



TaiGen Biopharmaceuticals Holdings Limited

2022 Annual Report

The content of this annual report and the relevant information of the company can be found at the following website :

Taiwan Stock Exchange Market Observation Post System :

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

TaiGen Website : <http://www.taigenbiotech.com/>

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Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Chairman	Kao Hsiang Investment Co., Ltd Representative : Kuo-Lung Huang	R.O.C	<ul style="list-style-type: none"> ♦ University of South Australia EMBA ♦ The Taiwan branch of Merck & Co., Inc. ♦ The Taiwan branch of Sandoz ♦ Haio International Co., Ltd ♦ Takeda Pharmaceutical Company Limited ♦ Senior vice president for TaiGen Biopharmaceuticals Holdings Limited and TaiGen Biopharmaceutical Co.(Beijing) Ltd ♦ CMO of Asia Area of TaiGen Biopharmaceuticals Holdings Limited
Director	YFY Investment Holding Co.,Ltd. Representative : Show-Chung Ho	R.O.C.	<ul style="list-style-type: none"> ♦ Master of Mechanical Engineering, Wisconsin State University ♦ Chairman of SinoPac Holding Co.,Ltd.
Director	Kao Hsiang Investment Co., Ltd Representative : Hong-Jen Chang	R.O.C.	<ul style="list-style-type: none"> ♦ M.S.,Health Policy and Management,Harvard School of Public Health ♦ Deputy Minister, Department of Health ♦ President and CEO, Bureau of National Health Insurance ♦ Director General, Center for Disease Control
Director	Kao Hsiang Investment Co., Ltd Representative : Peter Wu	R.O.C.	<ul style="list-style-type: none"> ♦ CEO of Jia Chen International Pharmaceuticals Group ♦ Chairman of the Board Directors of Twi Biotechnology Inc. ♦ CEO of AmCad BioMed Co. ♦ CEO of HOLLING BIO-PHARMA. CORP. ♦ Director and CEO of MSD China ♦ Chairman of the Board Directors and CEO of SCHERING-PLOUGH Ltd. ♦ President for PHARMACIA China/Taiwan ♦ President for Pharmacia & Upjohn Taiwan
Director	National Development Fund, Executive Yuan Representative : Chi-Kung Ho	R.O.C.	<ul style="list-style-type: none"> ♦ Ms. Public Health,National Taiwan University ♦ Deputy Minister, Ministry of Health and Welfare ♦ Director of Department Health,Kaohsiung City ♦ Chief of Department of Community Medicine of Kaohsiung Medical University
Director	Taiwan Sugar Corporation Representative : Kuo-Hsi Wang	R.O.C.	<ul style="list-style-type: none"> ♦ Ph.D., Institute of Agricultural Chemistry, National Taiwan University ♦ Vice President for Taiwan Sugar Corp. ♦ Director of Research Institute of Taiwan Sugar Corporation ♦ Deputy CEO and Acting CEO of Biotechnology Division of Taiwan Sugar Corporation ♦ Head of the planning department of Taiwan Sugar Co., Ltd.
Independent Director	Weng-Foung Huang	R.O.C.	<ul style="list-style-type: none"> ♦ Ph.D., Social and Administrative Pharmacy, University of Minnesota ♦ Associate Professor, Director and Professor, Institute of health and Welfare policy, National Yang-Ming University ♦ Deputy Director, Director of Food and Drug Administration, MOHW ♦ Director General of Bureau of Food and Drug Analysis, Department of Health, Executive Yuan ♦ Chairman of Instruction Drug Review and Advisory Committee ♦ Chairman of Pharmaceutical Society of Taiwan ♦ Associate Professor, Professor, Institute of Health Policy and Management, National Taiwan University
Independent Director	Ye-Hong Zhang	China	<ul style="list-style-type: none"> ♦ Aetna International General Manager (Greater China) ♦ CEO of Sincere MSD (Shanghai) Pharmaceutical Co. ♦ President of Sincere Pharmaceutical Group ♦ McKinsey & Company Healthcare Practice Leader ♦ President of Merck China ♦ Country Manager of IMS Health (Greater China)
Independent Director	Shen-Fu Yu	R.O.C.	<ul style="list-style-type: none"> ♦ CPA of Deloitte & Touche (Retired) ♦ Independent director of Yulon Motor Co.,Ltd.

(II) R.O.C. domestic designated agent :

Name : Kuo-Lung Huang
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TAIGEN BIOPHARMACEUTICALS HOLDINGS LIMITED

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Chapter 1 、Letter to Shareholders

Dear shareholders,

After three years of the ongoing pandemic, various governments began adjusting their epidemic prevention policies and gradually reopening their countries by the end of 2022, and people's lives to slowly return to normal. Although our company's daily operations and research & development/clinical trials were not greatly affected during the pandemic, the entire pharmaceutical environment has changed to varying degrees due to the epidemic prevention measures implemented by governments and people worldwide. In response to these changes, our company has taken corresponding contingency measures and would like to report to shareholders at this shareholder meeting. The operational status for the year 2022 is as follows :

I 、Business results for the year 2022

(I) Implementation results of the business plan

The combined operating revenue of our company in 2022 decreased compared to 2021, primarily due to the sale of our equity interest in Nemonoxacin to Zhejiang Medicine Co., Ltd. in China for \$45 million USD in 2021, as well as milestone payments of \$0-5 million USD for patent compensation. The total revenue for the year 2022 was NT\$36,230 thousand, and the total comprehensive loss for the year was NT\$278,677 thousand, with a loss per share of NT\$0.33. Research and development expenses accounted for NT\$237,524 thousand, accounting for 77% of total operating expenses, and a foreign exchange gain of NT\$51,788 thousand was redognized in non-operating income and expenses.

(II) Financial revenue and expenditure and profitability analysis

TaiGen is not only continuously investing in research and development, but also actively seeking commercial opportunities. The development of new drugs does not necessarily have to wait until obtaining a drug license to realize benefits. Each stage of the research and development process has its own commercial value. Therefore, introducing strategic partners in stages and jointly developing can often achieve greater benefits.

The following is the financial revenue and expenditure and profitability analysis details :

Unit : NT\$ thousand ; %

Item		2021	2022
Financial balance	Operating Revenue	1,294,522	36,230
	Operating Expenses	382,344	310,164
	Non-Operating Income and Expenses	(23,467)	47,905
	Comprehensive Income	771,479	(278,677)
Profitability analysis	Return on Assets	79.58%	(19.37%)
	Return on Equity	91.47%	(21.33%)
	Net Profit Margin	59.92%	(654.61%)
	Earnings Per Share	1.08	(0.33)

(III) Research and Development Status

The company's important drug research and development progress and achievements in 2022 are detailed as follows :

1. The new anti-bacterial drug, Taigexyn®(Nemonoxacin)

- (1) In January 2021, TaiGen applied to the National Health Insurance Administration for the reimbursement of the health insurance price of its new antibiotic drug, Taigexyn® (Nemonoxacin) intravenous infusion. After a year of review and negotiation, the health insurance price was approved in February 2022 at a rate of NT\$2,200 per bag, which became effective on March 1 of the same year.
 - (2) Russian partner R-Pharm submitted a Taigexyn® (Nemonoxacin) intravenous infusion drug application on December 28, 2020. The Russian regulatory authority, the Ministry of Industry and Trade (MIT), conducted an online GMP inspection from April 19 to 23, 2021. On October 11 of the same year, the official website announced that the factory had passed the inspection. The drug was officially approved for marketing by the Russian Ministry of Health in August 2022 after passing the drug review process.
 - (3) Taigexyn® (Nemonoxacin) was awarded the highest honor, the "Sustainable Excellence Award," at the 19th National Innovation Awards ceremony by Institute for Biotechnology and Medicine Industry. Taigexyn® (Nemonoxacin) has been developed in both oral and intravenous forms, with a global licensing presence in 36 countries. We collaborated with international strategic partners to obtain a total of five drug licenses in Taiwan, China, and Russia through licensing agreements. Taigexyn® (Nemonoxacin) has also been gradually included in the national health insurance systems in these countries.. Experts have recognized the complete capability of TaiGen Pharma in drug development and executing multicenter clinical trials, and consider it a benchmark for new drug development in Taiwan.
2. The new anti-influenza virus drug (TG-1000)
- (1) In August 2022, the TG-1000 phase II clinical trial was unblinded, revealing that patients who received TG-1000 treatment had a faster time to negative PCR results, shorter time for the virus to lose activity, and faster relief of symptoms compared to the placebo group. The safety profile was also good, and no serious adverse events were reported.
 - (2) Due to the phase II clinical trial study on adults meeting regulatory requirements from both the US FDA and China NMPA, the trial results can support the market authorization of TG-1000 in both Europe, America, and Asia. Currently, we are actively seeking partners to jointly conduct new drug clinical development.
 - (3) Patent layout: The substance patent has completed global application layout. In 2022, 9 cases including mainland China, Eurasia, Canada, Japan, and South Korea were approved, and a total of 14 material patents have been obtained, and the patent protection period is until 2039. In addition, TaiGen also submitted applications for process patents and dosage form patents to Taiwan and PCT (Patent Cooperation Treaty) in 2021 to strengthen the patent portfolio and protection of this product. In 2022, it has obtained the approval of process patents in Taiwan, and has obtained a total of 1 process patent, the protection period is until 2041.
3. Other new drug research and development projects
- (1) Anti-infective drugs refer to various medications used to treat infections caused by pathogens. Currently, the world is facing threats from both bacteria and viruses. The former has resulted in the emergence of antibiotic-resistant strains due to the overuse of

antibiotics, while the latter has caused rapid mutations and rendered antiviral drugs ineffective. Both pose significant threats to patient health and even lead to increased mortality rates.

New drug development needs to focus on long-standing unmet medical needs. To address these challenging issues, TaiGen is actively engaged in the research and development of anti-infective drugs. We hope to develop a series of anti-infective drugs in the future, so that TaiGen can have more diverse new drugs in the field of anti-infectives to safeguard public health.

- (2) Autoimmune diseases are a type of special disease where the immune system attacks one's own cells, and currently there is no cure. It is the third most serious disease in our country and has a global incidence rate of about 4% to 5%. There are over 80 known related diseases that, once contracted, will affect the organs and tissues of the entire body, causing severe and lifelong physical illness and economic burden. In severe cases, it may even lead to organ failure. TaiGen is currently working on the development of drugs for autoimmune diseases, hoping to develop a new generation of treatments to meet the unmet medical needs.

II 、 Business plan for 2023

The main operating policies and strategies of the company in 2023 are as follows:

- (I) Accelerate the pace of self-development of new drugs. At present, the company has sorted out the crux of the bottleneck of new drug development in the past, and through strengthening the management of the R&D process to remove bottlenecks; in the future, it is expected to greatly reduce the time spent on selecting candidate drugs and preclinical trials. Time to speed up the time course of entering IND.
- (II) In addition to self-development, TaiGen expects to introduce new foreign drug candidates, directly entering IND and clinical trials is also one of the strategies to accelerate the commercialization of research and development products. Future and self-developed products are merged into twin engines, accelerating the momentum of the company's R&D and commercialization
- (III) Based on the company's R&D technology platform developed, the scope of new product development has been expanded include dietary supplement/health food, with the aim of developing supplements that truly meet human health needs.
- (IV) The influenza new drug TG-1000 has completed Phase II clinical trials with dual filings in China and the United States, and the effective dosage group has been selected. We are currently in communication with CDE in China regarding the various clinical protocols for entering Phase III trials. On the other hand, the results of the Phase II trial also support market development and authorization for TG-1000 in Europe, the United States, and Asia.
- (V) After obtaining a reimbursement price of NT\$2,200 per bag from the National Health Insurance Bureau on February 14, 2022 ,we will work with our authorized partner, HOLDING DISP. CO., LTD., to actively promote the work of injecting medicine at the hospital. Looking forward to significantly expanding the use of injectable and oral combination therapy in hospitals in the future.
- (VI) The Nemonoxacin injection has obtained official marketing authorization in Russia in

August 2022. It is divided into two drug certificates for import and local manufacture. Currently, the company is discussing various plans for future market launch in Russia and local business operation models with R-Pharm.

- (VII) In terms of other research and development products, two indications have been selected for preclinical development. By strengthening processes and addressing bottlenecks, it should be possible to shorten the timeline for entering IND. Our company will also report to shareholders and investors through press releases or material information at appropriate times.

III 、Future company development strategy

- (I) Based on our in-house R&D, we also leverage resources from our partners, and seek opportunities for commercialization at different stages of product development, while sharing the results of our R&D.
- (II) The twin engines of product line development are formed by "in-house research and development" and "external introduction". Through BD's diverse external cooperation models, the timetable for drug commercialization can be accelerated, which can speed up the company's operational turnover and momentum.
- (III) With Taiwan as the research and development center, coupled with the mainland operating platform established by TaiGen Beijing, it is committed to promoting the operating model in the Greater China region. At the same time, through continuous promotion of authorized regions, the business model will eventually be extended to the world.
- (IV) Based on the rich experience in the development of anti-infective drugs in the past, the field of product development will be promoted to health food, and then take root for the future operation foundation.

IV 、Affected by the external competitive environment, regulatory environment and overall business environment

After more than three years of global rampage by the COVID-19 virus, the pandemic is finally beginning to subside. However, during this period, the entire medical environment has been altered by the varying degrees of preventative measures taken by governments and citizens around the world. For example, the outbreak period and degree of diffusion of seasonal infectious diseases such as the flu have become more difficult to predict, which will pose more challenges to the development of relevant drugs. Therefore, strengthening a company's ability to respond quickly to environmental changes and effectively launching new product development strategies will be an important challenge that companies must face in the future.

Based on the above, TaiGen will continue to implement the strategy adjustments initiated since last year in order to accelerate the drug development timeline to meet the market demand for time to market. The company will also adopt more flexible business models to seize more opportunities for cooperation, while simultaneously addressing the challenges at hand.

The above are the important matters that I will report to all shareholders at this shareholders meeting. In the future, at an appropriate time, TaiGen will provide more comprehensive explanations to its shareholders and other investors through various channels in accordance with relevant regulations. Finally, we would like to thank all the shareholders

for taking the time to participate in this shareholders' meeting and wish you all the best.

TaiGen Biopharmaceuticals Holdings Limited

Chairman : Kuo-Lung Huang

Chapter 2 、 Company Introduction

I 、 Company and Group Profile

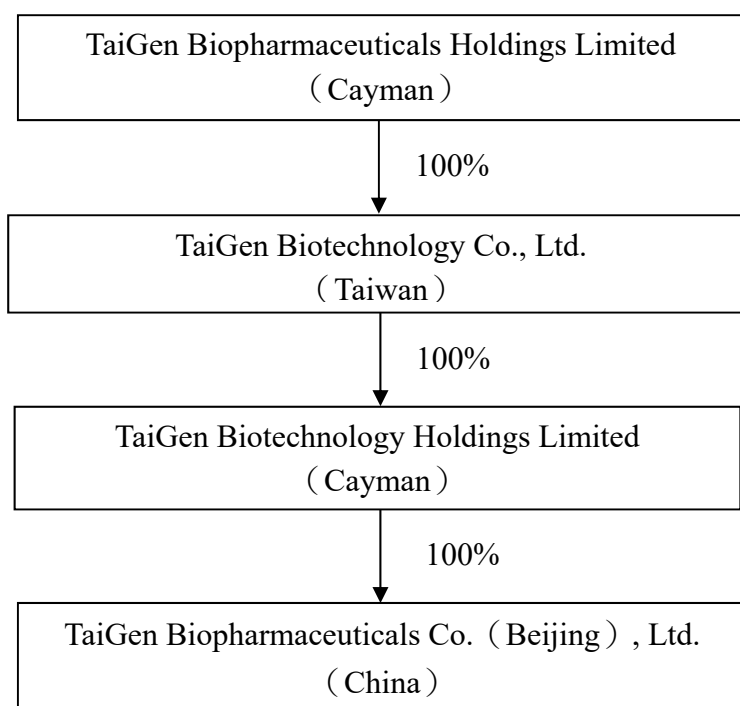
(I) Date of Establishment : September 15, 2005

(II) Group Profile :

TaiGen Biopharmaceuticals Holdings Limited (hereinafter referred to as "the company" or "TaiGen Holdings") was established on September 15, 2005 in British Cayman Islands, the group is primarily engaged in new drug research and development, dedicated to the development of New Chemical Entities(NCE) related to infectious diseases, cancer and diabetes complications.

The companies in which our company holds direct or indirect equity stake include TaiGen Biotechnology Co., Ltd. (hereinafter referred to as” TaiGen Taiwan”) 、 TaiGen Biotechnology Holdings Limited (hereinafter referred to as” TaiGen Cayman”) and TaiGen Biopharmaceuticals Co.(Beijing),Ltd. (hereinafter referred to as” TaiGen Beijing”) .

(III) Group Structure :



II 、 Company History

Time line	Major Events
2022	<ul style="list-style-type: none"> ● February: TaiGen has completed the enrollment for the phase II trial of TG-1000 in China. ● February: Taigexyn IV became eligible for reimbursement in March as it passed the National Health Insurance Administration's review and assessment on Feb 14. ● August: Influenza antiviral TG-1000 successfully completed phase II clinical trial for influenza. ● August: Antibiotic Nemonoxacin granted marketing authorization in Russia. ● December: TaiGen granted 2022 TIPS (Taiwan Intellectual Property Management System) A class certification. ● December: TaiGen published first edition of ESG sustainability report of 2021. ● December: Taigexyn won the National Innovation & Sustainability Model Award.
2021	<ul style="list-style-type: none"> ● January : TaiGen filed the application of NHI's reimbursement price for Taigexyn IV formulation. ● February : The president met with the Chairman & CEO of TaiGen, Kuo-Lung Huang, for the corporate's outstanding R&D strength. ● March : TaiGen entered transfer agreement of Nemonoxacin with Zhejiang Medicine in China, which is worth totaling up to USD 45~50 million. ● March : TaiGen successfully completed TG-1000 phase I trial with excellent safety profile. ● June : Taigexyn® IV formulation is approved in China market and the milestone payment of transfer agreement, USD 45 million, is also recognized. ● November : TaiGen obtained the certificate of on-site inspection of Nemonoxacin IV formulation for NDA approval in Russia. ● December : TG-1000 won the National Innovation Award.
2020	<ul style="list-style-type: none"> ● January : received formal notification from the China Drug Evaluation Center (CDE) that the "Pre-IND Meeting" for the new influenza antiviral drug TG-1000 had been reviewed, and approved that a face-to-face meeting was not necessary, allowing for the formal submission of the IND application. ● January : TaiGen has received notification from the United States Patent and Trademark Office (USPTO) that the substance patent for the new influenza antiviral drug TG-1000 has been approved. This is the first global patent for TG-1000 and not only establishes its global commercial value but also positively impacts ongoing licensing negotiations. ● February : The new influenza antiviral drug TG-1000 has officially submitted an application for clinical trial permission (IND) to the National Medical Products Administration (NMPA) in China. If the China Drug Evaluation Center (CDE) does not request any additional information within 60 days, phase I clinical trials can be launched in the middle of this year. In addition to China, TaiGen also plans to submit a clinical trial application to the US FDA in the second quarter, to layout a global market for the new influenza drug. ● April : The clinical trial permission application (IND) for TaiGen's influenza antiviral drug TG-1000 is under review in China. Meanwhile, the Institutional

Time line	Major Events
	<p>Review Board (IRB) of the clinical trial center Hunan Xiangya Hospital, concurrently under going, has conditionally passed the review on April 16. The Phase I clinical trial of TG-1000 can begin recruiting participants as soon as the China Drug Evaluation Center (CDE) completes the IND review and obtained the genetic approval document.</p> <ul style="list-style-type: none"> ● April : The application for the new antibiotic drug, Nemonoxacin Intravenous Infusion, to obtain drug certification in China has completed all professional review procedures. In order to implement the Marketing Authorization Holder (MAH) system as stipulated in the new Pharmaceutical Administration Law, TaiGen and its partner Zhejiang Medicine Co., Ltd. are currently cooperating to handle administrative procedures. ● May : The national Medical Products Administration (NMPA) of China approved the initiation of clinical trials for TG-1000, which was nearly two weeks ahead of the expected schedule. ● July : The first phase of clinical trials for TG-1000 officially began in China. The Office of Genetic Science and Technology of the Ministry of Science and Technology of China officially announced the results of the review on the 16th, TG-1000 has passed the clinical trial filing and review, and the first phase of clinical trial at Hunan Xiangya Hospital also immediately began. ● September : TG-1000, a new influenza drug, advanced to phase II clinical trials in China. The drug dosage and trial protocol for the phase II clinical trial were confirmed, and the clinical research center of the clinical trial center was officially submitted on the 23rd. ● September : The board of directors officially approved the new antibiotic drug Taigexyn® (Nemonoxacin) to be licensed to Canadian pharmaceutical company Luminarie Canada Inc., TaiGen's licensing territory will expand to 35 countries worldwide. This licensing cooperation is significant as Taigexyn® officially enters the North American and New Zealand and Australia markets and opens up licensing opportunities in the US market. ● October : The official application for Investigational New Drug (IND) clearance for the flu-fighting antiviral new drug TG-1000 was submitted to the United States Food and Drug Administration (FDA), positioning the new drug for the global market. ● October : The New Drug Application (NDA) for the intravenous form of new Taigexyn® (Nemonoxacin) was approved by the Ministry of Health and Welfare's Food and Drug Administration, making it the first NDA for an intravenous form of the drug and the third NDA for TaiGen, marking an important milestone in the development of new drugs for the company. ● November : The flu-fighting antiviral new drug TG-1000 was reviewed and approved by the United States Food and Drug Administration (FDA) for clinical trials (IND). ● November : A video signing ceremony was held with South Korean biotech company GPCR Therapeutics Inc., officially signing the global transfer agreement for the stem cell mobilizer, Burixafor and the licensing agreement for Taigexyn® (Nemonoxacin) in the South Korean region, TaiGen global licensing territory will expand to 36 countries. ● November : The flu new drug TG-1000 in China's advanced phase II clinical

