact and the duration of the COVID-19 pandemic may be difficult to assess or predict, the widespread pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, global supply constraints, and other disruptions, including but not limited to travel restrictions which have impacted FDA's ability to conduct on-site inspections, which could impact our business and financial results.

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. The Company's Taiwan subsidiary is responsible for initial stage cell line and bioprocess development. The Company's US subsidiary is responsible for further cell line and process development, scale up and commercial production. Seamless cooperation between the two subsidiaries promotes the Company's overall international competitiveness.

Key Facts:

- Founded in 2013
- Approximately 150 employees in the U.S. and Taiwan.
- The Company was listed on the Taiwan Stock Exchange (TWSE) in October 2017.
- Vertically integrated with in-house capabilities to research, develop and manufacture providing better control of quality and cost.
- Technical expertise and equipment to develop and manufacture products using either mammalian or microbial expression/systems.
- Plan to resubmitted BLA for TX-01 (biosimilar to Neupogen®) to U.S. FDA in 2022; BLA submission for TX-05 (biosimilar to Herceptin®) in October 2021; Plan and prepare for TX04 (biosimilar to Neulasta®) expansion study.

Manufacturing

- Tanvex BioPharma USA, Inc. has facilities for early commercial production located in San Diego, California. It has two buildings which include manufacturing, lab, warehouse and offices. Total area is approximately 135,000 squares feet.
- Initial commercial production capacity includes 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 further) for mammalian cell products.

2.2 Market Overview

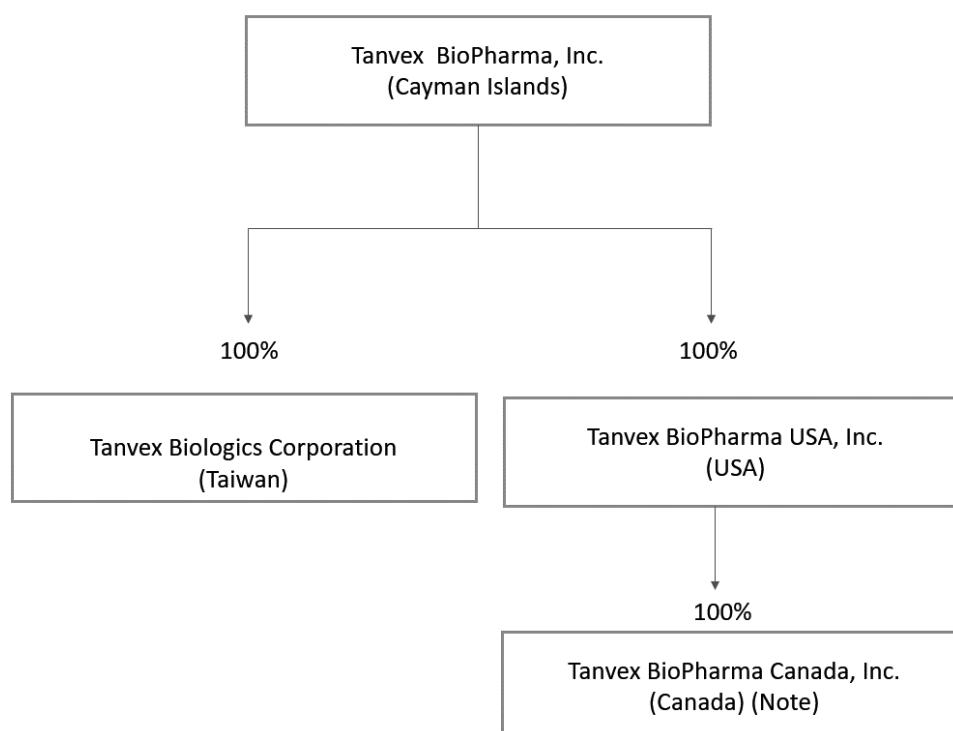
Most pharmaceutical products can be classified into one of two major categories: small molecule products and large molecule products. Small molecule products are generally made from chemicals which have been synthesized using chemical reactions between different organic and/or inorganic compounds. Small 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. Based on statistics, the market value of biotech drugs has exceeded US\$600 billion in 2021, and the sales of biotech drug may grow to US\$700 billion approximately by 2030 under estimation.

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.

The process to develop and manufacture biosimilars is complex and requires a high level of scientific sophistication. USA is the single largest market for biosimilars in the world. Since the first biosimilar approved by the FDA in 2015, 40 biosimilars have been approved by the FDA up till 2022; it is evident that the USA biosimilar industry thrives in development.

2.3 Group Structure



Note : Established in March 2023 °

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 changed name to Tanvex BioPharma, Inc.
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
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 biosimiliar products
March 2015	Par value converion of stock options to US\$ 109
April 2015	Par value converion 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 converion
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 financingwith 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

YEAR	MILESTONES
September 2018	Filed Biologics License Application (BLA) with US FDA for TX01
November 2018	FDA accepts TX01 BLA filing
January 2019	Submitted NDS to Health Canada for TX01
December 2019	Raised ~US\$31 million of additional capital through a follow-on public offering of common stock
December 2019	Settled patent litigation with Amgen related to US patent #9,856,287 for TX01
March 2020	Clinical trial completion of enrollment for TX05
October 2020	Clinical trial completion of treatment for TX05
November 2020	Submitted TX01 NDS responses to Health Canada
November 2020	TX01 BLA resubmission
November 2020	Clinical trial completion of last patient surgery for TX05
December 2020	Signed binding term sheet with Canadian partner
December 2020	Raised ~US\$60 million of additional capital through a follow-on public offering of common stock
February 2021	Positive Phase III top-line results released
March 2021	Has reached a license agreement with Amgen for a patent in Canada that relates to filgrastim
May 2021	FDA completed interim BLA inspection for TX01
August 2021	TX05 BLA submission
September 2021	Completed NT\$1,680 million capital fundraising
October 2021	TX05 BLA submission accepted by FDA
October 2021	TX01 Canada Notice of Compliance (NOC) approved
February 2022	Signed CDMO service with AP Bioscience in cell line development
May 2022	The FDA officially approved TX05 (Herceptin Biosimilar) the biosimilar with patent name of Valheric.
June 2022	Cooperation with TaiMed Biologics on ADC (Antibody-Drug Conjugates) and BsAb (Bispecific Antibody-Drug Conjugates) in terms of development and production.
July 2022	TX01 (Neupogen Biosimilar) was granted by Health Canada with the drug establishment license.
August 2022	BLA application for TX01 (Neupogen Biosimilar) was re-submitted to the FDA.
March 2023	For comprehensive financial structure and writing off the accumulated losses, the capital reduction for writing off losses has been implemented, and 235,072,734 shares have been eliminated.
April 2023	To continue the R&D of numerous biosimilars and enrichment of working capital, the cash capital increase of NT\$1,200,000 thousand was completed.

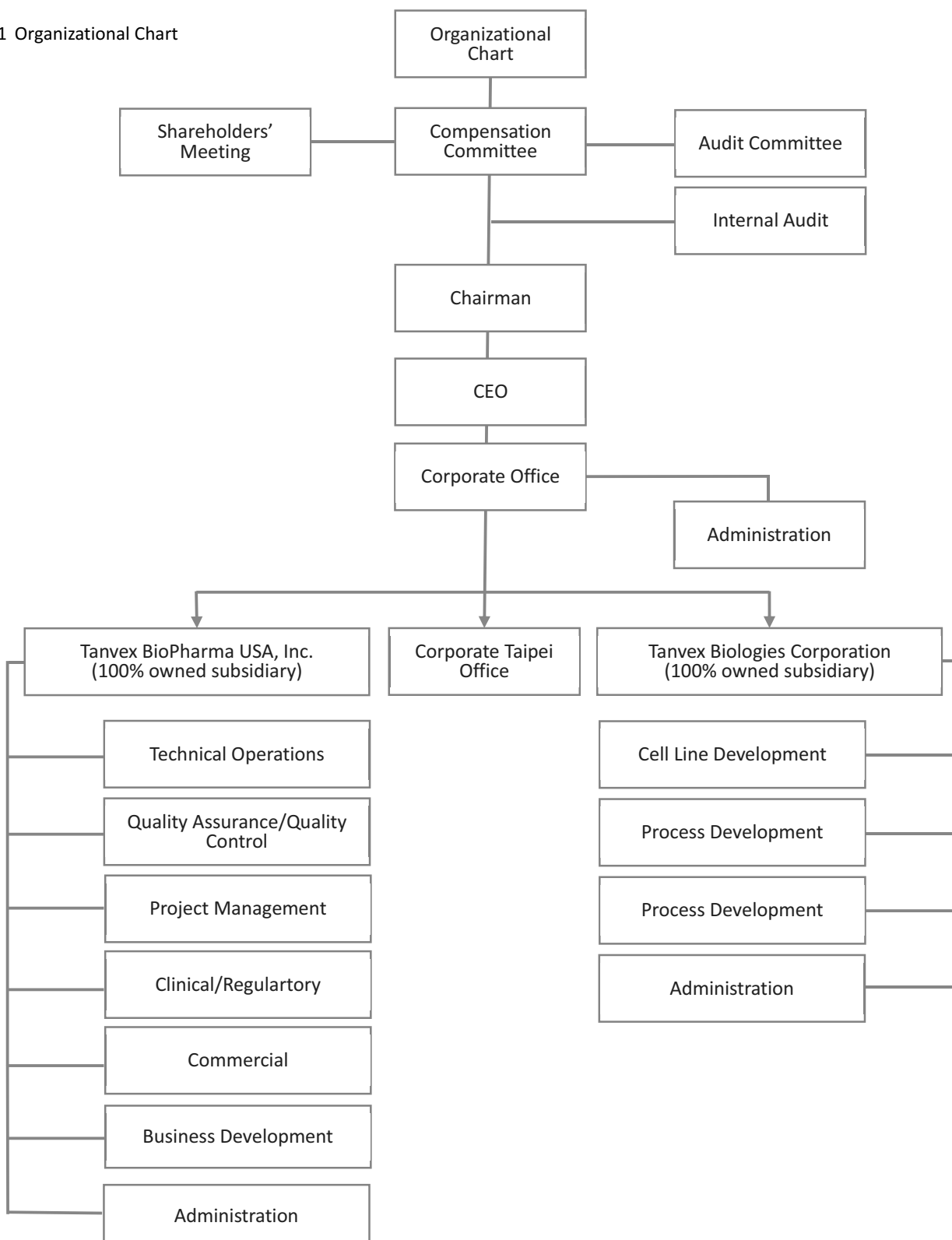
2.5 Risk Factors

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
Compensation Committee	Formulate strategies, objectives, and policies on Tanvex BioPharma's business operations.
Audit Committee	Supervision on status of financial operations, appropriate presentation of financial statements and the effective implementation of internal control for Tanvex BioPharma.
Shareholders' Meeting	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	(1) Formulate the Company's overall business strategies and revise business performance forecasts. (2) Execute plans and report the operational result to the Board.
CEO	(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.
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.
Technical Operations	(1) The cell culture team is responsible for developing upstream cell line culture and scale-up technology. (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) Biosimilar products upstream and downstream scale up, improvement and commercial production technology development. (6) Conduct GMP manufacturing of cell cultures and purification. (7) Initial commercial production.
Cell Line Development	(1) Cell line development—design cell line development platform, construct and screen cell line, develop stable and high-quality cell lines. (2) Provision of CDMO service.
Process Development	(1) Initial stage process development—for both mammalian and microbial fermentation, both upstream and downstream initial stage process development and scale-up process, including upstream cell cultivation and downstream protein purification process development. (2) Provision of CDMO service.
Process Development	(1) Analytical technology development, including biosimilar product characterization, analytical data analysis, analytical method research and development. (2) Provision of CDMO service.
Clinical/Regulatory	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.
QA/QC Department	(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.
Commercial	(1) Preparation for commercialization. (2) Marketing and Brand awareness.

3.2 Board Members

3.2.1 Board Members information

As Of April 30, 2023

TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER/ AGE (NOTE 2)	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE 3)	SHAREHOLDING UPON ELECTION		CURRENT SHAREHOLDING (Note 6)		SPOUSE AND MINORS SHAREHOLDING		Shareholding In The Name Of Other Individual		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 4)	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			NOTE (NOTE 5)
							SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING			TITLE	NAME	RELATIONSHIP	
	Peng Lin Investment Co., Ltd.	Taiwan, ROC		08/27/2021	Three year	06/10/2013	70,566,999	22.59 %	23,539,537	17.61%	—	—	—	—	—	—	—	—	—	
Director	Representative: Chen, Chi-Chuan	Taiwan, ROC	Male 61-70		Three year	06/10/2013	—	—	16,360	0.01%	—	—	—	—	Master in Business, National Taiwan University, College of Management Vice President and Special Assistant to CEO, Investment Management Office, Auentex Group	<ul style="list-style-type: none"> Corporate Director Representative of Nan Shan Life Insurance Co., Ltd. Corporate Director Representative of Mirror Vision Inc. Corporate Director Representative of Miluo International Cosmetic Co., Ltd. Corporate Director Representative of Mega Growth Venture Capital Co., Ltd. Corporate Director Representative of Brogent Technologies Inc. Corporate Director Representative of Theragent Inc. GP Partner and Director of Delos Capital Holdings Limited Corporate Director Representative of RenBio, Inc. Corporate Director Representative of RenBio Holding Ltd. (Cayman Island) Corporate Director Representative of Cotton Field Organic Co., Ltd. Corporate Director Representative (Chairman) of Obigen Pharma Inc. Corporate Director Representative of Amaran Biotechnology Inc. Corporate Director Representative of Mittra Chemical Analysis Laboratory Inc. Corporate Director Representative of Do-Intelligent Consulting Inc. Corporate Director Representative of Mass Solutions Technology Co., Ltd. Corporate Director Representative of Mittra Biotechnology Inc. Corporate Director representative (Chairman) AP Biosciences Inc. CFO of OBI Pharma Inc. Corporate Director Representative of OBI Pharma Inc. Corporate Director Representative of TaiMed Biologics Inc. Corporate Director Representative of Tanvex Biologics Inc. 	—	—	—	

TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER/ AGE (NOTE 2)	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE 3)	SHAREHOLDING UPON ELECTION		CURRENT SHAREHOLDING (Note 6)		SPOUSE AND MINORS SHAREHOLDING		Shareholding in the Name of Other Individual		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 4)	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			NOTE (NOTE 5)
							SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING			TITLE	NAME	RELATIONSHIP	
Director	Peng Lin Investment Co., Ltd.,	Taiwan, ROC		08/27/2021	Three year	10/06/2013	70,566,999	22.59%	23,539,537	17.61%	—	—	—	—	—	—	—	—	—	
	Representative: Tseng, Tamon	Taiwan, ROC	Male 61-70		Three year	10/06/2013	—	—	—	—	—	—	—	—	LL.M., University College London Supervisor, SinoPac Financial Holdings Company Limited	<ul style="list-style-type: none"> Representative of Corporate Board Director, OBI Pharma, Inc. Representative of Corporate Board director, Amaran Biotechnology, Inc. Representative of Corporate Board Director, Mithra Biotechnology Inc. Representative of Corporate Board Director, Ruenhui Biopharmaceuticals Representative of Corporate Board Director, Ruen Chen Investment Holding Co., Ltd. Representative of Corporate Board Director, Sunny Friend Environmental Technology Co., Ltd. Representative of Corporate Supervisor, YITai Investment Co., Ltd. Representative of Corporate Board Director, Sheng Cheng Investment Co., Ltd. Representative of Corporate Board Director, Ruentex Group Construction & Development Chairman, Taiwan Transport Insurance Services Co., Ltd. Board Director, China Marine Surveyors Board Director, Mr. Hsun-Ruo Yin Educational Foundation Representative of Corporate Board Director, Hable Investment Holding Ltd. Representative of Corporate Board Director, TaiMed Biologics, Inc. Representative of Corporate Board Director, Nan Shan Life Insurance Co., Ltd 	—	—	—	

TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER/ AGE (NOTE 2)	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE 3)	SHAREHOLDING UPON ELECTION		CURRENT SHAREHOLDING (Note 6)		SPOUSE AND MINORS SHAREHOLDING		Shareholding in the Name of Other Individual		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 4)	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			NOTE (NOTE 5)
							SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING			TITLE	NAME	RELATIONSHIP	
Director	Delos Capital Fund, LP	Cayman Islands		08/27/2021	Three year	05/15/2015	14,400,000	4.61%	4,803,510	3.59%					—	—	—	—	—	
	Representative: Ula Xue	China, PRC	Female 31-40		Three year	12/03/2021									<ul style="list-style-type: none"> Representative of Corporate Board Director, Tanvex Biologics Inc. Principal, Delos Capital 					
Director	Allen Chao and Lee Hwa Chao Family Trust	U.S.A		08/27/2021	Three year	05/15/2015	22,978,243	7.35%	8,498,839	6.36%					—	—	—	—	—	
	Representative: Allen Chao	U.S.A	Male 71-80		Three year	06/10/2013	2,633,766	0.84%	1,244,741	0.93%	185,132	0.14%			Ph.D., Purdue University, College of Pharmacy Founder and CEO, Watson Pharmaceuticals <ul style="list-style-type: none"> Representative of Corporate Board Director, Tanvex Biologics Corp. Representative of Corporate Board Director, Tanvex BioPharma USA, Inc Representative of Corporate Board Director, Tanvex Biologics Inc. Board Director, Ansun BioPharma Inc. Board Director, Mithra Biotechnology Inc. Trust Director, Taipei Medical University Independent Director, Mycenax Biotech Inc. 		Director	Hsia, David	Brother-in-law	

TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER/ AGE (NOTE 2)	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE 3)	SHAREHOLDING UPON ELECTION		CURRENT SHAREHOLDING (Note 6)		SPOUSE AND MINORS SHAREHOLDING		Shareholding in the Name of Other Individual		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 4)	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 QUINITY TO THE MEMBER			NOTE (NOTE 5)
							SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING	SHARE RES	SHARE HOLDING			TITLE	NAME	RELATIONSHIP	
Director	Hsia Family Trust	U.S.A		08/27/2021	Three year	05/15/2015	2,590,270	0.83%	864,054	0.65%	—	—	—	—	—	—	—	—	—	
	Representative: David Hsia	U.S.A	Male 71-80		Three year	05/15/2015	—	—	—	—	—	—	—	—	Ph.D., Purdue University, College of Pharmacy Senior Vice President, R&D, Watson Pharmaceuticals Manager, Pharmaceutical Technology R&D Director, American Hospital Supply Corp. (now Baxter)	<ul style="list-style-type: none"> Board Director, Tanvex Biologics Inc. Member of Consulting committee, Allanz Pharmaceuticals Ltd. 	Director	Allen Chao	Brother-in-law	
Chairman	Yen, Yun	Taiwan, ROC	Male 61-70	08/27/2021	Three year	05/15/2015	318,579	0.10%	122,830	0.09%	—	—	—	—	<ul style="list-style-type: none"> 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, Department of Pathology Department, City of Hope; Vice President, City of Hope Corporate Director Representative of Obigen Pharma Inc. Director of the National Institutes of Health Ph.D. in Pathology and Cell Biology, Thomas Jefferson University M.D., Taipei Medical College 	<ul style="list-style-type: none"> Chair Professor for doctorate curriculum of cancer biology and drug research in Taipei Medical University Distinguished Professor in Tzu-Chi University Consultant of Cell Therapy Center in Tzu-Chi Hospital (Hualien) Voluntary Chairman of Sino American Cancer Foundation Chief Scientific Adviser of Stembios Director of Calgent Biotechnology Co. Ltd. Director of Lixte Biotech USA Part-time Professor of California Institute of Technology Part-time Research Fellow in Institute of Biological Chemistry, Academia Sinica Director of Theragent Inc. Director of Nano Targeting & Therapy Biopharma Inc. 	—	—	—	There are 3 Independent Board Directors, and over 1/3 Board Directors are not employee or manager.

TITLE (NOTE 1)	NAME	NATIONALITY OR PLACE OF REGISTRATION	GENDER/ AGE (NOTE 2)	DATE ELECTED	TERM EXPIRES	DATE FIRST ELECTED (NOTE 3)	SHAREHOLDIN G UPON ELECTION		CURRENT SHAREHOLDIN G (Note 6)		SPOUSE AND MINORS SHAREHOLDIN G		Shareholding In The Name Of Other Individual		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 4)	CONCURRENT POSITIONS HELD IN THE COMPANY AND OTHER COMPANIES	TITLE	NAME	RELATI ON- SHIP	NOTE (NOTE 5)
Independ ent Director	Tsai, Jin-Pau	Taiwan, ROC	Male 61-70	08/27/2021	Three year	05/15/2015	—	—	—	—	—	—	—	—	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 Advisor, Government Pension Management	<ul style="list-style-type: none">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 IncorporationBoard Director, FCB Leasing Co., Ltd.Board Director, FCB International Leasing Co., Ltd.Independent Director, Sunny Friend Environmental Technology Co., Ltd.Independent Board Director, Chien Kuo Construction Co. Ltd.Independent Board Director, KD Holding CorporationBoard Director, Hsing Tian Kong Medical FoundationBoard Director, Yung Tai Charity Foundation	—	—	—	
Independ ent Director	Wang, Tay-Chang	Taiwan, ROC	Male 61-70	08/27/2021	Three year	08/27/2021	—	—	—	—	—	—	—	—	Ph.D., University of Pennsylvania (Finance) Professor, Department of Accounting, National Taiwan University	<ul style="list-style-type: none">Professor, Department of Accounting, National Taiwan UniversityIndependent Director, Ruentex Global Co., Ltd.Consultant, Taiwan Economic Journal	—	—	—	
Independ ent Director	Chen, Lan-Bo (Note 7)	Taiwan, ROC	Male 71-80	08/27/2021	Three year	08/27/2021	—	—	—	—	—	—	—	—	Ph.D. in Cell Biology, MIT Emeritus Professor of Pathology, Harvard Medical School Research Fellow in Life Science, ACADEMIA SINICA		—	—	—	
Independ ent Director	Chang, Chun-Yen (Note 8)	Taiwan, ROC	Male 61-70	06/17/2022	Three year	06/17/2022	—	—	—	—	—	—	—	—	Doctor of Medicine, National Defense Medical Center Distinguished Research Fellow and Director for Institute of Biotechnology and Pharmaceutical Health Research Institutes Convener of Medicine and National Biotechnology - Cancer Group President of College of Medicine, National Cheng Kung University	<ul style="list-style-type: none">Consultant of Precision Biotech Corp.Technical Consultant of TaiRx, Inc.Technical Consulting Committee Member of Scinopharm Taiwan, Ltd.	—	—	—	

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: Please use actual age, listed in a range, i.e. age 41-50 or age 51-60.

Note 3: 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 4: 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 5: The chairman and the general manager or equivalent are the same person, relatives of each other or spouse, need to explain the reasons, rationality, necessity and corresponding measures.

Note 6: The change in shareholding was caused by capital reduction for loss off-setting and cash capital increase in 2023.

Note 7: Independent Director Chen, Lan-Bo resigned on 01/06/2022.

Note 8: Mr. Chun-Yen Chang the Independent Director was appointed in General Shareholders Meeting on 06/17/2022.

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: Please use actual age, listed in a range, i.e. age 41-50 or age 51-60.

Note 3: 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 4: The age to experience is tant to positions held, the filled shall be entered. If the member has worked in a CPA firm or an affiliate thereof during the aforementioned period.

Note 5: The change in shareholding is caused by the legal relationship between the member and the spouse, the change in shareholding of each of her spouse need to explain the reasons, rationality, necessity and corresponding measures.

Note 6: The change in shareholding was caused by capital reduction for loss off-setting and cash capital increase in 2023.

Note 7: Independent Director Chen, Lan-Bo resigned on 01/06/2022.

Note 8: Mr. Chun-Yen Chang the Independent Director was appointed in General Shareholders Meeting on 06/17/2022.

3.2.2 Major Institutional Shareholders with Representation on the Board

As of December 31, 2022

INSTITUTIONAL SHAREHOLDER NAME (NOTE 1)	MAJOR SHAREHOLDERS (NOTE 2)
Peng Lin Investment Co., Ltd.	Chong-Yao Yin (99.98%), Ying Chia Investment Co., Ltd. (0.01%), Sheng Cheng Investment Co., Ltd. (0.01%)
Delos Capital Fund, LP	Peng Lin Investment Co., Ltd. (38.46%), Alpha Corporate Holdings Limited (Cayman Island) (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.</p> <p>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> <p>Note 3: If the institutional shareholder is not a company, the name and shareholding ratio should be disclosed.</p>	

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

As of December 31, 2022

INSTITUTIONAL SHAREHOLDER NAME (NOTE 1)	MAJOR SHAREHOLDERS (NOTE 2)
Sheng Cheng Investment Co., Ltd.	Ruen Hua Dyeing & Weaving Co., Ltd (48.98%) Ren ying industrial Co., Ltd. (23.81%) Yingjia Investment Co., Ltd. (17.31%) Huei Hong Investment Co., Ltd. (9.9%)
Ying Chia Investment Co., Ltd.	Ruen Hua Dyeing & Weaving Co., Ltd. (24.14%) Ren ying industrial co., ltd. (75.86%)
Peng Lin Investment Co., Ltd.	Chong-Yao Yin (99.98%), Ying Chia Investment Co., Ltd. (0.01%), Sheng Cheng Investment Co., Ltd. (0.01%)
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%) (100%)
E Sun Venture Capital Co. Ltd.	E Sun Venture Capital Co. Ltd. (100%) (100%)
<p>Note 1: If shareholder is a corporate/institutional entity, the name of the entity shall be specified.</p> <p>Note 2: Top 10 shareholders shall be listed with their shareholding percentage.</p> <p>Note 3: If the institutional shareholder is not a company, the name and shareholding ratio should be disclosed.</p>	

3.2.4 Directors' professional qualification and independent directors' status of independence

As of December 31, 2022

Criteria NAME	Professional Qualification and Experience	Independent Directors' Independence Status	NO. OF OTHER PUBLIC COMPANIES FOR WHICH THE MEMBER ACTS AS AN INDEPENDENT DIRECTOR CONCURRENTLY
Peng Lin Investment Co., Ltd. Repre-sentative: Chen, Chi-Chuan	For qualifications and experiences of the Directors, please refer to "3.2.1 BoD Profiles" (pp. 14-18) of this annual report. For all Directors, there is no incident of such under Article 30 of Company Act (Note 1)	Not Applicable	-
Peng Lin Investment Co., Ltd. Repre-sentative: Tseng, Tamon			-
Delos Capital Fund, LP Representative: Ula Xue			-
Allen Chao and Lee Hwa Chao Family Trust Repre-sentative: Allen Chao			1
Hsia Family Trust Repre-sentative: David Hsia			-
Yen, Yun			-
Tsai, Jin-Pau		All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any TSMC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	3
Wang, Tay-Chang			1
Chen, Lan-Bo (Note 3)			-
Chang, Chun-Yen (Note 4)			-

Note 1: in any of the following circumstances, shall not be appointed as a manager, and the person who has been appointed as a manager shall be relieved of course:

1. Has committed an offence under the Organized Crime Prevention Ordinance and has not been executed or completed, or has not been executed or suspended or pardoned for more than five years.

2. Those who have committed crimes of fraud, breach of trust or embezzlement and have been sentenced to fixed-term imprisonment of more than one year have not been executed or have not completed the execution, or have not completed the execution, probation or pardon for more than two years.
3. An offence committed under the Corruption Code has not been executed, has not been completed, or has not been executed, or has not been suspended or pardoned for more than two years.
4. Has not been reinstated by a declaration of bankruptcy or by order of the court to commence liquidation proceedings.
5. The use of the instrument has not expired after being rejected.
6. Incapacity or limited capacity.
7. The assisted declaration has not been revoked.

Note 2: 1. Not a government agency, juristic person or representative as required under Article 27 of the Company Act.

2. No more than three independent directors of other publicly issued companies.
3. Not having any of the following incidents in the first two years or during the term of office:
 - (1) An employee of the Company or its affiliates.
 - (2) Directors and supervisors of the company or its affiliated enterprises.
 - (3) Natural person shareholder holding over 1% of the total issued shares of the company or being the top ten shareholders not in the name of himself/herself and his/her spouse, minor children or other persons.
 - (4) Not the spouse, relative within second degree of kinship, or lineal relative within third degree of kinship, of the managerial officer listed in Paragraph (1) or any of the persons listed in Paragraph (2) and (3).
 - (5) Directors, supervisors or employees of the corporate shareholders who directly hold more than 5% of the total number of issued shares of the company, the top five holders of shares or who designate Representative as director or supervisor of the Company in accordance with Article 27 of the Company Law.
 - (6) More than half of the directors or voting shares of the company and the other company are directors, supervisors or employees of the other company controlled by the same person.
 - (7) A director, supervisor or employee of another company or institution where the company and the chairman, general manager or equivalent of the other company are the same person or spouse.
 - (8) Directors, supervisors, managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company.
 - (9) The owner, partner, director, supervisor, manager or the spouse of a profession, sole proprietorship, partnership, company or institution that provides audit services to the Company or its affiliates, or the cumulative remuneration at amount exceeding NT\$500,000 over recent two years for relevant commercial, legal, financial or accounting services. Provided that, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities Exchange Act, Business Mergers and Acquisitions Act or related laws or regulations.
 - (10) Not having spouse relationship or relatives relationship within second degree with other directors.

Note 3: Mr. Liang-Pao Chen the Independent Director was appointed on 08/27/2021 and resigned on 01/06/2022..

Note 4: Mr. Chun-Yen Chang the Independent Director was appointed in General Shareholders Meeting on 06/17/2022.

3.2.5 Board Diversity and Independence

1.Diversity Policy:

The company strengthens the diversity of the board of directors based on the corporate Code of Practice and Corporate Governance. Directors who also serve as company managers should not exceed one-third of the number of directors, and it should include but not limited to the following two major standards:

- (1) Basic conditions and values: gender, age, nationality and culture, etc.
- (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

2.Specific management objectives:

The board of directors of the company should guide the company's strategy, supervise the management team, and be responsible to the company and shareholders. The corporate governance system should ensure that the board of directors comply in accordance with laws and regulations, the company's articles of association or the resolutions of the

shareholders' meeting. authority. The board of directors shall have adequate professional knowledge and skills, and background in law, accounting, industry and finance.

3. The implementation of BoD diversity is as follows:

Up till publication date of this annual report, the Company's incumbent board of directors consists of 9 directors (including 3 independent directors). Currently, the general board members contain a Master degree in law from the University of London, a Master degree in Business Administration from National Taiwan University, a Doctor degree in Pharmacy from the Purdue University, and a Doctor degree in Pathology and Cell Biology from the Thomas Jefferson University. The Independent Directors contain a Doctor degree in Finance from the University of Pennsylvania, a Master degree in Accounting from National Chengchi University, and a Doctor degree in Medicine from National Defense College of Medicine. PhD in Pharmacology, PhD in Cell Biology, accounting and law professor, private equity and finance professional. At present, the percentage of directors serving as managerial personnel in the Company is approximately 11% and the percentage of independent director is approximately 33%. The tenure seniority of 1 Independent Director is between 7-9 years; the tenure seniority of 2 Independent Directors is below 3 years. 2 Directors are aged above 70, 6 Directors are between age of 60~69, and 1 Director is between age of 31~40. In addition to the Directors with nationality under Taiwan, there are even 2 Directors residing in USA and 1 Director in Hong Kong, hence the multi-nationality and culture spread in the Company. In addition, the Company also values gender equality in the BoD composition. Among the 9 Directors at present, 1 female Director has been included, which pushes the percentage to 11%. The status of relevant realization is shown in Table below:

	GENDER/	AGE	Operation	Accounting	Management	Risk Management	Industry Experience	International exposure	Leadership	Decision Making	Legal Experience
Allen Chao	Male	71-80	v		v	v	v	v	v	v	
Chen, Chi-Chuan	Male	61-70	v	v	v	v		v	v	v	
David Hsia	Male	71-80	v		v	v	v	v	v	v	
Tseng, Tamon	Male	61-70	v		v	v		v	v	v	v
Yen, Yun	Male	61-70	v		v	v	v	v	v	v	
Ula Xue	Female	31-40	v	v	v	v		v	v	v	
Tsai, Jin-Pau	Male	61-70	v	v	v	v		v	v	v	
Wang, Tay-Chang	Male	61-70	v	v	v	v		v	v	v	
Chang, Chun-Yen	Male	61-70	v		v	v	v	v	v	v	

4. Board independence:

The company currently has 9 members on its Board of Directors. All of the independent directors have adhered to the policies set by the Securities and Futures Bureau of the Financial Supervisory Commission. Also, the directors and the independent directors do not violate Paragraph 3 and 4 of Article 26 of the Securities and Exchange Act. Please refer to page 21 of the annual report "3.2.4 Directors' professional qualification and independent directors' status of independence" for the Board of Directors' status of independence. Please refer to page 15-19 of the annual report "3.2.1 Board Members Information" for each director's gender, education, and work experience.