Time line	Major Events
	<p>trial has been reviewed and approved by the first clinical trial center, Hunan Xiangya Hospital's Institutional Review Board (IRB).</p> <ul style="list-style-type: none"> ● November : The antibiotic Nemonoxacin intravenous injection was approved by Taiwan FDA, Indication for treatment of community-acquired pneumonia caused by susceptible strains of gram-negative bacteria in adults. This is the third NDA for TaiGen. ● November : In order to accelerate the overseas development schedule of TG-1000, TaiGen initiated a dual-track phase II clinical trial in China and the United States, officially submitting the phase II clinical trial plan of TG-1000 to the FDA in the United States, which is the same as the phase II clinical trial that will be conducted in China. ● December : The dual-track phase II clinical trial of TG-1000 flu new drug was completed in China and the United States. The FDA did not request supplementary materials for the phase II clinical trial of TG-1000 flu new drug, and the phase II clinical trial is about to be launched under the premise of the dual-track in China and the United States. Tai-Jie-Xin's design and process for the phase II clinical trial of TG-1000 flu new drug in China are conducted under the recognition of the FDA. After the completion of the international factory authorization of TG-1000, it will support the direct application of phase III clinical trial in the United States.
2019	<ul style="list-style-type: none"> ● January : Kuo-Lung Huang, the general manager of TaiGen Biopharmaceuticals Co.(Beijing),Ltd., was appointed as the chairman and CEO of TaiGen Biotechnology Co., Ltd.. He joined the TaiGen team in 2004 as the marketing manager of TaiGen Asia and has long been engaged in the medical market across the Taiwan Strait, with expertise in medical business development and market marketing management. ● June : Nemonoxacin obtained a patent in the United States, the patent item is the process patent of drug intermediate, which is used to simplify the production process and increase the yield. ● July : TaiGen and Yichang HEC Changjiang Pharmaceutical Co., Ltd in China jointly developed the first milestone of C-type hepatitis oral direct antiviral drug-5 million US dollars, recognized as the second quarter of non-operating income. ● September : Received official notice from China National Medical Products Administration (NMPA) for inspection of a drug production site, now in the pre-approval inspection procedure . ● October, Submitted New Drug Application (NDA) for Nemonoxaci injection to Taiwan Food and Drug Administration (TFDA). ● October : A "Pre IND meeting" for the new flu antiviral drug TG-1000 was submitted to the National Medical Products Administration (NMPA) of China. Once the review is completed, the official application for clinical trials (IND) can be submitted ● In the end of October, the inspection of the production site for the registered injectable form of Nemonoxacin was completed, and the preliminary results show "no major deficiencies", and passed the inspection successfully.

Time line	Major Events
	<ul style="list-style-type: none"> ● At the beginning of November, the oral capsule form of Nemonoxacin was under negotiation for inclusion in the supplementary medical insurance directory in China. By the end of the same month, Nemonoxacin was confirmed to be included in the supplementary medical insurance directory in China, officially entering the medical insurance market from self-payment market. ● December : After the production site inspection for the registered injectable form of Nemonoxacin passed the New Drug Application (NDA) registration inspection in China in the end of October, the sample test report for the drug has been released, and the test results have been confirmed to be qualified.
2018	<ul style="list-style-type: none"> ● On February 5, Nemonoxacin injection was included in the Priority Review list of the China National Center for Drug Evaluation (CDE) for drug registration application. ● On April 24, the results of the blinded phase III clinical trial of Nemonoxacin injection and oral capsule in Russia were announced. The overall clinical cure rate of Nemonoxacin in treating community-acquired pneumonia patients was 93.5%, higher than the overall clinical cure rate of the control group, levofloxacin, at 87.3%. The trial met its primary efficacy endpoint. ● July : TaiGen was awarded the "2018 Outstanding Company of the Year" by Taiwan Bio Industry Organization, which is a recognition for the company's outstanding performance in business strategy, operational performance and technological innovation.
2017	<ul style="list-style-type: none"> ● TG-2349 (Fraprevir) <ul style="list-style-type: none"> ◆The Phase II clinical trial in Taiwan has been completed, with a cure rate (SVR12) of 91% for 22 patients with chronic hepatitis C virus genotype 1b who completed 12 weeks of treatment. Among them, the cure rate (SVR12) for 20 patients with the IL28B_CC genotype reached 95%, indicating the clinical trial was a success. The future direction of the business is to develop a new oral DAA drug without interferon in partnership with Yichang Dongyang Sun Pharmaceuticals. ● According to the shareholders' agreement signed on October 30, 2016 with Yichang HEC Changjiang Pharmaceutical Co., Ltd and TaiGen Biopharmaceuticals Holdings Limited, TaiGen Beijing and HEC signed a stock transfer agreement on March 27th. ● On May 4th, the functional currency of the subsidiary, TTaiGen Biotechnology Holdings Limited, was changed to RMB. ● On May 30, Nemonoxacin injection was submitted for New Drug Application (NDA) registration in China and has been accepted by the Zhejiang Bureau of the China Food and Drug Administration (CFDA). ● According to the shareholders' agreement signed on October 30, 2016 between TaiGen Biopharmaceuticals Co.(Beijing),Ltd. and Yichang HEC Changjiang Pharmaceutical Co., Ltd., TaiGen Beijing completed the acquisition of 49% of the total investment in the joint venture company by contributing the value of the relevant patent technology of TG-2349 on June 5. ● On November 6, the results of the blinded Phase III clinical trial of Nemonoxacin injection in Taiwan were announced. In the two main population of efficacy endpoint, the treatment efficacy of Nemonoxacin is not inferior to

Time line	Major Events
	<p>that of the control group, and the trial met the common primary efficacy endpoint.</p> <ul style="list-style-type: none"> ● On December 7, the application for price certification of Taigexyn® was completed. The reimbursement price for Taigexyn® capsule 250mg is NT\$ 180 per piece, effective from January 1st, 2018.
2016	<ul style="list-style-type: none"> ● Nemonoxacin <ul style="list-style-type: none"> ◆ In June, the oral formulation passed the CFDA 1.1 category new drug review in China and obtained the 1.1 category new drug certificate. ◆ Authorized partner Zhejiang Medicine Co., Ltd. has obtained the production license for Nemonoxacin raw materials and oral capsules, which can be produced and sold in China. ◆ In August, a licensing agreement and cooperation contract for the anti-infective new drug Nemonoxacin was signed with Productos Cientificos for 17 Latin American countries, granting them the rights to conduct clinical trials, apply for new drug marketing approval and sell the drug in the authorized region. ◆ On October 23, a launch conference for Nemonoxacin capsules was held with partner Zhejiang Medicine Co., Ltd., and it was officially launched in the China market. ● TG-2349 (Fraprevir) <ul style="list-style-type: none"> ◆ On February 17, a cooperation memorandum was signed with Yichang HEC Changjiang Pharmaceutical Co., Ltd in China to jointly develop an oral interferon-free combination therapy that can inhibit hepatitis C virus. ◆ The preliminary results of the Phase II clinical trial of TG-2349 were presented at the Asian Pacific Association for the Study of the Liver (APASL) and the European Association for the Study of the Liver (EASL). ◆ In April, it was granted priority review status in China. ◆ In August, it received approval from the China Food and Drug Administration to conduct clinical trials. ◆ TaiGen was awarded the Annual Chemical Technology Award from the Chinese Chemical Society. ● On February 24, completed cash capital increase, issuing 20,000,000 new shares. ● On October 30th, signed a shareholder agreement with Yichang HEC Changjiang Pharmaceutical Co., Ltd., and TaiGen Biopharmaceuticals Co.(Beijing),Ltd. in China to jointly establish a new company, specializing in the research and development, production and sales of new drugs for the treatment of C-type hepatitis. The new company will jointly develop C-type hepatitis full oral interferon-free combination therapy with DAG-181 (Imetelstat) developed by HEC and TG-2349 (Fraprevir).
2015	<ul style="list-style-type: none"> ● Nemonoxacin <ul style="list-style-type: none"> ◆ On January 20, we obtained a Nemonoxacin oral formulation drug license from TFDA. ◆ On March 25th, we signed a distribution contract for Nemonoxacin in Taiwan with HOLDING DISP. CO., LTD. ◆ The Executive Yuan's Biotechnology and Pharmaceutical Industry Advisory Committee (BTC) has officially proposed the creation of a incentivizing

Time line	Major Events
	<p>pricing mechanism for new drugs and medical devices developed in Taiwan, and has suggested loosening the current requirements for national health insurance coverage from "significant clinical improvement" to "unmet medical needs" for new drugs. The committee also recommended giving preferential pricing for new drugs that are first marketed in Taiwan. Therefore, the company has withdrawn its application for health insurance pricing and will re-apply for pricing after the relevant regulations have been revised in order to obtain more favorable pricing.</p> <ul style="list-style-type: none"> ◆ In December, Taigexyn® oral form is sold in the Taiwan out-of-pocket market. ◆ In December, the Phase III clinical trial of the injection form in China was completed with patient enrollment and unblinding, and the unblinding results showed that Taigexyn® treatment efficacy was 92.8%, higher than the control group's treatment efficacy of 87%. ◆ Won the "Potential Benchmark Award" of the 2015 Outstanding Biotechnology Industry Award from the Biotechnology Development Association and the "Annual Innovation Award" for the product "Taigexyn® (Nemonoxacin)" ◆ Received the Gold Quality Award from the Taiwan Food and Drug Administration (TFDA) and the Ministry of Economic Affairs for new drug research and development incentives. <ul style="list-style-type: none"> ● Burixafor <ul style="list-style-type: none"> ◆ On February 5, the first patient was recruited for the Burixafor (TG-0054-04) clinical trial in the United States. ◆ On March 17, a research agreement was signed with German company Cellex to conduct an investigator-initiated trial (IIT) in which Cellex will fund and cooperate with the major European stem cell transplant center at University Hospital Dresden to study the use of Burixafor in enhancing stem cell mobilization for donors with poor mobilization outcomes in allogeneic stem cell transplantation. ◆ "Recruiting patients in China for a clinical trial of Burixafor for relapsed or refractory acute myeloid leukemia starting April 29. ◆ On June 4, an agreement was signed with Johns Hopkins University in the United States to collaborate on an investigator-initiated trial testing the efficacy of Burixafor as a chemosensitizer in male metastatic prostate cancer patients." ◆ Completing patient enrollment for the Burixafor (TG-0054-04) clinical trial in the United States and presenting the results at the American Society of Hematology (ASH) annual meeting in December. ◆ Received approval from China Food and Drug Administration (CFDA) in November to conduct a phase I clinical trial for the use of Burixafor in patients with multiple myeloma undergoing stem cell transplantation. ◆ Received a silver award from Taiwan Food and Drug Administration (TFDA) and Ministry of Economic Affairs for new drug research and development. ● TG-2349 (Fraprevir) <ul style="list-style-type: none"> ◆ Applied to China Food and Drug Administration (CFDA) on April 20 for

Time line	Major Events
	<p>clinical trial of TG-2349, expanding to patients with genotype other than 1st.</p> <ul style="list-style-type: none"> ◆Received a gold award for R&D technology from National Innovation Awards for Start-up Enterprises by the National Science Council. ◆Received a Bronze award from Taiwan Food and Drug Administration (TFDA) and Ministry of Economic Affairs for new drug research and development.
2014	<ul style="list-style-type: none"> ● Listed on OTC on January 17. ● Nemonoxacin <ul style="list-style-type: none"> ◆Signed a licensing agreement with Russian pharmaceutical company R-Pharm on January 13, granting exclusive rights to conduct clinical trials and sales of Nemonoxacin in Russia Federation, Turkey, and the Commonwealth Independent States." ◆On March 12, the oral formulation of Nemonoxacin (Taigexyn®®) was approved for market by the drug advisory subcommittee of Taiwan Food and Drug Administration (TFDA), becoming the first domestically developed new compound drug to be reviewed and approved by TFDA. ◆Obtained the marketing permit for the oral formulation of Nemonoxacin from Taiwan Food and Drug Administration (TFDA) on November 14, and submitted an application for drug pricing approval under Taiwan's National Health Insurance on November 18. ● Completed patient recruitment for Part C (for patients with genotype 1) and Part D (for patients with non-genotype 1) of the TG-2349-01 clinical trial in Jun.
2013	<ul style="list-style-type: none"> ● Nemonoxacin <ul style="list-style-type: none"> ◆Apply for oral dosage form new drug examination registration (NDA) separately to Taiwan Food and Drug Administration (TFDA) and China National Food and Drug Administration (CFDA). ◆Complete phase II clinical trials for injectable dosage form in Taiwan and China. ◆The oral dosage form was granted the status of a "Qualified Infectious Disease Product" (QIDP) by the US FDA, which is capable of combating antibiotic-resistant bacteria and other pathogens, and received "Fast Track" treatment from the US FDA. ◆Obtained national innovation award and Taipei biotech award for technology transfer bonu. ● Burixafor <ul style="list-style-type: none"> ◆Obtained approval from China CFDA to conduct clinical phase I/II trials of Burixafor for the indication of chemotherapy sensitization in patients with blood cancer. ◆Completed phase II clinical trial (TG-0054-03) of Burixafor for the indication of autologous hematopoietic stem cell transplantation, enrolling a total of 12 patients. ● On August 30, log in to the Emerging Stock for transactions.
2012	<ul style="list-style-type: none"> ● Initiated Burixafor in the United States under the US IND phase II clinical trial (TG-0054-03), which is an autologous hematopoietic stem cell-driven test on American patients, enrolling 12 patients in total.

Time line	Major Events
	<ul style="list-style-type: none"> ● In December, the phase III clinical trial of oral dosage form of Nemonoxacin was completed in China and Taiwan. ● TG-2349 (Fraprevir) <ul style="list-style-type: none"> ◆Obtained the award from the Ministry of Economic Affairs for the "Development Project of Phase I Clinical Trial of Virus Proteinase Inhibitor TG-2349 Drug". ◆Completed Part A and Part B of the TG-2349-01 clinical trial under US IND (for healthy volunteers).
2011	<ul style="list-style-type: none"> ● Application for TG-2349 New Drug IND with the US FDA. ● Nemonoxacin <ul style="list-style-type: none"> ◆Completed phase I clinical trial for injectable dosage form in China. ◆Obtained award from the Ministry of Economic Affairs for the "Development Project of Phase III Clinical Trial of TG873870, a Novel Non-Fluoroquinolone Antibiotic.
2010	<ul style="list-style-type: none"> ● Completed the third fundraising for series C preferred shares. ● Initiated the combined phase III clinical trial for oral dosage form of Nemonoxacin in China and Taiwan.
2009	<ul style="list-style-type: none"> ● Completed the first and second fundraising for series C preferred shares of TaiGen Holdings. ● Completed phase II clinical trial of Nemonoxacin for diabetic foot infection (DFI) under US IND. ● Burixafor <ul style="list-style-type: none"> ◆Completed phase I clinical trial under US IND. ◆Obtained the 6th National Innovation Award - Enterprise R&D Technology category from the National Association for the Advancement of Biotechnology and Medical Industry for "TG-0054 Stem Cell Mobilizer. ● Anti-hepatitis C virus new drug TG-2349 (Furaprevir, NS3/4A protease inhibitor Protease inhibitor). <ul style="list-style-type: none"> ◆Self-developed new generation anti-hepatitis C virus drug TG-2349 and carried out preclinical research and development experiments. ◆Obtained the project of "Screening and New Drug Development for Anti-Hepatitis C Virus Drugs" from the Ministry of Economic Affairs and carried out preclinical development and new drug IND application.
2008	<ul style="list-style-type: none"> ● The equity restructuring has been completed, and after the restructuring, TaiGen Holdings has become the parent company holding 100% of the shares of TaiGen Taiwan. The face value of TaiGen Holdings stock is USD 0.001. ● Nemonoxacin <ul style="list-style-type: none"> ◆The Phase I clinical trial for oral formulations in the China region has been completed. ◆Approval has been obtained for the Phase I clinical trial of the injectable formulation in the China region, and the Phase I clinical trial has been launched and completed. ● Burixafor <ul style="list-style-type: none"> ◆Obtained the Ministry of Economic Affairs' "Newly Emerging Hormone Receptor Inhibitor Drug Human Clinical Phase Ia Trial Development Plan" award plan.

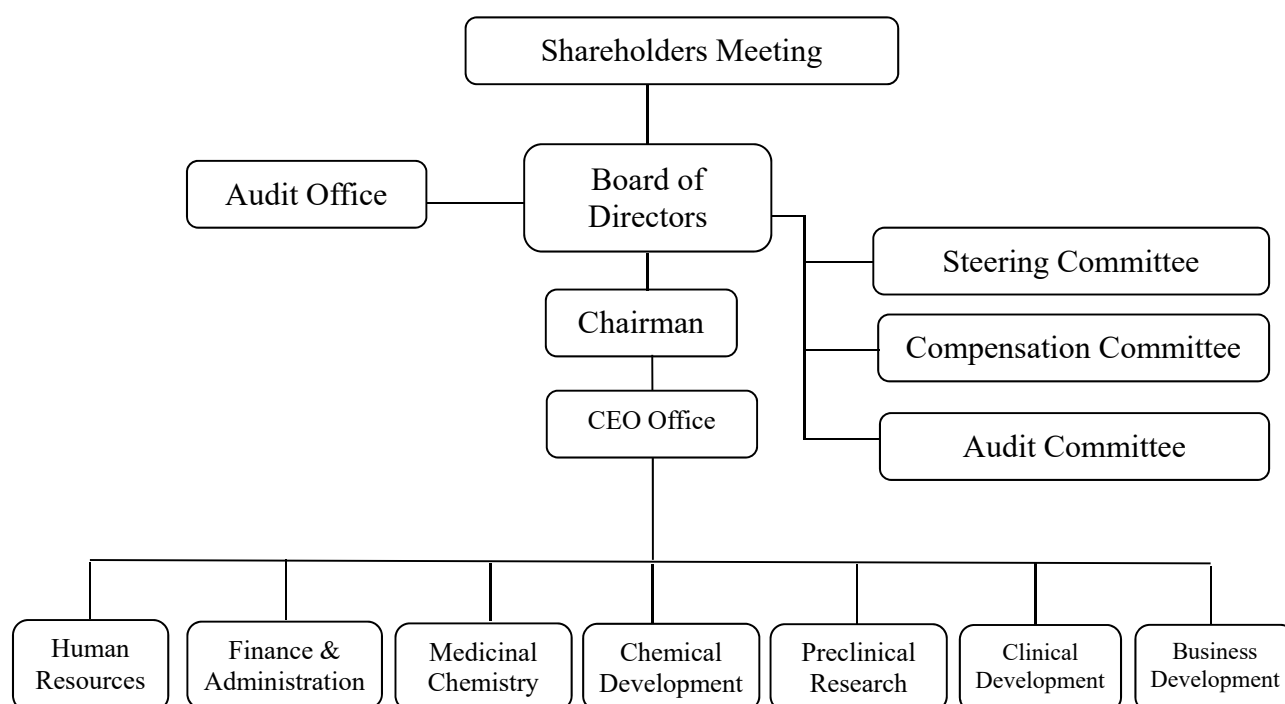
Time line	Major Events
	<ul style="list-style-type: none"> ◆Awarded the Taipei Biotech award - R&D Innovation Gold Award for "Development of New Drug TG-0054 for Hormone Receptor Inhibitor."
2007	<ul style="list-style-type: none"> ● Nemonoxacin <ul style="list-style-type: none"> ◆Completed Phase II clinical trial of community-acquired pneumonia (CAP) in the United States under an Investigational New Drug (IND) application. ◆In December, received approval for Phase I clinical trial of oral formulation from China's State Food and Drug Administration (SFDA). ● Submitted an Investigational New Drug (IND) application for Burixafor to the US Food and Drug Administration (FDA).
2006	<ul style="list-style-type: none"> ● In September, formally submitted an Investigational New Drug (IND) application to the China Food and Drug Administration (SFDA, formerly known as the State Food and Drug Administration in March, 2013, and the English abbreviation has been changed to CFDA) for oral and injectable formulations of Nemonoxacin as a Class 1.1 new drug.
2005	<ul style="list-style-type: none"> ● TaiGen Taiwan has completed the fundraising for its A-series and B-series preferred shares. ● The new drug Nemonoxacin, which is an antibiotic for the treatment of bacterial infections. <ul style="list-style-type: none"> ◆Nemonoxacin, a new antibiotic drug for the treatment of bacterial infections, has been introduced through a license from P&G. Before this, P&G has completed a Phase Ia clinical single-dose trial. ◆Completed a Phase Ib clinical multi-dose trial under Investigational New Drug (IND) in the United States. ◆Obtained the Ministry of Economic Affairs' "TG873870 Non-Fluoroquinolone New Antibiotic Clinical Phase IIb Dose Development Plan" award plan, which will be used to support multi-national and multi-center clinical trials under IND in the United States. ● Burixafor has been awarded the "Newly Emerging Factor Receptor Inhibitor Drug Screening and New Drug Development Plan" award by the Ministry of Economic Affairs.
2004	<ul style="list-style-type: none"> ● Established TaiGen Beijing, responsible for the implementation of clinical trial plans, new drug registration, and market research in China. ● Developed and conducted preclinical research on the stem cell-driven new drug Burixafor (TG-0054, Burixafor).
2001	<ul style="list-style-type: none"> ● TaiGen Taiwan established.