3.2.6 Director

2022 Directors remuneration (including independent directors)

December 31, 2022; Unit: NT\$ thousand

TITLE	NAME(NOTE1)	Director						TOTAL REMUNERATION (A+B+C+D) AND % OF 2021 NET INCOME (NOTE 10)		REMUNERATION TO DIRECTORS AS CONCURRENT EMPLOYEES							TOTAL REMUNERATION (A+B+C+D+E+F+G) AND % OF 2021 NET INCOME (NOTE 10)		REMUNERATION FROM INVESTED ENTERPRISES
		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 COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)		TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)		TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)				TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	CASH DIVIDEND	STOCK DIVIDEND		CASH DIVIDEND	STOCK DIVIDEND	TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)
Director	Peng Lin Investment Co., Ltd., Representative: Chen, Chih-Chuan			-			-			-	-	25							25
Director	Peng Lin Investment Co., Ltd., Representative: Tseng, Tamon	-	-	-	-	35	35	35 (0.002)	35 (0.002)	-	-	-	-	-	-	35 (0.002)	35 (0.002)	-	
Director	Delos Capital Fund, LP representative: Ula Xue	-	-	-	-	5	5	5 (0.000)	5 (0.000)	-	-	-	-	-	-	5 (0.000)	5 (0.000)	-	

TITLE	NAME(NOTE1)	Director						TOTAL REMUNERATION (A+B+C+D) AND % OF 2021 NET INCOME (NOTE 10)		REMUNERATION TO DIRECTORS AS CONCURRENT EMPLOYEES							TOTAL REMUNERATION (A+B+C+D+E+F+G) AND % OF 2021 NET INCOME (NOTE 10)		REMUNERATION FROM INVESTED ENTERPRISES	
		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 COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)				
		TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)	CASH DIVIDEND	STOCK DIVIDEND	TANVEX BIO-PHARMA	ALL COMPANIES CONSOLIDATED IN FINANCIAL REPORTS (NOTE 7)			
Director	Allen Chao and Lee Hwa Chao Family Trust Representative: Allen Chao	—	—	—	—	—	—	—	—	111	111	—	—	—	—	—	111 (0.007)	111 (0.007)	—	
Director	Hsia Family Trust Representative: Hsia, David	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Director	Yen, Yun	—	—	—	—	30	30	30 (0.002)	30 (0.002)	4,016	4,016	—	—	—	—	—	4,046 (0.247)	4,046 (0.247)	—	
Independent Director	Tsai, Jin-Pau	613	613	—	—	95	95	708 (0.043)	708 (0.043)	—	—	—	—	—	—	—	708 (0.043)	708 (0.043)	—	
Independent Director	Chen, Lan-Bo (Note 12)	51	51	—	—	—	—	51 (0.003)	51 (0.003)	—	—	—	—	—	—	—	51 (0.003)	51 (0.003)	—	
Independent Director	Wang, Tay-Chang	813	813	—	—	80	80	893 (0.054)	893 (0.054)	—	—	—	—	—	—	—	893 (0.054)	893 (0.054)	—	
Independent Director	Chang, Chun-Yen (Note 13)	540	540	—	—	30	30	570 (0.035)	570 (0.035)	—	—	—	—	—	—	—	570 (0.035)	570 (0.035)	—	

[illegible]

3.3 Management Team

3.3.1 Information Regarding Management Team

As Of April 30, 2023

TITLE (NOTE 1)	NAME	NATIONALITY	GENDER/	START DATE	SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING	SHARES HELD IN ANOTHER'S NAME		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 2)	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			EMPLOYEE STOCK OPTION GRANT STATUS	NOTE (Note3)
					SHARES	SHAREHOLDING		SHARES	SHAREHOLDING			RELATION-	NAME	NOTE		
CFO	Yen, Yun	Taiwan, ROC	Male	10/31/2021	122,830	0.09%	-	-	-	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	Chair Professor for doctorate curriculum of cancer biology and drug research in Taipei Medical University Distinguished Professor in Tzu-Chi University Consultant of Cell Therapy Center in Tzu-Chi Hospital (Hualian) Voluntary Chairman of Sino American Cancer Foundation Chief Scientific Adviser of Stembios Director of Calgent Biotechnology Co. Ltd. Director of Lixte Biotech USA Part-time Professor of California Institute of Technology Part-time Research Fellow in Institute of Biological Chemistry, Academia Sinica Director of Theragent Inc. Director of Nano Targeting & Therapy Biopharma Inc. Corporate Director Representative of Obigen Pharma Inc. Director of the National Institutes of Health Director and Chairman of Tanvex BioPharma, Inc. (Taiwan) Director and Chairman of Tanvex BioPharma USA, Inc. Director and CEO concurrently of OBI Pharma, Inc.	-	-	-	NOTE	There are 3 Independent Board Directors and over ½ Board Directors are not employee or manager.
CFO	Peter Lin	U.S.A	Male	2/18/2022	-	-	-	-	-	Master of Business Administration – Marshall School of Business – University of Southern California CFO of MEBO GROUP/MEBO INTERNATIONAL	-	-	-	NOTE		

TITLE (NOTE 1)	NAME	NATIONALITY	GENDER/	START DATE	SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING	SHARES HELD IN ANOTHER'S NAME		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 2)	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			EMPLOYEE STOCK OPTIONS GRANT STATUS	NOTE (Note3)
					SHARES	SHAREHOLDING		SHARES	SHAREHOLDING			RELATION-NAME	RELATION-NAME	RELATION-NAME		
Vice President of R&D (Protein Purification), Tanvex USA	Jennifer Hopp	U.S.A	Female	9/24/2018	-	-	-	-	-	Master of Chemical Engineering, Arizona State University Research Director, Genetech Research Director, Biogen	-	-	-	-	NOTE	
Vice President of R&D (Protein Purification), Tanvex USA	Qi Liu	U.S.A	Female	9/24/2018	-	-	-	-	-	Head of R&D, Novartis Head of R&D, Watson	-	-	-	-	NOTE	
Vice President, Business Development Division, Tanvex USA	Matthew Unkrich	U.S.A	Male	10/5/2020	-	-	-	-	-	Bachelor of Business Administration, California State University Financial Officer of Allergan's subsidiary(Australia)	-	-	-	-	NOTE	
Vice President Clinical Operation, Tanvex USA	Jennifer Lai	U.S.A	Female	01/01/2018	-	-	-	-	-	Medical University of South CarolinaAssociate Director, Clinical Research, Peregrine Pharmaceuticals	-	-	-	-	NOTE	
Vice President, Tanvex Taiwan	Chuo, Ching-Wen(Note 4)	Taiwan, ROC	Female	12/2/2020	10,006	0.01	-	-	-	PhD in Pharmacology, University of Cambridge Executive Assistant, Chunghwa Chemical Synthesis & Biotech Co., Ltd.	-	-	-	-	NOTE	
Corporate Controller	Ken Huang (Note 5)	U.S.A	Male	2/20/2023	-	-	-	-	-	Master of Taxation from San José State University Ernst & Young LLP	-	-	-	-	NOTE	

TITLE (NOTE 1)	NAME	NATIONALITY	GENDER/	START DATE	SHAREHOLDING		SPOUSE AND MINORS SHAREHOLDING		SHARES HELD IN ANOTHER'S NAME		WORK (AND EDUCATIONAL) EXPERIENCE (NOTE 2)	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			EMPLOYEE STOCK OPTIONS GRANT STATUS	NOTE (Note3)
					SHARES	SHAREHOLDING	SHARES	SHAREHOLDING	SHARES	SHAREHOLDING			Tit-	NAME	RELATION-		
Corporate Governance Officer	Tsai, Pei-Lung(Note 6)	Taiwan, ROC	Female	2/20/2023	20,000	0.01%	—	—	—	—	Fu-Jen Catholic University, Accounting bachelor Cardiff University(UK) MBA F&A director/CFO Advagene BioPharma Co., Ltd.	—	—	—	—	NOTE	

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

Note1: Include information of GM, deputy GM, associate manager, head of department, and regardless of job title, should also be disclosed of any position equivalent to GM, deputy GM or associate manager

Note2: This refers to the experience related to current position served. For example, should a position be served in the auditing CPA firm or affiliated experience during the above-mentioned duration, the title of position served and responsible duties shall be specified.

Note3: The chairman and the general manager or equivalent are the same person, relatives of each other or spouse, need to explain the reasons, rationality, necessity and corresponding measures.

Note 4: Ching-Wen Chuo resigned on 01/20/2022.

Note 5: Ken Huang was Adjusted to Head of Accounting as per BoD resolution on 02/20/2023.

Note 6: Ms. Tsai, Pei-Lung started to serve as the Corporate Governance Officer on 02/20/2023.

3.3.2 Remuneration Paid Top 5 management personnel in 2022

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 AND % OF 2021 NET INCOME (NOTE 6)		REMU- NERAT- ION RECEIV- ED FROM NON- CONS- OLIDA- TED AFFILI- ATES (NOTE 7)
		TANVEX BIO- PHARM A	ALL CONSOL- IDATED ENTITIE S (NOTE 5)	TANVEX BIO- PHARM A	ALL CONS- OLIDA- TED ENTITI ES (NOTE 5)	TANVE X BIO- PHARM A	ALL CONSO- LIDATE D ENTITIE S (NOTE 5)	TANVEX BIO- PHARM A		ALL CONSOLIDAT- ED ENTITIES (NOTE 5)		TANVEX BIO- PHARMA	ALL CONSOLID- ATED ENTITIES (NOTE 5)	
								Sto ck divi den d	STO CK DIV IDE ND	Sto ck divi den d	STOC K DIVID END			
Vice President PPD, Tanvex USA	Jennifer Hopp	—	8,715	—	174	—	9,232	—	—	—	—	—	18,121 (1.10)	—
VP Project Management, Tanvex USA	Qi Liu	—	7,831	—	157	—	6,747	—	—	—	—	—	14,735 (0.90)	—
Tanvex USA Vice President Business Development	Matthew Unkrich	—	8,703	—	174	—	7,006	—	—	—	—	—	15,883 (0.97)	—
Vice President Clinical Operation, Tanvex USA	Jennifer Lai	—	6,477	—	130	—	4,540	—	—	—	—	—	11,147 (0.68)	—
Chief Financial Officer and Head of Accounting (Note 8)	Peter Lin	—	6,551	—	48	—	5,465	—	—	—	—	—	12,064 (0.74)	—

Note 1: Please refer to the Chinese annual report. Regarding the principles of calculating and identifying “top five highest remunerations”, the total amount for salary, pension, bonus and special allowance, as well as employee remuneration received by managerial personnel from all companies in the consolidated financial statement (i.e. the sum of A+B+C+D) acts as the basis for sequencing, where the top five highest remunerations are identified afterwards.

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. 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 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.

Note 5: Total remuneration shall include all entities within the consolidated financial report.

Note 6: 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 7: a. Remuneration from invested enterprises other than subsidiaries shall be disclosed.

b. Remuneration refers to amount a director earned from position as director, supervisor, managers in the invested enterprises.

Note 8: Adjusted to Chief Financial Officer as per BoD resolution on 2023/02/20.

3.3.3 Remuneration Paid to CEO, General Manager, President and Vice Presidents in 2022

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 AND % OF 2021 NET INCOME (NOTE 8)		REMU- NERAT- ION RECEIV- ED FROM NON- CONSO- LIDATE D AFFILI- ATES (NOTE 9)
		TANVEX BIO- PHARM A	ALL CONSOL- IDATED ENTITIES (NOTE 5)	TANVEX BIO- PHARM A	ALL CONSOLIDA- TED ENTITIES (NOTE 5)	TANVEX BIO- PHARM A	ALL CONSOLIDA- TED ENTITIES (NOTE 5)	TANVEX BIO- PHARM A	STOCK DIVIDEND	STOCK DIVIDEND	STOCK DIVIDEND	TANVEX BIO- PHARM A	ALL CONSOLIDA- TED ENTITIES (NOTE 5)	
Vice President PPD, Tanvex USA	Jennifer Hopp	4,046	43,711	—	789	—	34,116	—	—	—	—	4,046 (0.25)	78,616 (4.79)	—
VP Project Management, Tanvex USA	Qi Liu													
Corporate Controller	James Williamson (NOTE 10)													
Vice President, Business Development Division, Tanvex USA	Matthew Unkrich													
Vice President Commercial Sales, Tanvex USA	Lum, Samuel (NOTE 11)													
Vice President Clinical Operation, Tanvex USA	Jennifer Lai													
Chairman&CEO	Yen, Yun													
VP Tanvex Biologics Corporation	Chuo, Ching-Wen (Note 12)													
Chief Financial Officer and Head of Accounting	Peter Lin (Note 13)													

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 \$1,000,000	—	James Williamson(Note 10), Lum Samuel(Note 11)
\$1,000,000 (inclusive) ~ \$2,000,000 (exclusive)	—	—
\$2,000,000 (inclusive) ~ \$3,500,000 (exclusive)	—	Chuo, Ching-Wen (Note 12)
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)	Yen, Yun	Yen, Yun
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	—	—
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	—	Qi Liu, Jennifer Lai, Peter Lin
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	—	Jennifer Hopp, Matthew Unkrich,
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	—	—
\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	—	—
Above \$100,000,000	—	—
Total	1	9

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. 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 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 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 9: a. Disclose remuneration paid to CEO, Vice Presidents and Officers from any reinvested entity or from mother company other than subsidiaries.
b. If applied, the remuneration paid to CEO, Vice Presidents and Officers shall be listed in Column E and renamed as "Mother Company and 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: resigned on 01/04/2022.

Note 11: resigned on 01/20/2022.

Note 12: resigned on 04/30/2022.

Note 13: Adjusted to Chief Financial Officer as per BoD resolution on 2023/02/20.

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.

3.3.4 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 Policies, 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; %

DESCRIPTION TITLE	2022				2021			
	REMUNERATION		% OF NET INCOME		REMUNERATION		% OF NET INCOME	
	TANVEX BIO- PHARMA	ALL CONSOLIDATED ENTITIES	TANVEX BIO- PHARMA	ALL CONSOLIDATED ENTITIES	TANVEX BIO- PHARMA	ALL CONSOLIDATED ENTITIES	TANVEX BIO- PHARMA	ALL CONSOLIDATED ENTITIES
Director	6,444	6,444	(0.39)	(0.39)	3,287	6,230	(0.21)	(0.40)
CEO, Vice Presidents and Officers	4,046	78,616	(0.25)	(4.79)	1,667	79,925	(0.11)	(5.18)
Policies, standards and composition, procedures and linkage on business performance and future risks.								
<ol style="list-style-type: none"> 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

3.4.1.1 A total of 9 BoD meetings were held in 2022. The attendance of Directors and Independent Directors was as follows:

TITLE	NAME	NO. OF ATTENDANCE IN PERSON	NO. OF ATTENDANCE BY PROXY	ATTENDANCE RATE (%)	NOTES
Chairman	Yen, Yun	9	0	100%	—
Director	Peng Lin Investment Co., Ltd., Representative: Tseng, Tamon	9	0	100 %	—
Director	Allen Chao and Lee Hwa Chao Family Trust Representative: Allen Chao	8	0	88.9%	—
Director	Hsia Family Trust Representative: Hsia, David	3	0	33.3%	—
Director	Delos Capital Fund, LP. Representative: Ula Xue	9	0	100%	—
Director	Peng Lin Investment Co., Ltd., Representative: Chen, Chi-Chuan	7	1	77.8%	—
Independent Director	Tsai, Jin-Pau	8	1	88.9%	—
Independent Director	Wang, Tay-Chang	9	0	100 %	—
Independent Director	Chen, Lan-Bo	0	0	0%	(NOTE 1)
Independent Director	Chang ,Chun-Yen	5	0	100 %	(NOTE 2)

Note 1: Mr. Chen, Lan-Bo was elected on 08/27/2021, resigned on 01/06/2022.

Note 2: Mr. Chang ,Chun-Yen was appointed in General Shareholders Meeting on 06/17/2022.

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. 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 Yen, Yun	2022/2/18	Appointment, salary and benefits of CEO for the Company.	Director Yen, Yun is the stakeholder of the cases	Since Chairman Yun Yen was the party of interest for this agenda, he had stepped aside from the subject discussion and resolution. Chairman Yun Yen had appointed Independent Director Jin-Pau Tsai as the acting chairperson for other attending Directors, where the proposal was unanimously approved without objections.
Director Yen, Yun	2022/5/12	Application of salary retrospective to Dr. Yun Yen.	Director Yen, Yun is the stakeholder of the cases	Since Chairman Yun Yen was the party of interest for this agenda, he had stepped aside from the subject discussion and resolution. Chairman Yun Yen had appointed Director Chih-Chuan Chen as the acting chairperson for other attending Directors, where the proposal was unanimously approved without objections.

Director Yen, Yun	2023/1/9	Release the Prohibition on officers from Participation in Competitive Business.	Director Yen, Yun is the stakeholder of the cases	Due to conflict of interest, Director Yun Yen stepped aside from discussion and voting of this motion. Independent Director Tay-Chang Wang was delegated as the Acting Chairman to consult with other attending directors, where the motion was unanimously approved without objections.
Director Yun Yen and Director Chen Chi-chuan	2023/3/3	Release the Prohibition on officers from Participation in Competitive Business.	Director Yun Yen and Director Chih-Chuan Chen were stakeholders of the relevant proposal.	Director Yun Yen and Director Chih-Chuan Chen stepped aside from the discussion and voting of this motion due to their conflicts of interest. Acting Chairman Tay-Chang Wang was delegated to consult the motion for the proposal, and the motion was unanimously approved by the remaining directors attending the meeting without objections.

3. Performance evaluation of the Board of Directors should be disclosed, and it will fill in section of 3.4.1.2
4. 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.

3.4.1.2 Measures taken to evaluate the Board

Cycle	Period	Scope	Method	Content (NOTE 5)
Yearly	2022	<p>The major aspects included of the evaluation</p> <ol style="list-style-type: none"> 1. mastering of company goals and tasks 2. recognition of directors' responsibilities 3. the level of participation in company operation 4. internal relationship management and communication 5. the selection of the members and continuous education 6. internal control 	<p>The Board of Directors' meeting approved the Board Performance Evaluation Rules, on November 14, 2017, and all board members received self-assessment questionnaires since 2017.</p>	<p>The measurement items of board performance evaluation include the following five aspects:</p> <ol style="list-style-type: none"> 1. the level of participation in company operation 2. Improve the decision-making quality of board of directors. 3. Composition and structure of the board of directors. 4. the selection of the members and continuous education 5. internal control <p>The results of self-evaluation for BoD members were 92%, where the evaluation results for 2022 were reported in BoD meeting on March 3, 2023.</p> <p>The measurement items of performance evaluation of individual directors include the following six aspects:</p> <ol style="list-style-type: none"> 1. Master the company's objectives and tasks. 2. Recognition of director responsibility. 3. Extent of participation in the operation of the company. 4. Operation and communication of internal relationship. 5. Appointment and further education of directors 6. Internal control. <p>The results of self-evaluation for BoD members were 95%, where the evaluation results for 2022 were reported in BoD meeting on March 3, 2023.</p>

Note 1: The execution cycle of BOD evaluation (e.g. once per year) filled in.

Note 2: The BoD evaluation period (e.g. the evaluation on BoD performance from January 1, 2019 to December 31, 2019) filled in.

Note 3: The scope of evaluation includes the performance evaluation on BoD, individual BoD members and functional committees.

Note 4: The evaluation methods include internal self-evaluation for BoD, self-evaluation for BoD members, peer evaluation, and appointment of external professional institutions, experts, or other appropriate methods for performance evaluation.

Note 5: Based on scope of evaluation, the evaluation content includes the following items at least:

- (1) The BoD performance evaluation at least includes the level of participation in Company operations, the quality of BoD decision-making, the composition and structure of BoD, the election and continuous education of directors, as well as the internal control.
- (2) The performance evaluation of individual director at least includes the awareness of the Company's goals and mission, awareness for director responsibilities, level of participation in Company operation, management and communication on internal relationship, director expertise and continuous education, as well as internal control.
- (3) The performance evaluation of functional committees includes the level of participation in Company operations, awareness for responsibilities of the functional committee, the quality of decision made by the functional committee, composition and member selection of the functional committee, as well as internal control.

3.4.2 Audit Committee Meeting Implementation Status

A total of 8 meetings were held in 2022, and attendance of the independent directors is as follows:

TITLE	NAME	NO. OF ATTENDANCE IN PERSON	NO. OF ATTENDANCE BY PROXY	ATTENDANCE RATE (%)	NOTES
Convener	Tsai, Jin-Pau	8	0	100%	
Member	Wang, Tay-Chang	8	0	100%	
Member	Chen, Lan-Bo	0	0	0%	(Note 1)
Member	Chang, Chun-Yen	4	0	100%	(Note 2)

Note 1: Mr. Chen, Lan-Bo was elected on 08/27/2021, resigned on 01/06/2022.

Note 2: Mr. Chang, Chun-Yen was appointed in General Shareholders Meeting on 06/17/2022.

Others notes to be specified:

- 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.
 - What is indicated in Article 14-5 of the Securities and Exchange Act: Please refer to 3.4.2.1
 - Other than above, any resolution which was not approved by Audit Committee but passed by more than two third of Board members: None.
- For independent directors stepping aside from interest-conflicting motion, the names of independent directors in concern, content of the motion, reason for necessity of stepping aside, and status of participation in voting shall be specified: No such situation for the Company in 2022.
- Communication of independent directors with internal audit supervisors and CPAs (including material items, methods and results of audits of corporate finance or operations, etc.).

- 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
2022/03/21	The 4th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Audit result in Q4, 2021 Statement of Internal Audit in 2021
2022/05/12	The 6th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Internal Audit result in Q1, 2022
2022/08/26	The 7th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Internal Audit result in Q2, 2022
2022/10/26	The 8th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Status of internal audit for July 2022.
2022/11/10	The 9th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Internal Audit result in Q3, 2022
2022/12/21	The 10th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Audit plan in 2023

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

Date	Meeting	Content
2022/03/21	The 4th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Review instructions for 2021 annual Consolidated Financial Report, Final Statement and Business Reports.
2022/05/12	The 6th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Review instructions for 2022 Q1 Consolidated Financial Report.
2022/08/26	The 7th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Review instructions for 2022 Q2 Consolidated Financial Report.
2022/11/10	The 9th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> Review instructions for 2022 Q3 Consolidated Financial Report.
2022/12/21	The 10th Audit Committee meeting of the 3rd term	<ul style="list-style-type: none"> The evaluation of CPA's independence. The appointment of CPA for consolidated financial statements audit of 2023.

3.4.2.1 Important Resolutions of Audit Committee

DATE OF MEETING	IMPORTANT RESOLUTIONS	RESULT
2022/2/18 (The 3rd session of the 3rd term)	<ul style="list-style-type: none"> ● Appointment, salary and benefits of CFO and Head of Accounting for the Company. ● Cash capital increase by the Company to Tanvex BioPharma USA, Inc. the USA subsidiary to maximum of US\$56 million in 2022. ● Cash capital increase by the Company to Tanvex BioPharma, Inc. (Taiwan) the Taiwan subsidiary to maximum of US\$9 million in 2022. ● Issuance of restricted stock units in 2022. 	<ul style="list-style-type: none"> ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The bill has been withdrawn, and will be proposed again depending on requirement of future operation and adequate method.
2022/03/21 (The 4th session of the 3rd term)	<ul style="list-style-type: none"> ● The proposal on consolidated financial statement, final account and business report of 2021. ● Loss off-setting in 2021 for the Company. ● Declaration of internal control system in 2021 for the Company. ● Amendment of internal control system for the Company. ● Amendment of "Operation Procedures of Assets Acquisition and Disposal" for the Company. ● Amendment of "Sustainable Development Best Practice Principles" for the Company. ● Amendment of "Corporate Governance Best Practice Principles" for the Company. ● Issuance of restricted stock units in 2022. 	<ul style="list-style-type: none"> ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and approved after revision of vesting conditions as suggested by all attending members.
2022/4/22 (The 5th session of the 3rd term)	<ul style="list-style-type: none"> ● Amendment of "Rules of Procedure for Shareholders' Meetings" for the Company. ● Amendments to "Articles of Association" for the Company. 	<ul style="list-style-type: none"> ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members.
2022/5/12 (The 6th session of the 3rd term)	<ul style="list-style-type: none"> ● The consolidated financial statement for Q1 of 2022 was passed. 	<ul style="list-style-type: none"> ● The proposal was submitted to BoD and unanimously approved by all attending members.
2022/8/26 (The 7th session of the 3rd term)	<ul style="list-style-type: none"> ● Approve of 2nd quarter of 2022 Consolidated Financial Report. ● Change of fund-raising program in 2021. ● 2022 equity financing by issuing new shares and Sound Business Plan amendment 	<ul style="list-style-type: none"> ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members.
2022/10/26 (The 8th session of the 3rd term)	<ul style="list-style-type: none"> ● Plan of capital reduction for loss off-setting. ● The Company plans to implement long-term fund raising. 	<ul style="list-style-type: none"> ● The proposal was submitted to BoD and unanimously approved by all attending members. ● The proposal was submitted to BoD and unanimously approved by all attending members.

DATE OF MEETING	IMPORTANT RESOLUTIONS	RESULT
	<ul style="list-style-type: none"> Enriched operation plan for the Company in writing. 	<ul style="list-style-type: none"> The proposal was submitted to BoD and unanimously approved by all attending members.
2022/11/10 (The 9th session of the 3rd term)	<ul style="list-style-type: none"> The consolidated financial statement for Q3 of 2022 was passed. 	<ul style="list-style-type: none"> The proposal was submitted to BoD and unanimously approved by all attending members.
2022/12/21 (The 10th session of the 3rd term)	<ul style="list-style-type: none"> The operation and budget plan of 2023 The Audit Plan of 2023 Amendment of "Corporate Governance Best Practice Principles" for the Company. Evaluate independence of the Company's CPA The appointment of CPA for consolidated financial statements audit of 2023 Implementation on amendment of cash capital increase by issuance of new shares and the enriched operation plan for 2023. 	<ul style="list-style-type: none"> The proposal was submitted to BoD and unanimously approved by all attending members. The proposal was submitted to BoD and unanimously approved by all attending members. The proposal was submitted to BoD and unanimously approved by all attending members. The proposal was submitted to BoD and unanimously approved by all attending members. The proposal was submitted to BoD and unanimously approved by all attending members. The proposal was submitted to BoD and unanimously approved by all attending members.

3.4.2.2 Major work items of the Audit Committee

The Audit Committee is formed by all Independent Directors with one as chairman of the committee, the duties of the Audit Committee include to audit the fair presentation of the financial statements of the company, hiring or dismissal of an attesting CPA, evaluation of performance and independence, the effective implementation of internal control of the company, legal compliance and corporate risk management.

- (1) Review the internal control system and conduct necessary amendment
- (2) The effective implementation of internal control of the company
- (3) Review the material asset or derivatives transactions, the material lending funds, endorsements or guarantees
- (4) Related-party transactions and potential conflicts of interests involving directors
- (5) Material asset or derivatives transactions
- (6) Material lending funds, endorsements or guarantees
- (7) Offering or issuance of any equity-type securities
- (8) Hiring or dismissal of an attesting CPA, or the compensation given thereto
- (9) Appointment or discharge of financial, accounting, or internal auditing officers
- (10) Financial reports of Q1, Q2, Q3 and annual financial report
- (11) Regulatory compliance

3.4.2.3 Measures taken to evaluate the Audit Committee

Cycle	Period	Scope	Method	Content
Yearly	2022	The major aspects included of the evaluation <ol style="list-style-type: none"> 1. the level of participation in company operation 2. recognition of members' responsibilities 3. the level of participation in company operation 4. the selection of the members and continuous education 5. internal control 	The Board of Directors' meeting approved the Board Performance Evaluation Rules, on November 14, 2017, and all board members received self-assessment questionnaires since 2017.	<ol style="list-style-type: none"> 1. The 2022 result for self-assessment of Audit Committee members is 98%, it was reported in the Board Meeting on March 03, 2023. 2. The 2022 evaluation of the Audit Committee is 100%, it was reported in the Board Meeting on March 03, 2023.

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
	Y ES	N O	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
(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) The company strengthens the diversity of the board of directors based on the corporate Code of Practice and Corporate Governance. Directors who also serve as company managers should not exceed one-third of the number of directors, and it should include but not limited to the following two major standards: (I) Basic conditions and values: gender, age, nationality and culture, etc. (II) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills Please refer to 3.2.5 Board Diversity and	No material divergence

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			NON-COMPLIANCE AND REASONS
	Y ES	N O	EXPLANATION	
(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?	✓		Independence and company's website.	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?	✓		(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. (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 92% in 2022, submitted the evaluation results to the first quarter of 2023 board meeting for review and improvement. please refer to company's website.	No material divergence
(4) Does the company regularly evaluate its external auditors' independence?	✓		(4) Every year, the financial and accounting unit of the Company evaluates the independence and competency of CPA for work performance. The matters of whether the CPA firm holds Company shares, directly or indirectly related to the Company and its related party in terms of significant financial benefits, receives gifts of great value from related parties, directors or managerial personnel of the Company are submitted to the Audit Committee and BoD meeting for resolution. The most recent evaluation was approved by resolution in the 10th Audit Committee meeting of the 3rd term and the 13th BoD meeting of the 5th term respectively on December 21, 2022.	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 has appointed the Corporate Governance Officer to take charge of affairs related to corporate governance. The main responsibilities are as follows: (1) assist directors in starting working, complying with laws and regulations, continuing education and furnishing information required for business execution by directors. (2) manage matters of Board Meeting and Shareholders Meeting according to related regulations. (3) prepare meeting minutes of Board Meeting and Shareholders Meeting. The chief corporate governance of the Company has continued education. The training courses are listed on the Company's website.	No material divergence

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			NON-COMPLIANCE AND REASONS
	Y ES	N O	EXPLANATION	
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>The Company values interests of each stakeholder, where each department assists in communication with the relevant stakeholder.</p> <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.	No material divergence
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 corporate website (http://www.tanvex.com/index-c.php) to disclose information related to corporate governance and financial operations of the Company; the same is also disclosed on MOPS according to regulations.	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.	
(3) Does the company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statement as well as the operating status of each month before the prescribed deadline?	✓		(3) The company follows relevant laws and regulations to announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline.	

ITEM FOR ASSESSMENT	IMPLEMENTATION (NOTE)			NON-COMPLIANCE AND REASONS
	Y ES	N O	EXPLANATION	
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) For employee interests, employee care: In addition to adhering with relevant regulations set by the government of operating location, the Company has set various employee benefits system and activities, implemented the pension system, encouraged employees to participate in educational trainings, provided the labor, health and group insurances. Please refer to description of "Labor-management relations" in this annual report (detailed on Page 65).</p> <p>(2) Investor relations: the company has contact person for investors and 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) Directors' training: the company follows the regulation and disclose information on MOPS by TWSE</p> <p>(6) 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>(7) 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>(8) Liability insurances for directors and supervisors: the company has taken out liability insurance for directors and evaluates the coverage regularly.</p>	No material divergence
9. Please list improved items, and prioritized items under improvement status based on evaluation result from TWSE governance center in most recent year:				
<p>(1) Improved Projects</p> <p>I. In order to implement the policy guidelines for promoting gender equality, increase women's participation in decision-making and improve the board structure, the company's board of directors will include a female director in 2023.</p> <p>II. The company has set up full-time corporate governance personnel to be responsible for corporate governance related affairs to improve the corporate governance of the company.</p> <p>III. The annual report and company's website reveal the major work items of the Audit Committee and implementation.</p> <p>(2) Priority improvements</p> <p>I. The company voluntarily add more independent board directors than required by law.</p> <p>II. The company sets up a functional committee other than statutory.</p> <p>III. Disclose the procedures for Ethical Management and Guidelines for Conduct of the Company on website or annual report.</p>				
Note: Implementation status should be specified when check "yes" or "no".				

3.4.4 The Composition, Duties and Operation of the Compensation Committee

3.4.4.1 Compensation Committee Members

QUALIFICATIONS		Professional Qualification and Experience	Independent Directors' Independence Status	NO. OF OTHER PUBLIC COMPANIES OF WHICH THE MEMBER ACTS AS AN INDEPENDENT DIRECTOR/COMPENSATION COMMITTEE MEMBER CONCURRENTLY
Position	NAME			
Independent Director (Convener)	Wang, Tay-Chang	The members of the Compensation Committee are the Company's independent directors. Please refer to page 20 of this annual report "3.2.4 Directors' professional qualification and independent directors' status of independence " for their professional qualification and independence status.	The members of the Compensation Committee are the Company's independent directors. Please refer to page 20 of this annual report "3.2.4 Directors' professional qualification and independent directors' status of independence " for their professional qualification and independence status.	1
Independent Director	Tsai, Jin-Pau			3
Independent Director	Chen, Lan-Bo (Note 1)			—
Independent Director	Chang, Chun-Yen (Note 2)			—
Note 1: Mr. Chen, Lan-Bo was elected on 08/27/2021 ; resigned on 01/06/2022.				
Note 2: Mr. Chang, Chun-Yen was appointed in General Shareholders Meeting on 06/17/2022.				

3.4.4.2 Compensation Committee Meeting Implementation Status

(1) The Compensation Committee includes three members.

(2) Term: August 27th, 2021 to August 26th, 2024

Two meetings were convened in 2022, 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	Wang, Tay-Chang	2	0	100%	
Member	Tsai, Jin-Pau	2	0	100%	
Member	Chen, Lan-Bo	0	0	–	(NOTE 1)
Member	Chang, Chun-Yen	0	0	–	(NOTE 2)

Note 1: Mr. Chen, Lan-Bo was elected on 08/27/2021 ; resigned on 01/06/2022.

Note 2: Mr. Chang ,Chun-Yen the Independent Director was appointed in General Shareholders Meeting on 06/17/2022.

Others notes to be specified:

1. 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.
2. 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:

- (1) 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.
- (2) 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.

3.4.4.3 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.

3.4.4.4 Important Resolutions of Compensation Committee

DATE OF MEETING	IMPORTANT RESOLUTIONS	RESULT
2022/02/18 (The 2nd session of the 3rd term)	<ul style="list-style-type: none"> ● Deliberation on salary and benefits of CEO for the Company ● Deliberation on salary and benefits of CFO and Head of Accounting for the Company 	<p>The proposal was submitted to BoD and unanimously approved by all attending members.</p> <p>The proposal was submitted to BoD and unanimously approved by all attending members.</p>
2022/05/12 (The 3rd session of the 3rd term)	<ul style="list-style-type: none"> ● Deliberation on salary and benefits retrospective to Dr. Yun Yen. 	<p>The motion was submitted to BoD, and Chairman Yun Yen stepped aside due to conflicts of interest, where the motion was unanimously approved without objections.</p>

3.4.4.5 Measures taken to evaluate the Audit Committee

Cycle	Period	Scope	Method	Content
Yearly	2022	<p>The major aspects included of the evaluation</p> <ol style="list-style-type: none"> 1. the level of participation in company operation 2. recognition of members' responsibilities 3. improved the quality of decision making 4. the selection of the members and continuous education 	<p>The Board of Directors' meeting approved the Board Performance Evaluation Rules, on November 14, 2017, and all board members received self-assessment questionnaires since 2017.</p>	<ol style="list-style-type: none"> 1. The 2022 result for self-assessment of Compensation Committee members is 100%, it was reported in the Board Meeting on March 03, 2023. 2. The 2022 evaluation of the Compensation Committee is 100%, it was reported in the Board Meeting on March 03, 2023.

3.4.5 Execution status of promoting sustainable development, together with deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons

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. Has the Company established a governance structure to promote sustainable development, and designated a full-time (part-time) unit to promote sustainable development, which is to be handled by the senior management with the authorization of the Board of Directors, and the actual supervision of the Board of Directors?	✓		(1) The CEO office is the part-time unit of promoting sustainable development in the Company, which actively promotes the CSR realization among each unit. (2) Report the status of sustainable development planning to the Board of Directors at least once a year. Is the goal setting, management approach and strategy appropriate under the supervision of BoD.	No material divergence
2. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations and implemented risk management policies or strategies based on principles of materiality? (Note 2)	✓		On March 21, 2022, the BoD of the Company approved the revision of the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", where the internal promotion and active implementation had continued. At present, there is no environmental impact or matter against public interests.	No material divergence
3. Environmentally sustainable development				
(1) Has the company set an Environmental management system designed to industry characteristics?	✓		(1) The Company is a biotechnology and pharmaceutical company. We have established a toxicological team based on the industrial characteristics to receive relevant educational training. The laboratory-related waste treatment has been commissioned to a government-certified vendor to avoid environmental pollution. The decoration of the Company has obtained the government-approved fire protection certification and complied with the relevant regulations on environmental protection, health and fire protection at each operating location.	No material divergence
(2) Is the Company committed to enhance efficiency of energy consumption and utilize renewable materials with low impact to the environment?	✓		(2) The Company is committed to reducing the impact of daily operations on the environment, where the reusable materials are recycled and reused. These include sorting garbage for resource recovery, encouraging double-sided printing and reusing, actively promoting paperless operations to reduce paper consumption and proper disposal of R&D waste.	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	
(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?	✓		(3) The company encourages employees to recycle resources, switch off lights when not in use and reduce the paper consumption, which lowers the risks of climate change.	No material divergence
(4) Has the Company kept statistics of greenhouse gas emissions, water usage, and total waste weight over the past two years, as well as setting managing policies for reducing greenhouse gas, water usage or other wastes?		✓	(4) The company does not engage in business that produces green-house air emission, waste liquid and waste solidity, so there's no such policies, and with its laboratory wastes to be disposed of by an engaged company certified by the government so as to prevent any environmental pollution.	Will be added according to needs
4. Promotion of social welfare				
(1) Has the Company set relevant managing policy and procedures according to relevant laws and the International Bill of Human Rights?	✓		(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.	No material divergence
(2) Has the Company stipulated and implemented reasonable employee benefits measures (including remuneration, leaves and other benefits), as well as adequately reflecting the operating performance or result onto the employee remuneration?	✓		(2) The company has established employee welfare measures, including salary, leave and other benefits, and implement the performance evaluation related to salary periodically.	No material divergence
(3) Has the Company provided a safe and healthy working environment for employees, and conducted safety and health training for employees regularly?	✓		(3) The company has had its office decoration approved in respect of fire prevention and engaged a company 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.	No material divergence
(4) Has the Company facilitated effective training program that helps employees to develop career skills?	✓		(4) The company encourages continuing education and training subject to individual situations, and has effective career development training plans.	No material divergence
(5) Regarding product and service on issues such as customer		✓	(5) The company has not engaged in product sales yet, and will set consumer interest protection and consumer	Will be added according to

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	
health and safety, customer privacy, marketing and labelling, has the Company followed relevant regulations and international criterion, as well as stipulating relevant policies protecting consumer or customer interests and complaint procedures?			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.	needs
(6) Has the Company stipulated the supplier management policy that requires suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health or labor human rights? How is the implementation status?	✓		(6) 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
5. the company refer to internationally accepted reporting standards or guidelines for compiling reports on non-financial information, such as ESG reports? Did the previous release reports obtain a confirmation or assurance opinion from a third-party verifier?		✓	The Company has disclosed the "Sustainable Development Best Practice Principles" in the annual report for shareholders meeting and on the Company website. The compiling of sustainable report is still under progress of data collection.	Will be added according to needs
6. If the Company has established the sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation: The company has adopted its own "Corporate Sustainable Development Best Practice Principles" in accordance with the "Corporate Sustainable Development Best 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.				
7. 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. Note 1: In case of "Yes" ticked for the implementation status, please specify the important policies, strategies, measures adopted and implementation status. In case of "No" ticked for the implementation status, please refer to the "Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons" column and explain such differences and reasons accordingly, as well as describing future plan adopted for relevant policies, strategies and measures. Note 2: The materiality principle refers to relevant issues on environment, society and corporate governance that impose material impact on investors and other stakeholders of the Company.				

3.4.6 Circumstances of the company fulfilling ethical corporate management and the differences with the Ethical Corporate Management Best- Practice Principles for TWSE/ TPEX Listed Companies and the reasons thereof

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	
1. Establish ethical management policies and plans				
(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?	✓		(1) 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, and disclosed on our website.	No material divergence
(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?	✓		(2) 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.	No material divergence
(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?	✓		(3) 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.	No material divergence
2. Ethical management				
(1) Does the company evaluate trading counterparts' ethical records and incorporate ethics related clauses in the contracts executed with them?	✓		(1) According to the company's "Ethical Operating Procedures and Guidelines for Conduct", we do evaluate potential trading counterparts before entering into transactions with them to ascertain whether they are legal and have a poor ethical record.	No material divergence
(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?	✓		(2) The company has dedicated Internal Auditor who reports to Board, and supervises the implementation of ethical management.	No material divergence
(3) Has the company established policies to prevent conflicts of interest? Does it provide appropriate communication avenues? Does it strictly comply with such policies?	✓		(3) The company has made "Ethical Management Principles" and "Ethical Operating Procedures and Guidelines for Conduct" to prevent conflicts of interest, and we do provide appropriate communication avenues. 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	No material divergence

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	
			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.	
(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?	✓		(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.	No material divergence
(5) Does the company provide internal and external educational training on ethical management on a regular basis?	✓		(5) The company has put the "Ethical Management Principles" and "Ethical Operating Procedures and Guidelines for Conduct" on our website and promotes the awareness of matters relating to ethical management at employees' and supervisors' meetings.	No material divergence
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 has made "Ethical Management Principles" and "Ethical Operating Procedures and Guidelines for Conduct", and established specific report and incentive systems, 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) The company has made "Ethical Management Principles" and "Ethical Operating Procedures and Guidelines for Conduct", 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				
Does the company disclose the content and results of promotion of its code of ethics on its website and the Market Observation Post System?	✓		The company has disclosed its Code of Ethical Management in its annual report and on its website.	No material divergence

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	
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 has established the Ethical Corporate Management Best Practice Principles, Ethical Corporate Management Operating Procedures and Guidelines for Conduct, and constantly been aware to the development of related norms of ethical corporate management domestically and abroad, so that The Company can stipulate or amended the ethical corporate management policy and measures for promotion accordingly, as well as enhancing the effect of implementing ethical corporate management of the Company.				

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

The Company has stipulated the "Corporate governance best-practice principles" and relevant regulations, which are disclosed under the "Corporate governance" section on the Company website. Moreover, the Company also declares various financial and business information on MOPS on regularly or randomly.

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

please visit the corporate governance section on the Company website at <http://www.tanvex.com>.

3.4.9 Internal Control System Execution Status

2021 Statement of Internal Control System

Tanvex BioPharma, Inc.

2021 Statement of Internal Control System

Date: March 3, 2023

The following declaration is made based on the 2022 self-assessment of the Company's internal control system:

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 determination items of internal control system adopted in the "Regulations" divide the internal control system into five components based on the process of management control, which contain: 1. control environment, 2. risk evaluation, 3. control operations, 4. information and communication, and 5. supervision operations. 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 evaluation results in preceding paragraph, the Company deems that its internal control system dated December 31, 2022 (including the supervision and management on subsidiaries) is effective. This includes the understanding on operation effect and degree of achieving efficiency goals, as well as the design and implementation of the internal control system related to the reliability, promptness, and transparency of reporting that complies with adherence of relevant specifications and legal regulations, which can reasonably ensure achievement of the objectives above.
6. 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.
7. This Declaration has been approved in BoD meeting under the Company on March 3, 2023. Among the 8 attending directors, none of them held objection and the content of Declaration was agreed unanimously, hence the statement herein.

Tanvex BioPharma, Inc.

Dr. Yen Yun

Chairman & Chief Executive Officer

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 2021 and as of the Date of This Annual Report :

None °

3.4.11 Important Resolutions of Shareholders' Meetings in 2021 and as of the Date of This Annual Report

Meeting Date	TYPE	IMPORTANT RESOLUTIONS	IMPLEMENTATION
2022/06/17	Organizational Chart	<ol style="list-style-type: none"> 1. Approved 2021 annual consolidated financial report, final statement and business report. 2. Recognition of loss off-setting in 2021. 3. Approval of amendments to "Procedures for the Acquisition and Disposal of Assets" for the Company. 4. Approved the amendment of the Rules of Procedure for Shareholders' Meeting of the Company 5. Approval of amendments to Articles of Association for the Company. 6. Removal of non-compete agreement for directors. 7. Approval of issuing restricted stock units in 2022. 8. By-election for one seat of independent director under the Company. 9. Approval for lifting of the non-compete for new directors. 	<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 adopted by voting, no follow-up needed. 5. Shareholders adopted by voting, no follow-up needed. 6. Shareholders adopted by voting, no follow-up needed. 7. Shareholders adopted by voting, no follow-up needed. 8. The proposal of one independent director was elected by shareholders via voting, and there was no follow-up. 9. Shareholders adopted by voting, no follow-up needed.
2022/12/13	Special shareholders meeting	<ol style="list-style-type: none"> 1. Approval of capital reduction for loss off-setting. 	<ol style="list-style-type: none"> 1. The proposal was acknowledged by shareholders via voting, and there was no follow-up.

3.4.12 Important Resolutions of Board of Directors' Meetings in 2021 and as of the Date of This Annual Report

Meeting Date	TYPE	IMPORTANT RESOLUTIONS	Any Dissenting Opinion Made by Independent directors
2022/02/18	Compensation Committee	<ul style="list-style-type: none"> ● Appointment, salary and benefits of CEO for the Company. ● Appointment, salary and benefits of CFO and Head of Accounting for the Company. ● Cash capital increase by the Company to Tanvex USA to maximum of US\$56 million in 2022. ● Cash capital increase by the Company to Tanvex BioPharma, Inc. to maximum of US\$9 million in 2022. ● 2022 issuance of new shares of restricted stock awards. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● None. ● The bill has been withdrawn, and will be proposed again depending on requirement of future operation and adequate method.
2022/03/21	Compensation Committee	<ul style="list-style-type: none"> ● 2021 annual Consolidated Financial Reports, Final Statement and Business Reports ● Proposal for loss make-up of 2021 	<ul style="list-style-type: none"> ● None. ● None.

Meeting Date	TYPE	IMPORTANT RESOLUTIONS	Any Dissenting Opinion Made by Independent directors
		<ul style="list-style-type: none"> ● The 2021 Internal Control Declaration be approved. ● Amendment of internal control system for the Company. ● Amendments to "Operation Procedures of Assets Acquisition and Disposal" for the Company. ● Amendment of "Sustainable Development Best Practice Principles" for the Company. ● Amendment of "Corporate Governance Best Practice Principles" for the Company. ● 2022 issuance of new shares of restricted stock awards. ● By-election for one seat of independent director. ● Nomination period, quota and place of acceptance for candidate of independent director under the Company. ● The time, venue, and agenda of the 2022 shareholders' annual general meeting. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● None. ● None. ● None. ● None. ● None.
2022/04/22	Compensation Committee	<ul style="list-style-type: none"> ● To amend the Rules of Procedure for Shareholders' Meeting of the Company ● Amendments to "Articles of Association" for the Company. ● Lifting of the non-competition restriction for directors of the Company. ● The name list for candidates nominated by BoD for independent director. ● Release the prohibition on Directors from participation in competitive business. ● Discussions to be added to 2022 general shareholders meeting. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● None. ● None. ● None.
2022/05/12	Compensation Committee	<ul style="list-style-type: none"> ● The consolidated financial statement for Q1 of 2022 was passed. ● The schedule for greenhouse gas inventory and verification of the Company. ● Application of salary retrospective to Dr. Yun Yen. 	<ul style="list-style-type: none"> ● None. ● None. ● None.
2022/07/15	Compensation Committee	<ul style="list-style-type: none"> ● Chun-Yen Chang the Independent Director was appointed to serve as the Remuneration Committee member. ● Appointment of the corporate governance officer of the Company. 	<ul style="list-style-type: none"> ● None. ● None.
2022/08/26	Compensation Committee	<ul style="list-style-type: none"> ● The proposal on consolidated financial statement for Q2 of 2022 for the Company. ● Change of fund-raising program in 2021. ● 2022 equity financing by issuing new shares and Sound Business Plan amendment 	<ul style="list-style-type: none"> ● None. ● None. ● The matter is on hold and will be discussed after proposal of improvement program by the management team.
2022/10/25	Compensation Committee	<ul style="list-style-type: none"> ● Plan of capital reduction for loss off-setting. ● The Company plans to implement long-term fund raising. ● Date, venue and agenda of first special shareholders meeting stipulated for 2022. ● Enriched operation plan for the Company in writing. ● Appointment of acting spokesperson for the Company. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● None. ● None.
2022/11/11	Compensation Committee	<ul style="list-style-type: none"> ● The consolidated financial statement for Q3 of 2022 was passed. 	<ul style="list-style-type: none"> ● None.

Meeting Date	TYPE	IMPORTANT RESOLUTIONS	Any Dissenting Opinion Made by Independent directors
		<ul style="list-style-type: none"> ● Plan of capital reduction for loss off-setting. ● The Company plans to implement long-term fund raising. ● Date, venue and agenda of first special shareholders meeting stipulated for 2022. ● Enriched operation plan for the Company in writing. ● Appointment of acting spokesperson for the Company. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● None. ● None.
2022/12/21	Compensation Committee	<ul style="list-style-type: none"> ● The operation and budget plan of 2023 ● The Audit Plan of 2023 ● Revision of the "Corporate Governance Best Practice Principles". ● Revision on "Rules of Procedure for BoD Meetings". ● Evaluate independence of the Company's CPA ● The appointment of CPA for consolidated financial statements audit of 2023 ● Implementation on amendment of cash capital increase by issuance of new shares and the enriched operation plan for 2023. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● None. ● None. ● None. ● None.
2023/01/09	Compensation Committee	<ul style="list-style-type: none"> ● Release the Prohibition on officers from Participation in Competitive Business. 	<ul style="list-style-type: none"> ● None.
2023/02/20	Compensation Committee	<ul style="list-style-type: none"> ● Appointment, salary and benefits of head of accounting for the Company. ● Salary and benefits of COO for our USA subsidiary. ● Cash capital increase by the Company to Tanvex BioPharma USA, Inc. (USA subsidiary) to maximum of US\$56 million in 2023. ● Cash capital increase by the Company to Tanvex BioPharma, Inc. to maximum of US\$7 million in 2023. ● Appointment of CGO and acting spokesperson for the Company. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● None. ● None.
2023/03/03	Compensation Committee	<ul style="list-style-type: none"> ● Acting head of accounting of the Company. ● The proposal on consolidated financial statement, final account and business report of 2022 for the Company. ● Loss off-setting in 2022 for the Company. ● Lifting of the non-competition restriction for directors of the Company. ● Declaration of internal control system in 2022 for the Company. ● Date, venue and agenda of 2023 general shareholders meeting stipulated. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● None. ● None. ● 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 2021 and as of the Date of This Annual Report :

None °

3.4.14 Summary on resignation and dismissal of Chairman, President, head of accounting, finance manager, internal audit manager, CGO, and R&D manager over recent year up till the publication date of annual report

TITLE	NAME	START WORKING DATE	EFFECTIVE DATE	REASON
Corporate Controller	James Williamson	2019/02/13	2022/01/04	Job adjustment
Corporate Governance Officer	Wei Chen	2021/06/30	2022/05/06	IDP (Individual Development Plan)
Corporate Governance Officer	Yu, Chao-Pei	2022/07/15	2023/02/20	Job adjustment
Corporate Controller	Peter Lin (Note)	2022/02/18	2023/02/20	Job adjustment

Note: Due to internal duty adjustment, Peter Lin the CFO was appointed as substitute of accounting officer under approved resolution by BoD on 03/03/2023.

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		
PwC Taiwan	Yu, Shu-Fen	3,615	0	215	0	2,171	2,368	2022	Other services including capital increase/reduction consultation checklist with review comments, writing of sustainable operation report and economic substance declaration
	Liang, Hua-Ling								

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 10% 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 2021 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	2022		Till April 30, 2023	
		INCREASE OR DECREASE IN SHAREHOLDING	INCREASE OR DECREASE IN SHARES PLEDGED	INCREASE OR DECREASE IN SHAREHOLDING (NOTE 8)	INCREASE OR DECREASE IN SHARES PLEDGED
Chairman and CEO	Yen, Yun	—	—	16,560 (212,309)	—
Director and Major shareholder	Peng Lin Investment Co., Ltd.	—	—	(47,027,462)	—
	Representative: Chen, Chi-Chuan	—	—	—	—
Director and Major shareholder	Peng Lin Investment Co., Ltd.	—	—	(47,027,462)	—
	Representative: Tseng, Tamon	—	—	—	—
Director	Allen Chao and Lee Hwa Chao Family Trust	—	—	833,823 (15,313,227)	—
	Representative: Dr. Allen Chao	—	—	—	—
Director	Hsia Family Trust	—	—	(1,726,216)	—
	Representative: David Hsia	—	—	—	—
Director	Delos Capital Fund, LP	—	—	(9,596,490)	—
	Representative: Ula Xue	—	—	—	—
Independent Director	Tsai, Jin-Pau	—	—	—	—
Independent Director	Wang, Tay-Chang	—	—	—	—
Independent Director	Chen, Lan-Bo (Note 2)	—	—	—	—
Independent Director	Chun-Yen Chang (Note 3)	—	—	—	—
CFO	Peter Lin (Note 4)	—	—	—	—
Corporate Controller	Ken Huang (Note 5)	—	—	—	—
Corporate Governance Officer	Tsai, Pei-Yong (Note 6)	—	—	20,000	—
10% Major shareholder	Tanvex Biologics, Inc. (Note 7)	—	—	(25,198,560)	—

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

Note 2: Mr.Chen, Lan-Bo resigned on 01/06/2022.

Note 3: Mr. Chang ,Chun-Yen was appointed in General Shareholders Meeting on 06/17/2022.

Note 4: Mr. Peter Lin was relieved from position of head of accounting on 02/20/2023 and served as the acting head of accounting under resolution by BoD on 03/03/2023.

Note 5: Mr. Ken Huang started to serve as head of accounting due to duty adjustment on 02/20/2023.

Note 6: Ms. Tsai, Pei-Yong started to serve as the Corporate Governance Officer on 02/20/2023.

Note 7: Tanvex Biologics, Inc. was dismissed on 04/17/2023.

Note 8: The change in shareholding was caused by capital reduction for loss off-setting and cash capital increase in 2023.

3.8.2 Information on a Counterparty to an Equity Transfer or Pledge of Stock Rights Who Is a 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 30, 2023 / Unit: Shares; %

NAME (NOTE 1)	SHAREHOLDING IN SHAREHOLDER'S OWN NAME		Shareholding of spouse and underage children		Shareholding under the title of a third party		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	RELATIONSHIP	
Peng Lin Investment Co., Ltd.	23,539,537	17.61	—	—	—	—	—	—	
Representative: Li, Tian-Jie	—	—	—	—	—	—	—	—	
Tanvex Biologics, Inc.	12,613,108	9.44	—	—	—	—	—	—	
Representative: Allen Chao	1,244,741	0.93	185,132	0.14	—	—	—	—	
Allen Chao and Lee Hwa Chao Family Trust	8,498,839	6.36	—	—	—	—	—	—	
Representative: Allen Chao	1,244,741	0.93	185,132	0.14	—	—	—	—	
Delos Capital Fund, LP	4,803,510	3.59	—	—	—	—	—	—	
Representative: Chen, Lin-Cheng	—	—	—	—	—	—	—	—	
Huei Hong Investment Co., Ltd.	3,835,016	2.87	—	—	—	—	—	—	
Representative: Samuel Yin	—	—	—	—	—	—	—	—	
Yi Tai Investment Co., Ltd.	3,728,037	2.79	—	—	—	—	—	—	
Representative: Kun-Lung Chang	6,671	0.01	—	—	—	—	—	—	
Ruentex Industries Limited	3,500,000	2.62	—	—	—	—	—	—	
Representative: Hsu, Sheng-Yu	—	—	—	—	—	—	—	—	

NAME (NOTE)	SHAREHOLDING IN SHAREHOLDER'S OWN NAME		Shareholding of spouse and underage children		Shareholding under the title of a third party		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	RELATIONSHIP	
Chang Chun Investment Co., Ltd.	2,129,959	1.59	—	—	—	—	—	—	
Representative: Samuel Yin	—	—	—	—	—	—	—	—	
Fubon Life Insurance Co., Ltd.	2,007,804	1.50	—	—	—	—	—	—	
Representative: Tsai, Ming-Hsiang	—	—	—	—	—	—	—	—	
Fubon Financial Holdings	2,006,132	1.50	—	—	—	—	—	—	
Representative: Tsai, Ming-Chong	—	—	—	—	—	—	—	—	
Note : Top 10 shareholders shall be all disclosed. If a shareholder is a corporate entity, both the corporate name and representative name shall be disclosed. Note: The change in shareholding was caused by capital reduction for loss off-setting and cash capital increase in 2023.									

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 Biologies Corporation	247,946	100%	—	—	247,946	100%
Tanvex BioPharma USA, Inc.	1,000	100%	—	—	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 30, 2023

MONTH/ YEAR	ISSUE PRICE (\$)	AUTHORIZED SHARE CAPITAL		PAID-IN CAPITAL		NOTES		
		SHARES (IN 1,000 SHARES)	AMOUNT SHARES (IN 1,000 SHARES)	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	OTHER S
May 2013	US\$ 0.0001	500,000	US\$ 50,000	0.001	US\$ 0.0001	Seed capital	None	
September 2013	-	-	-	-	-	Buy-back and deregistration	None	
September 2013	US\$ 0.2	500,000	US\$ 50,000	80,000	US\$ 8,000	Cash capital increase US\$8,000	None	
October 2014	US\$ 0.4	500,000	US\$ 50,000	130,000	US\$ 13,000	Cash capital increase US\$5,000	None	
March 2015	US\$ 1.5	500,000	US\$ 50,000	163,333	US\$ 16,333	Cash capital increase US\$3,333	None	
March 2015	US\$ 1.5	500,000	US\$ 50,000	164,418	US\$ 16,642	Face value of conversion of stock options US\$109	None	
April 2015	US\$ 1.5	500,000	US\$ 50,000	165,665	US\$ 16,567	Face value of conversion of stock options US\$125	None	
May 2015	NT\$10	500,000	5,000,000	165,665	US\$ 1,656,651 thousand	Capital conversion \$518,540	None	(NOTE 2)
						Conversion of capital surplus to capital stock \$1,656,131,960		(NOTE 3)
June 2015	US\$0.2~0.4	500,000	5,000,000	166,408	US\$ 1,664,084 thousand	Conversion of stock options \$7,434 thousand	None	
February 2016	NT\$128	500,000	5,000,000	192,408	US\$ 1,924,084 thousand	Cash capital increase \$3,328 thousand	None	(NOTE 4)
February-December 2016	US\$0.2~1.5	500,000	5,000,000	192,993	US\$ 1,929,927 thousand	Conversion of stock options \$5,843 thousand	None	
January-September 2017	US\$0.2~1.5	500,000	5,000,000	193,543	US\$ 1,935,432 thousand	Conversion of stock options \$5,506 thousand	None	
October 2017	NT\$72	500,000	5,000,000	216,543	US\$ 2,165,432 thousand	Cash capital increase \$230,000 thousand	None	(NOTE 5)
November-December 2017	US\$0.2~1.5	500,000	5,000,000	216,636	US\$ 2,166,364 thousand	Conversion of stock options \$93 thousand	None	
January-August 2018	US\$0.2~1.5	500,000	5,000,000	217,338	US\$ 2,173,384 thousand	Conversion of stock options \$7,020 thousand	None	
August 2018	NT\$85	500,000	5,000,000	242,338	US\$ 2,423,384 thousand	Cash capital increase \$250,000 thousand	None	(NOTE 6)
September-December 2018	US\$0.2~1.5	500,000	5,000,000	243,068	US\$ 2,430,678 thousand	Conversion of stock options \$7,294 thousand	None	
January-November 2019	US\$0.2~1.5	500,000	5,000,000	244,052	US\$ 2,440,521 thousand	Conversion of stock options \$9,843 thousand	None	
December 2019	NT\$48	500,000	5,000,000	264,052	US\$ 2,640,521 thousand	Cash capital increase \$200,000 thousand	None	(NOTE 7)
December 2019	US\$0.2~1.5	500,000	5,000,000	264,204	US\$ 2,642,041 thousand	Conversion of stock options \$1,520 thousand	None	
January-October 2020	US\$0.2~1.5	500,000	5,000,000	264,538	US\$ 2,645,380 thousand	Conversion of stock options \$3,339 thousand	None	
November 2020	NT\$36	500,000	5,000,000	311,538	US\$ 3,115,380 thousand	Cash capital increase \$470,000 thousand	None	(NOTE 8)
December 2020	US\$ 0.4	500,000	5,000,000	311,607	US\$ 3,116,067 thousand	Conversion of stock options \$687 thousand	None	

January-July 2021	US\$0.2~2.52	500,000	5,000,000	312,425	NT\$3,124,247 thousand	Conversion of stock options \$8,180 thousand	None	
September 2021	NT\$42	500,000	5,000,000	352,425	US\$ 3,524,247 thousand	Cash capital increase \$400,000 thousand	None	(NOTE 9)
October-December 2021	US\$0.4	500,000	5,000,000	352,455	US\$ 3,524,547 thousand	Conversion of stock options \$300 thousand	None	
January-October 2022	US\$0.4~2.05	500,000	5,000,000	352,660	NT\$3,526,606 thousand	Stock option converted to par value of \$2,059 thousand	None	
January 2023	US\$0.4	500,000	5,000,000	352,738	NT\$3,527,381 thousand	Stock option converted to par value of \$775 thousand	None	
April 2023	-	500,000	5,000,000	117,665	NT\$1,176,654 thousand	Capital reduction for loss off-setting at \$2,350,727 thousand	None	(NOTE 10)
April 2023	NT\$75	500,000	5,000,000	133,665	NT\$1,336,654 thousand	Cash capital increase in par value of \$160,000 thousand	None	(NOTE 11)

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 Taizhengshangherfazi no. 1060018129

Note 6: Approval date on cash capital increase: June 22th, 2018. Approval certificate Ginguanzhengfazi no. 1070321886

Note 7: Approval date on cash capital increase: October 3rd, 2019. Approval certificate Ginguanzhengfazi no. 1080331833

Note 8: Approval date on cash capital increase: October 15th, 2020. Approval certificate Ginguanzhengfazi no. 1090359228

Note 9: Approval date of cash capital increase: August 19, 2021; Approval number: Jin-Guan-Zheng-Fa-Zi-1100352407.