III 、Risks: Please refer to "Section 7, Review and Analysis of Financial Condition and Performance and Risk Factors" for more information

Chapter 3 、Corporate Governance Report

I 、Organizational system

(I) Organizational structure



(II) The main business operations of each department

Department		Functions and Duties
CEO Office		Implementing the company's operational goals 、 planning and implementing budget system and evaluating operational performance.
Audit Office		The execution of internal audits, monitoring the operation of internal control systems, ensuring compliance with laws and regulations, and making recommendations for improvements.
Finance & Administration		In charge of accounting, finance, legal, human resources, information technology, general affairs, and operations, to assist in achieving operational goals.
Chemical Development 、 Medicinal Chemistry 、 Preclinical Research		Responsible for the selection of drug targets, synthesis of chemical drugs, animal experiments, toxicology tests, and various in vitro and in vivo drug activity tests to confirm efficacy
Clinical Development 、 Business Development	TaiGen Taiwan	Responsible for the design, coordination, execution and inspection of clinical trials for drugs, product development planning, formulation of marketing strategies for listing and sales promotion planning and execution, and negotiation with foreign manufacturers to introduce drugs or authorize them externally.
	TaiGen Beijing	

II 、Profiles of Directors, Supervisors and Management Teams

(I) Directors

1. Profiles of Directors

February 28, 2023 ; Unit : thousand share ; %

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Kao Hsiang Investment Co., Ltd	-	2022.5.30	III	2016.6.17	65	0.01	65	0.01	-	-	0	0	<ul style="list-style-type: none"> University of South Australia EMBA The Taiwan branch of Merck & Co., Inc. The Taiwan branch of Sandoz Haio International Co., Ltd Takeda Pharmaceutical Company Limited Senior vice president for TaiGen Biopharmaceuticals Holdings Limited and TaiGen Biopharmaceutical Co.(Beijing) Ltd CMO of Asia Area of TaiGen Biopharmaceuticals Holdings Limited 	<ul style="list-style-type: none"> Chairman&President&CEO of TaiGen Holdings Chairman of TaiGen Taiwan Chairman of TaiGen Cayman Chairman of TaiGen Beijing 	-	-	-	-
	R.O.C	Representative : Kuo-Lung Huang	Male 61~70 years				741	0.10	741	0.10	0	0	0	0			-	-	-	-

Director	R.O.C	YFY Inc.	-	2022.5.30	III	2019.6.12	97,503	13.60	97,503	13.60	-	-	0	0	<ul style="list-style-type: none"> ♦ Master of Science in Mechanical Engineering, University of Wisconsin, Madison Wisconsin ♦ Chairman of SinoPac Financial Holdings Company Limited 	<ul style="list-style-type: none"> ♦ Director of TaiGen Taiwan ♦ Director of TaiGen Cayman ♦ Director of E Ink Corporation ♦ Director of YFY Jupiter(BVI)Inc. ♦ Director of E Ink Holdings Inc. ♦ Director of China Color Printing Co., Ltd. ♦ Director of Yuen Foong Yu Biotech Co., Ltd. ♦ Director of Shen's Art Printing Co., Ltd ♦ Director of YFY Biotech Management Co., Ltd ♦ Managing Director of CHINA INVESTMENT AND DEVELOPMENT CO., LTD. ♦ Director of YFY Packaging (Yangzhou) Investment Co., Ltd. ♦ Director of YFY Japan Co., Ltd. ♦ Director of Hsinex International Corp. ♦ Director of Taitung Enterprise Corp. ♦ Director of Hsin-Yi Enterprise Co., Ltd. ♦ Chairman of Hsin-Yi Investment Co. Ltd. ♦ Director of Hsin-Yi Recreation Enterprise Co., Ltd. ♦ Director of Lui Co., Ltd. ♦ Director of Hsin Yuan Investment Co., Ltd. ♦ Director of YFY Ltd. ♦ Chairman of Yuen Fong Paper Co., Ltd. ♦ Chairman of Yongxinyi Industrial Co., Ltd. ♦ Director of Yongan Leasing Co., Ltd. ♦ Director of YF Chemical Corp. ♦ Chairman of Fu Hwa Development Enterprise Co., Ltd. ♦ Director of Hwa East Industrial Co., Ltd ♦ Director of Synmax Biochemical Co., Ltd. ♦ Director of Hsin-Yi Holdings Lts. ♦ ♦ Director of Hsin-Yi Foundation ♦ Director of Shang Shan Human Culture Foundation ♦ Director of Liver Disease Prevention & Treatment Research Foundation 	-	-	-	-
	R.O.C	Show-Chung Ho	Male 71~80 years				270	0.04	270	0.04	1	0.0001	0	0			-	-	-	-

																<ul style="list-style-type: none">♦ Director of MEDEON BIODESIGN, INC.♦ Director Representative of Medeon International, Inc.♦ Corporate Director Representative of ACEPODIA BIOTECHNOLOGIES, LIMITED♦ Director of Acepodia, Inc.(KY)♦ Corporate Director of Taiwan Capital Management Corporation♦ Corporate Director of Taiwan Capital Biotechnology Corp.♦ Director of Lifemax Healthcare International Corporation♦ Corporate Director Representative of KCI BioTech (SUZHOU) Inc.♦ Corporate Director Representative of KMQ♦ Independent Director of TOT BIOPHARM COMPANY LIMITED♦ Corporate Director Representative of Sequential Medicine Limited♦ Chairman of A2+ Biotech Consulting Co.♦ Director of Formosa Pharmaceuticals, Inc.				
Director	R.O.C	Taiwan Sugar Corporation	-	2022.5.30	III	2009.3.3	43,883	6.12	43,883	6.12	0	0	0	0	<ul style="list-style-type: none">♦ Ph.D., Institute of Agricultural Chemistry, National Taiwan University♦ Vice President for Taiwan Sugar Corp.♦ Director of Research Institute of Taiwan Sugar Corporation	<ul style="list-style-type: none">♦ President of Taiwan Sugar Corporation♦ Director of TaiGen Taiwan♦ Director of Scinopharm Taiwan, Ltd.	-	-	-	-
	R.O.C	Representative : Kuo-Hsi Wang	Male 61~70 years				0	0	0	0	0	0	0	<ul style="list-style-type: none">♦ Deputy CEO and Acting CEO of Biotechnology Division of Taiwan Sugar Corporation♦ Head of the planning department of Taiwan Sugar Co., Ltd.	-		-	-	-	

Independent Director	R.O.C	Weng-Foung Huang	Male 71~80 years	2022.5.30	III	2011.6.24	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> ♦ Ph.D., Social and Administrative Pharmacy, University of Minnesota ♦ Associate Professor, Director and Professor, Institute of health and Welfare policy, National Yang-Ming University ♦ Deputy Director, Director of Food and Drug Administration, MOHW ♦ Director General of Bureau of Food and Drug Analysis, Department of Health, Executive Yuan ♦ Chairman of Instruction Drug Review and Advisory Committee ♦ Chairman of Pharmaceutical Society of Taiwan ♦ Associate Professor, Professor, Institute of Health Policy and Management, National Taiwan University 	<ul style="list-style-type: none"> ♦ Adjunct Professor, Institute of health and Welfare policy, National Yang-Ming University ♦ Director of Development Center for Biotechnology ♦ Independent Director of Eusol Biotech Co., Ltd. ♦ Independent Director of Amcad Biomed Corporation ♦ Director of Orient Pharma Co., Ltd. ♦ Director of Panion & Bf Biotech Inc. ♦ Director of Bowlin Holding Co., Ltd. Seychelles ♦ Director of Bowlin Holding Co., Ltd. Cayman ♦ Director of Cheng Fong Chemical Co., Ltd. ♦ Director of Formosa Pharmaceuticals Inc. ♦ Senior Consultant of YFY Biotech Management Co., Ltd. 	-	-	-	-
Independent Director	P.R.C	Ye-Hong Zhang	Male 51~60 years	2022.5.30	III	2019.6.12	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> ♦ Aetna International General Manager (Greater China) ♦ CEO of Simcere MSD (Shanghai) Pharmaceutical Co. ♦ President of Simcere Pharmaceutical Group ♦ McKinsey & Company Healthcare Practice Leader ♦ President of Merck China ♦ Country Manager of IMS Health (Greater China) 	♦ CEO of Luye Pharma USA, Ltd.	-	-	-	-
Independent Director	R.O.C	Shen-Fu Yu	Male 71~80 years	2022.5.30	III	2019.6.12	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> ♦ CPA of Deloitte & Touche (Retired) ♦ Independent director of Yulon Motor Co.,Ltd. 	♦ Independent director of ASE Technology Holding Co., Ltd.	-	-	-	-

Note 1 : The Chairman and General Manager of the company is the same person. This is mainly because the company's future development is focused on business development. Kuo-Lung Huang, the Chairman, has a long-term experience in the company, especially in product development and commercialization. Therefore, the Board of Directors agrees that Kuo-Lung Huang, the Chairman, will also serve as the General Manager. In the future, the company will actively search for suitable talents for the position of General Manager in order to enrich the completeness of the internal organization and comply with the company's governance. Currently, the company has the following specific measures: 1. Arrange for the directors to attend professional director courses at external institutions such as the Securities and Futures Institute every year. 2. Independent directors can fully discuss and propose recommendations in various functional committees for the Board of Directors to reference. 3. More than half of the members of the Board of Directors are not concurrently employees or managers.

2. Major shareholders of corporate shareholders

December 31, 2022

Name of corporate shareholders	Major shareholders of corporate shareholders	Shareholding ratio
National Development Fund, Executive Yuan	「 According to Article 29 of the Statute for Industrial Innovation, the Executive Yuan has established the National Development Fund and set up a management committee to handle matters related to the fund's income, expenditure, custody, and utilization. The management committee consists of 11 to 13 members appointed by the Executive Yuan, and is currently convened by LIN, TSU-CHIA, the Chairperson of the National Development Council 」	—
YFY Inc.	Show-Chung Ho	9.77%
	Hsin-Yi Foundation	5.66%
	Hsin-Yi Enterprise Co., Ltd.	4.69%
	Hsinex International Corp.	3.62%
	HO,CHENG-TING	2.80%
	The Labor Retirement Reserve Supervisory Committee of YFY Inc.	2.79%
	Lui Co., Ltd.	2.68%
	HO,MEI-YU	2.65%
	NEW TALENT LIMITED	2.16%
	HO,I-TA	2.14%
Taiwan Sugar Corporation	Ministry of Economic Affairs	86.15%
	Northern Region Branch, National Administration,MOF	9.92%
	First Bank	0.75%
	Chang Hwa Commercial Bank	0.41%
	Bank of Taiwan	0.36%
	Taiwan Business Bank	0.30%
	Hua Nan Bank	0.14%
	Central Investment Co., Ltd.	0.14%
	Mega International Commercial Bank	0.13%
	Land Bank of Taiwan	0.08%
	Taiwan Cooperative Bank	0.08%
Kao Hsiang Investment Co., Ltd	CHIU,CHUANG-HUA	33.33%
	HUANG,CHIA-YING	33.33%
	CHAN,SHUN-HSIANG	33.33%

3. The major shareholder in the above table is a legal person

December 31, 2022

Name of corporate shareholders	Major shareholders of corporate shareholders	Shareholding ratio
Hsin-Yi Enterprise Co., Ltd.	Show-Chung Ho	27.84%
	Jucheng Investment Co., Ltd.	12.50%
	BRILLIANT PRIDE LIMITED	12.50%
	Gundam Global Limited	12.50%
	HO,MEI-YU	12.50%
	Crown Honor Investment Co., Ltd.	5.91%
	HO,SA-HUI-HSIN	2.48%
	HO,HSING-HUI	2.18%
	Jinjie Investment Co., Ltd.	1.52%
	Hoss Foundation	1.48%
	Classic Culture Foundation	1.48%
First Bank	First Financial Holding Company	100%
Chang Hwa Commercial Bank	Taishin Financial Holding Company	20.57%
	Ministry of Finance	12.19%
	Chunghwa Post Co., Ltd.	6.00%
	First Bank	3.86%
	Naional Development Fund, Executive Yuan	2.75%
	EXCEL CHEMICAL CORPORATION	2.60%
	TAIWAN TOBACCO & LIQUOR CORPORATION	1.77%
	Taiwan Cooperative Bank	1.45%
	Hua Nan Bank	1.45%
	New Labor Retirement Fund	1.33%
Bank of Taiwan	Taiwan Financial Holdings Company	100%
Taiwan Business Bank	Bank of Taiwan	16.21%
	Naional Development Fund, Executive Yuan	5.87%
	Land Bank of Taiwan	2.29%
	Ministry of Finance	2.08%
	Taiwan Business Bank Employee Stock Ownership Trust Account of Taiwan Business Bank	0.97%
	The Taipei Branch of JPMorgan Chase Bank, N.A. serves as the custodian of the Vanguard Emerging Markets Stock Index Fund investment account managed by the manager of Vanguard Group's company	0.93%
	The Taipei Branch of JPMorgan Chase Bank, N.A. serves as the custodian of the Advanced Global Index Fund investment account managed by Advance International Investment Trust Company	0.87%
	HSBC Bank serves as the custodian of the Morgan Stanley International Limited investment account.	0.87%
	BES ENGINEERING CORPORATION	0.86%

Name of corporate shareholders	Major shareholders of corporate shareholders	Shareholding ratio
	Citibank serves as the custodian of the investment account for the Central Bank of Norway	0.80%
Hua Nan Bank	Hua Nan Financial Holding Company	100%
Central Investment Co., Ltd.	Kuomintang Official	100%
Mega International Commercial Bank	Mega Financial Holding Company	100%
Land Bank of Taiwan	Ministry of Finance	100%
Taiwan Cooperative Bank	Taiwan Cooperative Holding Company	100%
NEW TALENT LIMITED	Modern Victory Limited	100%
Hsinex International Corp.	Show-Chung Ho	53.13%
	HO,I-CHIA	24.48%
	HO,I-TA	22.28%
	Cheng yu co., ltd.	0.11%
Lui Co., Ltd.	Show-Chung Ho	76.0%
	HO,I-CHIA	24.0%
Hsin-Yi Foundation	Established in the year 1971, the main donors were HO, CHUAN (deceased), HO, SHOU-SHAN (deceased), Show-Chung Ho, HO, LIN-FU-HSIANG (deceased), SUN, YEH (deceased), YFY Inc. (donated before going public), and Hsin-Yi Enterprise Co., Ltd.	

4. Director and Supervisor qualifications and information disclosure on the independence of independent directors

Qualification Name	Professional qualification and work experience	Status of independence	Number of concurrent positions held at other public companies
Chairman : Kao Hsiang Investment Co., Ltd Representative : Kuo-Lung Huang	Has more than five years of business experience, and rich experience in the pharmaceutical industry, Gender is Male, Nationality R.O.C.; No circumstances specified in Article 30 of the Company Law.	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	0
Director : YFY Investment Holding Co.,Ltd Representative : Show-Chung Ho	Has a mechanical educational background; has more than five years of business and manufacturing, financial, and chemical industry experience; Gender is Male, Nationality R.O.C.; No circumstances specified in Article 30 of the Company Law	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	0
Director : Kao Hsiang Investment Co., Ltd Representative : Hong-Jen Chang	Has a medical policy and management education and practical background; as well as biotechnology industry, health and disease control experience; Gender is Male, Nationality R.O.C.; No circumstances specified in Article 30 of the Company Law	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	0
Director : Kao Hsiang Investment Co., Ltd Representative : Peter Wu	Has a pharmaceutical education and practical background; as well as more than five years of business and biotechnology industry experience; Gender is Male, Nationality R.O.C.; No circumstances specified in Article 30 of the Company Law	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	1
Director : National Development Fund, Executive Yuan Representative : Chi-Kung Ho	Has a background in medical policy and management, as well as experience in central and local public health management. Gender is male, Nationality R.O.C.; No circumstances specified in Article 30 of the Company Law	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	0

Director : Taiwan Sugar Corporation Representative : Kuo-Hsi Wang	Has a background in agricultural chemistry, as well as five years or more of experience in the business and biotechnology industry. Gender is male. Nationality R.O.C.. No circumstances specified in Article 30 of the Company Law	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	0
Independence Director : Weng-Foung Huang	Has a background in pharmacy, social pharmacy and management pharmacy, as well as five years or more of experience in health management authorities, pharmacy, and academia. Gender is male, Nationality R.O.C.; No circumstances specified in Article 30 of the Company Law	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	2
Independence Director : Ye-Hong Zhang	The individual has five years or more of experience in the international pharmaceutical industry. Gender is male, Nationality China.; No circumstances specified in Article 30 of the Company Law	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	0
Independence Director : Shen-Fu Yu	The individual is a professional and technical personnel who has passed the national accountant examination and holds a certificate, he has experience in the practical field of the automotive and electronics industry. Gender is male, Nationality R.O.C.; No circumstances specified in Article 30 of the Company Law	No spouse or second degree relatives relationship between directors, independent directors, or between directors and independent directors.	1

5. Board Diversity and Independence :

(1) Board Diversity :

Nationality: Composed of R.O.C. and Mainland China

Industry: Across business, biochemistry, public health management and academia

Education background: including R.O.C. and American doctorate and master degree

Age: Age distribution covers 60~80 years old

The 9-member board of directors comes from the fields of industry, government, and academia, with members from different nationalities, which gives the company's board of directors a diversity of fields such as business, biochemistry, public health management, and academia, showing the diversity of the board of directors at TaiGen.

- (2) Board Independence: There are 3 independent directors now, which makes up one-third of the board members. There are no circumstances as specified in Article 26, Paragraph 3 and 4 of the Securities and Exchange Act between the directors. That is, more than half of the seats among the directors do not have a spouse or close relatives within the second degree of kinship. The independent directors also do not have a spouse or close relatives within the second degree of kinship with the other directors.

(II) The president, vice president, assistant vice president, heads of various departments and branches

February 28, 2023 ; Unit : thousand shares ; %

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Share	%	Share	%	Shares	%			Title	Name	Relation	
Chairman and President and CEO	R.O.C.	Kuo-Lung Huang	Male	2004.7	741	0.103	0	0	0	0	<ul style="list-style-type: none"> ♦ University of South Australia EMBA ♦ Takeda Pharmaceutical Company Limited 	<ul style="list-style-type: none"> ♦ TaiGen Taiwan Chairman & President & CEO ♦ TaiGen Cayman Chairman ♦ TaiGen Beijing Chairman 	-	-	-	(Note1)
Clinical Development Division Vice President	R.O.C.	Li-Wen Chang	Female	2019.3	16	0.002	0	0	0	0	<ul style="list-style-type: none"> ♦ National Cheng Kung University Master of Biochemistry and Molecular Biology 	<ul style="list-style-type: none"> ♦ TaiGen Beijing Director 	-	-	-	-
Finance and Administration Division Vice President	R.O.C.	Richard Lu	Male	2016.4	0	0	0	0	0	0	<ul style="list-style-type: none"> ♦ Rutgers U. Master of Financial Management ♦ Chien Kuo Construction Co.,Ltd. Financial Vice President ♦ Taiwan Prosperity Chemical Co.,Ltd. Financial Vice President ♦ Director of Operations and Management Division Hon Hai Precision Industry Co., Ltd. ♦ Zyxel Communications Co.,Ltd. Senior Manager ♦ ProMOS Technologies INC. Manager 	<ul style="list-style-type: none"> ♦ Vice President of Finance and Administration Department of TaiGen Taiwan ♦ TeiGen Beijing Supervisor 	-	-	-	-

Preclinical Research Division Vice President	R.O.C.	Cheng-Yuan Tsai	Male	2020.4	452	0.063	0	0	0	0	<ul style="list-style-type: none"> ♦ Ph.D. in Analytical Chemistry, National Taiwan University ♦ Head of Preclinical Pharmacokinetics and Metabolism Group, Biotechnology Development Center, Foundation ♦ Intellectual Property Office Patent Examination Committee ♦ Adjunct Assistant Professor, Department of Chemistry, Soochow University 	None	-	-	-	-
Accounting Department Director	R.O.C.	Mark Kao	Male	2019.12	0	0	0	0	0	0	<ul style="list-style-type: none"> ♦ Institute of Accountancy, National Taiwan University ♦ Kaisheng Holdings Co., Ltd. Accounting Supervisor 	TaiGen Taiwan Accounting Department Supervisor	-	-	-	-

Note 2 : The Chairman and General Manager of the company is the same person. This is mainly because the company's future development is focused on business development.