Note 10: Approval date of capital reduction for loss off-setting: January 17, 2023; Approval no.: Jin-Guan-Zheng-Fa-Zi-1110368083.

Note 11: Approval date of cash capital increase: February 10, 2023; Approval number: Jin-Guan-Zheng-Fa-Zi-1110368084.

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

As of April 30, 2023; unit: share

TYPE	AUTHORIZED SHARE CAPITAL			NOTES
	OUTSTANDING	NOT YET ISSUED	TOTAL	
Common stock	133,665,367	366,334,633	500,000,000	Listed stock

4.1.2 Composition of Shareholders

As of April 30, 2023

Composition of Shareholders NUMBER OF SHARES	GOVERNMENT INSTITUTIONS	FINANCIAL INSTITUTIONS	OTHER JURISTIC PERSONS	INDIVIDUALS	FOREIGN INSTITUTIONS AND INDIVIDUALS	TOTAL
Number	—	5	67	15,620	60	15,752
Shares	—	2,253,210	46,709,195	47,750,372	36,952,590	133,665,367
Shareholding	—	1.69%	34.94%	35.72%	27.65%	100.00%

4.1.3 Distribution Profile of Share Ownership

As of April 30, 2023; unit: share

SHAREHOLDER OWNERSHIP	NO. OF SHAREHOLDERS	SHARES	SHAREHOLDING (%)
1~999	7,898	3,068,644	2.30%
1,000~5,000	6,045	11,071,432	8.29%
5,001~10,000	882	6,101,672	4.56%
10,001~15,000	321	3,867,496	2.89%
15,001~20,000	145	2,505,569	1.87%
20,001~30,000	151	3,667,970	2.74%
30,001~40,000	86	2,998,794	2.24%
40,001~50,000	61	2,717,789	2.03%
50,001~100,000	78	5,289,186	3.96%
100,001~200,000	35	4,974,527	3.72%
200,001~400,000	24	6,600,786	4.94%
400,001~600,000	6	2,765,837	2.07%
600,001~800,000	2	1,387,821	1.04%
800,001~1,000,000	4	3,623,981	2.71%
Over 1,000,001	14	73,023,863	54.64%
TOTAL	15,752	133,665,367	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 30, 2023

SHARES MAJOR SHAREHOLDERS	Shares	SHAREHOLDING (%)
Peng Lin Investment Co., Ltd.	23,539,537	17.61%
Tanvex Biologics, Inc.	12,613,108	9.44%
Allen Chao and Lee Hwa Chao Family Trust	8,498,839	6.36%
Delos Capital Fund, LP	4,803,510	3.59%
Huei Hong Investment Co., Ltd.	3,835,016	2.87%
Yi Tai Investment Co., Ltd.	3,728,037	2.79%
Ruentex Industries Limited	3,500,000	2.62%
Chang Chun Investment Co., Ltd.	2,129,959	1.59%
Fubon Life Insurance Co., Ltd.	2,007,804	1.50%
Fubon Financial Holdings	2,006,132	1.50%

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

Unit: NT\$

DESCRIPTION		YEAR	2021 (NOTE 1)	2022 (NOTE 1)	As of March 31, 2023 (NOTE 2)
Market Price per share	Highest		100.00	73.30	100.50
	Lowest		34.20	27.00	35.15
	Average		54.89	51.61	48.44
Net Worth per share	Before distribution		7.93	3.95	8.49
	After distribution		7.93	3.95	8.49
Earnings per share	Weighted average (1,000 shares)		325,493	352,556	117,691
	Earnings (loss) per share		(4.74)	(4.65)	(5.17)
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 Applicable	Not Applicable	Not Applicable
	Price/dividend ratio		(NOTE 3)	(NOTE 3)	Not Applicable
	Cash dividend yield		(NOTE 3)	(NOTE 3)	Not Applicable
Note 1: The financial data of 2021 and 2022 are from pro forma consolidated financial reports duly audited and certified by CPAs					
Note 2: The financial data of 2023 up to 3/31 are from consolidated financial reports duly reviewed by CPAs					
Note 3: No distribution of dividend in 2021 and 2022					

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.

There is no incident of stock grants this year.

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 2022, therefore no estimate and actual payment.
 - 3. Distribution approved by Board of Directors' meeting:
Not applicable since there is still accumulated loss for 2022 account of the Company.
 - 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 30, 2023

As of April 30, 2023					
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	2016 years EMPLOYEE STOCK OPTIONS
Effective date of registration	Not applicable (Note 1)	Not applicable (Note 1)	Not applicable (Note 1)	As of October 08, 2015	As of July 04, 2016
Issue date	2013/10/01 (NOTE 2)	2014/10/01 (NOTE 2)	2015/01/15 (NOTE 2)	2015/12/14 2016/06/14 2016/09/16	2016/07/04 2016/12/15 2017/01/01 2017/03/15 2017/06/15
Option Duration	10 years	10 years	10 years	10 years	10 years
No. of options granted	802,000 shares (of which 155,000 shares are invalidated)	9,367,884 shares (of which 2,680,065 shares are invalidated)	2,892,500 shares (of which 1,167,050 shares are invalidated)	596,000 shares (596 units) 918,000 shares (918 units) 160,000 shares (160 units) (of which 1,392,000 shares are invalidated)	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 3,137,000 shares are invalidated)
Percentage of share number issued for subscription out of the total share numbers already issued (Note 4)	0.60%	7.01%	2.16%	1.25%	3.47%
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	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	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 70% (4) 4th year: up to 100%	(1) 1st year: up to 25% (2) 2nd year: up to 50% (3) 3rd year: up to 70% (4) 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	647,000 shares	6,210,819 shares	1,380,450 shares	0 shares	0 shares
Value of shares exercised	US\$ 129,400	US\$ 2,484,328	US\$ 2,070,675	US\$ 0	US\$ 0
Shares unexercised	0 shares	477,000 shares	345,000 shares	282,000 shares	1,499,000 shares
Subscription price per share for unexecuted subscribers (Notes 3 and 4)	—	US\$ 1.2	US\$ 4.5	US\$ 13.61 US\$ 11.87 US\$ 15.53	US\$ 14.09 US\$ 13.70 — US\$ 12.53 US\$ 11.66
Percentage of subscribed share number not executed out of the total share numbers already issued (%) (Note 4)	—	0.36%	0.26%	0.21%	1.12%
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.				
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. 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. Note 3: Additional exercise price per share is due to price adjustment for Taiwan employees following issuance of new shares. Note 4: The change in percentage was caused by capital reduction for loss off-setting and cash capital increase in 2023.					

TYPE OF EMPLOYEE STOCK OPTION	2017 years EMPLOYEE STOCK OPTIONS	2018 years EMPLOYEE STOCK OPTIONS	2019 years EMPLOYEE STOCK OPTIONS	2020 years EMPLOYEE STOCK OPTIONS	2021 years EMPLOYEE STOCK OPTIONS
Effective date of registration	2017/08/03	2018/06/05	2019/06/20	2020/04/08	2021/06/23
Issue date	2017/10/26 2017/12/15 2018/03/15 2018/06/15	2018/06/15 2018/09/14 2018/09/25 2018/10/11 2018/12/19 2019/04/03	2019/08/14 2019/10/04 2020/01/06 2020/04/06	2020/05/04 2020/07/06 2020/10/05 2021/01/04 2021/04/06	2021/07/22 2021/10/04 2021/12/14 2022/02/07 2022/04/11 2022/09/06 2022/11/07
Option Duration	10 years	10 years	10 years	10 years	10 years
No. of options granted	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 3,628,600 shares are invalidated)	800,000 shares (800 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 3,919,300 shares are invalidated)	4,150,900 shares (4,151 units) 408,000 shares (408 units) 216,000 shares (216 units) 1,156,000 shares (1,156 units) (of which 4,078,500 shares are invalidated)	5,335,300 shares (5,335 units) 670,000 shares (670 units) 90,000 shares (90 units) 1,232,000 shares (1,232 units) 110,000 shares (110 units) (of which 2,688,000 shares are invalidated)	642,000 shares (642 units) 586,000 shares (586 units) 3,508,690 shares (3,509 units) 150,000 shares (150 units) 1,032,000 shares (1,032 units) 288,000 shares (288 units) 370,000 shares (370 units) (of which 1,344,320 shares are invalidated)
Percentage of share number issued for subscription out of the total share numbers already issued (Note 4)	4.47%	4.34%	4.44%	5.56%	4.92%
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	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	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%	(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 shares	31,000 shares	5,250 shares	130,250 shares	0 shares
Value of shares exercised	US\$ 0	US\$ 69,250	US\$ 7,413	US\$ 162,505	US\$ 0
Shares unexercised	2,339,700 shares	1,851,900 shares	1,847,150 shares	4,619,050 shares	5,232,370 shares
Subscription price per share for unexecuted subscribers (Note 3 and 4)	US\$9.05 - US\$9.62 US\$7.07/US\$7.52 US\$ 10.68 US\$ 10.31	US\$ 10.31 US\$7.31/US\$7.64 US\$6.98 - US\$7.31 — US\$5.88/US\$6.12 US\$6.83/US\$7.13	US\$6.15 - US\$6.42 US\$ 6.21 US\$4.14/US\$4.26 US\$ 3.21	US\$3.66 - US\$3.78 US\$4.62/US\$4.77 US\$ 4.20 US\$3.87/US\$3.93 US\$9.20/US\$9.35	US\$ 5.31 US\$ 4.53 US\$ 8.03 US\$ 5.91 US\$ 5.73 US\$ 4.77 US\$ 2.73
Percentage of subscribed share number not executed out of the total share numbers already issued (%) (Note 4)	1.75%	1.39%	1.38%	3.46%	3.91%
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.				
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.					
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.					
Note 3: Additional exercise price per share is due to price adjustment for Taiwan employees following issuance of new shares.					
Note 4: The change in percentage was caused by capital reduction for loss off-setting and cash capital increase in 2023.					

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 30, 2023

TITLE (NOTE 1)	NAME	GRANT SHARES	RATIO OF SHARES GRANT TO TOTAL ISSUED SHARES (NOTE 4)	EXERCISED (NOTE 2)			UNEXERCISED (NOTE 2)			RATIO OF SHARES GRANT TO TOTAL ISSUED SHARES (NOTE 4)	
				# OF SHARES EXERCISED	PRICE (US\$) PER SHARE (US\$) (NOTE 5)	AMOUNT (US\$)	RATIO OF SHARES GRANT TO TOTAL ISSUED SHARES (NOTE 4)	# OF SHARES EXERCISED	PRICE (US\$) PER SHARE (US\$) (NOTE 6)		AMOUNT (US\$)
Officer	Chief Financial Officer	Peter Lin	0.37%	—	—	—	—	500,000	USD1.91	955,000	0.37%
Tope 10 Employees (Note 3)	Vice President, Product Process Development	Hopp, Jennifer	7.05%	586,252	USD0.4 USD1.5 USD1.26	373,051	0.44%	8,842,000	USD0.4 USD1.26 USD1.31 USD1.50 USD1.77 USD1.91 USD2.04 USD2.14 USD2.38 USD2.44 USD2.68	22,686,146	6.62%
	Vice President of Project Management	Liu, Qi									
	Vice President Business Development	Unkrich, Matthew									
	Honorary chairman and employee	Allen Chao									
	Director, Materials Management	Yuan Li									
	Director, R&D	Yiwen Tao									
	Director, Sales & Marketing	Linda Grillo									
	Vice President Clinical Operation, Tanvex USA	Jennifer Lai									
	PRODUCT PROCESS DEVELOPMENT Director	Xuemei Han,Aslanian									
	Quality Assurance Senior Director	Tino,Sumontha									
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.											

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

As of the first quarter of 2023, except for the cash capital increase planned for 2021 and 2022, all of the previous cash capital increase plans have been completed. The content, execution status and benefit analysis of the cash capital increase plan in 2021 and 2022 are explained as follows:

4.8.1 2021 Cash capital increase

4.8.1.1 Project content:

4.8.1.1.1 Project content

- (1) Approval date and document number issued by competent authority of target business: On August 19, 2021 by FSC with Jin-Guan-Zheng-Fa-Zi-1100352407, which was effective upon declaration of approval.
- (2) Total amount of funds required for this Project: NT\$1,680,000 thousand.
- (3) Source of fund: Cash capital increase through issuance of 40,000 thousand registered common shares at par value of NT\$10 per share and issued at IPO (Initial Public Offering) price of NT\$42 per share, raising to amount of NT\$1,680,000 thousand.
- (4) The date of entering information designated by FSC to the website: August 19, 2021.
- (5) Projects items and progress of fund utilization:

NT\$ in thousands

Plan Item	Expected completion date	Total fund needed	Expected fund application progress			
			2022			
			Q1	Q2	Q3	Q4
Enrich Working capital	2022 years	1,596,000	363,261	358,858	371,778	502,103
Replacement of R&D equipment	2022 years	84,000	21,000	21,000	21,000	21,000
TOTAL	–	1,680,000	384,261	379,858	392,778	523,103

Note: This enrichment of working capital was mainly used for the R&D expenses required for TX01, TX04, TX05, TX16 and TX52 projects, as well as other early R&D projects. In addition to the R&D expenses, the working capital also covered the administrative and marketing expenses required for the operation. Moreover, the update, calibration and replacement of R&D equipment/ instruments were carried out in a timely manner for accommodating the R&D needs of each project.

(6) Estimated benefits:

NT\$1,680,000 thousand was expected to be raised from this cash capital increase, which would be used for enrichment of working capital and replacement of R&D equipment. Among them, the capital for replacement of R&D equipment was mainly for the update, calibration and replacement of R&D equipment/ instruments in a timely manner for accommodating the R&D needs of each project, which ensures that each project can proceed as scheduled.

This fund-raising plan of the Company was mainly to finance the R&D of various drug projects, laboratory consumables, clinical trials, and replacement of R&D equipment through long-term stable capital injection (including other daily operating expenses required), which will provide positive assistance to funding requirements of the Company in terms of overall operation and development in future. In addition to enhancing the R&D momentum and Company value, the plan further strengthens the financial structure and reduces operational risks, as well as enhancing the overall competitiveness of the Company.

The biosimilar product under this R&D was expected to be launched on the market in 2022 and start to generate operating revenue in the same year.

4.8.1.1.2 Adjustment of plan content and reasons for adjustment, as well as the benefits before and after adjustment:

(1) Adjustment of planned BoD meeting date:

The adjustment proposal was passed by BoD of the Company via resolution on August 26, 2022. However, since the matter did not meet the criteria for major changes, there was no need for reporting in the shareholders' meeting.

(2) Adjustment of plan content:

NT\$ in thousands

Plan Item	Expected completion date	Total fund needed	Expected fund application progress					
			2022 years				2023 years	
			Q1	Q2	Q3	Q4	Q1	Q2
Enrich Working capital	2023 years Q2	1,680,000	0	460,465	441,161	337,940	268,874	171,560

(3) Reasons for adjustment

The original capital plan was applied for enrichment of working capital and replacement of R&D equipment. Among them, the capital for replacement of R&D equipment was mainly for the update, calibration and replacement of R&D equipment/ instruments in a timely manner for accommodating the R&D needs of each project, which was estimated to be completed by the end of 2022. However, the FDA license review for TX01 and TX05 under the Company was not completed as scheduled due to additional supplementary information requested by the FDA, which also caused the delay of TX04 and TX52 development.

Considering limited capital and difficulty in financing for the Company, the existing capital on the Company account still has to cover distribution and administrative expenses needed for maintaining Company operation in addition to the continuous promotion of drug development projects. For more efficient capital utilization, the replacement of R&D equipment under original plan was intended to be postponed, which cooperated with the FDA review schedule by readjusting the capital required for each

drug project and the progress of capital utilization. Therefore, the plan completion will be postponed to the end of Q2 in 2023.

(4) Estimated benefits after the change

The benefit from improving financial structure has not changed, which continues to proceed according to future development progress of various drugs and the status of Company operation.

(5) The date of entering information designated by FSC to the website: August 26, 2022.

4.8.1.2 IMPLEMENTATION

(1) Progress of capital utilization

NT\$ in thousands

Plan Item	IMPLEMENTATION		Up till end of Q1 in 2023	Reason for progress ahead or behind and Improvement plan
Enrich Working capital	Amount used	Expected	1,508,440	Cash capital increase for the Company was completed on September 29, 2021, and the plan adjustment was approved under BoD resolution on August 26, 2022 to postpone the replacement of R&D equipment originally planned, as well as accommodating with the schedule of FDA review by re-adjusting the capital needed and progress of capital utilization for each drug plan. Up till Q1 of 2023, the accumulated amount of actual expenditure is NT\$1,567,522 thousand, which is under consecutive implementation according to the plan after adjustment.
		Actual	1,567,522	
	Execution progress %	Expected	89.79	
		Actual	93.3	

(2) Status of benefit achievement

A. Estimated profit and loss

The biosimilar product developed by the Company was expected to be launched on the market in 2022 and start to generate operating revenue in the same year. However, due to the impact of COVID-19, the factory inspection for TX01 was postponed. After numerous communication between the Company and FDA, third-party data verification on the drug data was decided for completing the licensing review data. Moreover, the verification data had been obtained in Q1 of 2022 and preparation for data analysis was conducted afterwards. In Q3 of 2022, supplementary submission for license application was made to the FDA, where the Company received CRL from FDA in February 2023 specifying items to be improved by downstream manufacturers. However, the Company has submitted supplementary document for application in April 2023, where the launch in Canada for sales is expected in 2023. Regarding TX05, a CRL was also received from FDA in July 2022, requesting that from comparison between TX05 and Herceptin the brand drug, further clarification was needed in terms of partial similarity. Therefore, the Company has planned to collaborate with the consulting company for collecting more data and scientific basis according to the R&D data for analysis and verification. Moreover, the Company has communicated with the FDA on relevant matters and expected to submit supplementary document to the FDA in Q4 of 2023 for license application; thus the launching schedule has postponed to 2024. Considering the pandemic and the R&D progress, the launching schedule for TX04 is also postponed to Q4 of 2025.

B. Improvement of financial structure

DESCRIPTION \ YEAR		Q1 2021 (Before capital increase)	Projected amount Q3 2021 (After capital increase)	Actual amount Q3 2021 (After capital increase)
Basic financial data	Current Assets	1,802,376	3,602,376	2,707,053
	Other Assets	3,885,768	5,685,768	5,080,708
	Total Assets	228,407	228,407	237,070
	Total Liabilities	1,637,287	1,637,287	1,947,532
Financial structure	Debt ratio (%)	42.14	28.80	38.33
	Ratio of long-term funds to property, plant and equipment	676.98	1,010.16	983.03
Solvency	Current ratio (%)	789.11	1,577.17	1,141.88
	Quick ratio (%)	723.53	1,533.92	1,084.95

The issuance of new shares for cash is used to enrich the working capital. After the completion of the capital raising and working capital injection in Q3 2021, the debt ratio decreased from 42.14% before fundraising to 38.33%, and the long-term capital to property, plant, and equipment ratio increased from 676.98 % to 983.03%; the current ratio and quick ratio increased from 789.11% and 723.53% before the capital increase to 1,141.88% and 1,084.95%, respectively. As the financial ratios are sound compared to those before the capital raising, the benefits of the fundraising to strengthen the financial structure and reduce operational risks should be visible.

4.8.2 2022 Cash capital increase

4.8.2.1 Plan content:

- (1) Approval date and document number issued by competent authority of target business: On February 10, 2023 by FSC with Jin-Guan-Zheng-Fa-Zi-1110368084, which was effective upon declaration of approval.
- (2) Total amount of funds required for this project: NT\$1,200,000 thousand.
- (3) Source of fund: Cash capital increase through issuance of 16,000 thousand registered common shares at par value of NT\$10 per share and issued at IPO (Initial Public Offering) price of NT\$75 per share, raising to amount of NT\$1,200,000 thousand.
- (4) The date of entering information designated by FSC to the website: February 10, 2023.

(5) Projects items and progress of fund utilization:

NT\$ in thousands

Plan Item	Expected Completion Date	Funds required Total	Expected fund application progress						
			2023 years				2024 years		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3
Enrich Working capital	2023 years	962,771	0	312,560	452,236	197,975	0	0	0
Equipment upgrade and replacement (Note)	2024 years Q3	237,229	0	22,112	56,324	43,288	83,463	23,873	8,169
TOTAL	-	1,200,000	0	334,672	508,560	241,263	83,463	23,873	8,169

Note: To address the R&D needs for each project and expansion of CDMO business, the establishment, update, calibration and replacement of R&D have been implemented timely, together with establishment of other operation software and hardware.

(6) Estimated benefits

NT\$1,200,000 thousand of cash capital increase was raised for the enrichment of working capital, together with upgrade and replacement of R&D and operation equipment. Among them, the upgrade and replacement of R&D and operation equipment mainly served to enhance the R&D energy and operation efficiency, which addresses the R&D needs for each project and expansion of CDMO business, the establishment, update, calibration and replacement of R&D have been implemented timely, together with establishment of fund needed for other operation software and hardware, which ensures that each project and business can progress as scheduled and develop smoothly.

This fund-raising plan of the Company was mainly to finance the R&D of various drug projects, laboratory consumables, clinical trials, upgrade and replacement of R&D and operation equipment through long-term stable capital injection (including other daily operating expenses required), which will provide positive assistance to funding requirements of the Company in terms of overall operation and development in future. In addition to enhancing the R&D momentum and Company value, the plan further strengthens the financial structure and reduces operational risks, as well as enhancing the overall competitiveness of the Company.

4.8.2.2 IMPLEMENTATION

(1) Progress of capital utilization:

Up till Q1 of 2023, the raising of 2022 cash capital increase for the Company was completed in April 2023.

In the future, the fund expenditure will commence from Q2 of 2023 according to the capital utilization plan.

(2) Status of benefit achievement:

Up till Q1 of 2023, the raising of 2022 cash capital increase for the Company was completed in April 2023, where the expected benefits will reveal according to the plan after completion of fund raising.

5. Operational Highlights

5.1 Business Activities

5.1.1 Scope of Business

The Company is primarily engaged in the following business activities:

The world is facing the problem of aging population and the high expenditures in medicine has caused tremendous burden on finance for all countries. Therefore, the implementation of various medical reform policies is needed to reduce the medical expenditures. In 1984, the United States passed the Hatch-Waxman Act to induce the booming industry of molecular generic drug. For almost 4 decades ever since then, the small molecular generic drugs have saved trillions of dollars in medical expenditures for the USA government, managed care, insurance companies and patients. Along with the evolution of biotechnology after more than 3 decades, many important drugs for treating severe illnesses including cancer, rheumatoid arthritis, and autoimmune diseases fall under the category of biological drugs. However, the complicated manufacturing processes and expensive price of biological drugs have caused increasing burden for governments of each country facing such medical costs, where many patients are unable to afford financially. Therefore, affordable biosimilars have become the market trend.

Tanvex BioPharma is mainly based on the market-driven development, where we break away from the conventional process of science-driven drug development. Facing the vast market demands on biosimilars, we focus on biosimilar research and development, which is expected to make safe, effective and affordable biosimilars available for patients. The product quality under the Company is based on compliance with requirements of USA regulations that is considered as strictest worldwide. In addition to focusing on USA (the largest drug market globally) in terms of sales, we also set our eyes on the global market, where we expect to benefit more patients.

The core competitiveness of Tanvex BioPharma lies with the R&D technology platforms and production capacity for both Mammalian cell line development and Microbial fermentation that allow vertical integration with biosimilars. From cell line development, optimized manufacturing processes and regulations to mass production for product commercialization, all major R&D and key production processes can be completed within the Company. In terms of sales method, there is distinct difference between biosimilars and new drugs. New drugs requires vast investment to build a sales team of huge number in personnel with experience to promote new drugs, and teach the doctors on drug usage. The sales of biosimilars on the other hand, mainly focuses on large channels including wholesalers, large pharmacies, large hospital groups and Group Purchase Organization.

The Company targets at cooperating with distributors or agents, so drug market for the Company can be expanded through their sales channels. At the same time, the Company does not rule out the flexible use of regional cooperation by authorization or any other commercial methods that generate positive benefits, so the Company capacity in profit can be enhanced. Moreover, the Company will also expand the CDMO business through experience and technical capabilities in self-development, production and manufacturing of drugs to improve operational efficiency and promote shareholders interests.

5.1.2 Industry Overview

5.1.2.1 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.

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. At the same time, the difficulty and cost of developing biosimilars are greater than the small molecular generic drugs, which increases the high threshold of market entry. competition compared to the small molecule generic market. 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. The US biosimilar market is still in its early days and is continuing to emerge. Up till 2022, 25 biosimilar products have been sold in the USA market.

5.1.2.2 Industry

The upstream of the pharmaceutical industry chain is the API supplier, therefore its quality affects greatly the materials produced from the middle and downstream pharmaceutical factories. Also due to the high regulatory requirements of the pharmaceutical industry, the quality standards for APIs are also more stringent. Due to the increasing abundant competition from international manufacturers, we should strengthen the integration of upstream and downstream of the industrial chain, narrow the product lines gaps, and utilize technology and innovation.

5.1.3 Development Trend of Products

Most of the global biosimilar drugs are protein drugs, and the development of such drugs is relatively mature. The development of monoclonal antibody similar drugs is more difficult, mainly because of its large molecular weight. Compared with proteins with smaller molecular weight, the manufacturing process, molecular structure and biological activity of monoclonal antibodies are more complicated. Therefore, in the manufacturing process of monoclonal antibodies, investment The time and cost requirements are also higher. The indications of monoclonal antibodies are mostly autoimmune-related and cancer-related diseases. Often due to the target group and price factors of the drug, the product has a high price and demand, and it has become the top few in the global drug sales list. Therefore, It has attracted many large and small pharmaceutical companies to invest in the research and development of biosimilar drugs. The top ten monoclonal antibody drugs include: Humira, Remicade, Herceptin and Avastin, and these monoclonal antibody drugs with global annual sales of more than one billion US dollars have already invested in the research and development of biosimilar drugs by many large and small pharmaceutical companies. The plan can enter the market in time to seize market share after the patents of these drugs expire.

5.1.4 Competitive status

Current status of international competition

Optimistic about the future development potential of the biosimilar drug market. Since the regulations gradually became clear, many international manufacturers have also begun to deploy. For example, in order to enter this market, Pfizer acquired Hospir, the top three biosimilar drug manufacturers, at a high price of about 17 billion U.S. dollars in 2015. a, In addition, Sandoz and Amgen were not absent. In addition to international major pharmaceutical companies actively exploring opportunities in the field of biosimilar drugs through joint cooperation or mergers and acquisitions; there are also many smaller pharmaceutical companies joining this battle, such as Coherus, Celltrion, Samsung Bioepis, etc. market. Many companies are usually limited by the size of the company or their own capabilities, so they can only choose to be part of the value chain of biosimilar drugs. For example, some companies are R&D-oriented and have no own production capacity, so product costs are difficult to control; As a foundry manufacturer of biosimilar drugs, but lack of research and development energy and marketing profitability.

Since the development of the global biosimilar drug industry, the U.S. market has gradually taken shape although it started slowly. Different from the breakthrough point in the European market when the main patent expires, the US market is limited by the intellectual property disputes related to product patents other than the main patent. In addition to the strict review by the FDA, the barriers to market entry are higher than other markets. The European market slowed down while the US market did not open quickly. Since 2017, the market structure has been further consolidated. Merck KGaA resold its related business to Fresenius Kabi. In 2018, Momenta announced that it would no longer invest in the development of biosimilar drug products, and Boehringer Ingelheim announced that Give up the market outside the United States, and reached an agreement with AbbVie in 2019 that the Adalimumab biosimilar drug will be launched in the United States in 2023.

The global market environment for biosimilar drugs continues to evolve, which may increase in the medium and long term. International major biomakers continue to consolidate, and the forces of all parties are growing and declining, while the

competition pattern in the US market is gradually becoming clearer. Pfizer further announced the acquisition of Mylan in July 2019, with the long-term goal of expanding the company's footprint and deepening its biosimilar drug product line. The development of biosimilar drug products is time-consuming, the limitations of production regulations and the challenges of manufacturing.

The competitive advantage of Tenvax is the vertical integration of all functions of R&D, manufacturing and sales. The purpose is to reduce costs and control quality. The entire industrial value chain is controlled by Tenvax, so that it can adapt to changes in the market at any time and become Taifu Biotech's leading company. An important advantage in the face of market competition. Competitive niches are broken down as follows :

- A. Through the research and development energy of the Taiwan team, master the ability to develop cell line.
- B. Through the American team in process research and development, as well as product analysis and manufacturing technology.
- C. At the same time, it has the technology platforms of Mammalian (mammalian cell line development) and Microbial (microbial fermentation).
- D. Possess regulatory experience in clinical application and drug approval in the United States.
- E. The first commercial production base has been established in the United States.

5.1.5 Technology and R&D Overview

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

ITEMS	INDICATION	DEVELOPMENT PROGRESS
TX01 (Neupogen)	Neutropenia	<ul style="list-style-type: none"> In August 2022, the supplementary documents for license assessment were submitted to the FDA. Developed sales and marketing team and identify distribution channels. <p>In July 2022, the drug establishment license was approved by Health Canada.</p>
TX04 (Neulasta)	Neutropenia	<ul style="list-style-type: none"> The Company is planning to scale up the production process and prepare for the Phase III pivotal trial. Currently, the stability test is being conducted simultaneously.
TX05 (Herceptin)	Breast cancer	<ul style="list-style-type: none"> In July 2022, the complete response from FDA was received, indicating that the current license view was completed. The Company plans to communicate with the FDA, where the supplementary information is expected to be provided to the FDA after completion, so subsequent BLA review can be completed. Prepared for FDA pre-approval inspection.
TX16 (Avastin)	Metastatic colorectal cancer	<ul style="list-style-type: none"> The Phase I clinical trial on human subject has been completed. At present, the design for Phase III clinical trial and patent-related procedures are under planning continuously.
TX52 (Perjeta)	Breast cancer	<ul style="list-style-type: none"> The pre-clinical and manufacturing process are still under development currently.
Other products		<ul style="list-style-type: none"> Under development

R&D investment in 2021 and as of up to the date of this annual report:

NT\$ in thousands

DESCRIPTION \ YEAR	2022	Q1 2023
R&D expenses	1,351,425	512,228
Paid in Capital	3,526,606	1,176,654
R&D as % of Paid in Capital	38.32	43.53

5.1.6 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:

In addition to gaining experiences on biosimilars, the future prospect for the team would be the Company heading towards development of new drugs depending on the strategy on future development, where we expect to provide greater profits for the investors in return, as well as improving the condition and living quality 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. Tanvex BioPharma is optimistic on the development potential of USA market, where we expect to seize such industrial trend and expand to other regional markets, so we can become the international pharmaceutical manufacturer at global scale.

2. Market share

At present, the products developed by the Company have not been sold on the market, thus the analysis on market share for the product is not yet available.

3. Market supply, demand and growth in the future

The USA government has passed the BPCIA (Biologics Price Competition Innovation Act) in 2010, and the first biosimilar product licensed for sale was Zarxio (filgrastim-sndz) made by Sandoz, where sales in USA began since September 2015 with Neupogen (filgrastim) made by Amgen as the reference brand drug. Up till 2022, there have been 40 biosimilars approved by FDA and among them, 25 products have been sold in the USA market.

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) The strict requirements of license review specification under the FDA causes extensive expenses in clinical trials.
- (2) Innovator companies have employed various tactics making it difficult for most of the initial biosimilars brought to market to gain traction.