Kuo-Lung Huang, the Chairman, has a long-term experience in the company, especially in product development and commercialization. Therefore, the Board of Directors agrees that Kuo-Lung Huang, the Chairman, will also serve as the General Manager. In the future, the company will actively search for suitable talents for the position of General Manager in order to enrich the completeness of the internal organization and comply with the company's governance. Currently, the company has the following specific measures: 1. Arrange for the directors to attend professional director courses at external institutions such as the Securities and Futures Institute every year. 2. Independent directors can fully discuss and propose recommendations in various functional committees for the Board of Directors to reference. 3. More than half of the members of the Board of Directors are not concurrently employees or managers.

(III) Remuneration paid to directors, president and vice president in the most recent year

1. Remuneration of directors (including independent directors) (2022)

Unit : NT\$ thousand

Title	Name	Remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances €		Severance Pay (F)		Employee Compensation (G)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Kao Hsiang Investment Co., Ltd. Representative : Kuo-Lung Huang	0	0	0	0	0	0	21	21	21 (0.0089)	21 (0.0089)	0	7,817	0	0	0	0	2,345	0	21 (0.0089)	10,183 (4.2937)	None
Director	Kao Hsiang Investment Co., Ltd Representative : Hong-Jen Chang	71	71	0	0	0	0	12	12	83 (0.0350)	83 (0.0350)	0	0	0	0	0	0	0	0	83 (0.0350)	83 (0.0350)	None
Director	Kao Hsiang Investment Co., Ltd Representative : Peter Wu	71	71	0	0	0	0	12	12	83 (0.0350)	83 (0.0350)	0	0	0	0	0	0	0	0	83 (0.0350)	83 (0.0350)	None
Director	YFY Investment Co., Ltd.(Note 1) Representative : Hong-Jen Chang Representative : Show-Chung Ho	120	120	0	0	0	0	21	21	141 (0.0595)	141 (0.0595)	0	0	0	0	0	0	0	0	141 (0.0595)	141 (0.0595)	None
Director	Show-Chung Ho(Note 2)	49	49	0	0	0	0	9	9	58 (0.0245)	58 (0.0245)	0	0	0	0	0	0	0	0	58 (0.0245)	58 (0.0245)	None
Director	National Development Fund, Executive Yuan(Note 1) Representative : Yen-Hua Huang Representative : Chi-Kung Ho	120	120	0	0	0	0	15	15	135 (0.0569)	135 (0.0569)	0	0	0	0	0	0	0	0	135 (0.0569)	135 (0.0569)	None
Director	Taiwan Sugar Corporation Representative : Kuo-Hsi Wang	120	120	0	0	0	0	18	18	138 (0.0582)	138 (0.0582)	0	0	0	0	0	0	0	0	138 (0.0582)	138 (0.0582)	None
Director	Ming-Chu Hsu(Note 2)	49	49	0	0	0	0	6	6	55 (0.0232)	55 (0.0232)	0	0	0	0	0	0	0	0	55 (0.0232)	55 (0.0232)	None
Independent Director	Weng-Foung Huang	1,000	1,000	0	0	0	0	86	86	1,086 (0.4579)	1,086 (0.4579)	0	0	0	0	0	0	0	0	1,086 (0.4579)	1,086 (0.4579)	None
Independent Director	Ye-Hong Zhang	1,000	1,000	0	0	0	0	66	66	1,066 (0.4495)	1,066 (0.4495)	0	0	0	0	0	0	0	0	1,066 (0.4495)	1,066 (0.4495)	None
Independent Director	Shen-Fu Yu	1,000	1,000	0	0	0	0	86	86	1,086 (0.4579)	1,086 (0.4579)	0	0	0	0	0	0	0	0	1,086 (0.4579)	1,086 (0.4579)	None

* The content of the bonus revealed in this table is different from the concept of income in the Income Tax Law, so the purpose of this table is for informational disclosure and not for tax purposes.

Note 1 : After the director re-election on May 30, 2022, the institutional directors were reassigned as representatives, Hong-Jen Chang was changed to Show-Chung Ho, Yen-Hua Huang was changed to Chi-Kung Ho.

Note 2 : After the director re-election on May 30, 2022, the director no longer serves as an individual director.

Note 3 : The policy, system, standards, and structure of independent director compensation, and the relationship between the amount of compensation paid and factors such as responsibilities, risks, and time invested : The Company's director compensation is considered by the compensation committee based on market benchmarks for the industry, and the reasonableness of the relationship between individual performance, company performance, and future risks, and then submitted to the board of directors for

resolution. The compensation of the company's directors consists of a fixed amount and business expenses. The compensation of independent directors may be reasonably different from that of general director. According to the company's article of coporation, if there is pre-tax profit in a given year, up to 2% of pre-tax profit should be set aside for director compensation, and approved by more than half of the directors present and more than two-thirds of the board of directors present. The company had a pre-tax net loss in 2022, so no director compensation was set aside.

Note 4 : After-tax net profit refers to the after-tax net profit of the 2022 consolidated financial report. (The company is a KY company and only needs to issue a consolidated financial report)

Note 5 : In addition to the disclosure in the above table, the remuneration received by the directors for providing services to all companies in the financial statements (such as serving as consultants who are not employees, etc.) in the most recent year: None.

Remuneration Range Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	General director : National Development Fund, Executive Yuan Representative : Yen-Hua Huang 、 Chi-KungHo/YFY Investment Holding Co., Ltd. Representative : Hong-Jen Chang 、 Show-Chung Ho/Taiwan Sugar CorporationRepresentative : Kuo-Hsi Wang/Kao Hsiang Investment Co., Ltd.Representative : Kuo-Lung Huang 、 Hong-Jen Chang 、 Peter Wu/Ming-Chu Hsu/S.C.Ho	General director : National Development Fund, Executive Yuan Representative : Yen-Hua Huang 、 Chi-KungHo/YFY Investment Holding Co., Ltd. Representative : Hong-Jen Chang 、 Show-Chung Ho/Taiwan Sugar CorporationRepresentative : Kuo-Hsi Wang/Kao Hsiang Investment Co., Ltd.Representative : Kuo-Lung Huang 、 Hong-Jen Chang 、 Peter Wu/Ming-Chu Hsu/S.C.Ho	General director : National Development Fund, Executive Yuan Representative : Yen-Hua Huang 、 Chi-KungHo/YFY Investment Holding Co., Ltd. Representative : Hong-Jen Chang 、 Show-Chung Ho/Taiwan Sugar CorporationRepresentative : Kuo-Hsi Wang/Kao Hsiang Investment Co., Ltd.Representative : Hong-Jen Chang 、 Peter Wu/Ming-Chu Hsu/S.C.Ho	General director : National Development Fund, Executive Yuan Representative : Yen-Hua Huang 、 Chi-KungHo/YFY Investment Holding Co., Ltd. Representative : Hong-Jen Chang 、 Show-Chung Ho/Taiwan Sugar CorporationRepresentative : Kuo-Hsi Wang/Kao Hsiang Investment Co., Ltd.Representative : Hong-Jen Chang 、 Peter Wu/Ming-Chu Hsu/S.C.Ho
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Independent director : Weng-Foung Huang 、 Shen-Fu Yu 、 Ye-Hong Zhang	Independent director : Weng-Foung Huang 、 Shen-Fu Yu 、 Ye-Hong Zhang	Independent director : Weng-Foung Huang 、 Shen-Fu Yu 、 Ye-Hong Zhang	Independent director : Weng-Foung Huang 、 Shen-Fu Yu 、 Ye-Hong Zhang
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-	General director : Kao Hsiang Investment Co., Ltd.Representative : Kuo-Lung Huang	General director : Kao Hsiang Investment Co., Ltd.Representative : Kuo-Lung Huang
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) ~	-	-	-	-

NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-	-	-
NT\$100,000,000 (inclusive) or more	-	-	-	-
Total	11	11	11	11

* The content of the bonus revealed in this table is different from the concept of income in the Income Tax Law, so the purpose of this table is for informational disclosure and not for tax purposes.

2. Remuneration for president and vice president (2022)

Unit : NT\$ thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Amount and Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman & President & CEO	Kuo-Lung Huang	-	7,817	-	-	-	-	-	-	2,345	-	-	10,162 (4.28)	-
Finanical Administration Division Vice President	Richard Lu	-	5,000	-	-	-	-	-	-	750	-	-	5,750 (2.42)	-
Clinical Development Division Vice President	Li-Wen Chang	-	4,200	-	-	-	-	-	-	630	-	-	4,830 (2.04)	-
Preclinical Research Division Vice President	Cheng-Yuan Tsai	-	3,220	-	-	-	-	-	-	419	-	-	3,639 (1.53)	-

3. Remuneration of the top five highest paid executives

Unit : NT\$ thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Amount and Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman & President & CEO	Kuo-Lung Huang	-	7,817	-	-	-	-	-	-	2,345	-	-	10,162 (4.28)	-
Financial Administration Division Vice President	Richard Lu	-	5,000	-	-	-	-	-	-	750	-	-	5,750 (2.42)	-
Clinical Development Division Vice President	Li-Wen Chang	-	4,200	-	-	-	-	-	-	630	-	-	4,830 (2.04)	-
Preclinical Research Division Vice President	Cheng-Yuan Tsai	-	3,220	-	-	-	-	-	-	419	-	-	3,639 (1.53)	-
Accounting Department Director	Mark Kao	-	1,800	-	-	-	-	-	-	-	-	-	1,800 (0.76)	-

*The content of the bonus revealed in this table is different from the concept of income in the Income Tax Law, so the purpose of this table is for informational disclosure and not for tax purposes.

3. Employee remuneration distributed to managers and distribution situation :

Unit: NT\$ thousand

	Title	Name	Stock Amount	Cash Amount	Total	The proportion of total amount to net income after taxes (%)
Manager	Chairman, President, and CEO	Kuo-Lung Huang	0	4,144	4,144	(1.75%)
	Financial Administration Division Vice President	Richard Lu				
	Clinical Development Division Vice President	Li-Wen Chang				
	Preclinical Research Division Vice President	Cheng-Yuan Tsai				

(IV) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit : NT\$ thousands

Title	Amount and Ratio of total remuneration to net income (%)			
	2021		2022	
	Amount	%	Amount	%
Directors	3,867	0.5	3,952	(1.67)
President and vice presidents	19,317	2.49	24,381	(10.28)

Note 1 : The company held a shareholders' meeting on May 30, 2022 to elect the 7th board of directors and on the same day, the board of directors passed the resolution to establish the 3rd audit committee, so there is no remuneration for supervisors.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance. :
 - (1) The Company's director compensation is considered by the compensation committee based on market benchmarks for the industry, and the reasonableness of the relationship between individual performance, company performance, and future risks, and then submitted to the board of directors for resolution. The compensation of the company's directors consists of a fixed amount and business expenses. The compensation of independent directors may be reasonably different from that of general director. According to the company's article of coporation, if there is pre-tax profit in a given year, up to 2% of pre-tax profit should be set aside for director compensation, and approved by more than half of the directors present and more than two-thirds of the board of directors present. The company had a pre-tax net loss in 2022, so no director compensation was set aside.
 - (2) The appointment of the company's President and Vice President is mainly through professional recruitment agencies, targeting international senior managers with relevant experience and who agree with the company's business philosophy. Their remuneration is based on their position, the degree and contribution to the company's operations (considering factors such as target achievement rate, profit rate, operational efficiency etc.) and is handled in accordance with the company's personnel regulations and is discussed by the salary and remuneration committee and then passed by resolution of the board of directors.

III 、Implementation of Corporate Governance

(I) Operation of the board of directors

In 2022, the 6th session of the board of directors held 3 meetings (A). The attendance of directors is as follows :

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance (%) 【B/A】	Remark
Chairman	Kao Hsiang Investment Co., Ltd. Representative : Kuo-Lung Huang	3	0	100.00	Newly appointed on June 12, 2019
Director	YFY Investment Holding Co., Ltd. Representative : Hong-Jen Chang	3	0	100.00	Newly appointed on June 12, 2019
Director	Show-Chung Ho	3	0	100.00	Newly appointed on June 12, 2019
Director	National Development Fund, Executive Yuan Representative : Yen-Hua Huang	1	1	33.33	Re-elected on June 12, 2019
Director	Taiwan Sugar Corporation Representative : Kuo-Hsi Wang	2	0	66.67	Re-elected on June 12, 2019
Director	Ming-Chu Hsu	2	0	66.67	Re-elected on June 12, 2019
Independent director	Weng-Foung Huang	2	1	66.67	Re-elected on June 12, 2019
Independent director	Ye-Hong Zhang	2	0	66.67	Newly appointed on June 12, 2019
Independent director	Shen-Fu Yu	3	0	100.00	Newly appointed on June 12, 2019

In 2022 and as of the date of printing the annual report, the 7th Board of Directors had 6 meetings (A). The attendance of the directors was as follows :

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance (%) 【B/A】	Remark
Chairman	Kao Hsiang Investment Co., Ltd. Representative : Kuo-Lung Huang	6	0	100.00	Re-elected on May 30, 2022
Director	YFY Investment Holding Co., Ltd. Representative : Show-Chung Ho	6	0	100.00	Re-elected on May 30, 2022
Director	Kao Hsiang Investment Co., Ltd. Representative : Hong-Jen Chang	6	0	100.00	Re-elected on May 30, 2022
Director	Kao Hsiang Investment Co., Ltd. Representative : Peter Wu	6	0	100.00	Newly appointed on May 30, 2022
Director	National Development Fund, Executive Yuan Representative : Chi-Kung Ho	6	0	100.00	Newly appointed on May 30, 2022
Director	Taiwan Sugar Corporation Representative : Kuo-Hsi Wang	6	0	100.00	Re-elected on May 30, 2022
Independent director	Weng-Foung Huang	6	0	100.00	Re-elected on May 30, 2022
Independent director	Ye-Hong Zhang	6	0	100.00	Re-elected May 30, 2022
Independent director	Shen-Fu Yu	6	0	100.00	Re-elected May 30, 2022

※ In the recent fiscal year and as of the date of printing the annual report, at least one independent director personally attended each meeting of the Board of Directors.

Other items that should be recorded :

I 、 If the operation of the Board of Directors has any of the following circumstances, the date, period, content of the resolution, opinions of all independent directors, and the company's handling of independent directors' opinions should be specified :

(I) Items listed in Article 14-3 of the Securities Exchange Law: All proposals were passed without objection by the Independent director. For details, please refer to important resolutions of the shareholders' meeting and the board of directors on pages 68 to 71.

(II) In addition to the above-mentioned matters, other resolutions of the board of directors that have been opposed or reserved by the Independent director and have records or written statements: None.

II 、 The implementation of directors' recusal of interest-related proposals shall state the director's name, content of the proposal, reasons for recusal of interests, and participation in voting:

Meeting Date	Name	Content	Reasons for recusal of interests and voting situation
2022.08.04 Board of Directors	Kuo-Lung Huang	2020 Employee Stock Option Certificate the terms and conditions " First Expiration Date Eligible Exercise Stock Option List	Reasons for recusal of interests: Director Kuo-Lung Huang also serves as the CEO and is an interested party in this case. Voting situation: This case was passed by the resolution of the Salary and Compensation Committee on July 29, 2022, and was passed after the chairman of the proposal consulted the rest of the present directors and voted with a show of hands without objection.
2023.03.09 Board of Directors	Kuo-Lung Huang	1. Agree to issue 2023 employee stock options certificates. 2. Agree to issue 2023 employee restricted stock awards.	Reasons for recusal of interests: Director Kuo-Lung Huang also serves as the CEO and is an interested party in this case.. Voting situation: This case was passed by the resolution of the Audit Committee on March 9, 2023, and was passed after the chairman of the proposal consulted the rest of the present directors and voted with a show of hands without objection.

III 、 Listed companies should disclose information on the assessment period, scope, method, and Content of Board Self-Evaluation (or Peer Evaluation) :

Evaluation cycle	period	Scope	Method	Assessment content
Once a year	2022/1/1~ 2022/12/31	Individual Directors, Board of Directors, Functional	Board member self-assessment	(1)Board Performance Evaluation: Includes involvement in company operations, quality of board decisions, board composition and structure, director selection and

		Committees		<p>continuing education, internal control, etc</p> <p>(2)Individual Director Performance Evaluation: Includes understanding of company goals and objectives, perception of director responsibilities, involvement in company operations, management of internal relationships and communication, professional development and continuing education, internal control, etc.</p> <p>(3)Committee Performance Evaluation: Includes involvement in company operations, perception of committee responsibilities, quality of committee decisions, committee composition and member selection, internal control, etc.</p>
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IV 、Assessment of the year and recent years' goals for enhancing board functions (e.g. establishing an audit committee, improving transparency) and the implementation situation :

(I) The company has designated personnel responsible for collecting and disclosing company information, and can promptly and properly disclose all information required by law to improve transparency.

(II)The company has a " Rules and Procedures of Board of Directors Meetings " and regularly announces attendance of directors at board meetings, disclosing material decisions of the board on Market Observation Post System

(III)Our company established the Salary and Remuneration Committee on May 7th, 2013, through the 4th 2nd board meeting, and formulated the "Organizational Regulations of the Salary and Remuneration Committee" to strengthen corporate governance and the functions of the board of directors. In 2022, the Salary and Remuneration Committee held 3 meetings in the latest fiscal year up to the date of printing the annual report, to discuss the salary and remuneration methods for directors and executives of the company and its subsidiaries, and related proposals

(IV)Our company's shareholders' meeting resolved to pass the amendment of the company's articles of incorporation on June 17, 2016, setting up an Audit Committee.

(V)The company established the head of corporate governance on April 28th, 2021, to handle matters related to the board of directors, assist directors in training, carry out business requirements, and comply with relevant regulations.

(VI) All members of the current board of directors of our company have participated in corporate governance-related courses held by the designated institutions specified by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies " during their term of office

(VII)To implement corporate governance and enhance the function of the board of directors, establish performance targets and improve the efficiency of board operations, the company has completed the establishment of the board of directors' performance evaluation method on November 6, 2019. The situation of the 2022 board of directors evaluation has been reported to the board of directors on March 9, 2023.

(II) Operation of the Audit Committee

The company conducted a comprehensive election of directors on May 30, 2022, resulting in the 7th term of the board of directors. The first meeting of the board was held on the same day, and the list of the 3rd term of the audit committee was announced. The audit committee of the company consists of 3 members, with a term from May 30, 2022 to May 29, 2025.

The 2nd term of the audit committee held 2 meetings(A) in 2022, and the attendance of the audit committee members is as follows :					
Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance (%) 【B/A】	Remark
Independent director (Convener)	Weng-Foung Huang	1	1	50.00	Re-elected on June 12, 2019
Independent director	Ye-Hong Zhang	1	0	50.00	Newly appointed on June 12, 2019
Independent director	Shen-Fu Yu	2	0	100.00	Newly appointed on June 12, 2019
The 3rd term of the Audit Committee held 5 meetings(A) in 2022 and until the end of the year-end report, and the attendance of the Audit Committee members is as follows :					
Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance (%) 【B/A】	Remark
Independent director (Convener)	Weng-Foung Huang	5	0	100	Re-elected on May 30, 2022
Independent director	Ye-Hong Zhang	5	0	100	Re-elected on May 30, 2022
Independent director	Shen-Fu Yu	5	0	100	Re-elected on May 30, 2022
Other matters to be disclosed :					
I 、 The matters mainly considered by the audit committee include the following :					
<ul style="list-style-type: none"> ●Financial statements ●Audit and accounting policies and procedures ●Internal control systems and related policies and procedures ●Significant asset or derivative transactions ●Significant loaning of funds and guarantees or endorsements/guarantees ●Offering and Issuance of securities ●Derivative financial instruments and cash investments ●Compliance with regulations ●Related-party transactions and potential conflicts of interest by management and directors ●Complaint reports ●Antifraud plans and investigation reports ●Information security ●Company risk management ●Appointment, dismissal, or compensation of auditors ●Appointment or removal of financial, accounting, or internal auditor●Performance evaluation of the Audit Committee and self-assessment questionnaire, etc. 					
II 、 Summary of Audit Committee's 2022 Work Focus					
1. Review financial reports					
The board of directors has prepared the company's 2022 annual business report, financial statements, and loss compensation proposals, among others. The financial statements have been audited by KPMG and a review report has been issued. The above operating report, financial statements, and loss compensation proposals have been reviewed by the audit					

committee and are considered to be in compliance.

2. Assess the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the company's policies and procedures for its internal control system (including financial, operational, risk management, information security, outsourcing, compliance, and other control measures) and reviews the reports from the company's audit department and auditors, as well as regular reports from management, including risk management and compliance. Based on the 2013 Internal Control – Integrated Framework issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee considers the company's risk management and internal control system to be effective and that the necessary control mechanisms have been put in place to monitor and correct any violations

3. Communicate with the auditing accountant to discuss key audit matters regarding the annual financial report

In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," to improve the implementation of internal control systems, a communication mechanism between the Independent Director and the auditing accountant has been established, and financial reporting audit matters were communicated in the Audit Committee on March 8, 2023.

III 、2022 annual Audit Committee meeting dates, session, agenda content, Audit Committee resolutions and the company's handling of Audit Committee opinions :

Meeting Date	Session	Agenda Content	Article 14-5 of Securities and Exchange Act	Resolution Results	The company's handling of the Audit Committee's comments
2022/3/15	2nd term, 13th meeting	2021 Internal Control System Statement.	V	This proposal was passed with no objections after consultation with all attending members, and will be submitted to the board for discussion	Implement according to the resolution result
		2021 Financial Statements and Business Report	V		
		2021 Earning Distribution Proposal.	V		
		Authorization for TaiGen Taiwan to lend funds to TaiGen Beijing.	V		
		Proposal to amend certain provisions of the company's articles of association	V		
		The 2022 general meeting of shareholders elects the 6 directors and the 3 Independent directors for the seventh session	V		
		Proposal to remove the restriction on the new director and their representative from engaging	V		

		in competitive business			
2022/5/4	2nd term, 14th meeting	No proposal for discussion		-	-
2022/8/4	3th term, 1st meeting	Proposal for the 2022 Q2 Consolidated Financial Statements	V	This proposal was passed with no objections after consultation with all attending members, and will be submitted to the board for discussion	Implement according to the resolution result
		Agreement to the roster of eligible exercising of stock options in accordance with the "2020 Employee Stock Option Certificate Issuance and Stock Option Plan" on the first expiration date	V		
2022/11/2	3th term, 2nd meeting	2023 Internal Audit Plan	V	This proposal was passed with no objections after consultation with all attending members, and will be submitted to the board for discussion	Implement according to the resolution result
		The case of the accounting firm replacing the certified public accountant for the consolidated financial statements of the Company	V		
		TaiGen Taiwan will increase the capital of TaiGen Cayman in one or installments, within a limit equivalent to USD 5 research and development in RMB, and all of the capital increase will be invested in TaiGen Beijing to support its operating expenses.	V		
		Proposal to revise the provisions of the company's "Prevention of Insider Trading Regulations.	V		
2022/12/14	3th term, 3th meeting	Approval of 2020 Employee Stock Option Certificate the terms and conditions " First Expiration Date Eligible Exercise Stock Option List.		This proposal was passed with no objections after consultation with all attending members, and will be submitted to the board for discussion	Implement according to the resolution result
2023/3/9	3th term, 4th meeting	2022 Internal Control System Statement.	V	This proposal was passed with no objections after	Implement according to the
		2022 Financial Statements	V		

		and Business Report		consultation with all attending members, and will be submitted to the board for discussion	resolution result
		2022 Loss Make-Up Proposal.	V		
		Proposal to amend partial provisions of the company's articles of association	V		
		Proposal to amend partial provisions of the Procedures for Lending Funds to Other Parties	V		
		Proposal to amend partial provisions of Rules and Procedures of Board of Directors Meetings	V		
		Proposal to issue 2023 Employee Stock Option Certificate	V		
		Proposal to issue 2023 New Shares Restricting Employee Rights	V		
2023/3/21	3th term, 5th meeting	TaiGen Taiwan and TaiGen Beijing sign Patent implementation license and commercialization cooperation contract with Joincare Pharmaceutical Group Industry Co., Ltd	V	This proposal was passed with no objections after consultation with all attending members, and will be submitted to the board for discussion	Implement according to the resolution result

IV 、The prior matter whether there are resolutions passed by a two-thirds majority of all directors without the approval of the Audit Committee : None

V 、The independent director's implementation of the recusal of the stakeholder proposal shall state the name of the independent director, the content of the proposal, the reasons for the refusal of interests, and the status of participation in voting. : None

VI 、Communication between the Independent director and the internal audit supervisor and accountants (such as the matters, methods and results of communication on the company's financial and business conditions, etc.) :

(I) The internal audit supervisor of the company regularly communicates the results of the audit report with the members of the Audit Committee, and makes an internal audit report at the quarterly Audit Committee meeting. In case of special circumstances, a separate report will be made to the committee members immediately or before the Audit Committee meeting.

(II) The company's CPA reports the results of their review or audit of the financial statements for each quarter and any related legal requirements to the Audit Committee in each quarterly meeting. In case of special circumstances, a separate report will be made to the committee members immediately or before the Audit Committee meeting.

The communication between the independent directors, internal audit management, and accountants as of the end of the most recent fiscal year and the date of publication of the annual report is as follow :

Date	Way	Communication parties	Matters of communication	Results
2022/3/15	Audit Committee	The head of the audit department	The audit report for the fourth quarter of 2021	Inquire
			Discussions on the 2021 annual internal control system statement	The proposal was passed without objection and will be presented to the board of directors for resolution.
		Accountants	2021 consolidated financial statements	The proposal was passed without objection and will be presented to the board of directors for resolution.
2022/5/4	Audit Committee	The head of the audit department	The audit report for the first quarter of 2022	Inquire
		Accountants	The consolidated financial statements for the first quarter of 2022	Inquire
2022/8/4	Audit Committee	The head of the audit department	The audit report for the second quarter of 2022	Inquire
		Accountants	Proposal for the consolidated financial statements for the second quarter of 2022.	The proposal was passed without objection and will be presented to the board of directors for resolution.
2022/11/2	Audit Committee	The head of the audit department	The audit report for the third quarter of 2022	Inquire
			Internal audit plan for the year 2023.	The proposal was passed without objection and will be presented to the board of directors for resolution.
		Accountants	The audit report for the third quarter of 2022	Inquire
			Proposal for changing the auditor for consolidated financial statements	The proposal was passed without objection and will be presented to the board of directors for resolution.
2023/3/9	Audit Committee	The head of the audit department	The audit report for the fourth quarter of 2022	Inquire
			Discussions on the 2022 annual internal control system statement	The proposal was passed without objection and will be presented to the board of directors for resolution.
		Accountants	2022 consolidated financial statements	The proposal was passed without objection and will be presented to the board of directors for resolution.

(III)The operation of the company governance, as well as any differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for such differences

Evaluation items	Operation situation			Differences and reasons between the company's governance operation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I、Has the company established and disclosed its corporate governance practice guidelines based on the 'Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies'?	✓		The company adopted the "Corporate Governance Practices Guidelines" at the Board of Directors meeting on November 10, 2017, and it can be accessed via the company's website and Market Observation Post System. The guidelines will be amended as necessary in the future based on the company's business conditions and regulatory requirements.	Compliant
II、The Company's shareholding structure and shareholders' rights and interests (I) Does the Company have in place an internal operating procedure for handling shareholders' suggestions, questions, disputes, or litigation and abide by it? (II) Does the Company possess a list of major shareholders and a list of ultimate owners of those major shareholders? (III) Whether the company has established, implemented and related enterprise risk control and firewall mechanisms (IV) Whether the company has established internal regulations to prohibit company insiders from using unpublished information on the market to buy and sell securities?	✓ ✓ ✓ ✓		(I)The company has designated spokesperson, proxy spokesperson and stock transfer agent, responsible for handling shareholder suggestions and communication channels. Information regarding investor contact channels is also set up on the company's website to handle and respond to shareholder suggestions, doubts and disputes. During shareholder meetings, communication is conducted with shareholders in accordance with the " Rules of Procedure for Shareholders Meetings. (II)The company has a Board of Directors and a unit responsible for stock affairs, managing related information and grasping the list of major shareholders and ultimate controllers of major shareholders through the shareholder register provided by the appointed stock transfer agent. (III)The company has established "AD-11 Group Enterprise, Specific Company, and Affiliate Transactions Management Operations" with related companies to regulate the management of personnel, assets, and finances, effectively assess risks, and establish appropriate firewall measures. (IV)The company has established "AD15- Internal Major Information Processing and Prevention of Insider Trading Management Operations Procedure" to regulate and prohibit company insiders from using non-public information for profit that is not obtainable in the market.	Compliant
III、Composition and Responsibilities of the Board of Directors				Compliant

Evaluation items	Operation situation									Differences and reasons between the company's governance operation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies		
	Yes	No	Summary description									
(I) Does the board of directors formulate diversity policies, specific management objectives and implement them?	✓		(I)									
			<div>Diversified core projects</div>	Gender	Operational Judgment	Financial Accounting	Management	Industry Knowledge	Decision Making Ability		Leadership	International Market Outlook
			Name									
			Chairman : Kao Hsiang Investment Co., Ltd. Representative : Kuo-Lung Huang	Male	V		V	V	V		V	V
			Director : YFY Investment Holding Co., Ltd. Representative : Show-Chung Ho	Male	V		V	V	V		V	V
			Director : National Development Fund, Executive Yuan Representative : Chi-Kung Ho	Male			V	V	V		V	V
			Director : Taiwan Sugar Corporation Representative : Kuo-Hsi Wang	Male	V		V	V	V		V	V
			Director : Kao Hsiang Investment Co., Ltd. Representative : Hong-Jen Chang	Male	V		V	V	V		V	V
			Director : Kao Hsiang Investment Co., Ltd. Representative : Peter Wu	Male	V		V	V	V		V	V
			Independent director : Weng-Foung Huang	Male			V	V	V			V
			Independent director : Ye-Hong Zhang	Male	V		V	V	V			V
			Independent director : Shen-Fu Yu	Male		V	V					V
The company's 7th Board of Directors consists of 9 directors in total. Of the 9 current												

Evaluation items	Operation situation			Differences and reasons between the company's governance operation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>(II) In addition to setting up the Salary and Remuneration Committee and Audit Committee according to the law, whether the company has voluntarily set up other various functional committees ?</p> <p>(III) Does the company formulate the performance evaluation method and evaluation method of the board of directors, conduct performance evaluation every year and regularly, and report the results of the performance evaluation to the board of directors, and use it as a reference for the salary of individual directors and nomination for renewal ?</p> <p>(IV) Does the company regularly assess the independence of accountants ?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>directors, approximately 11% are employees, approximately 33% are independent directors, and approximately 11% are foreign directors. 2 of the independent directors have served between 3 to 4 years, while the remaining one has served more than 10 years. Among the 5 directors, their ages fall between 50 to 65 years old, while the remaining 4 directors are above 65 years old.</p> <p>(II)The company has a Steering committee that assists the President and CEO in establishing operational policies and strategies in areas such as product development, business development, management, and finance.</p> <p>(III)The company has established a board performance evaluation method and will conduct regular performance evaluations in accordance with the regulations and report the results to the board of directors.</p> <p>(IV) The company follows the provisions of the article 47 of the Certified Public Accountant Act and the 10th bulletin of the Accountants Professional Ethics Standards "Integrity, fairness, objectivity and independence" to prepare an accountant's suitability and independence assessment form every year, listing related independence assessment items. The company carries out an initial assessment of the auditor's independence and suitability, obtains a "statement of auditor independence," confirms that the auditor is not a related party of the company and has no conflicting business interests, and then submits the assessment results to the Audit Committee and the Board of Directors for discussion as a reference for the appointment of the auditing accountant by the Board of Directors.</p>	

Evaluation items	Operation situation			Differences and reasons between the company's governance operation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
IV、Listed and over-the-counter companies should appoint appropriate number of corporate governance personnel, and designate a person in charge of corporate governance to be responsible for related matters, including but not limited to providing necessary information for directors and supervisors to carry out their duties, assisting directors and supervisors in following laws and regulations, handling related matters of board of directors and shareholders meetings, producing minutes of board of directors and shareholders meetings, etc.	✓		<p>The finance department of the company has been designated as a concurrent corporate governance unit, and a person in charge of corporate governance was established and approved by the board of directors on April 28, 2021. The responsibilities of the person in charge of corporate governance include the following：</p> <p>(I) Handling director appointments and annual training, and assisting directors with necessary information for carrying out their duties.</p> <p>(II) Assisting directors in following relevant laws and regulations, and planning appropriate company systems and organizational structure to promote the independence of the board of directors and the transparency of the company.</p> <p>(III) Preparing and setting the agenda for the board of directors meetings and providing it to all directors seven days prior to the meeting to allow them to understand the content of relevant proposals; if there are any conflicts of interest related to the proposals, they will be reminded to appropriately avoid them.</p> <p>(IV) Register the annual shareholders' meeting date according to the legal deadline, prepare and announce the meeting notice, annual report, meeting manual, and minutes before the deadline. After the revision of the company's articles of association or the election of new directors, the relevant information should be reported to the competent authority.</p> <p>(V) Review if the qualifications of the independent director meet the relevant laws and regulations during the nomination, election, and tenure period, and report to the board of directors.</p>	Compliant
V、Has the company established a communication channel with stakeholders and set up a stakeholders' area on the company's website, and appropriately responded to important corporate social responsibility issues that stakeholders are concerned about?	✓		The company considers its stakeholders, including banks and other creditors, employees, suppliers, customers, and others with a relevant interest, to be important, and it has established communication channels for them. The company discloses information in the Market Observation Post System in accordance with relevant laws and regulations to provide stakeholders with sufficient information to make informed decisions in order to protect their interests. The company also has a relevant link on its website.	Compliant
VI、Does the company appoint a professional stock affairs agency to handle the affairs of the shareholder	✓		The company appointed the Stock Affairs Agency Department of SinoPac Securities Co., Ltd. to handle the affairs of the company's shareholders' meeting	Compliant

Evaluation items	Operation situation			Differences and reasons between the company's governance operation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
meetings ?				
<p>VII 、 Information Disclosure</p> <p>(I) Does the company have a website that discloses financial business and corporate governance information ?</p> <p>(II) Does the company adopt other methods of information disclosure (such as setting up an English website, designated personnel responsible for collecting and disclosing company information, implementing a spokesperson system, placing the process of legal person conference on the company's website, etc.)?</p> <p>(III) Does the company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare its Q1, Q2, Q3 financial reports and operational situation of each month in advance of the prescribed deadline?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The company has a website (http://www.taigenbiotech.com.tw) and in accordance with relevant laws and regulations, regularly and irregularly reports and discloses various business and financial information on the Market Observation Post System.</p> <p>(II) Our company has both Chinese and English websites, and there are dedicated personnel responsible for relevant tasks based on their job responsibilities. They are responsible for collecting and disclosing relevant information. We have a spokesperson and a spokesperson agent to handle relevant matters as the corresponding window. The presentation materials for investor conference are disclosed on the company's website</p> <p>(III) Our company has not yet announced and filed its annual financial report within two months after the end of the fiscal year. Future adjustments will be made as circumstances permit.</p>	Compliant
VIII 、 Are there any other important information that can help understand the company's governance and operational situation (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of	✓		<p>(I) Regarding employee rights and employee care, our company has established a staff welfare committee, implemented a pension system, held employee education and training courses and group insurance for employees, and arranged for regular health check-ups and other benefits, in order to promote a harmonious relationship between labor and management..</p> <p>(II) Our company publicly discloses company information in accordance with legal regulations to protect the rights and interests of investors and stakeholders, and to fulfill its responsibility to shareholders.</p> <p>(III) The directors of our company follow the provisions of the articles of incorporation when dealing with matters that may have conflicts of interest, and avoid participating in</p>	Compliant

Evaluation items	Operation situation			Differences and reasons between the company's governance operation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
stakeholders, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, situation of the company purchasing liability insurance for directors and supervisors, etc.)?			<p>discussions and voting in such cases.</p> <p>(IV) Our company has smooth communication channels with clients and suppliers and maintains good relationships with them.</p> <p>(V) The company is always aware of continuing education courses and informs its directors and supervisors, who may attend such courses based on their needs, and must comply with the training hours set out in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".</p> <p>(VI) The company implements risk management policies and standards, following relevant regulations, its internal control system, and regulations governing the acquisition and disposal of assets, and conduct various risk assessments</p> <p>(VII) The company regularly purchases liability insurance for its directors, supervisors, and managers.</p>	
IX、Please explain the improved situation in regards to the recent annual corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and prioritize the improvement measures for the areas yet to be improved.				
Corporate Governance Evaluation question number	Corporate Governance Evaluation Items		Improvement and Implementation	<p>Improvement and Implementation :</p> <p>The company will gradually improve on areas where the company governance evaluation results have not been satisfactory, in order to implement company governance.</p>
2.27	Has the company established a plan for intellectual property management linked to its business objectives, disclosed its implementation on the company's website or annual report, and reported to the board of directors at least once a year?		The company, in addition to disclosing the intellectual property management plan in 2021, has introduced the Taiwan Intellectual Property Management System (TIPS) in 2022 and has obtained third-party verification.	

(IV) The company should disclose the composition, responsibilities, and operation of the Salary and Compensation Committee if one is established.

The company established the Salary and Compensation Committee on May 7, 2013, through a resolution by the board of directors, and established the "Organizational Regulations of the Salary and Compensation Committee". On May 30, 2022, the board of directors appointed the members of the 4th Salary and Compensation Committee, consisting of independent directors Weng-Foung Huang, Ye-Hong Zhang, and Shen-Fu Yu. The responsibilities of the committee include the development of a comprehensive salary and compensation system for the company's directors and managers. The following is the information and operation of the committee members :

1. Salary and Compensation Committee member profile

<div> <div>Condition</div> <div>Identity Name</div> </div>		Professional qualifications and experience	Independence situation	The number of independent directors serving as members of Salary and Compensation Committee in other publicly traded companies.
Independent director (convener)	Shen-Fu Yu	Possess certified professionals who have passed the national accounting examination, with experience in the practical field of the automobile and electronics industries	The relationship between the directors, independent directors, or the relationship between directors and independent directors do not include spouses and second-degree relatives.	0
Independent director	Weng-Foung Huang	The individual has a background in pharmacy, social, and management pharmacy education and has over 5 years of experience in health management authorities, pharmaceuticals, and academic circles	The relationship between the directors, independent directors, or the relationship between directors and independent directors do not include spouses and second-degree relatives.	2
Independent director	Ye-Hong Zhang	The individual has over 5 years of international pharmaceutical industry experience	The relationship between the directors, independent directors, or the relationship between directors and independent directors do not include spouses and second-degree relatives.	0

2. Salary and Compensation Committee operational information

The company underwent a comprehensive election of directors on May 30, 2022, resulting in the 7th term of the board of directors. The first meeting of the board of directors was held on the same day and the appointment of the 4th term of the Salary and Compensation Committee was announced. The company's Salary and Compensation Committee has 3 members. The term of the fourth committee is from May 30, 2022 to May 29, 2025.

The 3rd Salary and Compensation Committee in 2022 had held once (A). The attendance of the Salary and Compensation Committee is as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance (%) 【B/A】	Remark
Independent director (convener)	Shen-Fu Yu	1	0	100.00	Newly appointed on June 12, 2019
Independent director	Weng-Foung Huang	1	0	100.00	Re-elected on June 12, 2019
Independent director	Ye-Hong Zhang	1	0	100.00	Re-elected on June 12, 2019

In 2022 and as of the publication date of the annual report, the 4th Salary and Compensation Committee has been held twice (C). The attendance of the salary and compensation committee is as follows :

Title	Name	Actual Attendance (D)	Proxy Attendance	Actual attendance (%) 【D/C】	Remark
Independent director (convener)	Shen-Fu Yu	2	0	100.00	Re-elected on May 30, 2022
Independent director	Weng-Foung Huang	2	0	100.00	Re-elected on May 30, 2022
Independent director	Ye-Hong Zhang	2	0	100.00	Re-elected on May 30, 2022

Other matters to be recorded :

I 、 The operation of the Salary and Compensation Committee is as follows :

Date	Term	Content	Resolution	The company's handling of the opinions of the Salary and Compensation Committee
2022/5/4	3rd term 7th meeting	Discuss the cancellation of the company's 2021 report on the distribution of manager performance bonuses.	After discussion by the committee members present, they all agreed to cancel today's proposal. It is recommended to maintain the manager's performance bonus proposal reported in 2021 and propose it in the temporary motion of the board of directors on the same day	None
2022/7/29	4th term 1st meeting	The company's 2020 employee stock option has allocated shares, based on the achievement of important project performance, and calculates the actual number	All members of the committee agreed to adopt	None

		of subscriptions that employees can execute.		
2022/10/13	4th term 2nd meeting	It is proposed to discuss the policy, system, standard and structure of the company's directors, supervisors and managers' performance evaluation and salary remuneration.	All members of the committee agreed to adopt	None
		It is proposed to discuss the salary of the company's directors, supervisors and managers in 2023		

II 、 If the board of directors does not adopt or revise the proposal of the Salary and Compensation Committee, it shall state the date, period, content of the proposal, the result of the resolution of the board of directors, and the company's handling of the opinions of the Salary and Compensation Committee (for example, the salary approved by the board of directors is better than that of the Salary and Compensation Committee. The recommendations of the Committee shall describe the differences and reasons) : None

III 、 For resolutions of the Salary and Compensation Committee, if members have objections or reservations and there are records or written statements, the Salary and Compensation Committee date, period, content of the proposal, all members' opinions, and the handling of members' opinions should be stated: None

IV 、 Regular salary review: The function of the company's Salary and Compensation Committee is to evaluate the company's directors and managers' salary policies and systems in a professional and objective position, and hold meetings at least twice a year, and may hold meetings at any time as needed , to make recommendations to the board of directors for reference in its decision-making,

1. Responsibilities of the Salary and Compensation Committee of the company

(1) Formulate and regularly review the policies, systems, standards and structure of the company's directors, supervisors and managers' performance and salary remuneration.