Facing market competitions, the measures of Company response are as follows:

- (1) For quality: The Company mission is to provide safe, effective and affordable biosimilars for the patients in need, as well as continuing to follow strict specifications under the FDA for facing market competitions.
- (2) For technology: The Company has combined the R&D capacity in Taiwan with the scale-up and production technologies in USA to enhance our international competitiveness.
- (3) For cost: The Company exercises concise personnel organization. Through vertical integration, We reduce cost and increase flexibility in product pricing, hoping to strengthen the ability in market development and competition.
- (4) For clients: The production base for initial commercialization is established in USA, which is close to the market and clients, allowing the prompt response and serve for client needs.

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, 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 Most Recent Two Years

For the Company in 2021 and 2022, since the products are still in R&D stage, thus the records for revenue, purchase and sales related to the products are not yet available, neither the customers with more than 10% of total purchase (sales).

5.2.5 Production in Most Recent Two Years

We do not have any commercial production in 2021 and 2022, as our products are in the R&D stage.

5.2.6 Sales in Most Recent Two Years

We do not have any commercial production in 2021 and 2022, 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		2021	2022	AS OF April 30, 2023
Nuer of Employees	R&D staff headcount	35	46	50
	Operation staff headcount	67	52	59
	Other employees headcount	15	27	30
	Managerial position and above (R&D) headcount	15	14	11
	Managerial position and above (Operation) headcount	17	19	17
	Managerial position and above (Other) headcount	16	20	22
	TOTAL	165	178	189
Average age		38.9	39.32	39.98
Average years of service		3.48	2.97	3.01
Education	PhD	8	9.23	8.45
	Master's	19	28.63	26.10
	Bachelors Degree	55	46.78	51.15
	Senior high school	18	15.36	14.30
	Below senior high school	—	—	—

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 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 not less than 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 within 6% of their monthly 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:

Other than implementation according to relevant provisions under the Federal Social Security Act and Labor Act in USA, the employee health insurance, work injury compensation insurance and individual retirement account systems for employees to protect employee benefits.

(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, and long-term disability insurance.
- E. Group life insurance: We provide life insurance for employees and their family members.
- F. Out-of-pocket plan: The Company provides the out-of-pocket option to employees, where they can purchase additional medical insurance, life insurance, accident insurance, critical illness insurance, identity theft prevention and legal consultation for themselves or family members.
- 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 Information Security Management

5.6.1 Data security risk management, framework, and policy:

1. Information Security Management

(1) The information security unit of the company is the information department, which is responsible for formulating internal information security policies and operations, and promoting and implementing information security policies, and regularly reports the company's information security governance to the CEO.

(2) Internal Audit conducts regular inspection and provides oversight to ensure data are secured and protected to reduce potential risks.

2. Information Security Policy: to strengthen the company's information security to ensure the confidentiality, integrity and availability of information, so as to protect the rights and interests of the company's customers, shareholders, employees and suppliers.

3. The company's information security management measures include:

(1) Computer software use, network firewall management, information hardware equipment management, computer information backup operations, emergency recovery methods, website management, wireless network management, system account password permissions Safety regulations, personnel resignation account handling procedures, employee confidentiality agreements.

(2) In terms of information security protection, the company strengthens multi-level protection in software and hardware, including account complexity and password verification, host and client protection, Internet behavior management/malicious website protection, firewall blocking 、 Host data backup, access security management, IP management.

(3) The company regularly conducts information security publicity and education training to strengthen the information security knowledge and professional skills of internal personnel.

5.6.2 The company has not had any major information security incidents in the most recent year.

5.7 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	Tanvex BioPharma USA and Third Ave. Investments, LLC.	07/30/2010–03/31/2024	Agreement for lease office for Tanvex	–
Lease agreement	Tanvex BioPharma USA and STERLING CITY SCIENCE NORTH PORTFOLIO, LLC	07/30/2010–11/30/2032	Agreement for lease of building (1) for LJB in San Diego, and the supplemental agreement	–
Lease agreement	Tanvex BioPharma USA and STERLING CITY SCIENCE NORTH PORTFOLIO, LLC	01/20/2016–01/20/2032	Agreement for lease of building (2) for LJB	–
Lease agreement	Tanvex Taiwan and Best Suit Limited, Taiwan Branch	04/15/2021–06/30/2026	where Tanvex Taiwan is the lessee of laboratory, factory and office.	–
Master Collaboration Agreement and SOW	Tanvex TW and Tanvex BioPharma USA, Inc.	01/01/2018-12/31/2023	Collaboration on the biosimilar products development	–
Sales contract	Tanvex BioPharma Inc. and AP Biosciences Inc.	02/10/2022– Service completed	Contract for service commissioned	–
Lease agreement	Tanvex Taiwan and Best Suit Limited, Taiwan Branch	04/1/2023–06/30/2028	Lease of R&D lab and office for Tanvex Taiwan	–

6. Financial Highlights

6.1 Condensed Financial Statements in Most Recent Five Years– IFRS

6.1.1 Condensed Consolidated Balance Sheet –IFRS

NT\$ in thousands

DESCRIPTION \ YEAR		MOST RECENT FIVE YEARS (NOTE 1)					AS OF March 31, 2023 (NOTE 2)
		2018 years	2019 years	2020 years	2021 years	2022 years	
Current Assets		3,696,323	2,604,974	2,263,513	2,401,988	1,043,719	657,751
Financial Assets at Amortized cost		735,550	657,824	555,692	477,369	484,579	455,216
Property, Plant and Equip.		—	265,136	1,350,585	1,636,483	1,665,981	1,608,392
Right-of-use Assets		18,168	15,932	11,957	10,167	12,069	12,118
Intangible Assets		28,728	29,127	190,978	187,582	213,468	212,832
Other Assets		4,478,769	3,572,993	4,372,725	4,713,589	3,419,816	2,946,309
Total Assets	Before distribution	209,463	270,448	353,099	248,514	303,285	286,508
	After distribution	209,463	270,448	353,099	248,514	303,285	286,508
Non-Current Liabilities		54,453	271,674	1,398,911	1,670,280	1,725,051	1,661,055
Total Liabilities	Before distribution	263,916	542,122	1,752,010	1,918,794	2,028,336	1,947,563
	After distribution	263,916	542,122	1,752,010	1,918,794	2,028,336	1,947,563
Equity attributable to owners of the parent		4,214,853	3,030,871	2,620,715	2,794,795	1,391,480	998,746
Capital Stock		2,430,678	2,642,041	3,116,067	3,524,547	3,526,606	1,176,654
Capital Surplus		7,421,513	8,348,201	9,652,911	10,987,806	11,060,529	11,283,780
Retained Earnings	Before distribution	(5,383,363)	(7,679,989)	(9,784,225)	(11,327,436)	(12,968,566)	(11,226,039)
	After distribution	(5,383,363)	(7,679,989)	(9,784,225)	(11,327,436)	(12,968,566)	(11,226,039)
Other Equity		(253,975)	(279,382)	(364,038)	(390,122)	(227,089)	(235,649)
Total Equity	Before distribution	4,214,853	3,030,871	2,620,715	2,794,795	1,391,480	998,746
	After distribution	4,214,853	3,030,871	2,620,715	2,794,795	1,391,480	998,746
Note 1: Independent Auditor’s Report for year 2018 to 2022.							
Note 2: Q1, 2023 financial report reviewed by Auditors of PWC Taiwan and present to the Board on 05/12/2023.							

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

Unit: NT\$ in thousands; %

YEAR DESCRIPTION	MOST RECENT FIVE YEARS (NOTE 1)					AS OF March 31, 2023 (NOTE 2)
	2018 years	2019 years	2020 years	2021 years	2022 years	
Sales and Revenue	—	—	300	5,406	22,404	30,138
Gross Profit	—	—	143	3,550	19,348	40,535
Income (Loss) from Operations	(1,950,580)	(2,328,156)	(2,099,577)	(1,599,184)	(1,605,517)	(599,696)
Non-Operating Income(Expenses)	56,742	53,955	(4,635)	55,995	(35,590)	(8,504)
Net Loss before Tax	(1,893,838)	(2,274,201)	(2,104,212)	(1,543,189)	(1,641,107)	(608,200)
Continued Operation -Net Loss	(1,893,862)	(2,274,226)	(2,104,236)	(1,543,211)	(1,641,130)	(608,200)
Discontinued Operation- Net Loss	—	—	—	—	—	—
Net Loss after Tax	(1,893,862)	(2,274,226)	(2,104,236)	(1,543,211)	(1,641,130)	(608,200)
Other Comprehensive Income (net of tax)	49,548	(25,407)	(84,656)	(26,084)	163,033	(8,560)
Total Comprehensive Income (Loss)	(1,844,314)	(2,299,633)	(2,188,892)	(1,569,295)	(1,478,097)	(616,760)
Basic Earnings per Share (\$)	(8.32)	(9.26)	(7.84)	(4.74)	(4.65)	(5.17)
Note 1: Independent Auditor's Report for year 2018 to 2022.						
Note 2: Q1, 2023 financial report reviewed by Auditors of PWC Taiwan and present to the Board on 05/12/2023.						

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

None.

6.2.4 Auditors' Opinions from 2018-2022

1. Auditors' Opinions from 2018-2022

YEAR	ACCOUNTING FIRM	NAME OF CPA	AUDIT OPINION
2018	PricewaterhouseCoopers Taiwan	Teng, Sheng-Wei; Tseng, Hui-Chin	An unqualified opinion
2019	PricewaterhouseCoopers Taiwan	Yu, Shu-Fen; Tseng, Hui-Chin	An unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Yu, Shu-Fen; Liang, Hua-Ling	An unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Yu, Shu-Fen; Liang, Hua-Ling	An unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Yu, Shu-Fen; Liang, Hua-Ling	An unqualified opinion

2. If there is any change of auditors in most recent five years, predecessors, successors and reasons shall be listed:

About predecessors

About predecessors			
Date for Change	Approved by the Board on 03/25/2020		
Reasons	Replacement of CPA due to internal work rotation of PwC Taiwan. Since year of 2020, the Auditors are Yu, Shu-Fen; Liang, Hua-Ling.		
Reasons for termination	CONTRACTING PARTIES	CPA	Appointed person
	What		
	Voluntary termination of appointment	Not Applicable	Not Applicable
	No longer accept (continued) appointment	Not Applicable	Not Applicable
Any other opinions other than unqualified opinion in recent two years	None		
Different opinions with issuer	Yes		Accounting principles and practices
			Disclosed financial report
			Check scope or steps
			Others
	None	✓	
	Explanation		
Other items to disclose	-		

(2) About successors

CPA FIRM NAME	PricewaterhouseCoopers Taiwan
NAME OF CPA	Yu, Shu-Fen; Liang, Hua-Ling.
Date of appointment	Approved by the Board on 03/25/2020
Any other opinions before appointment and results	-
Any different opinions from successors to predecessors	-

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

Financial analysis - IFRSs (consolidated)

<div> <div>YEAR</div> <div>DESCRIPTION</div> </div>		Most Recent Five Years (Note 1)					AS OF March 31, 2023 (NOTE 2)
		2018 years	2019 years	2020 years	2021 years	2022 years	
Capital Structure	Debt Ratio (%)	5.89	15.17	40.07	40.71	59.31	66.10
	Long-term Fund to Fixed Assets Ratio (%)	580.42	502.04	723.36	935.35	643.14	584.29
Liquidity Analysis	Current Ratio (%)	1,764.67	963.21	641.04	966.54	344.14	229.58
	Quick Ratio (%)	1,690.79	898.04	586.38	895.67	260.15	149.75
	Times Interest Earned (Times)	(Note 6)	(Note 6)	(Note 6)	(Note 6)	(Note 6)	(Note 6)
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 (%)	(44.82)	(56.49)	(52.97)	(33.97)	(39.28)	(75.12)
	Return on Equity (%)	(47.56)	(62.77)	(74.47)	(56.99)	(78.41)	(50.89)
	Pre-tax Income to Paid-in Capital Ratio (%)	(77.91)	(86.08)	(67.53)	(43.78)	(46.54)	(206.76)
	Net Margin (%)	—	—	—	—	—	—
	Earnings Per Share (NT\$)	(8.32)	(9.26)	(7.84)	(4.74)	(4.65)	(5.17)
Cash flow	Cash Flow Ratio (%)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
	Cash Flow Adequacy Ratio (%)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
	Cash Flow Reinvestment Ratio (%)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
Leverage	Operating Leverage	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
	Financial Leverage	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
Description on reasons of changes in various financial ratios above 20% over recent two years: Profitability Analysis: Mainly the cash capital increase in 2022 will be postponed to early 2023.							

Note 1: Independent Auditor's Report for year 2018 to 2022

Note 2: Data source: The Q1 financial data in 2023 was reviewed by CPAs and reported to the BoD on May 12, 2023.

Note 3: Formulas for the above table are specified as follows:

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) Times Interest Earned = 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) Pre-tax Income to Paid-in Capital Ratio = Pre-tax Income / Paid-in Capital

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

(6) 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 4: Not calculated as operations have resulted in a net loss only

Note 5: Not calculated since operating cash has outflow

Note 6: 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 03, 2023

The Company BoD produced the consolidated financial statement, business report and proposal for writing off loss for 2022. Among them, the consolidated financial statements was audited and certified by PwC Taiwan, where the audit report with no reserved comments was issued. The Audit Committee has agreed with the audition comments from above-mentioned CPA firm. The business report and loss off-setting proposal have been review and passed, where the report has been produced as per requirements under Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, please examine accordingly.

To

Shareholders' Meeting of Tanvex BioPharma Inc.

Tanvex BioPharma, Inc.

Audit Committee

Convener: Jin-Pau Tsai

Jin-Pau Tsai

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

Not Applicable

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.

NT\$ in thousands; %

DESCRIPTION	YEAR	2021	2022	DIFFERENCE	
				Amount	%
Current Assets		2,401,988	1,043,719	(1,358,269)	(56.55)
Financial Assets at Amortized cost		477,369	484,579	7,210	1.51
Property, Plant and Equip.		1,636,483	1,665,981	29,498	1.80
Right-of-use Assets		10,167	12,069	1,902	18.71
Intangible Assets		187,582	213,468	25,886	13.80
Other Assets		4,713,589	3,419,816	(1,293,773)	(27.45)
Total Assets		248,514	303,285	54,771	22.04
Non-Current Liabilities		1,670,280	1,725,051	54,771	3.28
Total Liabilities		1,918,794	2,028,336	109,542	5.71
Capital Stock		3,524,547	3,526,606	2,059	0.06
Capital Surplus		10,987,806	11,060,529	72,723	0.66
Retained Earnings		(11,327,436)	(12,968,566)	(1,641,130)	14.49
Other Equity		(390,122)	(227,089)	163,033	(41.79)
Equity attributable to owners of the parent company		2,794,795	1,391,480	(1,403,315)	(50.21)
Total Shareholders' Equity		2,794,795	1,391,480	(1,403,315)	(50.21)

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) The decrease in current assets and total assets is mainly caused by presence of cash capital increase in 2021 while no such implementation is made in current period, resulting in reduction of relevant assets.
- (2) The increase in current liabilities is mainly caused by recognition of relevant liability reserves for onerous contracts and addition of leased targets, resulting increase in current liabilities.
- (3) The increase in other equities comes from fluctuation of exchange rate, resulting differences during conversion.
- (4) The decrease in shareholders' equity is mainly caused by the fact that the Company is still in R&D stage. With the continuous increase in R&D expenses, the Company continues to incur losses together with no cash capital increase in 2022.

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

NT\$ in thousands; %

DESCRIPTION	YEAR	2021	2022	Amount of Increase/Decrease	Change in percentage (%)
Sales and Revenue		5,406	22,404	16,998	314.43
Cost of Goods Sold		(1,856)	(41,752)	(39,896)	2,149.57
Gross Profits		3,550	(19,348)	(22,898)	(645.01)
Operating Expenses		(1,602,734)	(1,586,169)	16,565	(1.03)
Net Operating Losses		(1,599,184)	(1,605,517)	(6,333)	0.40
Non-Operating Incomes and Expenses		55,995	(35,590)	(91,585)	(163.56)
Net Losses before Tax		(1,543,189)	(1,641,107)	(97,918)	6.35
Income Tax Expense		(22)	(23)	(1)	4.55
Net Loss after Tax		(1,543,211)	(1,641,130)	(97,919)	6.35
Other Comprehensive Income		(26,084)	163,033	189,117	(725.03)
Total Comprehensive Income (loss)		(1,569,295)	(1,478,097)	91,198	(5.81)

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) Operating revenue, operating cost and gross operating profit: Since the scale of CDMO cases undertaken in 2022 was greater than 2021, the revenue and cost increase accordingly. In addition, the estimated investment cost in total was higher than the expected benefit obtained from the contract, the relevant liabilities and cost were recognized, resulting in reduction of gross profit.
- (2) Non-operating income and expenditures: The project loan applied by the USA subsidiary to SBA (Small Business Administration) in USA were exempted in 2021, while no exemption was granted for current period; hence the reduction of non-operating income decreased.
- (3) Decrease in other comprehensive loss for current period was caused by the fluctuation of exchange rate for US dollars while the exchange difference from conversion made in financial statement of foreign operating institution was recognized.

7.2.2 Projected Sales

As our products are in the final stage of FDA approval, we expected revenue during 2022.

7.2.3 Potential Impact on the Company's Financial Results

We do not expect any material impact during 2022.

7.3 Cash flow

7.3.1 Cash Flow Analysis in Most Recent Two Years

NT\$ in thousands; %

YEAR DESCRIPTION	Amount for 2021	Amount for 2022	Amount of Increase/Decrease	Change in percentage (%)
Net Cash Flow from Operating Activities (Outflow)	(1,387,021)	(1,333,847)	53,174	(3.83)
Net Cash Flow from Investing Activities (Outflow)	(24,682)	(97,352)	(72,670)	294.43
Net Cash Flow from financing Activities (Outflow)	1,597,317	(123,290)	(1,720,607)	(107.72)
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) Investment activities: The equipment purchase increases the outflow for investment activities in 2022.				
(3) Financing activities: Since there was no cash capital increase in 2022, the inflow from financing activities decreased.				

7.3.2 Improvement Plan in Response to Lack of Liquidity

Not Applicable

7.3.3 Projected Cash Flow for 2022

Unit: NT\$ in thousands

BEGINNING BALANCE A	NET CASH FLOW FROM OPERATING ACTIVITIES B	EXPECTED CASH OUTFLOW CASH OUTFLOW IN THE YEAR C	Expected cash surplus (deficit) A+B-C	MEASURES TO MAKE UP FOR SHORTFALL IN CASH FLOW	
				FINANCING PLAN	INVESTING PLAN
786,233	(1,741,255)	(1,084,108)	129,086	Implementation of fund-raising/ bank loan	—
Analysis of changes in cash flow					
Cash outflow: mainly from expenditures spent on clinical trials, labor and equipment according to R&D schedule					

7.4 Major Capital Expenditures Which Significantly Impacted Financials of The Company in 2021

The main capital expenditure of the Company in 2022 was to conduct experiments and purchase additional production equipment in collaboration with the progress of product development, so the promotion of R&D plans could accelerate. Since relevant capital expenditures was included in financial planning of the Company, there was no material impact on financial operations of the Company.

7.5 Reinvestment Policies in 2021, Main Reason for Profits or Losses, Improvement and Investment Plan in 2022

1. Reinvestment policies:

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 2021 and improvement plan:

December 31, 2022; (Unit: NT\$ in thousands)

REINVESTED COMPANY	BUSINESS ACTIVITIES	Investment gain (loss) in 2022	REASON OF LOSSES AND IMPROVEMENT PLAN
Tanvex BioPharma USA, Inc. (100% owned subsidiary)	Process development and manufacturing of biosimilars and new drugs	(1,514,708)	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 Biologies Corporation (100% owned subsidiary)	Research and development of biosimilars and new drugs	(120,391)	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 2021 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. Meanwhile, as the domestic and global economy is still recovering, changes in interest rates will not impose significant impact on the Company. 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. For pricing in NT\$ under the Company, the payment is usually made for operation of the Taiwan subsidiary. Generally, the impact from change in exchange rate on the Company is still limited. 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. Impact from inflation on the Company profit and loss, together with response measures:

The Company mainly engage in technology and expense needed for R&D of new drug, as well as the new drugs under development, thus the impact from inflation is minimal. Therefore, inflation does not impose direct and significant impact on past profits and losses of the Company. In the future, the Company will continue to pay close attention on the fluctuation of market prices, maintain well interaction with suppliers and customers, as well as adopting appropriate response measures to reduce the impact on Company profit and losses.

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

The Company did not engage in conducts such as high-risk, high-leverage investments, funds lent to others and endorsements/guarantees in 2022 up till the date of publication for this annual 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

The plant expansion for the Company has been completed in 2016 and is now capable of initial commercial mass production, where development and production can contribute to projects such as TX01, TX05, TX04, TX16 and TX52 and TX54. The future development plans and expected investment on R&D funds for the six main biosimilar products for the Company are described as follows:

1. TX01 (Brand drug: Neupogen)

TX01 reacts on the precursor cells or mature cells of neutrophils for the receptor to generate specific binding, which promotes differentiation and proliferation of the precursor cells; for mature neutrophil cells, it has the effect of hyperfunction with indication as Neutropenia caused by chemotherapy against cancer. The Company has submitted the BLA application in September 2018 and received the notification of formal acceptance from FDA in November of the same year. However, the CRL received from FDA on September 24, 2019 notified that current stage of license review was completed, yet the company was advised to make supplement to manufacturing process and relevant data for enhancing the original version submitted. After discussing with the FDA and consultants on rectification program, the supplementary data requested by FDA has been submitted in November 2020 for licensing review. In May 2021, the FDA informed that TX01 was completed with current stage of licensing review. After preparing the supplementary data, the Company provided them to the FDA in August 2022 for subsequent BLA review. Moreover, TX01 has passed the review by HC (Health Canada) for licensing and granted with DEL (Drug Distribution license) in July 2022, where the preparation for market distribution is now under progress.

2. TX05 (Brand drug: Herceptin)

TX05 is a humanized monoclonal antibody from genetic recombination. It can combine with HER-2 receptor with high specificity and inhibit the proliferation of tumor cells caused by the excessive expression of HER-2; the indication covers treatment of breast cancer. In February 2021, the major test results from Phase III pivotal trial on human subjects were completed and reflected that the primary endpoint was achieved. In July 2022, the complete response from FDA was received, indicating that the current license assessment was completed. The Company intends to communicate with FDA, where the supplementary information is expected to be provided to FDA for completing the

subsequent BLA review. Preparation for passing the preliminary assessment of licensing is under progress at present.

3. TX04 (Brand drug: Neulasta)

TX04 is a long-acting filgrastim with similar mechanism of action to TX01. The Company is planning to scale up the production process and prepare for the Phase III pivotal trial. Currently, the stability test is being conducted simultaneously.

4. TX16 (Brand drug: Avastin)

TX16 is a humanized monoclonal antibody from genetic recombination. It can selectively bind to human vascular endothelial growth factor and neutralize its biological activity. The indication covers colorectal cancer and lung cancer. In December 2017, the Phase I clinical trial on human was completed successfully. At present, the planning of pivotal trial on human is under progress. Development progress: The Phase I clinical trial on human subject has been completed in December 2017. At present, the design for Phase III pivotal trial and confirmation of patent-related procedures are under planning continuously.

5. TX52 (Brand drug: Perjeta)

TX52 is a fully humanized monoclonal antibody from genetic recombination. It can combine with HER-2 receptor with high specificity that covers different mechanism and target from Herceptin. Clinically, the two can be combined for treating breast cancer. The pre-clinical and manufacturing process are still under development currently.

6. TX54 (Brand drug: Keytruda)

Launched cell line development.

Based on the above-mentioned schedule of major development plan, the Company has budgeted for relevant R&D for 2023 at approximately US\$50 million. 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

The Company is registered in the Cayman Islands (hereinafter referred to as the "Cayman Islands") with principal operations in USA and Taiwan. The Cayman Islands only serve as the place of registration for the Company, where the Company does not carry out local activities of substantial economy. The main economic activity of Cayman Islands is financial service. With USA as principal economic system in the world, both the economic development and political environment are more stable there. In addition to complying with relevant regulations in countries of operation, the Company has established positions of full-time personnel and external legal institute to take charge of legal and various regulatory affairs, as well as keeping track of legal changes and respond timely. Over recent year up till the publication date of this prospectus, there has been no material impact on the finance and business of the Company from changes in domestic and foreign policies and laws. Moreover, the Company will be aware of changes in important policies (domestic and foreign) and laws at all times, as well as adopting adequate response measures.

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

The Company is a firm conducting development, production and sales of biosimilars. The biosimilar market is an emerging global industry. Therefore, the regulatory environment for biosimilars is rigorous, dynamic, and evolving. In addition to product and process development, the R&D team under the Company has also established full-time unit that regularly tracks and evaluates the progress of current technologies and conducts occupational training for personnel. This allows the Company to keep track of latest technologies and legal updates, as well as timely collaboration to adjustment of pacing and direction for the Company operation.

In addition, to enhance awareness on information security comprehensively, as well as protecting interests of the

Company and general public, the Company has evaluated the risks on information security and internet, established the Information Department, stipulated internal information security policies, planned and conducted the information security operations together with promotion and implementation of information security policies, as well as reporting to the CEO on overview of information security governance for the Company. Furthermore, information security awareness campaigns and educational trainings are held regularly to enhance information security knowledge and professional skills of internal personnel. Therefore, the Company has not suffered material impact on financial operations from changes in technology (including risks on information security) and the industry over recent year up till the publication date of the annual report.

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

Ever since its founding, the Company has always targeted at quality and efficiency, upheld the corporate spirit of sturdiness and ethics, principle of solid management, regulations of law adherence, as well as valued the corporate governance and high level of occupational ethics, which allowed our internal teams to cooperate with each other while keeping the mobility and flexibility, so we can respond to movements related to the economy, environment, market and legal regulations, as well as building and maintaining well corporate image for the Company. Therefore, corporate image for the Company is in well state, and there has been no incident of relevant corporate crisis caused by change of corporate image over recent year up till the publication 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. The production line with 1 microbial fermenter of 150 liters has been completed and space is reserved for market demands in future, which can be expanded to production line with 2 microbial fermenters of 150 liters each and provide for the initial productivity needed for TX01 products in future.
2. The production line with 4 bioreactors of 1,000 liters each has been completed and space is reserved for market demands in future, which can be expanded to bioreactors capacity of 10,000 liters and provide for the initial productivity needed for TX05/TX16 products in future.

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

The products of the Company have not been officially launched for sale, thus there is no risk of centralized sales or purchases.

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

For directors or major shareholders holding more than 10% of Company shares over recent year up till the publication

date of the annual report, there has been no significant impact on Company operations due to massive transfer or replacement of shares.

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

Over recent year up till the publication date of the annual report, there has been no incident of change in management right for the Company. In addition, the Company has stipulated the internal control system and relevant management regulations to reduce the impact and risk caused by change in management right to the Company operations.

7.6.12 Litigation and Non-litigation Matters

1. Major litigation, non-litigious events or administrative disputes with definite judgement or still pending under the Company over recent year up till the publication date of the annual report, where the outcome may impose significant impact to shareholders interests or securities prices, the facts of dispute, subject amount, date of litigation commencement, main parties involved and current status of handling shall be disclosed:

Recently, the Company has submitted the licensing application for Herceptin biosimilar under Genentech to the FDA, where Genentech filed three litigation of patent infringement, namely No. 10,662,237, 10,808,037 and 8,574,869 against the company accordingly. At present, both parties have reached a settlement. Since it is an industrial characteristic for patent litigation as such to be common among biosimilar pharmaceutical companies, there shall be no significant impact on the shareholders interests.

Summing up the above, the review and license issuance by the FDA are irrelevant to patent infringement and previous example in the industry is available for reference. After evaluating the above-mentioned litigation, there is no significant impact on shareholders interests, license application for TX01 and TX05 biosimilars, as well as the schedule of planned launch for the Company at present.

2. Major litigation, non-litigious events or administrative disputes with definite judgement or still pending for directors, supervisors, President, substantial person in charge, or any major shareholder and affiliated enterprise with more than 10% of shareholding under the Company, where the outcome may impose significant impact to shareholders interests or securities prices, the facts of dispute, subject amount, date of litigation commencement, main parties involved and status of handling up till the publication date of the annual report shall be disclosed: None.
3. 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 2020, 2021 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 registered in the Cayman Islands on May 8, 2013. There is no substantive economic activities in Cayman Islands, thus the Company falls under category of holding company with general investment. Moreover, the standards of identifying foreign operating branch or "important subsidiaries" with actual operating function and the so-called significant influence are mainly based on Tanvex BioPharma USA, Inc. (hereinafter referred to as Tanvex USA), the reinvested operating entity in USA and Tanvex BioPharma, Inc. (Taiwan), the reinvested operating entity in Taiwan (hereinafter referred to as Tanvex Taiwan). 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

Cayman Islands is a British overseas territory among the Western Caribbean Islands under America, which is located 268 kilometers away from northwest of Jamaica and 640 kilometers away from 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.

and there are six types of companies that can be registered there, i.e. Ordinary Company, Ordinary Non-Resident Company, Exempted Company, Limited Duration Company, Overseas Foreign Company and Limited Liability Company. Among them, the exempted companies are mainly utilized by enterprises and individuals from various countries for financial planning.

Over recent years, the government of Cayman Islands has actively strengthened its reputation on overseas financial operations, where the "Mutual Legal Assistance Treaty" is signed with USA and the UK in 1990 to prevent international crime organizations jointly from conducting illegal transactions such as drug trafficking or money laundering through Cayman Islands. The Cayman Islands has signed the Model 1 inter-government agreement, tax consulting and exchange agreement with the government of USA, which has been coordinated with the implementation of FATCA (Foreign Account Tax Compliance Act). On October 29, 2014, Cayman Islands signed the Multilateral Competent Authority Agreement to express its commitment of implementing CRS (Common Reporting Standard). Up till now, more than 100 jurisdictions have signed such agreement, where they strive to protect the confidentiality of legitimate business practices during the course of crime prevention. Therefore, the politics and economy Cayman Islands has long since been extensively stable, where the law and order are also in well conditions.

The International Tax Co-operation (i.e. the Economic Substance Law of Cayman Islands) has commenced since January 1, 2019. Every year, companies established in Cayman Islands are required to submit reports on relevant activities involved and shall be declared, where the request on economic substantiality to be met by companies shall be specified. In case where the economic substantiality cannot be proved, fines and criminal liabilities will be imposed; the business registration may even be withdrawn, and relevant information will be transferred to other countries. On February 22, 2019, Cayman Islands further released the first version of "Guidance of Economic Substance for Geographically Mobile Activities", where the nine categories of business activities required to be declared include headquarter of operation, distribution and service center, financing and leasing, fund management, insurance, banking, shipping, holding and intangible assets. The Guidance also described which activities fell under the activities of substantial operation in Cayman Islands. On April 30, 2019, Cayman Islands introduced the revised version 2.0 of "Guidance of Economic Substance for Geographically Mobile Activities", where the major items revised was that "A pure holding company is not required for command and management activities (e.g. convening BoD meeting) within the territory of Cayman Islands; the definition of investment fund, individual engaged in relevant activities without relevant income are not required to comply with clarification on concept such as economic substance test. On July 13, 2020, the latest version (3.0) of "Guidance of Economic Substance for Geographically Mobile Activities" was published, where more specific descriptions on definition for 9 categories of "relevant activities", "core activities" and economic substance were provided. Moreover, the latest version (3.1) of the Guidance was once again published on June 30, 2021; the addition specified the exempted limited partnership or foreign limited partnership and relevant provisions on economic substance shall be followed since January 1, 2022.

Summing up the above, with the state of registered in the Cayman Islands, the Company is an exempted company that conducts no substantive operating activities there. In terms of changes in macro economy, political and

economic environment, there is no significant impact on overall operations of the Company.