(2) Regularly evaluate the remuneration of the company's directors, supervisors and managers.

2. When the Salary and Compensation Committee performs its duties, it shall follow the following standards

(1) The performance evaluation and remuneration of directors, supervisors and managers should refer to the normal payment situation of the industry, and consider the rationality of the relationship with individual performance, company operating performance and future risks.

(2) Directors and managers should not be guided to engage in behaviors that exceed the company's risk appetite in pursuit of compensation.

(3) The ratio of dividends for short-term performance of directors and senior managers and the timing of payment of partial variable remuneration should be determined by taking into account the characteristics of the industry and the nature of the company's business.

(V) Promoting the Implementation Status of Sustainable Development and Differences and Reasons between it and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Promote the project	Execution situation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
I 、Has the company established a governance structure for promoting sustainable development, set up a dedicated unit for promoting sustainable development, and authorized the senior management to handle it under the supervision of the board of directors?	✓		The company has the CEO's office as the unit responsible for promoting sustainable development. Cross-departmental work meetings are held Irregularly to gather and collate information from various departments. After the relevant implementation results were reported to the board of directors on December 14, 2022, the first ESG sustainability report was issued. The Chairman and CEO, Mr. Kuo-Lung Huang, continues to oversee the situation of sustainable development.	No major differences yet
II 、Does the company assess the risks related to environmental, social and governance issues that are relevant to its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	✓		<p>The company has conducted assessments of material issues based on the principle of materiality. As a holding company, the main information disclosed for relevant operations includes the business activities of its subsidiary, TaiGen Biotechnology Co., Ltd. in Taiwan and TaiGen Biopharmaceuticals Co.(Beijing),Ltd. in China, which are mainly involved in clinical and regulatory-related operations. The company has strict internal control systems for each material issue and the audit department regularly and irregularly checks and reports to the board of directors."</p> <p>The company categorizes the related risks of sustainable issues into the following 6 items. :</p> <p>1. Financial risk</p> <p>Risks related to management and operational activities, including interest rate risks, exchange rate risks, and inflationary factors</p> <p>☞ Countermeasures</p> <p>Identify, evaluate and mitigate market uncertainties to reduce the potential adverse impact of market changes on the company's financial performance.</p> <p>● Interest Rate Risk</p>	No major differences yet

			<ul style="list-style-type: none"> * The company maintains good long-term relationships with banks and obtains reasonable bank financing amounts and interest rate conditions, but there is currently no need to use them. * Constantly monitor interest rate changes, comprehensively evaluate the available funding sources and their cost-benefit, and secure funding with optimal efficiency. ● Currency risk <ul style="list-style-type: none"> * Closely monitor exchange rate fluctuations and purchase foreign currency deposits when exchange rates are favorable, to pay for foreign currency expenses. * When signing authorization contracts, try to set favorable exchange rate conditions for the group, allocate funds in the same currency as expense payments to avoid exchange rate risks. ● Inflation <ul style="list-style-type: none"> * Maintaining good interactions with suppliers and monitoring market price fluctuations. ● Capital risk <ul style="list-style-type: none"> * The financial policy adheres to the principle of conservatism, avoiding high-risk, highly leveraged investments, and derivatives trading activities. * The company has established "Procedures for Acquisition or Disposal of Assets", "Procedures for Endorsement & Guarantee", "Procedures for Financial Derivatives Transactions", and "Procedures for Lending Funds to Other Parties" and follows legal requirements for public disclosure and filing. 	
			<p>2. R & D risk</p> <p>Risk of drugs not being able to pass clinical trials or successfully obtain new drug approval due to safety or efficacy concerns.</p> <p>☞ Countermeasures</p> <ul style="list-style-type: none"> ● Pooling resources to find the most suitable academic or medical experts for collaboration. ● Develop a comprehensive new drug R&D team by attracting and training relevant personnel, including experts in design, synthesis, pharmacology, pharmacokinetics, pharmacochemistry, toxicology, and other technical fields, as well as cross-disciplinary experts in patent, regulation, and market, to integrate various resources and collaborate with the best suitable academic or medical specialists. 	

		<p>3. Market industry risk</p> <p>Innovations in biotechnology, changes in industry trends, and market competition from the development of similar drugs can all potentially impact the terms and conditions of external licensing negotiations.</p> <ul style="list-style-type: none"> ● Closely monitor the R&D activities of competitors who are developing similar drugs to take timely measures in response. ● Regularly assess industry research trends and own R&D strategies, invite experts for discussions and meetings to keep track of drug development trends, and adjust R&D plans accordingly. ● After completing the proof-of-concept trial for the new drug, it will be authorized to an international pharmaceutical company to accelerate subsequent clinical trials, drug registration, and market launch. ● Accelerate the market launch of new drugs in Mainland China and across the Taiwan Strait using the established 1.1 class new drug research and development platform and expand the market value of new drugs by combining external professional sales teams. 	
		<p>4. Supply chain risk</p> <p>The risk that the supplier cannot provide raw materials or services, resulting in the company being unable to provide customers with products or services.</p> <ul style="list-style-type: none"> ● There are long-term contract specifications with manufacturers. ● Continue to expand overseas authorization to reduce the risk of concentrated sales. 	
		<p>5. Compliance Risk</p> <p>Risks of legal compliance, integrity management and intellectual property rights management</p> <ul style="list-style-type: none"> ● There are 《Best Practice Principles of Corporate Governance》、《Procedures for Ethical Management and Guidelines for Conduct》、《Code of Ethics》、《Rules for Internal Material Information and Prevention of Insider Trading》 ● Established internal control and internal audit management system and internal audit personnel appointment and dismissal measures ● Business ethics and integrity management standards in the commercialization stage from research and development to clinical trials must comply with relevant external regulations. ● There are 《Intellectual Property Management Policy》 and 《Intellectual Property Management Policy》 	
		6. Information Security Risk	

			<p>Risks of network attacks and information leakage which could impact the protection of intellectual property and customer information, resulting in serious financial losses and legal issues</p> <ul style="list-style-type: none"> ● Strengthen multi-layered information security protection for both software and hardware, including complex password authentication, anti-virus for hosts and clients, internet behavior management, protection against malicious websites, firewall blocking, host data backup, encryption, etc. to ensure information security and establish clear and strict internal control systems. 	
<p>III 、Environmental issues</p> <p>(I) Has the company established an appropriate environmental management system in accordance with its industrial characteristics ?</p>	✓		<p>The company formulated the "Safety and Health Management Operation Measures" to ensure the implementation of personnel and environmental management</p> <p>Due to the characteristics of the biotech industry in the development of new drugs, the research and development process must involve experimentation using live animals, cell lines, bacteria, viruses, and other infectious materials. The Biological Safety Committee was established in 2008 to regularly carry out related environmental tests. Waste disposal is coordinated with external professional contractors for weekly regular collection. Toxic chemicals and precursor chemicals are listed and reported to the competent authority on a regular basis to maintain a safe working environment.</p>	No major differences yet
<p>(II) Is the company committed to improving energy efficiency and using renewable materials that have a lower impact on the environment ?</p>	✓		<p>The company is committed to improving the efficiency of various resources to reduce its impact on the environment. To concretely implement energy conservation and carbon reduction, the company gradually replaces high-energy consuming fluorescent lights, improves air conditioning temperature control and operating time, and controls the operation time of boilers to reduce the consumption of electricity and fuel oil.</p>	No major differences yet
<p>(III) Has the company assessed the potential risks and opportunities posed by climate change to the business both now and in the future, and taken appropriate response measures ?</p>	✓		<p>The potential risks and increased operational costs posed by climate change have prompted the company to consider and adopt measures to reduce cost. Starting from the aspect of electricity conservation, dedicated to reducing energy consumption and waste reduction measures.</p>	No major differences yet
<p>(IV) Has the company kept track of its greenhouse gas emissions, water usage and total waste weight in the past two years, and set policies for reducing greenhouse gas emissions, reducing water usage, or managing</p>	✓		<p>1. Greenhouse gases</p> <p>The company mainly surveys three types of greenhouse gases: carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). Changing past electricity consumption habits by promoting various energy-saving and carbon-reduction activities and measures, the company effectively manages energy efficiency and continuously implements and improves it.</p> <p>The data listed in the table are all collected from the self-inquiry and have not been</p>	No major differences yet

other waste?			verified by the third party :			
			Item	2021	2022(Note)	
			Category I (ton CO ₂ e)	0.37	0.26	
			Category II (ton CO ₂ e)	778.77	799.34	
			total emissions	779.14	799.60	
			Carbon density (ton CO ₂ e/m ²)	0.34	0.35	
			Note : The Energy Bureau of the Ministry of Economic Affairs has not announced the 2022 power carbon emission factor, so the inventory data is temporarily calculated using the 2021 announced factor.			
			In 2021, the total carbon emissions decreased by 1.63% compared to 2020, and the per capita carbon emissions decreased by 0.04%. In 2022, the total carbon emissions increased by 2.6% compared to 2021, and the per capita carbon emissions increased by 6.05%."			
			2. Water consumption			
			Our company's water usage is entirely from Taiwan Water Corporation and does not have any impact on the water source. Additionally, our company does not have any production factories and therefore does not require a large amount of water resources. The water fee is included in the building management fee, so the water usage cannot be calculated			
3.Waste						
Our company is committed to environmental preservation and all hazardous and non-hazardous waste is handled by a legally registered waste removal or final disposal company. The total waste volume in 2021 was 8.06 metric tons, and the per capita waste volume decreased by 0.94% compared to 2020. The total waste volume in 2022 was 6.31 metric tons, and the per capita waste volume decreased by 19.1% compared to 2021.						
IV 、 Social issues	✓		Our company follows internationally recognized human rights standards such as the International Covenant on Civil and Political Rights, the International Labor Organization's Core Labor Standards, and the United Nations Global Compact's Ten Principles, and has established policies for the dignified treatment and respect of employees. These policies have been made available on our company's official website.			No major differences yet
(I)Does the company have management policies and procedures in place in accordance with relevant laws and regulations and international human rights conventions?						
(II) Does the company have reasonable	✓		The company cares about the well-being and mental health of its employees, plans			No major

employee benefits in place (including salary, vacation, and other benefits), and are their performance or results reflected appropriately in their pay ?			multiple employee welfare activities, and enhances job satisfaction. In addition to handling the regulations stipulated by the Labor Standards Act, group insurance and health checks are also provided. The employee welfare committee is responsible for planning, promoting, and implementing various welfare activities, while the company's performance is also reflected in the employees' salaries.	differences yet
(III) The company is concerned about providing employees with a safe and healthy working environment and conducts regular safety and health education for employees ?	✓		<p>In addition to providing a safe and healthy working environment for our employees, our company has also established the "Safety and Health Management Procedures" and is responsible for the following matters. :</p> <ol style="list-style-type: none"> 1. Hold regular employee health checks 2. Irregularly hold a series of lectures on employee health care 3. Support the government's smoke-free workplace policy 4. Insure employees for accident and medical insurance to increase employee protection 5. Special workplace health services with medical clinics <p>The company irregularly promote occupational safety and health knowledge and slogans, carry out daily self-inspections, and improve and prevent hazards and risks. At the same time, it plans and reviews various risk prevention plans each year to reduce the frequency of occupational accidents.</p>	No major differences yet
(IV) Does the company establish an effective career development training plan for employees? ?	✓		through human resource planning process, cultivate talent, provide employees with various job development directions and paths within the company, combine employees' personal development goals with the company's future development goals, so that both the individual and the enterprise can grow and achieve the development goals of both employees and the enterprise.	No major differences yet
(V) Regarding issues of customer health and safety, customer privacy, marketing and labeling for products and services, does the company comply with relevant laws and regulations and international standards, and formulate policies and complaint procedures to protect the rights and interests of consumers or customers ?	✓		The company cooperates with suppliers who have been checked and approved by the national drug certification unit to ensure compliance with environmental protection, safety, and health regulations. The packaging and brochures of the Taigexyn® products sold in Taiwan comply with relevant laws and regulations in the R.O.C.; and a policy to protect the rights and interests of consumers or other stakeholders is established to prevent direct or indirect harm to the rights and interests, health, and safety of consumers or other stakeholders from products or services	No major differences yet
(VI) Does the company have a supplier	✓		The company has established a supplier management policy and strictly adheres to labor policies related to the Labor Standards Act. The company actively implements	No major

management policy that requires suppliers to comply with relevant regulations in areas such as the environment, occupational health and safety, and workers' rights, and their implementation status?			these policies and is committed to enhancing corporate social responsibility.	differences yet
V、Does the company refer to internationally recognized reporting guidelines or guidelines to prepare sustainability reports and other reports disclosing non-financial information? Have the previous sustainability reports obtained a positive assurance or assurance opinion from a third-party verification unit?		✓	The company reported its first sustainability report to the board of directors on December 14, 2022, and disclosed it publicly afterwards. The report was compiled in accordance with the Global Reporting Initiative (GRI Standards) and the Sustainability Accounting Standards Board (SASB), however, at this stage, it has not yet undergone verification or assurance by a third-party verification unit.	The company will conduct third-party verification based on circumstances in the future.
VI、If the company has its own sustainable development principles based on the "Sustainable Development and Differences and Reasons between it and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please explain the differences in its operation compared to the established principles. : The company has not yet established its own sustainable development principles, but its operations follow the company's articles of corporation and relevant laws and regulations in terms of corporate governance, which encompasses the main governance principles.				
VII、Other important information that helps understand the implementation of sustainable development : (I) The company is primarily a pharmaceutical R&D company and belongs to the medical biotech industry. The company is committed to implementing environmental protection work and actively promotes energy saving and carbon reduction measures to its employees. (II) At present, the waste generated by the research and development of the company's laboratory is in accordance with laws and regulations and entrusted to a professional waste disposal organization to ensure the safety, sanitation and environmental protection of internal employees and the external environment. (III) The company actively participates in public welfare and charity activities. (IV) The company has established safety and health management measures to ensure the health and safety of employees.				

(VI) The situation of fulfillment of integrity management and the reasons and situations of differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation items	Operating situation			The reasons and situations of differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
I、Formulate integrity management policies and plans				Compliant
(I) Whether the company has formulated a policy of integrity management approved by the board of directors, and clearly stated the policy and practices of integrity management in regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?	✓		(I)The company has 「 Procedures for Ethical Management and Guidelines for Conduct 」， The directors, supervisors, managers and employees of the company actively implement this policy of integrity management.	
(II) Does the company establish an evaluation mechanism for assessing the risk of unethical behavior, regularly analyze and evaluate business activities with higher risk of unethical behavior within its business scope, and formulate measures to prevent unethical behavior based on the analysis, at least covering the prevention measures of the behaviors specified in Article 7, Section 2, of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) Our company has a " Procedures for Ethical Management and Guidelines for Conduct " which governs all related regulations.	
(III) Does the company's plan to prevent unethical behavior include clearly defined	✓		(III) The company's "Procedures for Ethical Management and Guidelines for Conduct" establish a dedicated unit	

Evaluation items	Operating situation			The reasons and situations of differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
procedures, guidelines for behavior, sanctions for violations, and a complaint system, and is it implemented and regularly reviewed and revised?			responsible for supervising and preventing unethical behavior.	
<p>II・Implement integrity management</p> <p>(I) Whether the company evaluates the integrity record of the counterparty, and clearly stipulates the integrity behavior clause in the contract signed with the counterparty ?</p> <p>(II) Has the company set up a unit responsible for promoting ethical business operations that is subordinate to the board of directors, and regularly (at least once a year) report its policies on ethical business operations and measures to prevent unethical behavior, as well as the implementation situation, to the board of directors?</p> <p>(III) Has the company established a policy to prevent conflicts of interest and provided appropriate disclosure channels, and implemented it</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The company assesses the legality of the counterpart before establishing business relations, and checks for records of unethical behavior, in order to ensure that their business operations are fair, transparent, and free from bribery. The contracts signed with customers also include provisions for compliance with the ethical business policy, and the right to terminate or terminate the contract at any time if the counterpart engages in unethical behavior.</p> <p>(II) To promote ethical business practices, the company will conduct internal audits (at least once a year) by the internal audit unit to report any violations of this policy to the board of directors.</p> <p>The Administrative Division promote the education of all employees, with a focus on intellectual property in 2022. They will compile the ethical business practices and internal guidelines for handling important information, and educate employees on relevant considerations during the course of their work.</p> <p>(III) The director of the company should maintain high self-discipline and should not participate in discussion and voting on resolutions of the board of directors if there is a conflict of interest with the company or its representative</p>	Compliant

Evaluation items	Operating situation			The reasons and situations of differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
effectively ? (IV) Does the company have effective accounting and internal control systems in place for the purpose of implementing honest business practices and has the internal audit unit formulated audit plans based on the assessment of risks of unethical behavior and conducted audits or commissioned accountants to carry out the audits to ensure the compliance of the plans to prevent unethical behavior? ? (V) Does the company regularly conduct internal and external training on ethical business practices?	✓		<p>legal person that is harmful to the interests of the company. In such cases, the director should recuse themselves during discussion and voting.</p> <p>(IV) To ensure the implementation of ethical business practices, the company has established effective internal control systems, relevant management regulations and accounting systems, as well as an auditing unit to periodically review compliance by various units within the company.</p> <p>(V)The company has established "Procedures for Ethical Management and Guidelines for Conduct" and regularly holds related training once a year.</p>	
III 、The operation of the company whistleblowing system (I) Whether the company has established a specific whistleblowing and reward system, established channels to facilitate whistleblowing, and assigned appropriate specialists for handling whistleblowers ? (II) Whether the company has formulated standard operating procedures for the investigation of whistleblowing matter, the follow-up measures	✓	✓	<p>(I) The company has whistleblowing mailboxes and Tel, and a dedicated unit handles whistleblowing incidents.</p> <p>(II) The relevant personnel of the company handling the whistleblowing situation all make a written statement to keep the identity of the whistleblower and the content of the whistleblower confidential.</p>	Compliant

Evaluation items	Operating situation			The reasons and situations of differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
to be taken after the investigation is completed, and related confidentiality mechanisms ? (III) Does the company take measures to protect whistleblowers from being improperly dealt with due to whistleblowing?	✓		(III) The company keeps full confidentiality and protection for the whistleblower, and strictly prohibits any form of improper treatment of the whistleblower.	
IV 、 Strengthening information disclosure (I) Does the company disclose the content and effectiveness of its established code of ethics and integrity on its website and Market Observation Post System	✓		(I) In addition to disclosing it on the company website, the company also discloses it in the annual report of the company's shareholders' meeting and public prospectus.	Compliant
V 、 Please specify if the company has its own code of conduct in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and describe any differences in its operation and the established code of conduct. : The company has established "Procedures for Ethical Management and Guidelines for Conduct," and the company's directors, supervisors, managers, and employees actively implement this policy of ethical management.				
VI 、 Other important information that helps to understand the company's honest business operation (such as the company's review and correction of its established integrity business rules, etc.) : (I)The company's 'Board of Directors Meeting Rules' includes a system for avoiding conflicts of interest by directors. In regards to the agenda items listed by the board of directors, if they have a conflict of interest with their own or their representative legal entities that could harm the interests of the company, they may state their opinions and answer questions, but may not participate in discussions and voting, and must avoid participating during discussions and voting, and may not act as proxies for other directors in exercising their voting rights. (II)Education and training for directors, executives, and employees are held to fully understand the company's commitment to ethical management practices and the consequences of unethical behavior. The policy of honest business practices is combined with employee performance evaluations and a reward and punishment system is established.				

(VII) If the company has established corporate governance rules and regulations, the method of inquiry should be disclosed

On November 10, 2017, the company's board of directors passed the code of practice for corporate governance. In addition to the above-mentioned regulations, there are also Rules

and Procedures of Shareholders' Meetings、Internal Control Systems、Internal Audit Systems、Rules for Internal Material Information and Prevention of Insider Trading、Procedures for Acquisition or Disposal of Assets、Procedures for Endorsement & Guarantee、Procedures for Financial Derivatives Transactions、Procedures for Lending Funds to Other Parties、Rules and Procedures of Board of Directors Meetings、Guidelines Governing Election of Directors、Procedures for Ethical Management and Guidelines for Conduct etc.. It can be checked through our company website and Public Observation Post System, and will be amended as necessary in accordance with the company's business status and revisions to regulations by competent authorities.

(VIII) Important information that is sufficient to enhance understanding of the company's governance and operation situation must also be disclosed.