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

There are no regulations on exchange control or currency control in Cayman Islands. Except for the annual license tax on exempted companies, Cayman Islands has not levied tax on personal or company profits, income, gains or appreciations, nor the inheritance tax or estate tax. Except for the stamp duty applicable to contracts signed or concluded in the Cayman Islands, there is no other tax levied by the government of Cayman Islands that may be significant to the Company. 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. Regarding the laws and regulations, the main requirements for exempted companies under Cayman Islands are as follows:

- 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 provisions under its Articles of Association, the Company shall hold the annual general shareholders meeting within 6 months after the end of fiscal year. During the period where the Company shares have been registered as emerging stocks and/ or listed in TWSE (TPEX), all shareholder meetings shall be held in Taiwan. In case where the BoD resolves to convene the shareholders' meeting outside Taiwan, the Company shall report to TWSE or TPEX for approval within 2 days after the motion passed under BoD resolution, or having the shareholder proposing such request as per provisions of Article 45 under the Articles of Association to do so.
- D. The exempted company is not required to provide or declare shareholders roster to the Registrar in Cayman Islands. However, the Articles of Association for the Company specifies that the BoD shall provide shareholders roster to the stock affairs agency within the territories under ROC (Republic of China). The shareholders may provide certified document for the matter at stake and specify certain scope, where viewing or copying the aforementioned document can be requested at all times.
- E. Shareholders' roster is not required to be available to the public.
- F. The exempted company (if applicable) can apply to the government of Cayman Islands and receive the guarantee for tax exemption. The guarantee from first-time application is valid for 20 years, where renewal can be applied prior to expiry.
- 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 A company with limited liability requires minimum of two shareholders and the maximum term of validity is 30 years.

Due to the differences between the Cayman Company Act and the Act in ROC, the Company has amended the Articles of Association within the legal scope of Cayman Islands based on the Company Act and Securities and Exchange Act under ROC, so the shareholders interests for investors in ROC can be protected.

Summing the above, since the Cayman Islands adopts an open policy for foreign exchange without relevant control restrictions, there is no significant impact on funds utilized by the Company. Moreover, the Company is only a holding company registered locally and conducts no operations there; as the country of registration for the Company, the Cayman Islands does not impose significant impact on overall operations of the Company in terms of taxation and

relevant laws.

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

A. Litigation Risks

Since the Company is an exempted company registered in Cayman Islands, application for approval from the Ministry of Economic Affairs is not required according to provisions under the Company Act in Taiwan. Although the Articles of Association for TWSE-listed company expressly specifies that no content under such Articles of Association may prevent any shareholder from filing litigation to a court of jurisdiction for seeking adequate relief related to improper resolution or resolution improperly approved from shareholders meeting held, where the Company appoints the litigation and non-contentious proxy according to the provisions under Taiwan Stock Exchange Corporation, for the investor to file litigation against the Company or person in charge in a court under ROC, the court may determine the existence of jurisdiction and the method of serving based on the case nature and circumstances. The court may also request the investor to describe the foreign laws involved in the case, thus not cases of all types are guaranteed to receive substantial judgement in a court under ROC.

B. Risks of Judgment Recognition and Enforcement

Although the law of Cayman Islands does not expressly stipulate that a definite civil judgement made by foreign courts is to be enforced in Cayman Islands, based on the principles of common law, the validity of confirmed civil judgement made by a court under ROC will be recognized by the court of Cayman Islands upon compliance of following conditions: (1) The judgement is final and definite; (2) The foreign court making the judgement has jurisdiction over it; (3) The judgement specifies that the debtor shall bear the payment obligation for liquidated sum set under the judgement; (4) The judgement does not involve fines, taxes, penalties, or similar financial or taxation payment obligation, or the judgement is a non-money relief to a specific individual under specific circumstances; (5) The method of judgement acquisition and enforcement does not violate the principle of fair justice or public order in Cayman Islands. 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

USA is the largest economy world-wide. In 2021, the economic size reached US\$22.9 trillion, which was 24.13% and near 1/4 to total world GDP of US\$94.9 trillion. In addition, USA is also the largest importer and final goods consumer market in the world, thus the economic recovery and demand increase in USA will promote the operation of value supply chain internationally, which has been the primary key to growth of world trade in 2021.

On July 28, 2022, the Department of Commerce, USA announced that although the initial value of SAAR (Seasonally Adjusted Annualized Rate) for Q2 GDP rose to 0.9%, it was still lower than the market expectation of 0.3% and negative growth had been reflected for two consecutive quarters. Among them, high inflation has weakened the momentum of consumption expenditure in private sector, which reduced the initial value of SAAR from 1.8% to 1.0%. Furthermore, the extensive raise of interest rate by the Fed (Federal Reserve System) continuously also affected corporate investment and public housing demand. Overall speaking, the preliminary data indicated that the economy in USA had entered into technical recession. Considering that the official identification of economic recession was determined by the NBER (National Bureau of Economic Research) through comprehensive GDP and other indicators, more data will be included in future for amendment.

Regarding recent outlook of economy in USA with reference to data published by ISM (Institute of Supply Management), the PMI (Purchasing Managers' Index) for manufacturing industry in July 2022 was 52.8 points, which

reduced by 0.2 points comparing to previous month. The new orders index and production index dropped from 49.2 and 54.9 in previous month to 48.0 and 53.5 respectively, where the unfinished orders index also dropped from 53.2 in previous month to 51.3, indicating that the future performance of manufacturing industry may slow down further. However, the price index and supplier delivery index dropped from 78.5 and 57.3 in previous month to 60.0 and 55.2 respectively, reflecting that inflation might reached the peak, and the sign of relief appeared at the bottleneck of supply chain. Furthermore, the NMI (Non-Manufacturing Index) published by ISM in July 2022 was 56.7 points, which increased by 1.4 points comparing to previous month and ended the 3-month decline continuously. This was mainly caused by the increase of new orders index, business and production index, as well as the employment index, which reflected that the prospect of service demand may continue to expand. Summing up the above, with gradual economic recovery in USA and international markets and economies, the negative impact on fund flow and financial condition of the Company, as well as willingness or capability of opponents working with the company may be limited.

2. Risks of Foreign Exchanges Controls, Taxes and Regulations

Major expenditures of the Company and its subsidiaries are made in US\$. However, the consolidated financial statements of the Company and its subsidiaries are prepared in NT\$ for complying with the IFRSs acknowledged by FSC. The relative fluctuations in exchange rate of US\$ to NT\$ may cause partial impact on accumulated conversion adjustment and total shareholders equity in the consolidated statements listed in NT\$ under the Company and its subsidiaries.

USA has a mature and thorough financial system that makes it the most developed currency market in the world, where the most convenient platform of financial interactions internationally. Since the trading and management mechanism of foreign exchange market is very mature, the operations of the Company and its subsidiaries in USA did not confront the risk in foreign exchange control. In terms of risks on legal regulations and taxation, the subsidiaries of the Company operating in USA has followed the Company Act and other applicable laws related there. Thus the operation in USA did not experience significant impact on the Company finance due to the change of relevant laws and taxation regulations. The future changes of relevant laws and taxation policies in USA may possibly cause impact on the Company and its subsidiaries.

3. Recognition of a Civil Judgment Issued by a Taiwan Court

According to the Uniform Foreign Money-Judgments Recognition Act (CA Code of Civil Procedure sec 1713-24) currently adopted in California (hereinafter referred to as the "California Judgments Recognition Act"), should the monetary payment judgment from a non-US court comply with the conditions and the definition of a "foreign judgment" regulated by the California Judgments Recognition Act, it can be deemed as the final, definite and enforceable foreign judgment to the extent recognized by the Act. The foreign judgment deemed as final, definite and enforceable under the Act shall comply with the following at minimum: (1) It allows or rejects a claim for certain monetary payment; and (2) it is final, definite and enforceable. However, such judgment may not serve against taxes, fines or other penalties, or against judgments in divorce, child support, maintenance, and other family matters (however, the Act does not rule out that divorce, child support, maintenance, and other family matters can be recognized by the court in accordance with the principle of international comity based on the principle of international comity, nor does it rule out the foreign judgments not applicable to the Act). As per additional stipulation under the California Judgment Recognition Act, the party intending to request recognition of the judgment is obliged to prove that the foreign judgment can be recognized based on this Act, and the request must be submitted to the court in California, USA within ten years after the judgment effectiveness or within the shorter time frame required under such foreign law, where the shorter frame takes precedence.

In addition to the above-mentioned conditions, the California Judgment Recognition Act stipulates that a foreign judgment shall not be recognized by a California court under following circumstances: (1) The judicial system of the place where the foreign judgment does not provide fair and just court or proper legal procedures compliant to the

laws of California; (2) The foreign court does not have jurisdiction over the individual defendant under the judgment, or (3) The foreign court does not have jurisdiction over the case in dispute.

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

According to the "Global Competitiveness Report Special Edition 2020: How Countries are Performing on the Road to Recovery" published by the WEF (World Economic Forum) in December 2020, the report acknowledges the excellent performance by Taiwan in providing financial assistance to enterprises, thorough medical system and fighting the pandemic. Moreover, in its first (April) "Investment Environment Risk Assessment Report" for 2022, the renowned BERI (Business Environment Risk Intelligence) in USA pointed out that in the investment environment assessment, Taiwan was ranked third (comparing to ranking as fourth in the third assessment for 2021) in the world. Among the 50 countries included in the assessment, Taiwan only came next to Switzerland and Norway, and ties with South Korea as No. 1 in Asia. Among 63 countries assessed under the "IMD World Competitiveness Yearbook for 2022" by IMD (International Institute of Management), Taiwan was ranked at seventh position and third in Asia-Pacific region, which was only next to Singapore and Hong Kong. In the "2022 Economic Freedom Report" jointly published by "The Heritage Foundation" (the think tank for Washington DC) and "Wall Street Journal", where assessment was made according to four aspects (i.e. "legal system", "government scale", "regulatory efficiency" and "market openness") and 12 assessment indicators, Taiwan was ranked as the sixth among 184 economic entities worldwide, which was the same as last year. In Asia-Pacific region, Taiwan ranking as the third was mainly contributed by most growth in scoring from the indicator of judicial effectiveness. After July 2020, the Judicial Yuan promoted measures such as judicial electronization and establishment of technological courts as response to normal court operation under COVID-19, where the "Special Act for Judicial Procedures during Severe Pandemic of Infectious Diseases" was stipulated and implemented. The commercial courts were also established to proceed with trials on major commercial disputes. All these measures had actively enhanced judicial transparency and convenience, which were acknowledged under economic freedom index assessment this year. Summing up the above, the relevant comparison reports mentioned have indicated that comparing to other Asian countries, Taiwan has stable economy, enterprises with strong adaptability, financial institutions in wellness and rich foreign exchange reserve, which makes it an important target for foreign enterprises seeking investment sites overseas.

According to a press release published by the TIER (Taiwan Institute of Economic Research) in November 2022, the economic growth in 2022 was predicted at 3.45%, which reduced by 0.36% comparing to the 3.81% predicted in July. This was mainly caused consecutive raise of interest rate by major economic entities to suppress the inflation. The manufacturing activities in various countries have slowed down significantly and together with the impact of variables such as the unresolved war between Russia and Ukraine, as well as the resumption of technology war between China and USA, the performance on import, export and investment for Taiwan will be affected further.

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

The foreign exchange management in ROC has been operated according to the market functions, where the fund inflow and outflow are extensively liberal. Regarding fund inflow and outflow with foreign currency exchanged from NT\$, the foreign exchange receipts and payments for goods and services as well as the capital transactions approved by competent authority (including direct investment and securities investment) can be operated freely. The provisions on amount of foreign exchange settlement only apply for short-term capital inflows and outflows. The exchange rate of NT\$ is determined by supply and demand in the foreign exchange market. However, in case of seasonal and irregular factors affecting the normal operation of foreign exchange market, the Central Bank will maintain the order of foreign exchange market, as well as actively promoting financial liberalization and internationalization. The mobile management of capitals has been operated according to the market function, where the fund inflow and outflow are extensively liberal. 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. The "National Tax" and "Local Tax" are collected by the National Taxation Bureau and tax collection authorities under the municipal city, county or city. The Ministry of Finance serves as the supreme administrative unit to coordinate the administration of collection affairs, interpretation of tax regulations and fiscal allocation.

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. In addition, after joining the WTO (World Trade Organization) in 2002, Taiwan has relied on rules issued by WTO to revise relevant laws as the basis for tariff collection, where the tobacco and alcohol tax system is implemented 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.

Summing up the above, although ROC adopts the managed floating exchange rate system for exchange control, there is no significant restrictions on fund flow various operating activities for the Company. There is no material restriction under tax and applicable laws that are expected to affect the Company's operation and business activities.

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

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.

● IT safety management

Tanvex has established rules for information security inspection and control, financial and non-financial information management, asset management and personal data protection management, so company can protect information assets (including data, software, hardware equipment, etc.) from the risks of tampering, exposure, destruction or loss due to external threats or improper management or use of internal personnel.

The main procedures and processes for the information systems are as follows:

1. Update firewall and anti-virus automatically to prevent the threats from computer virus and hackers.
2. Regularly check important system resources to ensure proper operation.
3. Periodically execute disaster recovery plan and test for important systems, record test procedures and results, analyze and improve test procedures.
4. Regularly update system backup media for disaster recovery.
5. Record cause and solution in detail after an emergency and review by supervisor for the basis of process improvement and future reference.
6. Implement information security training to ensure the company colleagues have most updated security awareness and apply it in their daily works.
7. Regularly review related policy and guidelines to ensure the information security processes and measurements meet the requirements of the current laws and regulations.

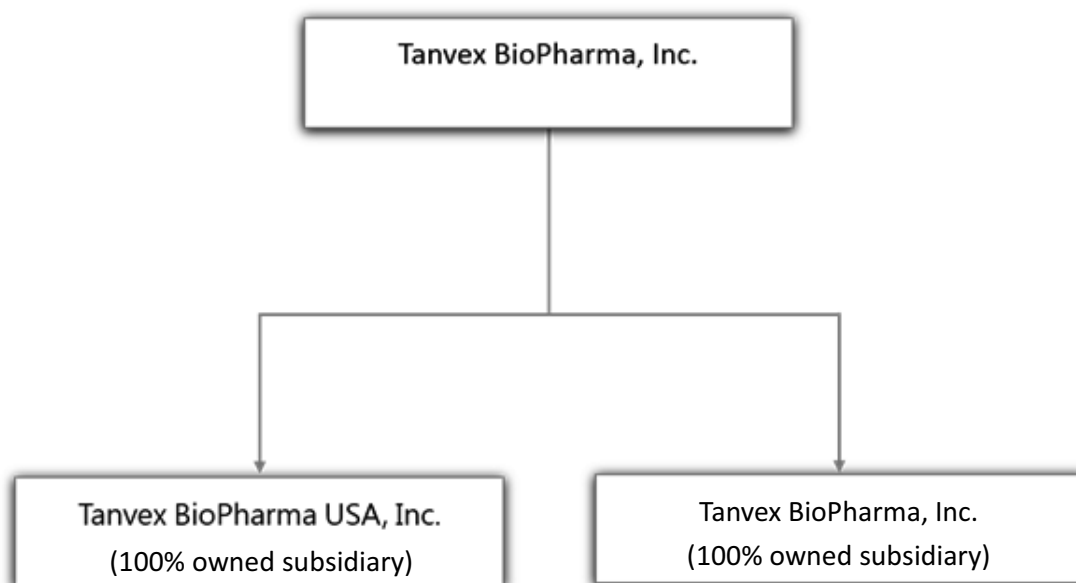
7.7 Other Important Matters

None.

8. Other Special Notes

8.1 Information on Subsidiaries

8.1.1 Subsidiaries Chart



8.1.2 Basic Information of Subsidiaries

December 31, 2022 ; 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\$ 357,415	Formulation and manufacturing of biosimilar drugs and new drugs development
Tanvex Biologies Corporation	04/07/2009	33F, No.99, Sec.1, Xintai No.5 Road, Xizhi District, New Taipei City, Taiwan R.O.C	NT\$ 2,479,457	Research and development of biosimilar drugs, new drugs, and commissioned development service

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

As of December 31, 2022

COMPANY	TITLE	NAME OR THE REPRESENTATIVE	SHAREHOLDING	
			SHARE(S)	SHAREHOLDING (%)
Tanvex BioPharma USA, Inc.	Chairman	Yen, Yun	1,000,000	100%
	CEO			
Tanvex Biologies Corporation	Chairman	Yen, Yun	247,945,700	100%
	Director	Allen Chao		
	Director	Hsu, Sheng-Yu		
	Supervisor	Chang, Chun-Yen		
	General Manager	Yen, Yun		

8.1.5 Operational Highlights of Subsidiaries

December 31, 2022; Unit: in thousands

COMPANY	PAID-IN CAPITAL	Other Assets	Total Liabilities	NET WORTH	REVENUE	Operating Expenses	NET LOSS AFTER TAXES
Tanvex BioPharma USA, Inc.	USD357,415	USD84,531	USD62,213	USD22,318	–	USD(49,101)	USD(50,914)
Tanvex Biologies Corporation	NTD2,479,457	NTD481,670	NTD102,079	NTD379,590	22,404	NTD(104,496)	NTD(120,391)

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)

Since there is slight inconsistency between the laws of Cayman Islands and ROC, the "Checklist on protection of shareholders interests in registered country for foreign issuer" amended by TWSE on March 11, 2022 (hereinafter referred to as the

"Protection of shareholders interests") is not applicable to the Company definitely. The following table describes differences between the Articles of Association currently valid for the Company (hereinafter referred to as the "Articles of Association") and the Protection of shareholders interests due to regulations under the laws of Cayman Islands, as well as provisions under the Articles of Association.

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
In case where the Company purchases its own shares and transfer to the employees, the Company may restrict the employees from transferring shares for a certain period of time. However, the maximum period may not exceed two years.	For treasury shares, the Company directors may determine terms and conditions, while the Cayman Company Act does not stipulate relevant provisions for employee incentive plans.	According to Article 1 under the Articles of Association, treasury shares refer to "shares issued by the Company as per the Articles of Association, Company Act and TWSE (TPEX)-listing regulations, but purchased, redeemed or otherwise obtained by the Company yet not written off". Therefore, the content for this item is stipulated in Article 40D under the Articles of Association. However, according to Cayman lawyers, the restrictions agreed between the transferor and transferee is a contractual matter between themselves.
<p>For the following matters, the main contents for reasons of convening shareholders' meeting shall be listed and explained, which may not be proposed as extraordinary motion. The main contents can be posted on website designated by the TPEE, TWSE or the Company, where the website address shall be specified in the notice for meeting:</p> <p>(1) Appointment or dismissal 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,</p> <p>or for entrusted business, or for regular joint operation with others;</p> <p>(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</p>	<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. According to Cayman lawyers regarding extraordinary motions, the notice for shareholders meeting must clearly specify the content to be discussed in the meeting with provision of relevant data for better understanding by the shareholders. Although the item of "Any other proposals" is usually added onto the notice for shareholders meeting, such item normally covers non-official or insignificant matters, thus the Chairperson of a shareholders meeting may not place important matters under this item. In case of any important matter required to be resolved, a separate meeting shall be convened for discussion and resolution. However, for matters with urgency that has to be discussed in the shareholders meeting, the specific content must be presented in next meeting for subsequent approval. The Cayman law does not explicitly prohibit extraordinary motions. However, the Cayman lawyers advise that it is not appropriate to have extraordinary motions in a shareholders meetings.</p>	<p>Since there are no particular provisions on extraordinary motions under the Cayman Company Act, the content for this item has been stipulated in Article 50 under the Articles of Association. According to Cayman lawyers regarding extraordinary motions, the notice for shareholders meeting must clearly specify the content to be discussed in the meeting with provision of relevant data for better understanding by the shareholders. Although the item of "Any other proposals" is usually added onto the notice for shareholders meeting, such item normally covers non-official or insignificant matters, thus the Chairperson of a shareholders meeting may not place important matters under this item. In case of any important matter required to be resolved, a separate meeting shall be convened for discussion and resolution. However, for matters with urgency that has to be discussed in the shareholders meeting, the specific content must be presented in next meeting for subsequent approval.</p>

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
<p>directors from participation in competitive business;</p> <p>(11) Pay all or partial dividends and bonuses by way of issuing new shares;</p> <p>(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>		
<p>When a company convenes a general meeting of shareholders, electronic means shall be listed as one of the channels for exercising voting rights.</p>	<p>There are no particular provisions on this item under the Cayman Company Act.</p>	<p>Since there are no particular provisions on this item under the Cayman Company Act, Article 67 under the Articles of Association has been revised in the 2022 general shareholders meeting according to the checklist on protection of shareholders interests (as per the left column) announced and amended by TPEX on March 11, 2022.</p>
<p>When the Company exercises voting rights in writing or electronically, the method shall be specified in the convening notice for shareholders meeting. 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, However, the said shareholders are be deemed as waiving right on the extraordinary motions in shareholders meeting and the amendment of original proposal.</p>	<p>There are no particular provisions on this item under the Cayman Company Act.</p>	<p>Since there are no particular provisions on this item under the Cayman Company Act, the preceding paragraph for this item has been stipulated in Article 68 under the Articles of Association. According to the opinions of Cayman lawyers, the votes casted in writing are deemed as entrusting the Chairman of shareholders meeting to vote. With reference to the opinions of Cayman lawyers, therefore, the latter paragraph of this item is stipulated in Article 68 under the Articles of Association (i.e. "shareholders exercising voting rights by electronic means as per provision in Article 67 are deemed as entrusting the Chairman of shareholders meeting to exercise such voting right in such shareholders meeting according to instructions in the electronic document. However, the said shareholders are be deemed as waiving right on the extraordinary motions in shareholders meeting and the amendment of original proposal, where the aforementioned entrusting shall be deemed as provision of not constituting proxy appointed under TWSE (TPEX)-listing regulations).</p>
<p>After exercising voting right by writing or electronic means, the shareholders wishing to attend the shareholders' meeting in person shall withdraw the expression of previous intention for exercising rights through the same manner by two days before the shareholders meeting. For withdraws overdue, the voting right exercised by writing or electronic means takes precedence.</p>	<p>There are no particular provisions on this item under the Cayman Company Act.</p>	<p>Since there are no particular provisions on this item under the Company Act in Cayman, this item has been stipulated in Article 70 under the Articles of Association. According to Cayman lawyers: "Under Common Law, a person may revoke its proxy by attending the meeting in person"; yet since shareholders exercising voting rights by electronic means are deemed as entrusting the Chairman of shareholders meeting to exercise such voting right in such shareholders meeting according to instructions in the written or electronic document, the content under this item is possibly not be enforceable.</p>

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
<p>After the proxy appointment form is delivered to the Company, the shareholders wishing to attend the shareholders' meeting in person, or exercising the voting rights by writing or electronic means shall submit a written notice of proxy withdrawal to the Company by two days before the shareholders meeting. For withdraws overdue, the voting right exercised by proxy attending in person takes precedence.</p>	<p>There are no particular provisions on proxy form and its collection under the Cayman Company Act.</p>	<p>Since there are no particular provisions on proxy form and its collection under the Cayman Company Act, the content for this item has been stipulated in Article 62B under the Articles of Association. According to Cayman lawyers: "Under Common Law, a person may revoke its proxy by attending the meeting in person", thus the content under this item is possibly not be 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. 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 	<p>Regarding Subparagraph 1, 4, 5 (Division) and 7, there are no provisions of special requests or prohibitions under the Cayman Company Act.</p> <p>Regarding Subparagraph 2 and 3, Article 24 under the Cayman Company Act stipulates that any change in the Articles of Association shall be passed by means of special resolution. Regarding dissolution in Subparagraph 5, Article 116 under the Cayman Company Act stipulates that a company shall dissolve by special resolution voluntarily. In case of voluntary dissolution due to failure in debt clearance, such resolution shall be passed by means of ordinary resolution in shareholders meeting. However, the Articles of Association stipulates implementation via higher resolution.</p> <p>Regarding merger in Subparagraph 5 further and according to Cayman legal consultants, Article 233(6) of the Cayman Company Act stipulates that a special resolution is required. Should there be provision for other resolutions under the Articles of Association, such provision under the Articles of Association shall be implemented accordingly. Regarding Subparagraph 6, there are no provisions of particular requests or prohibitions under the Cayman Company Act.</p>	<ol style="list-style-type: none"> 1. Regarding Subparagraph 1, 4, 5 (Division) and 7, there are no provisions of special requests or prohibitions under the Cayman Company Act. Therefore, the provisions for Subparagraph 1, 4, 5 (Division) and 7 have been stipulated in Article 32(a), (b), (c), (d), (g) and (h) under the Articles of Association respectively, which must be passed in shareholders meeting as supermajority resolution [i.e. passing the Supermajority Resolution Type A- which refers to the resolution passed in shareholders meeting attended by shareholders representing more than two-thirds of total issued shares personally or through proxy (if the utilization of proxy is allowed in such shareholders meeting), where more than half of attendants with voting right voted in favor of such resolution or Supermajority Resolution Type B- which refers to the case where the number of shareholders attending the shareholders meeting is less than the quota for Supermajority Resolution Type A, the resolution is passed by shareholders representing more than half of total issued shares personally or through proxy (if the utilization of proxy is allowed in such shareholders meeting), where more than two-thirds of attendants with voting right voted in favor of such resolution]. 2. According to provision in Article 24 under the Cayman Company Act, any change in the Articles of Association must be passed by means of special resolution in the shareholders meeting. Thus Subparagraph 2 has been stipulated in Article 157 under the Articles of Association, meaning that the Company may change the Memorandum and/ or Articles of Association by means of special resolution at all times. The attendance percentage for shareholders meeting follows the provision in Article 51 under the Articles of Association (i.e. attendance of shareholders representing

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
<p>split-up.</p> <p>6. Issuance of restricted stock units.</p> <p>7. Share swap.</p>		<p>more than half of total issued shares in person or by proxy).</p> <p>3. According to provision in Article 24 under the Cayman Company Act, any changes to the company's articles of association must be subject to a special resolution of the shareholders meeting; therefore, Subparagraph 3 is stipulated in Article 18 under the Articles of Association, where in case a change in the Articles of Association damages the rights of shareholders holding special shares, in addition to the special resolution required to be passed in the shareholders meeting for ordinary shares, such special resolution is also required to be passed in the shareholders meeting for special shares. The attendance percentage for shareholders meeting follows the provision in Article 51 under the Articles of Association (i.e. attendance of shareholders representing more than half of total issued shares in person or by proxy).</p> <p>4. Regarding dissolution in Subparagraph 5 based on Article 116 under the Cayman Company Act, a company shall dissolve by special resolution voluntarily. In case of voluntary dissolution due to failure in debt clearance, such resolution shall be passed by means of ordinary resolution in shareholders meeting. However, the Articles of Association stipulates implementation via higher resolution. Therefore, the dissolution in Subparagraph 5 is stipulated in Article 33 under the Articles of Association that in case the company fails to clear the debts in time and dissolves voluntarily, a special resolution shall be passed in the shareholders meeting [i.e. the "Supermajority Resolution Type A" or "Supermajority Resolution Type B" (as per Article 33(a). Should the company dissolves voluntarily due to other reasons, the special resolution shall be passed by means under Article 33(b)]. The attendance percentage for shareholders meeting follows the provision in Article 51 under the Articles of Association (i.e. attendance of shareholders representing more than half of total issued shares in person or by proxy).</p> <p>5. Regarding merger in Subparagraph 5 and according to Cayman legal consultants, Article 233(6) of the Cayman Company Act stipulates that a special resolution is required. Should there be provision for other resolutions under the Articles of Association, such provision under the Articles of Association shall be implemented accordingly. Therefore, the provisions on</p>

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
		<p>merger in Subparagraph 5 is stipulated in Article 31(c) under the Articles of Association. The attendance percentage for shareholders meeting follows the provision in Article 51 under the Articles of Association (i.e. attendance of shareholders representing more than half of total issued shares in person or by proxy).</p> <p>6. Since there are no provisions of particular request or prohibitions under the Cayman Company Act regarding Article 6, the provision of (6) is stipulated in Article 32(f), where a special resolution must be passed in the shareholders meeting (i.e. the "Supermajority Resolution Type A" or "Supermajority Resolution Type B").</p>
Provisions regarding the supervisors.	There is no special provision regarding the supervisors under the Cayman Companies Law.	Since the Company has not provided the position of supervisor; relevant content on supervisors as per the "Protection of shareholders interests" is reflected as "Supervisor (if any)" in corresponding clauses under the Articles of Association (e.g. Article 123 and Article 123A).
<p>1. Shareholders holding more than 1% of total shares issued under the Company for more than six months continuously may request the supervisor in writing to file litigation against the directors on behalf of the Company, where the Taipei District Court in Taiwan may serve as the court of competent jurisdiction for such litigation.</p> <p>2. In case where the supervisor does not file litigation within 30 days after submission of request from shareholders, such shareholders may file litigation on behalf of the Company, where the Taipei District Court in Taiwan may serve as the court of competent jurisdiction for such litigation.</p> <p>3. Unless the BoD does not or cannot convene a shareholders meeting, the supervisors may convene such shareholders meeting in the Company interests when necessary.</p>	<p>There are no provisions of particular request or prohibitions under the Cayman Company Act.</p> <p>According to the Cayman laws, a shareholder may file litigation on behalf of the company if: (A) the conduct is illegal or beyond the scope of company authority, which cannot be ratified by the shareholder; or (B) the conduct constitutes fraud against the minority of shareholders (i.e. the subject seeking relief via the litigation is a major shareholder that will not allow the Company to ignore the plaintiff seeking relief via such litigation. Should the litigation be filed under this Subparagraph, it has to be proved in advance that the fraud exists and the wrongdoer has control over the Company).</p> <p>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. Although the content of this item has been stipulated under the Articles of Association, there is doubt for enforcement in Cayman Islands, because it is unlikely that the Cayman court will recognize enforceability of non-money judgments from overseas without re-examining the reasons of dispute.</p>	<p>Articles 123 and 123A under the Articles of Association have been revised in the 2022 general meeting of shareholders according to the checklist on protection of shareholders interests (as per the left column) announced and amended by TPEX on March 11, 2022.</p> <p>Since there are no provisions of particular request or prohibitions under the Cayman Company Act, the Company has not provided the position of supervisor; relevant content on supervisors is reflected as "Supervisor (if any)" in Article 123 and Article 123A under the Articles of Association. In addition, the Cayman lawyer stated that Article 123 under the Articles of Association must comply with the Cayman laws. According to the Cayman laws, should the director deems that filing litigation is not beneficial for the Company, such director is not obliged to file litigation against other directors under request of shareholders holding more than 1% of the shares.</p>
1. The Directors shall exercise the fiduciary duties in	According to the Cayman Company Act, directors have fiduciary duties to the	With reference to opinions from Cayman lawyers (see left column for details), the content for items

DIFFERENCE	CAYMAN LAWS AND THE EXPLANATION	THE COMPANY'S ARTICLES AND THE EXPLANATION
<p>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>company. In case of violating such duties and causing damage to the company, the court may rule that such director to be liable for compensation. If such violation of fiduciary duties is for oneself or another party with benefits, the court may rule to return such benefits.</p> <p>According to the Cayman laws, where a director performs business for the company and causes damage to third party, such third party may claim for damages from the company, and the company may claim from such director for loss caused from the request made by third party. Although the Articles of Association stipulates that director and the company shall bear joint and several liabilities for compensation, the third party may not claim against the director directly from the perspective of Cayman law.</p>	<p>1, 2 and 3 have been stipulated in Article 97B under the Articles of Association. However, as per indication from the Cayman lawyers, even though the Articles of Association stipulates that director and the company shall bear joint and several liabilities for compensation, the third party may not claim against the director directly from the perspective of Cayman law.</p>

9. Any Events in 2021 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.

**TANVEX BIOPHARMA, INC. AND
SUBSIDIARIES**
**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have 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 auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To Tanvex Biopharma, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Tanvex Biopharma, Inc. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Independent auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matter for the Group's 2022 consolidated financial statements are stated as follows:

Impairment assessment of property, plant and equipment and right-of-use assets

Description

As of December 31, 2022, the Group's property, plant and equipment and right-of-use assets amounted to NT\$2,150,560 thousand, accounting for 63% of the consolidated total assets. Refer to Note 4(14) for the related accounting policy on impairment of non-financial assets, Note 6(6) for the details of property, plant and equipment and Note 6(7) for the details of right-of-use assets.