1. Director training situation for the 2022 fiscal year

Title	Name	Date		Course Name	Hour	Exam Administrator
		From	To			
Institutional director Representative	Kuo-Lung Huang	2022/10/18	2022/10/18	Geopolitical affairs and post-pandemic outlook on global industrial development trends	3	The Business Development Foundation of the Chinese Straits
		2022/10/18	2022/10/18	Analysis of current external challenges for China and global governance strategy	3	The Business Development Foundation of the Chinese Straits
Institutional director Representative	Show-Chung Ho	2022/12/06	2022/12/06	The zero-emission path and development direction of carbon capture and hydrogen energy	3	Taiwan Corporate Governance Association
		2022/12/12	2022/12/12	Sustainable energy practices combining gasification-based electricity generation from agricultural and forestry waste with microgrid systems	3	Taiwan Corporate Governance Association
Institutional director Representative	Hong-Jen Chang	2022/7/18	2022/7/18	New reporting trends of SG and TCFD: mastering key information	3	Accounting Research and Development Foundation
		2022/3/25	2022/3/25	TCFD climate-related financial disclosures and low-carbon green new value norms	3	Accounting Research and Development Foundation
Institutional director Representative	Peter Wu	2022/1/10	2022/1/10	Corporate governance and securities regulations	3	Taiwan Corporate Governance Association
		2022/12/12	2022/12/12	Sustainable energy practices combining gasification-based electricity generation from agricultural and forestry waste with microgrid systems	3	Taiwan Corporate Governance Association

Institutional director Representative	Chi-Kung Ho	2022/10/14	2022/10/14	Capital market operations and M&A transactions in the biotech industry	3	Corporate Operating and Sustainable Development Association
		2022/7/22	2022/7/22	Digital Governance Enhances Risk Control and Crisis Management of Directors and Supervisors	3	Taiwan Investor Relations Institute
Institutional director Representative	Kuo-Hsi Wang	2022/10/19	2022/10/19	Legal regulations and risk responsibilities that directors and insiders must be aware of under corporate governance	3	Corporate Operating and Sustainable Development Association
		2022/10/14	2022/10/14	2022 Prevention of Insider Trading Propaganda Conference	3	Securities & Futures Institute
		2022/10/7	2022/10/7	Independent Director and Audit Committee Exercise of Authority Reference Guide Release and Director and Supervisor Propaganda Conference.	3	TWSE、Taipei Exchange
		2022/5/4	2022/5/4	International Bilateral Summit Online Forum	2	TWSE、Alliance Advisors、Taiwan Corporate Governance Association
Independent director	Weng-Foung Huang	2022/8/11	2022/8/11	Competitiveness vs sustainability: ESG trends and strategies	3	Securities & Futures Institute
		2022/12/2	2022/12/2	Discussions on independent directors and audit committees from practical court cases	3	Securities & Futures Institute
Independent director	Ye-Hong Zhang	2022/12/16	2022/12/16	Introduction and case analysis of short-term trading for company insiders	3	Securities & Futures Institute
		2022/12/20	2022/12/20	Board of Directors' review of business operation policies and performance	3	The Business Development Foundation of the Chinese Straits
Independent director	Shen-Fu Yu	2022/4/15	2022/4/15	The business operating environment facing global conflicts	3	Taiwan Corporate Governance Association
		2022/11/1	2022/11/1	Taiwan's energy development and a zero-emission future	3	Taiwan Corporate Governance Association

2. Manager training situation for the 2022 fiscal year

Title	Name	Date		Course Name	Hour	Exam Administrator
		From	To			

Title	Name	Date		Course Name	Hour	Exam Administrator
		From	To			
Chairman & CEO	Kuo-Lung Huang	2022/10/18	2022/10/18	Geopolitical affairs and post-pandemic outlook on global industrial development trends	3	The Business Development Foundation of the Chinese Straits
		2022/10/18	2022/10/18	Analysis of current external challenges for China and global governance strategy	3	The Business Development Foundation of the Chinese Straits
The head of Corporate Governance	Richard Lu	2022/08/25	2022/08/25	Company insider equity publicity briefing	3	Taipei Exchange
		2022/10/14	2022/10/14	Capital market operations and M&A transactions in the biotech industry	3	Corporate Operating and Sustainable Development Association
		2022/10/18	2022/10/18	Geopolitical affairs and post-pandemic outlook on global industrial development trends	3	The Business Development Foundation of the Chinese Straits
		2022/10/18	2022/10/18	Analysis of current external challenges for China and global governance strategy.	3	The Business Development Foundation of the Chinese Straits

(IX) Implementation of the internal control system

1. Internal Control System Statement

TaiGen Biopharmaceuticals Holdings Limited
Internal Control System Statement

Date : March 9, 2023

The internal control system of the Company in 2022 based on the result of self-assessment is thus stated as follows:

- I、The Company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the board of directors and managers of the Company, and has established this system accordingly. Its purpose is to ensure reasonable results in operational effectiveness and efficiency (including profitability, performance, and asset security, etc.), and report reliability, timeliness, transparency in accordance with relevant regulations and laws.
- II、As the internal control has restrictions, an effective internal control only provides reasonable assurance for the achievement of three objectives above-mentioned no matter how well the design is. Affected by the change in environment and situation, the effectiveness of internal control could follow by it, however. The Company's internal control features a self-monitoring mechanism, and adopts corrections once the identification is missing.
- III、The Company judges whether the design and implementation of the internal control system is effective based on the judgment of the effectiveness of the internal control system as stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Regulations"). The internal control system judgment project used in the "The Regulations" is based on the process of management control, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities. Each component also includes several items. Please refer to the "The Regulations" for the above items.
- IV、The Company has adopted the above internal control system to judge the project and evaluate the effectiveness of the design and implementation of the internal control system.
- V、Based on the results of the previous assessment, the Company believes that the internal control system (the supervision and management of subsidiaries are covered) on December 31, 2022, including the understanding of the effectiveness and efficiency objectives of the operation, and such reports are reliable, timely, and transparent in compliance with relevant regulations and laws, and is effective and can achieve the above objectives reasonably.
- VI、This statement will become the main content of the Company's annual report and public offering statement, and will be made public. If the content of the above disclosure is illegal or concealed, it will involve legal liabilities such as Articles 20, 32, 171 and 174 of the Securities Exchange Law.
- VII、This statement was approved by the board of directors of the company on March 9, 2023. Among the 9 directors present, 0 people had an objection, and all agreed with the content of this statement, and hereby declare.

TaiGen Biopharmaceuticals Holdings Limited

Chairman : Kuo-Lung Huang sign

president : Kuo-Lung Huang sign

2.If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report : None.

(X) The punishment to the Company and its employees in accordance with the law, the Company's punishment to its employees for violation of the provisions of its internal control system, the major defects and the improvements made in the latest year and as of the date of publication of the annual report; when such penalty could have great impact on equity of the shareholders or stock price, the content should be disclosed: None

(XI) Important resolutions of the shareholders' meeting and the board of directors in the latest year and as of the date of publication of the annual report.

1. Important Resolutions of the Board of Directors :

Date	Summary of Important Resolutions	Matters listed in §14-3 or §14-5 of the Securities and Exchange Act	Independent director's opinions and the company's handling of opinions	Results of Audit Committee Resolutions
2022/3/15 18 th meeting of the 6 th term	1. Agree to approve the company's 2021 internal control system statement.	V	passed without objection	passed without objection
	2. Approve the 2021 financial statement and business report of the company and TaiGen Taiwan, and authorize the representative of the subsidiary board of directors to approve its 2021 financial statement and business report.	V	passed without objection	passed without objection
	3. Acknowledge the company's 2021 annual earning distribution plan, and authorize the board of directors of TaiGen Taiwan and its subsidiaries to acknowledge its 2021 annual loss compensation plan.	V	assed without objection	passed without objection
	4. Approved the company's 2021 employee remuneration and director's remuneration distribution ratio proposal, and authorized TaiGen Taiwan to discuss the 2021 employee remuneration distribution ratio proposal.			
	5. Agree to the assessment of the competence and independence of the Audit accountants.			
	6. Agreed to authorize the representative of TaiGen Taiwan Board of Directors to pass the amendments to part provisions of "Procedures for Lending Funds to Other Parties".			
	7. Agree to TaiGen Taiwan lends funds to TaiGen Beijing.	V	passed without objection	passed without objection
	8. Agree to pass amendments to part provisions of the articles of associations.	V	passed without objection	passed without objection
	9. Agreed that the company will elect 6 directors and 3 independent directors for the 7th term of the 2022 regular shareholders' meeting.	V	passed without objection	passed without objection
	10. Approved the new directors and its representative to lift the restriction of	V	passed without objection	passed without objection

	<p>non-competition, and submitted a special resolution to the regular shareholders' meeting.</p> <p>11. Agree to hold the 2022 regular shareholders meeting on May 30, 2022, and set April 1, 2022 to May 30, 2022 as the book closure period.</p>			
2022/4/13 19 th meeting of the 6 th term	1. Agree to review the list of nominated directors (including Independent director) candidates.			
2022/5/4 20 th meeting of the 6 th term	<p>1. Agree that the company applies to Bank SinoPac Bank for spot and forward foreign exchange transaction quotas.</p> <p>2. Agree that TaiGen Taiwan will apply to SinoPac Bank for credit lines such as spot and forward foreign exchange transactions.</p> <p>3. Agree to the company's submission of the 2021 manager performance bonus payment case.</p>			
2022/5/30 1 th meeting of the 7 th term	<p>1. Election of the Chairman of the 7th board of directors of the company.</p> <p>2. Appointment of the 9th director and supervisor of TaiGen Taiwan.</p> <p>3. Approved TaiGen Taiwan to lift its new director's non-compete restrictions.</p> <p>4. Agreed to appoint members of the 6th Steering Committee of the company, and authorized TaiGen Taiwan Board of Directors to appoint members of its 8th Steering Committee.</p> <p>5. Approved the appointment of members of the 6th Salary and Compensation Committee.</p> <p>6. Agreed to hire a consultant to the company's board of directors.</p>			
2022/8/4 2 th meeting of the 7 th term	<p>1. Approval of the company's consolidated financial statements for the second quarter of 2022.</p> <p>2. Agree that TaiGen Taiwan will apply for the renewal of the short-term comprehensive revolving credit line from First Bank and authorize representative Kuo-Lung Huang to sign all relevant contracts and documents and handle all related matters.</p> <p>3. Agree to the company's greenhouse gas inventory and verification schedule plan, and authorize TaiGen Taiwan to agree to its own and its subsidiaries' greenhouse gas inventory and verification schedule plan.</p> <p>4. Agree to the eligibility roster for exercising stock options in accordance with the "2020 Employee Stock Warrants Issuance and Subscription</p>	<p>V</p> <p>V</p>	<p>passed without objection</p> <p>passed without objection</p>	<p>passed without objection</p> <p>passed without objection</p>

	Regulations" on the expiration date of the first installment.			
2022/11/2 3 th meeting of the 7 th term	1. Formulate the company's 2023 internal audit plan, and authorize the company's Representative on the TaiGen Taiwan Board of Directors to agree to formulate the 2023 TaiGen Taiwan internal audit plan.	V	passed without objection	passed without objection
	2. The accounting firm replaced the company's consolidated financial statement auditor accountants case.	V	passed without objection	passed without objection
	3. Authorized the Representative of the TaiGen Taiwan Board of Directors to agree to the accounting firm's replacement of TaiGen Taiwan's financial statement auditor accountants			
	4. Authorize the representative of the TaiGen Taiwan Board of Directors to approve the capital increase of TaiGen Cayman within the RMB equivalent of US\$5 million in one or several installments, and transfer the entire amount of the capital increase to TaiGen Beijing supports its operating expenses and authorizes the boards of directors of each subsidiary company to pass necessary resolutions on the capital increase matters previously mentioned	V	passed without objection	passed without objection
	5. Amend part provision of the company's "Rules for Prevention of Insider Trading Law".	V	passed without objection	passed without objection
	6. The representative of TaiGen Taiwan's board of directors authorized to agree to its representative on the TaiGen Cayman board of directors agreed to reassign 1 director seat of TaiGen Beijing.			
2022/12/14 4 th meeting of the 7 th term	1. Agree to the conditions for exercising the stock options as listed in the roster, which are in accordance with the '2020 Employee Stock Warrants Issuance and Subscription Regulations' in the second distribution, on the expiration date	V	passed without objection	passed without objection
	2. Agree to apply to SinoPac Bank for spot foreign exchange transaction quota.			
	3. Authorize the Representative of JJ Taiwan's Board of Directors to approve JJ Taiwan's application to renew the limit of spot foreign exchange transactions with SinoPac Bank.			
	4. Authorize the Representative of JJ Taiwan's Board of Directors to approve JJ Taiwan's application to apply for a short-term loan credit line with Yuanta Bank.			
	5. Approve the budget for the operating expenses and capital expenditures of our company for the year 2023, and authorize the subsidiaries and affiliates			

	to approve their respective budget for the operating expenses and capital expenditures for the year 2023".			
2023/3/9 5 th meeting of the 7 th term	1. Agree to approve the company's 2021 internal control system statement.	V	passed without objection	passed without objection
	2. Approve the 2021 financial statement and business report of the company and TaiGen Taiwan, and authorize the representative of the subsidiary board of directors to approve its 2021 financial statement and business report.	V	passed without objection	passed without objection
	3. Acknowledgment of the company's 2022 loss make-up proposal and authorize the representative of the subsidiary board of directors to acknowledge 2022 loss make-up proposal.	V	passed without objection	passed without objection
	4. Agree to the assessment of the competence and independence of the certified public accountant.			
	5. Agree to the partial revision of provisions of the company's articles of association.	V	passed without objection	passed without objection
	6. Agreed to the partial revision of provisions of Procedures for Acquisition or Disposal of Assets	V	passed without objection	passed without objection
	7. Authorize the representative of the subsidiary board of directors to agree partial revision of provisions of Procedures for Acquisition or Disposal of Assets			
	8. Agree partial revision of provisions of Rules and Procedures of Board of Directors Meetings	V	passed without objection	passed without objection
	9. Agree to issue 2023 employee stock option certificates	V	passed without objection	passed without objection
	10. Agree to issue 2023 New Shares Restricting Employee Rights	V	passed without objection	passed without objection
	11. Agree to the revision of the 2023 budget by the representatives of the board of directors of the company and each subsidiary company			
	12. Agree to convene the 2023 Annual Shareholders' Meeting on May 26, 2023, and set the period from March 28, 2023 to May 26, 2023 as the book closure.			
2023/3/21 6 th meeting of the 7 th term	1. TaiGen Taiwan and Taiwan Beijing sign Patent implementation license and commercialization cooperation contract with Joincare Pharmaceutical Group Industry Co., Ltd	V	passed without objection	passed without objection

Important resolutions of the shareholders' meeting :

Date	Summary of important resolutions
2022/5/30	<ol style="list-style-type: none"> 1. Approval of the financial statements and business report of our company for the year 2021. 2. Approval of the earning distribution plan of our company for the year 2021. 3. Approval of the election of the 6 directors and 3 independent directors of the 7th board of directors of our company. 4. Approval of lifting the non-compete restrictions on the new director and their representative of our company. 5. Approval of the amendment to certain articles of the "articles of association" of our company. 6. Approval of the amendment to certain articles of the "Procedures for Lending Funds to Other Parties" of our company.

Review of the implementation status of the resolutions passed at the shareholders' meeting on May 30, 2022 :

Resolutions		Implementation status
Acknowledgments	The 2021 Financial Statements and Business Report of Our Company.	The necessary filings and announcements have been made to the competent authority in accordance with regulations.
	The 2021 Earning Distribution of Our Company	The resolution has been implemented
Discussion items	Approval of the election of the 6 directors and 3 independent directors of the 7th board of directors of our company.	On the same day of May 30, the first board meeting of the 7th term was held to elect the Chairman, appoint members of the Salary and Compensation Committee, appoint members of the Steering Committee, and announce the list of members of the Audit Committee.
	Approval of lifting the non-compete restrictions on the new director and their representative of our company.	The resolution has been implemented.
	Approval of the amendment to certain articles of the "articles of association" of our company	The resolution has been implemented.
	Approval of the amendment to certain articles of the "Procedures for Lending Funds to Other Parties" of our company	The resolution has been implemented.

(XII) In the latest year and as of the date of publication of the annual report, Chairman, president, if any directors or audit committee members have expressed a dissenting opinion on any significant resolutions passed by the Board of Directors and recorded or made a written statement, the main contents of such opinions shall be provided : None.

(XIII) In the latest year and as of the date of publication of the annual report, summary of resignations and dismissals of professional managerial officers, including chairman, president, chief accounting officers, chief finance officer, chief internal auditor, corporate governance, and chief R&D officer : None

IV、Information on the professional fees of the attesting CPAs

2022 Accountant Aptitude and Independence Evaluation Form

1	Whether the appointed accountant has any direct or indirect significant financial interests with the company.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2	Whether the appointed accountant has a close business relationship or potential employment relationship with the company.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3	Has the appointed auditor acted as legal counsel for the Company or represented the Company in resolving conflicts with third parties?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4	Does the appointed accountant and his/her spouse or dependents have any financing or guarantee arrangements with the company or the directors/supervisors of the company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
5	Has the appointed accountant, his/her spouse or dependent relatives served as a director, supervisor, officer, or any positions that may have significant impact on the audit cases of the Company in the current or past two years? Will they serve in any of the above-mentioned positions during the audit period in the future?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6	Does the appointed accountant or their spouse or dependents have any family relationship with personnel who hold significant positions related to the audit cases, such as directors, supervisors, or managers, of the Company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7	Has the appointed accountant acted as an intermediary for the issuance of stocks or other securities of the Company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8	Does the appointed auditor provide non-audit services to the Company that may have a direct impact on the audit work?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9	Does the appointed auditor engage in any other businesses that may compromise their independence?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
10	Does the appointed accountant receive any commission related to the company's business?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
11	Has the appointed accountant received any significant gifts or presents (with a value exceeding normal social etiquette standards) from the company, its directors, or managers?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
12	Has the appointed accountant violated any regulations that affect independence, such as the rotation of accountants, delegation of accounting duties to others, or other non-compliant events stipulated by regulatory agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
13	Are there any other inappropriate relationships between the appointed accountant and the company beyond those mentioned above?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
14	The appointed accountant should ensure that their assistants adhere to honesty, fairness, and independence.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(I) Disclose the amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services

Unit : NT\$ thousand

CPA firm	Name of accountant	Audit period	Audit fee	Non-audit fee (Note)	Total	Remark
Deloitte & Touche	Shiow-Ming Shue	2022	2,280	350	2,630	-
	Ya-Ling Wong					

Note : The cost of our company's internal control project review report for fiscal year 2022

(II) Information regarding the replacement of an accounting firm where the audit fees for the replacement year decreased from those of the previous year, thereby requiring disclosure of the reason and the audit fees before and after the replacement : N/A

(III) Information regarding auditing fees that decreased 10% or more from those of the previous year, thereby requiring disclosure of the reduction amount, percentage, and reason : N/A

V 、 Information on Replacement of CPA : None

VI 、 The Company's chairman 、 president 、 manager in charge of financial or accounting affairs, who have worked in the firm of the audit accountant or its affiliated companies within the last one year, the name, title and period of employment of the audit accountant's firm or its affiliated enterprises shall be disclosed : None

VII · In the latest year and as of the date of publication of the annual report, changes in equity transfer and equity pledge of directors, supervisors, managers and shareholders with a shareholding ratio of more than 10%

(I) Changes in equity transfer and equity pledge of directors, supervisors, managers and shareholders with a shareholding ratio of more than 10%

Unit : thousand share

Title	Name	2022		2023 until February 28	
		Number of shares held increased (decreased)	Number of pledged shares increased (decreased)	Number of shares held increased (decreased)	Number of pledged shares increased (decreased)
Chairman	Kao Hsiang Investment Co., Ltd.	0	0	0	0
	Representative : Kuo-Lung Huang	0	0	0	0
Director	YFY Investment Holding Co., Ltd.	12,993	0	0	0
	Representative : Hong-Jen Chang (Dismissed after reelection on 05.30)	0	0	0	0
	Representative : Show-Chung Ho (New appointment after reelection on 05.30)	0	0	0	0
Director	National Development Fund, Executive Yuan	16,968	0	0	0
	Representative : Yen-Hua Huang (Dismissed after reelection on 05.30)	0	0	0	0
	Representative : Chi-Kung Ho (New appointment after reelection on 05.30)	0	0	0	0
Director	Kao Hsiang Investment Co., Ltd.	0	0	0	0
	Representative : Hong-Jen Chang (New appointment after reelection on 05.30)	0	0	0	0
Director	Taiwan Sugar Corporation	0	0	0	0
	Representative : Kuo-Hsi Wang	0	0	0	0
Director	Show-Chung Ho (Dismissed after reelection on 05.30)	0	0	0	0
Director	Ming-Chu Hsu (Dismissed after reelection on 05.30)	0	0	0	0
Independent director	Weng-Foung Huang	0	0	0	0
Independent director	Ye-Hong Zhang	0	0	0	0
Independent director	Shen-Fu Yu	0	0	0	0
CEO	Kuo-Lung Huang	0	0	0	0
Finance and Administration Division Vice President	Richard Lu	0	0	0	0
Preclinical Research Division Vice President	Cheng-Yuan Tsai	0	0	0	0
Clinical Development Division Vice President	Li-Wen Chang	0	0	0	0
Accounting Department Director	Mark Kao	0	0	0	0