The Group is currently engaged in conducting research and development of biosimilar products, so the property, plant and equipment and right-of-use assets are mainly used for the purposes of research, development and further manufacturing, the usage is highly relevant to the outcome of biosimilar drugs' development. In addition, the balance of property, plant and equipment and right-of-use assets at December 31, 2022 was significant. Thus, we considered the impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter.

How our audit addressed the matter

Our procedures performed in respect of the above key audit matter included:

Reviewing the reasonableness of the assessment of impairment indicators provided by management and discussing with management and research and development supervisor as to whether:

1. Main research and development technology has not lost competition in the market.
2. There is no major delay in the major research and development projects.
3. The main research and development equipment is in normal use and has not been damaged or outdated.

4. The market value of the Group's stock is not lower than its book value at the balance sheet date.

Accuracy of recognition of revenue from contract development organization (CDO) services

Description

Refer to Note 4(21) for the accounting policy on revenue from CDO services and Note 6(17) for the details of revenue from CDO services.

The Group derives revenue mainly from the CDO services for biopharmaceuticals. Revenue from related transactions is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs incurred relative to the total expected costs. Given that the calculation basis, record and maintenance of the stage of completion all involve manual work and is subject to management's determination as to whether the actual costs incurred are appropriate, these could give rise to estimation uncertainty. Thus, we considered the accuracy of recognition of revenue from CDO services for biopharmaceuticals as a key audit matter.

How our audit addressed the matter

Our procedures performed in respect of the above key audit matter included:

1. Obtaining an understanding and ascertaining the reasonableness of revenue-related transaction procedures and the policy and basis for revenue recognition.
2. Testing the operating effectiveness of internal controls over the revenue and collection cycles.
3. Inspecting all types of information and assessing the reasonableness of methods and each assumption used to measure the stage of completion of performance obligations.
4. Recalculating and evaluating the accuracy of the amount and timing of revenue recognition.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial

Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Independent auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yu, Shu-Fen

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Assets						
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 786,233	23	\$ 2,222,977	47
1140	Contract assets - current	6(17) and 7	-	-	2,523	-
1180	Accounts receivable - related parties	6(3) and 7	333	-	-	-
1200	Other receivables		2,425	-	360	-
130X	Inventory	6(4)	170,841	5	90,331	2
1410	Prepayments	6(5)	83,887	3	85,797	2
11XX	Total current assets		1,043,719	31	2,401,988	51
Non-current assets						
1535	Financial assets at amortised cost - non-current	6(2) and 8	203,564	6	180,050	4
1600	Property, plant and equipment	6(6)	484,579	14	477,369	10
1755	Right-of-use assets	6(7)	1,665,981	49	1,636,483	35
1780	Intangible assets	6(8)	12,069	-	10,167	-
1920	Guarantee deposits paid		7,620	-	6,436	-
1990	Other non-current assets	6(6)	2,284	-	1,096	-
15XX	Total non-current assets		2,376,097	69	2,311,601	49
1XXX	Total assets		\$ 3,419,816	100	\$ 4,713,589	100
Liabilities and Equity						
Current liabilities						
2130	Contract liabilities - current	6(17) and 7	\$ 28,069	1	\$ -	-
2200	Other payables	6(9)	144,060	4	159,768	3
2250	Provisions for liabilities - current	6(12)	6,502	-	-	-
2280	Lease liabilities - current	6(7)(26)	124,654	4	88,746	2
21XX	Total current liabilities		303,285	9	248,514	5
Non-current liabilities						
2550	Provisions for liabilities - non-current	6(12)	10,469	-	-	-
2580	Lease liabilities - non-current	6(7)(26)	1,714,582	50	1,670,280	36
25XX	Total non-current liabilities		1,725,051	50	1,670,280	36
2XXX	Total liabilities		2,028,336	59	1,918,794	41
Equity						
	Share capital	6(13)				
3110	Common stock		3,526,606	103	3,524,547	75
	Capital surplus	6(14)				
3200	Capital surplus		11,060,529	324	10,987,806	233
	Retained earnings	6(15)				
3350	Deficit yet to be compensated		(12,968,566)	(379)	(11,327,436)	(241)
	Other equity interest	6(16)				
3400	Other equity interest		(227,089)	(7)	(390,122)	(8)
3XXX	Total equity		1,391,480	41	2,794,795	59
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 3,419,816	100	\$ 4,713,589	100

The accompanying notes are an integral part of these consolidated financial statements.

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

Items	Notes	For the years ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17) and 7	\$ 22,404	100	\$ 5,406	100
5000 Operating costs	6(4)(12)	(41,752)	(186)	(1,856)	(34)
5900 Net operating margin		(19,348)	(86)	3,550	66
Operating expenses	6(6)(7)(8)(10) (11)(22)(23)				
6100 Selling expenses		(25,990)	(116)	(42,429)	(785)
6200 General and administrative expenses		(208,754)	(932)	(176,784)	(3270)
6300 Research and development expenses		(1,351,425)	(6032)	(1,383,521)	(25592)
6000 Total operating expenses		(1,586,169)	(7080)	(1,602,734)	(29647)
6900 Operating loss		(1,605,517)	(7166)	(1,599,184)	(29581)
Non-operating income and expenses					
7100 Interest income	6(2)(18)	9,597	43	3,144	58
7010 Other income	6(19)	4,254	19	92,853	1718
7020 Other gains and losses	6(20)	5,279	23	6,220	115
7050 Finance costs	6(7)(21)	(54,720)	(244)	(46,222)	(855)
7000 Total non-operating income and expenses		(35,590)	(159)	55,995	1036
7900 Loss before income tax		(1,641,107)	(7325)	(1,543,189)	(28545)
7950 Income tax expense	6(24)	(23)	-	(22)	-
8200 Loss for the year		(\$ 1,641,130)	(7325)	(\$ 1,543,211)	(28545)
Other comprehensive loss					
Components of other comprehensive loss that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(16)	\$ 163,033	728	(\$ 26,084)	(483)
8300 Other comprehensive income (loss) for the year		\$ 163,033	728	(\$ 26,084)	(483)
8500 Total comprehensive loss for the year		(\$ 1,478,097)	(6597)	(\$ 1,569,295)	(29028)
Loss attributable to:					
8610 Shareholders of the parent		(\$ 1,641,130)	(7325)	(\$ 1,543,211)	(28545)
Comprehensive loss attributable to:					
8710 Shareholders of the parent		(\$ 1,478,097)	(6597)	(\$ 1,569,295)	(29028)
Loss per share (in dollars)	6(25)				
9750 Basic loss per share		(\$ 4.65)		(\$ 4.74)	
9850 Diluted loss per share		(\$ 4.65)		(\$ 4.74)	

The accompanying notes are an integral part of these consolidated financial statements.

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to Shareholders of the parent						
	Notes	Capital Surplus				Deficit yet to be compensated	Total
		Common shares	Share premium	Employee stock options	Others		
<u>For the year ended December 31, 2021</u>							
Balance at January 1, 2021		\$ 3,116,067	\$ 8,944,259	\$ 538,112	\$ 170,540	(\$ 9,784,225)	(\$ 364,038)
Loss for the year		-	-	-	-	(1,543,211)	-
Other comprehensive loss for the year	6(16)	-	-	-	-	-	(26,084)
Total comprehensive loss for the year		-	-	-	-	(1,543,211)	(26,084)
Issuance of shares for cash	6(13)	400,000	1,275,000	-	-	-	-
Compensation cost of issuance of shares for cash		-	279	(279)	-	-	-
Compensation cost of employee stock options		-	-	52,946	-	-	-
Exercise of employee stock options	6(11)(23)	8,480	14,188	(7,239)	-	-	-
Forfeiture of employee stock options	6(11)(13)	-	-	(74,131)	74,131	-	-
Balance at December 31, 2021		\$ 3,524,547	\$10,233,726	\$ 509,409	\$ 244,671	(\$11,327,436)	(\$ 390,122)
<u>For the year ended December 31, 2022</u>							
Balance at January 1, 2022		\$ 3,524,547	\$10,233,726	\$ 509,409	\$ 244,671	(\$11,327,436)	(\$ 390,122)
Loss for the year		-	-	-	-	(1,641,130)	-
Other comprehensive income for the year	6(16)	-	-	-	-	-	163,033
Total comprehensive income (loss) for the year		-	-	-	-	(1,641,130)	163,033
Compensation cost of employee stock options	6(11)(23)	-	-	67,547	-	-	-
Exercise of employee stock options	6(11)(13)	2,059	7,261	(2,085)	-	-	-
Forfeiture of employee stock options		-	-	(86,239)	86,239	-	-
Balance at December 31, 2022		\$ 3,526,606	\$10,240,987	\$ 488,632	\$ 330,910	(\$12,968,566)	(\$ 227,089)

The accompanying notes are an integral part of these consolidated financial statements.

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before income tax		(\$ 1,641,107)	(\$ 1,543,189)
Adjustments items			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(22)	280,014	241,433
Amortization	6(8)(22)	1,545	2,149
Compensation cost of employees stock options	6(11)(23)	67,547	52,946
Interest income	6(18)	(9,597)	(3,144)
Interest expense	6(7)(21)	54,720	46,222
Loss on disposal of property, plant and equipment	6(20)	7,205	938
Government grants - project grant borrowings transferred to other income	6(19)	-	(90,612)
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Contract assets - current		2,523	(2,523)
Accounts receivable - related parties		(333)	-
Other receivables		(2,065)	1,549
Inventory		(80,510)	(40,249)
Prepayments		1,910	57,117
Changes in liabilities relating to operating activities			
Contract liabilities - current		28,069	-
Other payables		(15,593)	(66,969)
Provisions for liabilities - current		6,502	-
Provisions for liabilities - non-current		10,469	-
Cash outflow generated from operations		(1,288,701)	(1,344,332)
Receipt of interest		9,597	3,144
Payment of interest		(54,720)	(45,811)
Income tax paid		(23)	(22)
Net cash flows used in operating activities		(1,333,847)	(1,387,021)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		203,564	15,010
Proceeds from disposal of financial assets at amortized cost		(203,564)	(15,010)
Acquisition of property, plant and equipment	6(6)(26)	(93,504)	(29,824)
Proceeds from disposal of property, plant and equipment		1,815	6,700
Acquisition of intangible assets	6(8)	(2,575)	(522)
(Increase) decrease in refundable deposits		(1,184)	60
Increase in other non-current assets		(1,904)	(1,096)
Net cash flows (used in) from investing activities		(97,352)	24,682
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Redemption of lease liabilities	6(7)(27)	(130,525)	(93,112)
Issuance of shares for cash	6(13)	-	1,675,000
Exercise of employee share options		7,235	15,429
Net cash flows (used in) from financing activities		(123,290)	1,597,317
Effect of exchange rate changes on cash and cash equivalents		117,745	(31,245)
Net (decrease) increase in cash and cash equivalents		(1,436,744)	154,369
Cash at beginning of year		2,222,977	2,068,608
Cash and cash equivalents at end of year		<u>\$ 786,233</u>	<u>\$ 2,222,977</u>

The accompanying notes are an integral part of these consolidated financial statements.

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Tanvex Biopharma, Inc. (the “Company”) was incorporated as a company limited by shares in the Cayman Islands in May, 2013. The address of the Company’s registered office is P.O. BOX 31119, Grand Pavilion Hibiscus Way, 802 West Bay Road, KY1-1205, Cayman Islands. The Company and its subsidiaries (the “Group”) are primarily engaged in the research, development, manufacture and sales of biosimilar products and contract development and manufacturing of biological medicine. The Group is currently engaged in conducting research and development of biosimilar products, biological production procedures, and has not yet generated revenues. On October 26, 2017, the Company was listed on the Taiwan Stock Exchange (TWSE).

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 3, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (“collectively referred herein as the IFRSs”).

(2) Basis of preparation

- A. The consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- B. Subsidiaries included in the consolidated financial statements:

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)	
			December 31, 2022	December 31, 2021
Tanvex Biopharma, Inc.	Tanvex Biologics, Corp. (“Tanvex Taiwan”)	Research and development of biosimilar drugs and new drugs and contract development and manufacturing of biological medicine	100%	100%
Tanvex Biopharma, Inc.	Tanvex BioPharma USA, Inc. (“Tanvex USA”)	Formulation and manufacturing of biosimilar drugs and new drugs	100%	100%

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's functional currency is United States dollars ("USD"). However, as the Group is listed in the Taiwan Stock Exchange, under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities, these consolidated financial statements are presented in New Taiwan dollars ("NTD").

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains or losses".

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are

to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortized cost and accounts receivable that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventory

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. The

item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Testing equipment	2~10 years
Office equipment	3~10 years
Leasehold improvements	3~12 years
Machinery and equipment	7~10 years
Transportation equipment	5 years

(12) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortized cost using the interest method

and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(13) Intangible assets

A. Patents and specialized technologies

Patents and specialized technologies are stated at cost and amortized on a straight-line basis over the estimated economic life.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(15) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(16) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required

to settle the obligation and the amount of the obligation can be reliably estimated. Provisions for liabilities are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

The Group recognized onerous contract provision liabilities when expected a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract.

(17) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a deduction in the future payment.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(18) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. The grant date of share-based payment arrangements is the date that the Group and the employees have common consensus on the terms and conditions of the agreements.

(19) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or

items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the unused tax credits and loss carryforward can be utilized.

(20) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(21) Revenue recognition

Commissioned development service revenue

Revenue from providing commissioned development services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs incurred relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized. The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in

circumstances.

(22) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(23) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

(1) Impairment assessment of property, plant and equipment and right-of-use assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

As of December 31, 2022, the carrying amount of property, plant and equipment and right-of-use assets was \$2,150,560.

(2) Revenue recognition

The Group recognises revenue from providing commissioned services based on the transaction price and the stage of completion, which is measured by the actual service provided as of the end of the reporting period in proportion to the total services to be provided. The estimated total commissioned service cost would be affected by estimated total time incurred, compliance costs, etc. The Group reassesses the reasonableness of estimates periodically.

For the year ended December 31, 2022, the Group recognised the amount of commissioned service revenue recognized was \$22,404.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 161	\$ 145
Checking accounts and demand deposits	567,640	2,222,832
Time deposits	218,432	-
	<u>\$ 786,233</u>	<u>\$ 2,222,977</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash pledged to others.

(2) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Time deposits	<u>\$ 203,564</u>	<u>\$ 180,050</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 776</u>	<u>\$ 209</u>

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$203,564 and \$180,050, respectively.

C. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk is provided in Note 12(2).

(3) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	<u>\$ 333</u>	<u>\$ -</u>

A. The ageing analysis of accounts receivable is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	<u>\$ 333</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, the balances of receivables from contracts with customers amounted to \$333, and \$0, respectively.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$333 and \$0, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventory

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 173,020	\$ (2,179)	\$ 170,841
	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 90,331	\$ -	\$ 90,331

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2022	2021
Loss on decline in market value	\$ 2,179	\$ -

(5) Prepayments

	December 31, 2022	December 31, 2021
Prepayments for contracted research expense	\$ 35,303	\$ 24,522
Prepayments for software maintenance fee	2,554	6,120
Excess business tax paid	24,881	24,952
Others	21,149	30,203
	<u>\$ 83,887</u>	<u>\$ 85,797</u>

(6) Property, plant and equipment

	Office equipment	Leasehold improvements	Testing equipment	Machinery equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2022</u>							
Cost	\$ 39,336	\$ 318,946	\$ 514,216	\$ 335,835	\$ 441	\$ 53,804	\$ 1,262,578
Accumulated depreciation	(25,212)	(250,746)	(301,772)	(206,739)	(441)	-	(784,910)
Accumulated impairment	-	-	(299)	-	-	-	(299)
	<u>\$ 14,124</u>	<u>\$ 68,200</u>	<u>\$ 212,145</u>	<u>\$ 129,096</u>	<u>\$ -</u>	<u>\$ 53,804</u>	<u>\$ 477,369</u>
<u>2022</u>							
At January 1	\$ 14,124	\$ 68,200	\$ 212,145	\$ 129,096	\$ -	\$ 53,804	\$ 477,369
Additions	578	3,571	20,955	-	-	68,285	93,389
Disposals	-	-	(2,771)	(2,704)	(-)	(3,545)	(9,020)
Transfers (Note)	981	36,909	12,090	-	(-)	(49,264)	716
Depreciation charge	(4,759)	(27,807)	(48,968)	(31,684)	-	-	(113,218)
Net exchange differences	1,279	6,656	10,916	12,953	-	3,539	35,343
At December 31	<u>\$ 12,203</u>	<u>\$ 87,529</u>	<u>\$ 204,367</u>	<u>\$ 107,661</u>	<u>\$ -</u>	<u>\$ 72,819</u>	<u>\$ 484,579</u>
<u>At December 31, 2022</u>							
Cost	\$ 44,381	\$ 388,620	\$ 569,018	\$ 361,590	\$ 489	\$ 72,819	\$ 1,436,917
Accumulated depreciation	(32,178)	(301,091)	(364,352)	(253,929)	(489)	-	(952,039)
Accumulated impairment	-	-	(299)	-	-	-	(299)
	<u>\$ 12,203</u>	<u>\$ 87,529</u>	<u>\$ 204,367</u>	<u>\$ 107,661</u>	<u>\$ -</u>	<u>\$ 72,819</u>	<u>\$ 484,579</u>

Note: It refers to prepaid equipment (shown as “other non-current assets - other”) transferred into property, plant and equipment.

	Office equipment	Leasehold improvements	Testing equipment	Machinery equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2021</u>							
Cost	\$ 39,327	\$ 322,420	\$ 502,448	\$ 342,649	\$ 448	\$ 48,778	\$ 1,256,070
Accumulated depreciation	(22,091)	(237,172)	(257,503)	(182,865)	(448)	-	(700,079)
Accumulated impairment	-	-	(299)	-	-	-	(299)
	<u>\$ 17,236</u>	<u>\$ 85,248</u>	<u>\$ 244,646</u>	<u>\$ 159,784</u>	<u>\$ -</u>	<u>\$ 48,778</u>	<u>\$ 555,692</u>
<u>2021</u>							
At January 1	\$ 17,236	\$ 85,248	\$ 244,646	\$ 159,784	\$ -	\$ 48,778	\$ 555,692
Additions	1,212	486	10,721	12,209	-	11,054	35,682
Disposals	-	-	(214)	(7,424)	-	-	(7,638)
Transfers (Note)	-	-	7,230	370	-	(5,833)	1,767
Depreciation charge	(4,113)	(16,487)	(48,527)	(33,717)	-	-	(102,844)
Net exchange differences	(211)	(1,047)	(1,711)	(2,126)	-	(195)	(5,290)
At December 31	<u>\$ 14,124</u>	<u>\$ 68,200</u>	<u>\$ 212,145</u>	<u>\$ 129,096</u>	<u>\$ -</u>	<u>\$ 53,804</u>	<u>\$ 477,369</u>
<u>At December 31, 2021</u>							
Cost	\$ 39,336	\$ 318,946	\$ 514,216	\$ 335,835	\$ 441	\$ 53,804	\$ 1,262,578
Accumulated depreciation	(25,212)	(250,746)	(301,772)	(206,739)	(441)	-	(784,910)
Accumulated impairment	-	-	(299)	-	-	-	(299)
	<u>\$ 14,124</u>	<u>\$ 68,200</u>	<u>\$ 212,145</u>	<u>\$ 129,096</u>	<u>\$ -</u>	<u>\$ 53,804</u>	<u>\$ 477,369</u>

Note: It refers to prepaid equipment (shown as “other non-current assets - other”) transferred into property, plant and equipment.

The Group did not pledge property, plant and equipment as collateral.

(7) Leasing arrangements - lessee

- A. The Group leases various assets including offices and plants. Rental contracts are typically made for periods of 3 to 12 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise warehouse pallets. Low-value assets comprise printers and lift.
- C. The carrying amount of right-of-use assets, lease liabilities and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Right-of-use-assets:		
Buildings and plants	<u>\$ 1,665,981</u>	<u>\$ 1,636,483</u>
Lease liabilities:		
Current	<u>\$ 124,654</u>	<u>\$ 88,746</u>
Non-current	<u>1,714,582</u>	<u>1,670,280</u>
	<u>\$ 1,839,236</u>	<u>\$ 1,759,026</u>

	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and plants	<u>\$ 166,796</u>	<u>\$ 138,589</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$26,956 and \$445,584, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 54,720</u>	<u>\$ 45,811</u>
Expense on short-term lease contracts	<u>\$ 119</u>	<u>\$ 119</u>
Expense on leases of low-value assets	<u>\$ 2,138</u>	<u>\$ 1,706</u>

- F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$187,502 and \$140,748, respectively.
- G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Intangible assets

	Patent and specialized technologies	Computer software	Total
<u>At January 1, 2022</u>			
Cost	\$ 51,650	\$ 55,017	\$ 106,667
Accumulated amortization	(51,650)	(44,850)	(96,500)
	<u>\$ -</u>	<u>\$ 10,167</u>	<u>\$ 10,167</u>
<u>2022</u>			
At January 1	\$ -	\$ 10,167	\$ 10,167
Additions	-	2,575	2,575
Amortization charge	- (	1,545)	(1,545)
Net exchange differences	-	872	872
At December 31	<u>\$ -</u>	<u>\$ 12,069</u>	<u>\$ 12,069</u>
<u>At December 31, 2022</u>			
Cost	\$ 51,650	\$ 53,369	\$ 105,019
Accumulated amortization	(51,650)	(41,300)	(92,950)
	<u>\$ -</u>	<u>\$ 12,069</u>	<u>\$ 12,069</u>
	Patent and specialized technologies	Computer software	Total
<u>At January 1, 2021</u>			
Cost	\$ 51,650	\$ 55,220	\$ 106,870
Accumulated amortization	(51,650)	(43,263)	(94,913)
	<u>\$ -</u>	<u>\$ 11,957</u>	<u>\$ 11,957</u>
<u>2021</u>			
At January 1	\$ -	\$ 11,957	\$ 11,957
Additions	-	522	522
Amortization charge	- (	2,149)	(2,149)
Net exchange differences	- (	163)	(163)
At December 31	<u>\$ -</u>	<u>\$ 10,167</u>	<u>\$ 10,167</u>
<u>At December 31, 2021</u>			
Cost	\$ 51,650	\$ 55,017	\$ 106,667
Accumulated amortization	(51,650)	(44,850)	(96,500)
	<u>\$ -</u>	<u>\$ 10,167</u>	<u>\$ 10,167</u>

Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2022	2021
General and administrative expenses	\$ 70	\$ 365
Research and development expenses	1,475	1,784
	<u>\$ 1,545</u>	<u>\$ 2,149</u>

Patent and specialized technologies are essential for biological research and development and manufacturing of biopharmaceuticals.

(9) Other payables

	December 31, 2022	December 31, 2021
Wages and salaries payable	\$ 71,869	\$ 54,306
Accrued research material	13,849	28,522
Accrued research expense	22,386	45,003
Payable on equipment	9,944	10,059
Accrued service fee	7,826	9,655
Others	18,186	12,223
	<u>\$ 144,060</u>	<u>\$ 159,768</u>

(10) Pensions

A. The subsidiary, Tanvex Taiwan, has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with the R.O.C. nationality. Under the New Plan, Tanvex Taiwan contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

The subsidiary, Tanvex USA, provides 401(K) retirement plan, which is a defined contribution plan. Under the plan, the employee contributes an amount based on a certain percentage of the employees’ salaries and wages or a certain amount to the employees’ individual pension accounts. Tanvex USA also contributes a certain percentage of wages and salaries of the employees to the employees’ individual pension accounts.

B. The pension costs under the above pension plans of the Group for the years ended December 31, 2022 and 2021 were \$9,717 and \$8,236, respectively.

(11) Share-based payment

A. As at December 31, 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (number of shares)	Contract period	Vesting conditions
Employee stock options A	2013.10	322,000	10 years	1~4 years of service
Employee stock options B	2013.10	20,000	10 years	Immediately vested and 1~2 years of service
Employee stock options D	2014.10~12	3,680,000	10 years	1~4 years of service
Employee stock options F	2015.1~6	2,272,500	10 years	1~4 years of service
Employee stock options G	2015.7	620,000	10 years	1~4 years of service
Employee stock options H	2015.12	596,000	10 years	2~4 years of service
Employee stock options I	2016.6	918,000	10 years	2~4 years of service
Employee stock options J	2016.7	3,014,000	10 years	2~4 years of service
Employee stock options K	2016.9	160,000	10 years	2~4 years of service
Employee stock options L	2016.12	686,000	10 years	2~4 years of service
Employee stock options M	2017.1	200,000	10 years	2~4 years of service
Employee stock options N	2017.3	320,000	10 years	2~4 years of service
Employee stock options O	2017.6	416,000	10 years	2~4 years of service
Employee stock options P	2017.10	3,595,300	10 years	2~4 years of service
Employee stock options Q	2017.12	359,000	10 years	2~4 years of service
Employee stock options R	2018.3	1,614,000	10 years	2~4 years of service
Employee stock options S	2018.6	1,200,000	10 years	2~4 years of service
Employee stock options T	2018.9	544,000	10 years	2~4 years of service
Employee stock options U	2018.9	2,264,200	10 years	2~4 years of service
Employee stock options W	2018.12	1,688,000	10 years	2~4 years of service
Employee stock options X	2019.4	490,000	10 years	2~4 years of service
Employee stock options Y	2019.8	4,150,900	10 years	2~4 years of service
Employee stock options Z	2019.10	408,000	10 years	2~4 years of service
Employee stock options AA	2020.1	216,000	10 years	2~4 years of service
Employee stock options AB	2020.4	1,156,000	10 years	2~4 years of service
Employee stock options AC	2020.5	5,335,300	10 years	2~4 years of service
Employee stock options AD	2020.7	670,000	10 years	2~4 years of service
Employee stock options AE	2020.10	90,000	10 years	2~4 years of service
Cash capital increase reserved for employee preemption	2020.11	259,000	NA	Immediately vested
Employee stock options AF	2021.1	1,232,000	10 years	2~4 years of service
Employee stock options AG	2021.4	110,000	10 years	2~4 years of service
Employee stock options AH	2021.7	642,000	10 years	2~4 years of service
Cash capital increase reserved for employee preemption	2021.9	60,506	NA	Immediately vested
Employee stock options AI	2021.10	586,000	10 years	2~4 years of service
Employee stock options AJ	2021.12	3,508,690	10 years	2~4 years of service
Employee stock options AK	2022.02	150,000	10 years	2~4 years of service
Employee stock options AL	2022.04	1,032,000	10 years	2~4 years of service
Employee stock options AM	2022.09	288,000	10 years	2~4 years of service
Employee stock options AN	2022.11	370,000	10 years	2~4 years of service

Type of arrangement	Grant date	Quantity granted (number of shares)		Contract period	Vesting conditions
		Before conversion	After conversion		
Employee stock options E (Note)	2014.10	4,453,500	4,987,884	10 years	Immediately vested and 1~4 years of service

Note : The original parent company of Tanvex USA granted employee stock options and warrants to the employees of Tanvex USA during 2010 to 2014. As the Group determined to use Tanvex BioPharma, Inc. as a listing company to apply for initial public offering, the Company issued employee stock options to Tanvex USA, Inc.'s, employees to replace their original stock options. The fair value of incremental cost arising from the replacement was \$9,891.

B. Details of the share-based payment - employee stock options arrangements are as follows:

	2022		2021	
	Number of shares	Weighted-average exercise price (US\$)	Number of shares	Weighted-average exercise price (US\$)
Options outstanding at January 1	21,758,042	\$ 2.29	21,192,252	\$ 2.26
Options granted	1,840,000	1.66	6,078,690	2.20
Options forfeited	(4,215,220)	2.18	(4,664,900)	2.09
Options exercised	(205,900)	0.97	(848,000)	0.64
Options outstanding at December 31	<u>19,176,922</u>	2.26	<u>21,758,042</u>	2.29
Options exercisable at December 31	<u>10,245,927</u>		<u>8,974,202</u>	

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2022 and 2021 was \$57.25 (in dollars) and \$62.36 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issuance date approved	Expiration date	December 31, 2022		December 31, 2021	
		Number of shares	Exercise Price (US\$)	Number of shares	Exercise Price (US\$)
2014.10 (Note)	2024.10	128,752	\$ 0.40	133,152	\$ 0.40
2014.10~12	2024.10~12	477,000	0.40	529,000	0.40
2015.1~6	2025.1~6	365,000	1.50	474,500	1.50
2015.12	2025.12	90,000	4.54/4.20	140,000	4.54/4.20
2016.6	2026.6	172,000	3.96/3.66	230,000	3.96/3.66
2016.7	2026.7	948,000	4.70	994,000	4.70
2016.9	2026.9	20,000	5.18	20,000	5.18
2016.12	2026.12	600,000	4.57/4.36	600,000	4.57/4.36
2017.3	2027.3	90,000	4.18	90,000	4.18
2017.6	2027.6	64,000	3.89/3.65	64,000	3.89/3.65
2017.10	2027.10	2,176,700	3.21/3.02	2,279,300	3.21/3.02
2017.12	2027.12	23,000	2.51/2.36	23,000	2.51/2.36
2018.3	2028.3	160,000	3.56	400,000	3.56
2018.6	2028.6	162,000	3.44/3.35	162,000	3.44/3.35
2018.9	2028.9	205,000	2.55/2.44	205,000	2.55/2.44
2018.9	2028.9	1,063,900	2.44/2.33	1,435,500	2.44/2.33
2018.12	2028.12	309,000	2.04/1.96	821,000	2.04/1.96
2019.4	2029.4	152,000	2.38/2.31	152,000	2.38/2.31
2019.8	2029.8	1,432,650	2.14/2.05	2,015,500	2.14/2.05
2019.10	2029.10	102,000	2.07	102,000	2.07
2020.1	2030.1	134,000	1.42/1.38	174,000	1.42/1.38
2020.4	2030.4	228,000	1.07/1.03	234,000	1.07/1.03
2020.5	2030.5	2,948,550	1.26/1.22	3,863,400	1.26/1.22
2020.7	2030.7	528,000	1.59/1.54	612,000	1.59/1.54
2020.10	2030.10	40,000	1.40/1.36	70,000	1.40/1.36
2021.1	2031.1	1,132,000	1.31/1.29	1,218,000	1.31/1.29
2021.4	2031.4	34,000	3.12/3.07	34,000	3.12/3.07
2021.7	2031.7	526,000	1.77	618,000	1.77
2021.10	2031.10	476,000	1.51	556,000	1.51
2021.12	2031.12	2,683,370	2.68	3,508,690	2.68
2022.02	2032.02	120,000	1.97	-	-
2022.04	2032.04	940,000	1.91	-	-
2022.09	2032.09	276,000	1.59	-	-
2022.11	2032.11	370,000	0.91	-	-

Note: Refer to the details of employee stock option E.

E. The fair value of stock options is measured using the Black-Scholes option-pricing model.

Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options A	2013.10	US\$0.20	US\$0.20	41.52%~42.09%	5.5~7	0%	1.42%~1.64%	US\$0.08~0.09
Employee stock options B	2013.10	US\$0.20	US\$0.20	40.84%~41.65%	4~5	0%	1.13%~1.33%	US\$0.07~0.08
Employee stock options D	2014.10~12	US\$0.40	US\$0.40	44.94%~50.16%	5.5~7	0%	1.68%~2.10%	US\$0.17~0.21
Employee stock options F	2015.1~6	US\$1.50	US\$1.50	47.78%~49.59%	5.5~7	0%	1.36%~1.95%	US\$0.64~0.81
Employee stock options G	2015.7	US\$1.50	US\$1.50	44.22%~51.03%	5.5~7	0%	1.74%~2.06%	US\$0.64~0.80
Employee stock options H	2015.12	US\$8.66	US\$4.54/4.20	48.60%~52.88%	6~7	0%	1.83%~2.01%	US\$5.50~5.91
Employee stock options I	2016.6	US\$4.01	US\$3.96/3.66	48.93%~52.17%	6~7	0%	1.28%~1.42%	US\$1.90~2.15
Employee stock options J	2016.7	US\$5.34	US\$4.70	49.27%~52.00%	6~7	0%	1.13%~1.26%	US\$2.69~2.98
Employee stock options K	2016.9	US\$4.92	US\$5.18	48.7%~50.83%	6~7	0%	1.35%~1.50%	US\$2.25~2.52
Employee stock options L	2016.12	US\$4.61	US\$4.57/4.36	44.71%~46.81%	6~7	0%	2.25%~2.42%	US\$2.11~2.36
Employee stock options M	2017.1	US\$4.79	US\$4.66	44.61%~46.71%	6~7	0%	2.09%~2.25%	US\$2.20~2.46
Employee stock options N	2017.3	US\$4.18	US\$4.18	44.54%~46.19%	6~7	0%	2.15%~2.30%	US\$1.89~2.10
Employee stock options O	2017.6	US\$3.80	US\$3.89/3.65	44.03%~45.22%	6~7	0%	1.88%~1.99%	US\$1.66~1.83
Employee stock options P	2017.10	US\$3.20	US\$3.21/3.02	43.79%~45.32%	6~7	0%	2.19%~2.30%	US\$1.43~1.58
Employee stock options Q	2017.12	US\$2.51	US\$2.51/2.36	42.36%~43.25%	6~7	0%	2.22%~2.28%	US\$1.10~1.22
Employee stock options R	2018.3	US\$3.57	US\$3.56	42.13%~44.04%	6~7	0%	2.70%~2.76%	US\$1.59~1.77
Employee stock options S	2018.6	US\$3.43	US\$3.44/3.35	45.97%~46.32%	6~7	0%	2.84%~2.89%	US\$1.63~1.76
Employee stock options T	2018.9	US\$2.55	US\$2.55/2.44	45.49%~46.07%	6~7	0%	2.93%~2.96%	US\$1.22~1.30
Employee stock options U	2018.9	US\$2.44	US\$2.44/2.33	45.45%~46.02%	6~7	0%	3.02%~3.06%	US\$1.17~1.25
Employee stock options W	2018.12	US\$2.04	US\$2.04/1.96	45.61%~46.14%	6~7	0%	2.65%~2.68%	US\$0.97~1.03
Employee stock options X	2019.4	US\$2.38	US\$2.38/2.31	46.23%~47.29%	6~7	0%	2.38%~2.42%	US\$1.14~1.20

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options Y	2019.8	US\$2.15	US\$2.14/2.05	44.39%~45.20%	6~7	0%	1.51%~1.54%	US\$0.96~1.02
Employee stock options Z	2019.10	US\$2.07	US\$2.07	44.55%~45.33%	6~7	0%	1.40%~1.45%	US\$0.92~0.98
Employee stock options AA	2020.1	US\$1.42	US\$1.42/1.38	42.95%~43.67%	6~7	0%	1.67%~1.72%	US\$0.62~0.68
Employee stock options AB	2020.4	US\$1.07	US\$1.07/1.03	44.86%~45.89%	6~7	0%	0.52%~0.59%	US\$0.47~0.49
Employee stock options AC	2020.5	US\$1.26	US\$1.26/1.22	44.63%~45.50%	6~7	0%	0.44%~0.52%	US\$0.54~0.57
Employee stock options AD	2020.7	US\$1.59	US\$1.59/1.54	45.51%~46.80%	6~7	0%	0.41%~0.51%	US\$0.70~0.74
Employee stock options AE	2020.10	US\$1.40	US\$1.40/1.36	45.36%~46.81%	6~7	0%	0.44%~0.55%	US\$0.62~0.65
Cash capital increase reserved for employee preemption	2020.11	NT\$42.10 (US\$1.49)	NT\$36.00 (US\$1.28)	43.04%	0.05	0%	0.34%	NT\$6.19 (US\$0.22)
Employee stock options AF	2021.1	US\$1.31	US\$1.31/1.29	45.47%~47.00%	6~7	0%	0.49%~0.64%	US\$0.58~0.61
Employee stock options AG	2021.4	US\$3.12	US\$3.12/2.07	46.64%~48.42%	6~7	0%	1.10%~1.33%	US\$1.45~1.52
Employee stock options AH	2021.7	US\$1.77	US\$1.77	47.77%~49.10%	6~7	0%	0.88%~1.03%	US\$0.83~0.87
Cash capital increase reserved for employee preemption	2021.9	NT\$46.50 (US\$1.67)	NT\$42.00 (US\$1.51)	35.32%	0.04	0%	0.34%	NT\$4.61 (US\$0.17)
Employee stock options AI	2021.10	US\$1.51	US\$1.51	46.33%~47.72%	6~7	0%	1.11%~1.27%	US\$0.68~0.75
Employee stock options AJ	2021.12	US\$2.68	US\$2.68	45.89%~49.05%	6~7	0%	1.31%~1.39%	US\$1.20~1.36
Employee stock options AK	2022.02	US\$1.97	US\$1.97	45.60%~49.19%	6~7	0%	1.83%~1.89%	US\$0.9~1.02
Employee stock options AL	2022.04	US\$1.91	US\$1.91	45.57%~49.32%	6~7	0%	2.81%~2.83%	US\$0.9~1.02
Employee stock options AM	2022.09	US\$1.59	US\$1.59	47.59%~49.21%	6~7	0%	3.41%~3.42%	US\$0.79~0.87
Employee stock options AN	2022.11	US\$0.91	US\$0.91	46.95%~48.19%	6~7	0%	4.31%~4.35%	US\$0.47~0.49

Information regarding Employee stock options E before and after conversion is as follows:

Before conversion:

Type of arrangement	Original grant date	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options E	2010.6~ 2014.9	US\$0.15 ~0.40	41.37% ~42.14%	6.25	0%	1.00%~ 2.46%	US\$0.025 ~0.166

Type of arrangement	Revised date	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options E	2014.10	US\$0.15 ~0.40	37.87% ~50.16%	3.10~ 6.67	0%	1.06%~ 2.00%	US\$0.01 ~0.04

After conversion:

Type of arrangement	Grant date	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options E	2014.10	US\$0.4	37.87% ~50.16%	3.10~ 6.67	0%	1.06%~ 2.00%	US\$0.11 ~0.20

E. Aforementioned expenses incurred on share-based payment transactions are shown below:

	For the years ended December 31,	
	2022	2021
Equity-settled	\$ 67,547	\$ 52,946

(12) Provisions for liabilities

	For the years ended December 31,	
	2022	2021
	Onerous Contracts	Onerous Contracts
January 1	\$ -	\$ -
Additions	19,179	-
Reversal	(2,208)	-
December 31	\$ 16,971	\$ -

Analysis of total provisions for liabilities:

	December 31, 2022	December 31, 2021
Current	\$ 6,502	\$ -
Non-current	10,469	-
	\$ 16,971	\$ -

Provisions for onerous contracts are recognized by the Group for a contract development

organization contract signed with AP Biosciences, Inc. (APB) whereby the Group will provide APB with the development and manufacture of the clinical candidate drug for the latest bispecific antibody development platform over the term of the contract. Based on the Group's assessment, the labor and material costs required for the contract will exceed the economic benefits expected to be received under the contract, and thus the Group provided relevant provisions and recorded it under operating costs.

(13) Share capital

A. As of December 31, 2022, the Company's authorized capital was \$5,000,000, and the paid-in capital was \$3,526,606, consisting of 352,660,601 shares, with a par value of NT\$10 per share.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
At January 1	\$ 352,454,701	\$ 311,606,701
Employee stock options exercised	205,900	848,000
Issuance of shares for cash	-	40,000,000
At December 31	<u>\$ 352,660,601</u>	<u>\$ 352,454,701</u>

C. To strengthen working capital, on July 20, 2021, the Board of Directors adopted a resolution to increase capital by issuing 40,000,000 new shares at a premium issuance price of NT\$42 (in dollars) per share. The record date for capital increase was on September 29, 2021. The capital increase had been completed.

(14) Capital surplus

A. The Directors shall in accordance with the Companies Law of the Cayman Islands establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share.

B. Subject to the Applicable Listing Rules and the Companies Law of the Cayman Islands, there shall be debited to any share premium account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Law, out of capital.

(15) Deficit yet to be compensated

A. Under the Company's Articles of Incorporation, the Company by ordinary resolution may declare dividends and other distributions on shares in issue and authorize payment of the same out of the funds of the Company lawfully available thereof. The Company's dividend policy is based on the future capital expenses and the needs of capital, and dividends can be distributed to shareholders in cash or stock. Except for 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 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 Authority;
 - (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.
- B. The Company incurred operating losses for the years ended December 31, 2022 and 2021, and thus had no earnings for distribution.

(16) Other equity

	2022	2021
	Currency Translation	
At January 1	\$ 390,122	(\$ 364,038)
Currency translation differences - Group	(163,033)	(26,084)
At December 31	\$ 227,089	(\$ 390,122)

(17) Operating revenue

	For the years ended December 31,	
	2022	2021
Commissioned development service revenue	\$ 22,404	\$ 5,406

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time in the following major product lines and geographical regions:

<u>For the year ended December 31, 2022</u>	Taiwan	Total
Revenue from external customer contracts	\$ 22,404	\$ 22,404
Timing of revenue recognition		
Over time	\$ 22,404	\$ 22,404

<u>For the year ended December 31, 2021</u>	<u>Taiwan</u>	<u>Total</u>
Revenue from external customer contracts	\$ 5,406	\$ 5,406
Timing of revenue recognition		
Over time	\$ 5,406	\$ 5,406

B. Contract assets and liabilities

The Group has recognized the following revenue-related contract assets:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contract assets:		
Commissioned development service contract	\$ -	\$ 2,523
Contract liabilities:		
Commissioned development service contract	\$ 28,069	\$ -

- (a) The Group's Subsidiary - Tanvex Taiwan signed contract development and manufacturing organization with OBI PHARMA, INC. ("OBI") on May 28, 2021. Tanvex Taiwan is commissioned by OBI to carry out the frontend work of the new drug cell line development. Under the terms of this contract, the Group will receive commissioned service revenue up to \$7,250 and related consumables and experiment expenses. As of September, 2022, the Group had completed the commissioned service development project and received all the related receivables.
- (b) The Group signed a contract of development and manufacturing of biological medicine with AP Biosciences on February 10, 2022, and will develop and produce clinical candidate drugs for the latest bispecific antibody development platform for AP Biosciences. The Group expects to receive USD 4,959,000 from this contract of development and manufacturing of biological medicine service income and related consumables and experimental expenses.

(18) Interest income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 8,816	\$ 2,933
Interest income from financial assets measured at amortized cost	776	209
Other interest income	5	2
	<u>\$ 9,597</u>	<u>\$ 3,144</u>

(19) Other income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Government grants (Notes 1 and 2)	\$ -	\$ 90,612
Other income	4,254	2,241
	<u>\$ 4,254</u>	<u>\$ 92,853</u>

Note 1: The Group's subsidiary has applied for loans under the Paycheck Protection Program of the US Small Business Administration and the major conditions of the loans are as follows:

(a) The period from the drawdown date to documentations applied for forgiveness is the grace period wherein the borrower does not need to repay the principal and interest, but interest still needs to be accrued.

(b) A borrower can apply for forgiveness of the loan by providing documentations for salaries, rental and utilities paid eight weeks after the drawdown date.

Note 2: In compliance with the regulations, the Group's subsidiary has provided documentations to the lender to apply for forgiveness of the loan and interest expenses, which had been approved on June 16, 2021. Accordingly, the relevant loan and interest payable amounting to \$89,629 and \$983, respectively were transferred to other income in 2021 2nd quarter.

(20) Other gains and losses

	For the years ended December 31,	
	2022	2021
Loss on disposal of property, plant and equipment	(\$ 7,205)	(\$ 938)
Net currency exchange gains	12,484	7,158
	<u>\$ 5,279</u>	<u>\$ 6,220</u>

(21) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense		
Interest expense on bank borrowings	\$ -	\$ 411
Interest expense on lease liabilities	54,720	45,811
	<u>\$ 54,720</u>	<u>\$ 46,222</u>

(22) Additional information for expenses by nature

	For the years ended December 31,	
	2022	2021
Employee benefit expense	<u>\$ 719,314</u>	<u>\$ 584,450</u>
Depreciation (Note)	<u>\$ 280,014</u>	<u>\$ 241,433</u>
Amortization	<u>\$ 1,545</u>	<u>\$ 2,149</u>

Note: Depreciation expense includes depreciation charges on property, plant and equipment and right-of-use assets.

(23) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	\$ 576,902	\$ 472,352
Compensation cost of share-based payments	67,437	48,336
Directors' remuneration	6,443	6,472
Labor and health insurance fees	52,880	47,392
Pension costs	9,717	8,236
Other personnel expenses	5,935	1,662
	<u>\$ 719,314</u>	<u>\$ 584,450</u>

- A. According to the Articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. The Company had accumulated deficit as of December 31, 2022 and 2021, thus, the Company did not accrue employees' compensation and directors' remuneration.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

	For the years ended December 31,	
	2022	2021
Current income tax:		
Current income tax for the year	<u>\$ 23</u>	<u>\$ 22</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2022	2021
Income tax calculated based on loss before tax and statutory tax rate	(\$ 476,339)	(\$ 446,679)
Expenses disallowed by tax regulation	294	870
Temporary differences not recognized as deferred tax assets	(1,872)	(35)
Taxable loss not recognized as deferred tax assets	477,917	445,844
Effect from alternative minimum tax	<u>23</u>	<u>22</u>
Income tax expense	<u>\$ 23</u>	<u>\$ 22</u>

C. Research and development investment tax credits and unrecognized deferred tax assets of Tanvex USA, the subsidiary, are as follows:

December 31, 2022			
Year incurred	Unused tax credit	Unrecognized deferred income	
		tax assets	Expiry year
2012	\$ 6,412	\$ 6,412	2032
2013	7,833	7,833	2033
2014	3,174	3,174	2034
2015	15,950	15,950	2035
2016	15,979	15,979	2036
2017	29,258	29,258	2037
2018	24,086	24,086	2038
2019	39,528	39,528	2039
2020	49,092	49,092	2040
2021	31,407	31,407	2041
2022	33,489	33,489	2042
	<u>\$ 256,208</u>	<u>\$ 256,208</u>	

December 31, 2021			
Year incurred	Unused tax credit	Unrecognized deferred income	
		tax assets	Expiry year
2011	\$ 3,452	\$ 3,452	2031
2012	6,412	6,412	2032
2013	7,833	7,833	2033
2014	3,174	3,174	2034
2015	15,950	15,950	2035
2016	15,979	15,979	2036
2017	29,258	29,258	2037
2018	24,086	24,086	2038
2019	39,528	39,528	2039
2020	49,092	49,092	2040
2021	46,413	46,413	2041
	<u>\$ 241,177</u>	<u>\$ 241,177</u>	

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred income tax assets for Tanvex Taiwan, the subsidiary, are as follows:

December 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Expiry year
2013	\$ 211,795	\$ 211,795	\$ 211,795	2023
2014	146,854	146,854	146,854	2024
2015	204,011	204,011	204,011	2025
2016	477,953	477,953	477,953	2026
2017	349,739	349,739	349,739	2027
2018	79,339	79,339	79,339	2028
2019	112,476	112,476	112,476	2029
2020	110,788	110,788	110,788	2030
2021	86,703	86,703	86,703	2031
2022	129,296	129,296	129,296	2032
	<u>\$ 1,908,954</u>	<u>\$ 1,908,954</u>	<u>\$ 1,908,954</u>	

December 31, 2021				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Expiry year
2012	\$ 60,554	\$ 60,554	\$ 60,554	2022
2013	211,795	211,795	211,795	2023
2014	146,854	146,854	146,854	2024
2015	204,011	204,011	204,011	2025
2016	477,953	477,953	477,953	2026
2017	349,739	349,739	349,739	2027
2018	79,339	79,339	79,339	2028
2019	112,476	112,476	112,476	2029
2020	110,788	110,788	110,788	2030
2021	79,092	79,092	79,092	2031
	<u>\$ 1,832,601</u>	<u>\$ 1,832,601</u>	<u>\$ 1,832,601</u>	

E. Expiration dates of unused taxable loss and amounts of unrecognized deferred income tax assets for Tanvex USA, Inc. are as follows:

December 31, 2022					
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year (Note)	
2011	\$ 159,085	\$ 159,085	\$ 159,085	Unlimited	
2012	251,522	251,522	251,522	Unlimited	
2013	288,679	288,679	288,679	Unlimited	
2014	87,115	87,115	87,115	Unlimited	
2015	615,361	615,361	615,361	Unlimited	
2016	710,089	710,089	710,089	Unlimited	
2017	847,105	847,105	847,105	Unlimited	
2018	1,089,451	1,089,451	1,089,451	Unlimited	
2019	1,761,067	1,761,067	1,761,067	Unlimited	
2020	1,983,526	1,983,526	1,983,526	Unlimited	
2021	1,367,477	1,367,477	1,367,477	Unlimited	
2022	1,348,363	1,348,363	1,348,363	Unlimited	
	<u>\$ 10,508,840</u>	<u>\$ 10,508,840</u>	<u>\$ 10,508,840</u>		

December 31, 2021					
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year (Note)	
2011	\$ 159,085	\$ 159,085	\$ 159,085	Unlimited	
2012	251,522	251,522	251,522	Unlimited	
2013	288,679	288,679	288,679	Unlimited	
2014	87,115	87,115	87,115	Unlimited	
2015	615,361	615,361	615,361	Unlimited	
2016	710,089	710,089	710,089	Unlimited	
2017	847,105	847,105	847,105	Unlimited	
2018	1,089,451	1,089,451	1,089,451	Unlimited	
2019	1,761,067	1,761,067	1,761,067	Unlimited	
2020	1,918,367	1,918,367	1,918,367	Unlimited	
2021	1,441,128	1,441,128	1,441,128	Unlimited	
	<u>\$ 9,168,969</u>	<u>\$ 9,168,969</u>	<u>\$ 9,168,969</u>		

Note: The year limitation on the loss carryforward was removed for the US subsidiary due to the US tax law reform in December, 2017.

F. The amounts of deductible temporary differences that were not recognized as deferred income tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 13,569</u>	<u>\$ 22,929</u>

G. Tanvex Taiwan's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Loss per share

For the year ended December 31, 2022			
	Amount after tax	Weighted average number of common stock outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share (Note)</u>			
Loss attributable to the parent	(\$ 1,641,130)	352,556	(\$ 4.65)

For the year ended December 31, 2021			
	Amount after tax	Weighted average number of common stock outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share (Note)</u>			
Loss attributable to the parent	(\$ 1,543,211)	325,493	(\$ 4.74)

Note: Options issued to employees do not have dilutive effects, so the diluted loss per share is equal to basic loss per share.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

For the years ended December 31,		
	2022	2021
Acquisition of property, plant and equipment	\$ 93,389	\$ 35,682
Add: Opening balance of equipment payable	10,059	4,201
Less: Ending balance of equipment payable	(9,944)	(10,059)
Cash paid during the year	\$ 93,504	\$ 29,824

B. Investing activities without effect on the cash flows

For the years ended December 31,		
	2022	2021
Prepaid equipment (shown as "non-current assets - others") transferred into property, plant and equipment	\$ 716	\$ 1,767

(27) Changes in liabilities from financing activities

	2022		
	Lease liabilities	Liabilities from financing activities - gross	
At January 1	\$ 1,759,026	\$	1,759,026
Payments of lease liabilities	(130,525)	(	130,525)
Changes in other non-cash items	26,956		26,956
Net exchange differences	183,779		183,779
At December 31	<u>\$ 1,839,236</u>	<u>\$</u>	<u>1,839,236</u>

	2021		
	Long-term borrowings (Note)	Lease liabilities	Liabilities from financing activities - gross
At January 1	\$ 90,303	\$ 1,429,112	\$ 1,519,415
Payments of lease liabilities	-	(93,112)	(93,112)
Changes in other non-cash items	(89,629)	445,991	356,362
Net exchange differences	(674)	(22,965)	(23,639)
At December 31	<u>\$ -</u>	<u>\$ 1,759,026</u>	<u>\$ 1,759,026</u>

Note: For the details of changes in other non-cash items. Refer to Note 6(19).

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held, so there is no ultimate parent or controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
OBI Pharma, Inc. (OBI)	Other related parties
AP Biosciences Inc. (AP)	Other related parties

Note: The Group signed a contract of development and manufacturing of biological medicine with AP Biosciences on February 10, 2022, and will develop and produce clinical candidate drugs for the latest bispecific antibody development platform for AP Biosciences. The Group expects to receive USD 4,959,000 from this contract of development and manufacturing of biological medicine service income and related consumables and experimental expenses.

(3) Significant transactions with related parties

A. Commissioned service revenue

	For the years ended December 31,	
	2022	2021
Operating revenue		
OBI	\$ 2,613	\$ 4,846
AP	19,791	-
	<u>\$ 22,404</u>	<u>\$ 4,846</u>

The revenue arose from commissioned agreement provided service to related parties. The transaction terms are based on the mutual agreement. Refer to Note 6(17) for the details.

B. Accounts receivable

	December 31, 2022	December 31, 2021
AP	<u>\$ 333</u>	<u>\$ -</u>

The revenue arose from commissioned agreement provided service to AP. The transaction terms are based on the mutual agreement. Refer to Note 6(17) for the details.

C. Contract assets

	December 31, 2022	December 31, 2021
OBI	<u>\$ -</u>	<u>\$ 2,523</u>

The revenue arose from commissioned agreement provided service to related parties. The transaction terms are based on the mutual agreement. Refer to Note 6(17) for the details.

D. Contract liabilities

	December 31, 2022	December 31, 2021
AP	<u>\$ 28,069</u>	<u>\$ -</u>

The revenue arose from commissioned agreement provided service to related parties. The transaction terms are based on the mutual agreement. Refer to Note 6(17) for the details.

(4) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 54,068	\$ 50,398
Post-employment benefits	828	952
Share-based payments	8,104	33,304
	<u>\$ 63,000</u>	<u>\$ 84,654</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Financial assets at amortized cost			
- non-current			
- Time deposits	\$ 203,564	\$ 180,050	Lease credit guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) In line with the acquisition of facilities by the Group, the Group entered into contracts for the acquisition of property and equipment amounting to \$44,398 and \$50,667 which have not yet been paid as of December 31, 2022 and 2021, respectively.
- (2) The Group has entered into agreements with contract service providers in performing CRO activities. As of December 31, 2022 and 2021, the services which have not yet been incurred amounted to \$49,037 and \$90,847, respectively (the reimbursement of the drugs and materials used is not included).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- (1) On December 13, 2022, the shareholders of the Company during their special meeting resolved to carry out a capital reduction to offset a deficit. The amount of capital to be reduced is NT\$2,350,727,340 (in dollars) with a total of 235,072,734 issued shares to be cancelled. The capital reduction ratio is about 66.64228597% and approximately 333.5771403 shares will be exchanged for every thousand shares. On January 18, 2023, the Company's Board of Directors resolved to set the effective date of the capital reduction on January 19, 2023 and the effective date of the replacement of shares due to the capital reduction on March 10, 2023.
- (2) On January 25, 2023, the United States Food and Drug Administration (FDA) completed the factory inspection of TX01 (Neupogen Biosimilar) at the San Diego factory of Tanvex BioPharma USA, Inc., the Company's US subsidiary. The FDA at a close-out meeting indicated that there were no major concerns but only three matters were raised that require responses from the Company within 14 days. Subsequently, on February 14, 2023, the Company received a notification from the FDA stating that the TX01 product has not passed the Biologics License Applications (BLA) review due to unfinished matters to be addressed by downstream manufacturers. The US subsidiary, Tanvex BioPharma USA, Inc., is currently discussing matters to be improved and replied to the FDA with downstream manufacturers and will reply in accordance with the regulations.

12. OTHERS

(1) Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital, and to provide steady returns for shareholders after the Group turns profit in the future. In order to achieve the above objective, the Group will maintain or adjust the capital structure using the following methods, including but not limited to: raising additional capital, short-term financing from specific persons or organizations, borrowing from the bank, issuing company bond, disposing assets in order to repay debt or replenish operational capital, issuing dividends, and reducing capital, etc. The Group uses the gearing ratio to monitor and manage capital. The gearing ratio is calculated by dividing "net liabilities" by "total equity". "Net liabilities" is calculated by subtracting total liabilities by cash and cash equivalents. "Total equity" is the same amount as indicated in the consolidated balance sheets. The Group maintains the same strategy in 2022 as its strategy in 2021 to maintain the gearing ratio under 50%. As of December 31, 2022 and 2021, the Group's total liabilities were lower than its cash and cash equivalents, thus the gearing ratio was 0%.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 786,233	\$ 2,222,977
Accounts receivable - related parties	333	-
Financial assets at amortized cost	203,564	180,050
Other receivables	2,425	360
Guarantee deposits paid	7,620	6,436
	<u>\$ 1,000,175</u>	<u>\$ 2,409,823</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Other payables	\$ 144,060	\$ 159,768
Lease liabilities	\$ 1,839,236	\$ 1,759,026

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, as well as recognized assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company and Tanvex USA's functional currency: USD; Tanvex Taiwan's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,300	30.72	\$ 39,937
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 29	30.72	\$ 891
December 31, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 474	27.70	\$ 13,118
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 28	27.70	\$ 629

- iii. Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to \$12,484 and \$7,158, respectively.

- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD : NTD	1%	\$ 399	\$	-
Financial liabilities				
Monetary items				
USD : NTD	1%	\$ 9	\$	-
For the year ended December 31, 2021				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD : NTD	1%	\$ 131	\$	-
Financial liabilities				
Monetary items				
USD : NTD	1%	\$ 6	\$	-

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, of the customer with same scale past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and

- deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with high grading are accepted.
- ii. No credit limits were exceeded during 2022 and 2021, and management does not expect any significant losses from non-performance by these counterparties.
 - iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments were past due over 90 days.
 - iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
 - v. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach based on the loss rate methodology to estimate the expected credit loss.
 - vi. The Group wrote-off the financial assets, which cannot be reasonable expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at December 31, 2022 and 2021, the Group has no written-off financial assets that are still under recourse procedures.
 - vii. The counterparties of the Group's accounts receivable all have good credit quality and are grouped into the same category. The Group used the forecastability to adjust historical and timely information to establish a loss rate for estimating the loss allowance for accounts receivable. However, the expected credit impairment loss was assessed to be insignificant, and thus Group did not recognize any loss allowance.
 - viii. For investments in debt instruments at amortized cost, the credit rating levels are presented below:

	December 31, 2022			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 203,564	\$ -	\$ -	\$ 203,564

	December 31, 2021			
		Lifetime		
		Significant	Impairment	
	12 months	increase in	of credit	Total
		credit risk		
Financial assets at amortized cost	\$ 180,050	\$ -	\$ -	\$ 180,050

The Group's financial assets at amortized cost are all time deposits, and there is no significant abnormality in credit assessment.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Over 2 years
Other payables	\$ 144,060	\$ -	\$ -
Lease liabilities	199,116	206,862	1,754,442

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Over 2 years
Other payables	\$ 159,768	\$ -	\$ -
Lease liabilities	140,142	188,174	1,752,995

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

The carrying amounts of the Group's financial instruments not measured at fair value, including cash, financial assets at amortized cost, other receivables, guarantee deposits paid, other payables, and cash equivalent and lease liabilities are reasonably approximate to their fair values.

(4) Other matter

The Group's main business activity is in the development and research stage and has not yet generated sufficient revenue to cover its overall operations. As of December 31, 2022, the balance of cash and cash equivalents, accumulated deficit and net equity amounted to \$786,233, \$12,968,566 and \$1,391,480, respectively. Therefore, the Group intends to take the following measures to continuously improve its financial situation:

A. Business plan

The Group has received a Drug Establishment Licence for TX01 in Canada and plans to commence sales in 2023. Also, the Group will continue focusing on getting more customer orders in the CDMO business based on the current production capacity to bring more revenue to the Group.

B. Financing plan

On December 21, 2022, the Board of Directors of the Group resolved to increase its capital by issuing new shares, which was approved by the FSC on February 10, 2023. The total number of shares expected to be issued is 16,000 thousand shares, with a par value of NT\$10 (in dollars) per share. The Group plans to complete the capital increase in the second quarter of 2023.

C. Support from major shareholders

The Group's major shareholders are committed to support its financing plan to ensure that the Company has sufficient working capital.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 1.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Refer to table 2.

14. SEGMENT INFORMATION

(1) General information

The Group operates business in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified the Group to be a single reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segment are in agreement with the significant accounting policies summarized in Note 4. The Group's chief operating decision-maker uses the after-tax net income (loss) as the basis for assessing the performance of the Group's operating segments.

(3) Information about segment profit or loss, assets and liabilities

The segment information of assets, liabilities and income (loss) after tax provided to the chief operating decision-maker is measured in a manner consistent with that in the consolidated balance sheet and consolidated statements of comprehensive income and do not need to be reconciled.

(4) Geographical information

Geographical information of the Group for the years ended December 31, 2022 and 2021 is as follows (financial assets are not included in non-current assets):

	As of and for the year ended December 31, 2022		As of and for the year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 22,404	\$ 177,059	\$ 5,406	\$ 175,275
United States	-	1,979,561	-	1,949,840
	<u>\$ 22,404</u>	<u>\$ 2,156,620</u>	<u>\$ 5,406</u>	<u>\$ 2,125,115</u>

(5) Major customer information

Information on major customers accounting for 10% of the Group's operating revenue for the years ended December 31, 2022 and 2021 is as follows:

	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Revenue	Percentage (%)	Segment	Revenue	Percentage (%)	Segment
A	\$ -	-	Commissioned service	\$ 560	10	Commissioned service
B	2,612	12	Commissioned service	4,846	90	Commissioned service
	<u>19,792</u>	88	Commissioned service	<u>-</u>	-	Commissioned service
	<u>\$ 22,404</u>			<u>\$ 5,406</u>		

Tanvex BioPharma, Inc. and Subsidiaries
Information on investees
Year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognized by the company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Tanvex BioPharma, Inc.	Tanvex Biologics, Corp.	Taiwan	Research and development of biosimilar drugs, new drugs, and commissioned development service	\$ 2,387,832	\$ 2,120,065	247,946	100	\$ 380,624	\$ 120,391	120,391	Subsidiary
Tanvex BioPharma, Inc.	Tanvex BioPharma USA, Inc.	US	Formulation and manufacturing of biosimilar drugs and new drugs development	10,979,789 (US\$357,415)	8,986,282 (US\$324,415)	1,000	100	685,622 (	1,514,708) (	1,514,708)	Subsidiary

Note: The exchange rate applied in this table for net profit (loss) is the average of the whole year (USD1:TWD29.75) ; others is based on the end date of reporting period (USD1:TWD30.72).

Tanvex BioPharma, Inc. and Subsidiaries
Major shareholders information
December 31, 2022

Table 2

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Peng Lin Investment Co., Ltd.	70,566,999	20.01%
Tanvex Biologics, Inc.	37,811,668	10.72%
Allen Chao and Lee Hwa Chao Family Trust	22,978,243	6.52%

泰福生技股份有限公司

Tanvex BioPharma, Inc.

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