(II) Equity transfer information (transaction counterparty is a related person) : None

(III) Equity pledge information (transaction counterparty is a related person) : None

VIII 、Information about Spouses, Kinship within Second Degree, and Relationships between Any of the Top Ten Shareholders:

March 28, 2023 ; Unit : Share ; %

NAME	Shares held by the shareholder		Share held by spouse and minor children		Total shares held in the name of others		Top 10 shareholders who among themselves, are related person or spouse, second degree relative, their name and relationship		Mark
	Shares	ratio	shares	ratio	shares	ratio	Name	relation	
National Development Fund, Executive Yuan	103,007,259	14.37	0	0	0	0	Yaohua 、 Taiwan Sugar	The Ministry of the Executive Yuan will have the largest share	
National Development Fund, Executive Yuan Representative : Chi-Kung Ho	0	0	0	0	0	0	None	None	
YFY Investment Holding Co., Ltd.	97,502,590	13.60	0	0	0	0	YFY Paradigm 、 Chung Hwa Pulp	Investing using the equity method	
YFY Investment Holding Co., Ltd. Representative : Huijin Liu	0	0	0	0	0	0	None	None	
Taiwan Sugar Corporation	43,883,058	6.12	0	0	0	0	Yaohua 、 National Development Fund, Executive Yuan	The Ministry of the Executive Yuan will have the largest share	
Taiwan Sugar Corporation Representative : Kuo-Hsi Wang	0	0	0	0	0	0	None	None	
Yaohua Glass Co., Ltd. Management Committee	27,523,529	3.84	0	0	0	0	National Development Fund, Executive Yuan 、 Taiwan Sugar	The Ministry of the Executive Yuan will have the largest share	
Yaohua Glass Co., Ltd. Management Committee Representative :	0	0	0	0	0	0	None	None	

NAME	Shares held by the shareholder		Share held by spouse and minor children		Total shares held in the name of others		Top 10 shareholders who among themselves, are related person or spouse, second degree relative, their name and relationship		Mark
	Shares	ratio	shares	ratio	shares	ratio	Name	relation	
Almighty Lin									
SinoPac Venture Capital Co., Ltd.	21,631,154	3.02	0	0	0	0	None	None	
SinoPac Venture Capital Co., Ltd. Representative : Rumei Xu	0	0	0	0	0	0	None	None	
Chung Hwa Pulp Corporation	17,829,132	2.49	0	0	0	0	YFY、YFY Paradigm	Investing using the equity method	
Chung Hwa Pulp Corporation Representative : Kunxiong Huang	0	0	0	0	0	0	None	None	
YFY Paradigm Investment Co., Ltd.	17,654,353	2.46	0	0	0	0	YFY、Chung Hwa Pulp	Investing using the equity method	
YFY Paradigm Investment Co., Ltd. Representative : Bingzheng Luo	0	0	0	0	0	0	None	None	
Ming-Chu Hsu	16,624,325	2.32	0	0	0	0	None	None	
Shin yi enterprise co., ltd.	12,993,083	1.81	0	0	0	0	None	None	
Shin yi enterprise co., ltd. Representative : Xingru Zhang	1,000	0.0001	270,443	0.04	0	0	None	None	
Chase Managed Advanced Starlight Advanced Aggregate International Stock Index	4,042,526	0.56	0	0	0	0	None	None	

IX、Shares and total shareholding ratios in a business held by the Company; directors, supervisors, and managers of the Company; and businesses controlled directly or indirectly by the Company :

Unit : Share ; %

Investee business (Note)	Company investment		Directors, supervisors, and managers of the Company and businesses directly or indirectly controlled by the Company		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio

Dongguan HEC TaiGen Biopharmaceutical s Co. Ltd.	(Note 1)	40.02%(Note 2)	-	-	-	40.02%
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Note 1 : Invested in mainland company by technology through TaiGen Biopharmaceuticals Co.(Beijing), Ltd.

Note 2 : The shareholding ratio is 40.02%, and the actual voting rights held are agreed upon in the shareholder agreement to be 40%.

Chapter 4 、 Capital Overview

I 、 Capital and shares

(I) Capital sources

Our company was established in the Cayman Islands in September 2005 with 10 common shares issued at a par value of USD 0.001 per share. On April 8, 2008, the company completed a restructuring and issued new shares, with an authorized capital of USD 481,783.254, divided into 254,481,627 common shares, 143,855,000 Class A preferred shares, and 83,446,627 Class B preferred shares. The actual number of shares issued was 1,000,000 common shares, 143,855,000 Class A preferred shares, and 83,446,627 Class B preferred shares. As the preferred shares have a redemption feature, they are treated as financial liabilities in the financial statements according to accounting principles. Therefore, the issued and paid-up capital is only calculated based on the common shares, which is USD 1,000.

On January 12th, 2010, our company completed the issuance of Class C preferred shares, with an authorized capital of USD 1,122,514.16, divided into 624,624,297 common shares, 143,855,000 Class A preferred shares, 83,446,627 Class B preferred shares, and 270,588,236 Class C preferred shares. The actual number of shares issued was 1,000,000 common shares, 143,855,000 Class A preferred shares, 83,446,627 Class B preferred shares, and 235,294,117 Class C preferred shares. As the preferred shares have a redemption feature, they are treated as financial liabilities in the financial statements according to accounting principles. Therefore, the issued and paid-up capital is only calculated based on the common shares, which is USD 1,000. Restricted common shares were also issued to employees and consultants during this period, and common shares were issued in response to the exercise of employee stock options (these common shares cannot be transferred before the company's stock is listed).

On June 11, 2011, the Company's shareholders resolved to convert all preferred shares into common shares as of the conversion date of June 30, 2011. The conversion ratio was 1:1.28 for A series preferred shares, 1:1.44 for B series preferred shares, and 1:1 for C series preferred shares. During the period, common shares were issued in response to the exercise of shareholder and employee stock options (such common shares could not be transferred before the listing of the Company's stock). As of December 31, 2011, the number of outstanding shares in circulation was 571,898,234, with a capital of USD 571,898.23 (converted to NTD at the exchange rate between NTD and USD on each issuance date, the capital amounted to NTD 16,535 thousand).

On August 8, 2012, the company's board resolved to issued 58,823,530 common shares, with a record date of September 27, 2012. The company also issued additional common shares due to the exercise of shareholder and employee stock options. In 2014, the company issued 22,000,000 new shares in a cash capital increase due to IPO, and in 2015, the company's board approved the issuance of 20,000,000 additional common shares, which were completed on February 24, 2016. As of the date of the annual report, there were 716,844,175 outstanding shares, with a total capital of USD 716,844.18 (equivalent to NTD 20,910 thousand).

1.Capital formation process :

Unit : Share ; US dollar

Month, year	Issue price (US\$)	Authorized capital		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Capital source	Using property other than cash to offset the share capital	Other
Common shares :								
2005.9	0.001	50,000,000	US\$50,000	10	US\$0.01	Share capital at the time of establish- ment	None	
2008.1	0.001	481,783,254	US\$481,783.254	999,990	US\$999.99	(Note1)	None	
2009.3	0.001	1,122,514,160	US\$1,122,514.16	10,321,775	US\$10,321.775	Issue of restricted common stock	None	
preferred shares :								
2008.1~4	0.308	143,855,000	US\$143,855	143,855,000	(註 1)	Organizational reorganization and issuance of Series A special shares	A total of 11,550 thousand shares including technical price	
2008.1~4	0.462	83,446,627	US\$83,446.627	83,446,627	(註 1)	Organizational reorganization and issuance of Series B special shares	None	
2009.1 2009.4 2010.2	0.17	270,588,236	US\$270,588.236	235,294,117	(註 2)	Organizational reorganization and issuance of Series C special shares	None	
Common shares :								
2010.2	0.001	1,122,514,160	US\$1,122,514.16	7,350,000	US\$7,350	Issue of restricted common stock	None	
	0.0308			586,111	US\$586.111	Exercise of employee stock options		
	0.0462			1,162,500	US\$1,162.5			
	0.308			9,475	US\$9.475			
2010.6	0.001	1,122,514,160	US\$1,122,514.16	246,474	US\$246.474	Issue of restricted common stock	None	
2010.11	0.001	1,122,514,160	US\$1,122,514.16	7,500,000	US\$7,500	Issue of restricted common stock	None	
	0.0462			790,000	US\$790	Exercise of employee stock options	None	
2011.5	0.308	1,122,514,160	US\$1,122,514.16	5,400	US\$5.4	Exercise of	None	

Month, year	Issue price (US\$)	Authorized capital		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Capital source	Using property other than cash to offset the share capital	Other
	0.462			4,325	US\$4.325	employee stock options		
2011.6		1,122,514,160	US\$1,122,514.16	539,591,660	US\$539,591.66	Special shares A, B, C are converted into common shares and new shares are issued	Including technolo gy price amount US\$14,7 84	
2011.7	0.017	1,122,514,160	US\$1,122,514.16	200,000	US\$200	Exercise of employee stock options	None	
2011.9	0.17	1,122,514,160	US\$1,122,514.16	1,911,764	US\$1,911.764	exercise of shareholder stock options	None	
2011.12	0.017	1,122,514,160	US\$1,122,514.16	100,000	US\$100	Exercise of employee stock options	None	
	0.0462			1,118,750	US\$1,118.75			
2012.3	0.0462	1,122,514,160	US\$1,122,514.16	67,000	US\$67	Exercise of employee stock options	None	
	0.0308			150,000	US\$150			
	0.17			19,500	US\$19.5	exercise of shareholder stock options		
2012.5	0.017	1,122,514,160	US\$1,122,514.16	175,000	US\$175	Exercise of employee stock options	None	
	0.17			24,411	US\$24.411	exercise of shareholder stock options		
2012.6	0.17	1,122,514,160	US\$1,122,514.16	1,081,952	US\$1,081.952	exercise of shareholder stock options	None	
2012.8	0.17	1,122,514,160	US\$1,122,514.16	146,139	US\$146.139	exercise of shareholder stock options	None	
2012.9	0.17	1,122,514,160	US\$1,122,514.16	93,000	US\$93	exercise of shareholder stock options	None	
				58,823,530	US\$58,823.53	Cash capital increase to issue new shares	None	
2012.12	0.017	1,122,514,160	US\$1,122,514.16	150,000	US\$150	Exercise of employee stock options	None	
	0.17			25,147	US\$25.147	exercise of shareholder stock options		
2013.3	0.017	1,122,514,160	US\$1,122,514.16	850,000	US\$850	Exercise of employee stock options	None	
	0.0462			272,500	US\$272.5			
	0.17			197,500	US\$197.5			

Month, year	Issue price (US\$)	Authorized capital		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Capital source	Using property other than cash to offset the share capital	Oth er
2013.5.14	0.308	1,122,514,160	US\$1,122,514.16	111,200	US\$111.2	exercise of shareholder stock options	None	
	0.462			4,985	US\$4.985			
	0.17			73,968	US\$73.968			
2013.5.14	0.17	1,122,514,160	US\$1,122,514.16	222,500	US\$222.5	Exercise of employee stock options	None	
				87,419	US\$87.419	exercise of shareholder stock options		
2013.5.30	0.17	1,122,514,160	US\$1,122,514.16	7,250,322	US\$7,262.822	exercise of shareholder stock options	None	
	0.017			3,750,000	US\$3,750	Exercise of employee stock options		
	0.0462			384,150	US\$384.15			
	0.17			4,519,000	US\$4,506.5			
	0.308			222,350	US\$222.35			
	0.462			1,213,804	US\$1,213.804			
2013.8.30	0.17	1,122,514,160	US\$1,122,514.16	22,456,834	US\$22,456.834	exercise of shareholder stock options	None	
2014.1.16	NT\$50	1,122,514,160	US\$1,122,514.16	22,000,000	US\$22,000	Cash capital increase to issue new shares	None	註 4
2014.2	0.308	1,122,514,160	US\$1,122,514.16	153,000	US\$153	Exercise of employee stock options	None	
	0.462			137,220	US\$137.22			
	0.17			180,000	US\$180			
2014.4.3	0.462	1,122,514,160	US\$1,122,514.16	1,010	US\$1.01	Exercise of employee stock options	None	
	0.17			3,750	US\$3.75			
2015.7.7	0.17	1,122,514,160	US\$1,122,514.16	15,000	US\$15	Exercise of employee stock options	None	
2016.2.24	NT\$24.01	1,122,514,160	US\$1,122,514.16	20,000,000	US\$20,000	Cash capital increase to issue new shares	None	註 5
2019.1.10	0.462	1,122,514,160	US\$1,122,514.16	37,500	US\$37.5	Exercise of employee stock options	None	
2019.10.25	0.462	1,122,514,160	US\$1,122,514.16	42,500	US\$42.5	Exercise of employee stock options	None	
2020.7.21	0.17	1,122,514,160	US\$1,122,514.16	3,750	US\$3.75	Exercise of employee stock options	None	
Total				716,844,175	US\$716,844.18			

Notel : Our company conducted a stock swap with TaiGen Taiwan shareholders, with a 1:1 exchange ratio for both common shares and preferred shares. The stock swap was completed on April 8, 2008, with a total of 1,000,000 common shares, 143,855,000 A-series preferred shares, and 83,446,627 B-series preferred shares. Due to the redemption rights attached to the preferred

shares, they are accounted for as financial liabilities rather than shareholder equity in the financial statements, in accordance with accounting principles

Note2 : Due to the redemption rights attached to the C-series preferred shares, they are accounted for as financial liabilities rather than shareholder equity in the financial statements, in accordance with accounting principles.

Note3 : As of May 31, 2013, our company has issued 651,813,611 common shares, as well as 22,456,834 units of shareholder stock warrants that have not been exercised (each unit entitling the holder to purchase one common share) and 758,730 units of employee stock warrants that have not been exercised (each unit entitling the holder to purchase one common share). The public offering of these securities was declared effective in accordance with the letter numbered 1020029146, issued by the Financial Supervisory Commission on August 1, 2013.

Note4 : The filing was declared effective according to the letter numbered 1020051209, issued by the Financial Supervisory Commission on December 13, 2013.

Note5 : The filing was declared effective according to the letter numbered 1040050034, issued by the Financial Supervisory Commission on December 14, 2015.

2. Capital sources

March 28, 2023 ; Unit : Share

Capital source	Authorized capital		
	Issued shares	Un-issued shares	Total
Common shares	716,844,175	405,669,985	1,122,514,160

3. Information about the shelf registration: None

(II) Shareholder composition

March 28, 2023 ; Unit : Shares

Shareholder type Quantity	Government agencies	Financial institutions	Other institutional investors	Individuals	Foreign institutional and individual investors	Total
Shareholders	1	2	59	30,505	95	30,662
Shares held	103,007,259	3,509,598	251,911,150	329,366,791	29,049,377	716,844,175
Percentage	14.37%	0.49%	35.14%	45.95%	4.05%	100.00%

Note1 : The par value of our company's common shares is USD 0.001 per share.

Note2 : The company's capital does not have mainland capital.

Note3 : The definitions of "individuals" and "foreign institutions and foreigners" are distinguished by whether their nationality is R.O.C. nationality, so "individuals" in this table refer to individuals with R.O.C., and foreign institutions and foreigners" refer to individuals and legal entities that are not R.O.C.

(III) Shareholding dispersion

1. Common shares

March 28, 2023

Share range	Number of shareholders	Shares held	Percentage
1 - 999	3,627	708,552	0.10%
1,000- 5,000	18,664	41,428,868	5.78%
5,001- 10,000	3,737	30,307,540	4.23%
10,001- 15,000	1,208	15,655,127	2.18%
15,001- 20,000	924	17,334,186	2.42%
20,001- 30,000	804	20,763,932	2.90%
30,001- 40,000	379	13,587,606	1.89%
40,001- 50,000	282	13,067,455	1.82%
50,001- 100,000	519	37,335,469	5.21%
100,001- 200,000	284	40,071,425	5.59%

Share range	Number of shareholders	Shares held	Percentage
200,001- 400,000	124	35,181,397	4.91%
400,001- 600,000	48	22,913,803	3.20%
600,001- 800,000	20	13,672,311	1.91%
800,001- 1,000,000	11	9,762,822	1.36%
1,000,001- 10,000,000	31	405,053,682	56.50%
Total	30,662	716,844,175	100%

Note : The par value of our company's common shares is USD 0.001 per share.

2. Preferred shares : None

(IV)Major shareholders : List of shareholders with a shareholding ratio of more than 5% or the top 10 shareholders

March 28, 2023

Main shareholder name	Number of shares held (share)	Shareholding ratio (%)
National Development Fund, Executive Yuan	103,007,259	14.37%
YFY Investment Holding Co., Ltd.	97,502,590	13.60%
Taiwan Sugar Corporation	43,883,058	6.12%
Yaohua Glass Co., Ltd. Management Committee	27,523,529	3.84%
SinoPac Venture Capital Co., Ltd.	21,631,154	3.02%
Chung Hwa Pulp Corporation	17,829,132	2.49%
YFY Paradigm Investment Co., Ltd.	17,654,353	2.46%
Ming-Chu Hsu	16,624,325	2.32%
Shin yi enterprise co., ltd.	12,993,083	1.81%
Chase Managed Advanced Starlight Advanced Aggregate International Stock Index	4,042,526	0.56%

(V) Market price,net asset value,earnings,and dividends per share in the last two years

Unit : NT\$

Item	Year	2021	2022	As of March 23, 2023
Market price Per share	Highest	25.55	21.05	16.40
	Lowest	14.25	13.05	13.90
	Average	18.83	16.33	15.37
Net asset value per share	Before distribution	1.75	1.35	-
	After distribution	1.75	1.35	-
Earnings per share	Weighted average shares(thousand share)	716,844	716,844	716,844
	Earnings per share(loss)	1.08	(0.33)	-
Dividends per share	Cash dividends	0	0	-
	Stock Surplus allotment	0	-	-

	dividends	Capital reserve allotment	0	-	-
	Accumulated undistributed dividends		None	None	-
Return on investment	Price/earnings ratio		17.44	Not applicable	-
	Price/dividend ratio		0	0	-
	Cash dividend yield rate		0	0	-

(VI) Dividend policy and implementation status

1、Dividend Policy as set out in the Articles of Incorporation

According to Article 111 of our company's articles of association, when distributing annual profits, the company may allocate the surplus after payment of taxes, donations, and offsetting accumulated losses. The company may also set aside reserves and distribute the remaining balance as distributable profits. The distribution of profits shall be prepared by the Board of Directors based on the audited or reviewed financial statements by a certified public accountant and shall be submitted to the shareholders' meeting for approval. The distribution ratio is as follows:

Because the Company is still at the growth stage, the dividends distribution will take into account the future and current economic overview, the Company's then working capital requirement and financial structure, and the remaining profits for the relevant financial year and previous financial years to the Members as Dividends. No less than ten percent (10%) of the remaining profits after the reserves for the relevant financial year shall be declared and may be paid in the form of cash and/or bonus Shares, and cash Dividends shall be no less than ten percent (10%) of the total amount of cash Dividends and stock Dividends which may be subject to adjustment by taking into consideration the Company's cash flow, revenue and future operation needs.

In addition, according to Article 113 of the company's articles of association, dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Board determines is no longer needed, or not in the same amount. Subject to the requirement of these Articles, Dividends may also be declared and paid out of Share Premium Account or any other fund or account which can be authorised for this purpose in accordance with the Statute.

In response to the amendment to Article 235-1 of the R.O.C. Company Law, the distribution of dividends and bonuses is limited to shareholders, and employees are not the object of profit distribution. In line with the above regulations, the company has amended the Articles of Association on March 24, 2016, and passed the resolution of the shareholders' general meeting held on June 17, 2016.

2、Proposed Distribution of Dividend：

The company's operating loss in 2022, so there is no dividend distribution this year, which was passed by the resolution of the board of directors on March 9, 2023, and submitted to the general meeting of shareholders on May 26, 2023 for approval.

(VII) Impact on business performance and EPS of the stock dividend distribution proposed at the 2022 shareholder meeting：N/A

(VIII) Remuneration of employees (including managers) and directors

1、The percentage or range of remuneration for employees (including managers) and directors as stated in the company's articles of association

According to Article 112 of the company's current articles of association, "Unless otherwise provided in the Applicable Law, where the Company makes profits before tax for the annual financial year, the Company shall allocate (1) no less than one percent (1%) of such annual profits before tax for the purpose of employees' remunerations (including employees(managers) of the Company and/or any Subsidiaries of the Company satisfying such conditions to be prescribed by the Board) (the "Employees' Remunerations"); and (2) up to two percent (2%) 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(managers)' Remunerations and Directors' Remunerations." Besides considering the company's overall operational performance (including the achievement of important projects, occurrences of moral hazards by directors and managers or other events that negatively impact the company's image and reputation, improper internal management, personnel misconduct, and other risk events), industry future operational risks and development trends, reasonable compensation will also be based on individual performance achievement rate and contribution to the company's performance. Related performance evaluations and compensation fairness are subject to review by the Salary and Compensation Committee and the Board of Directors. The remuneration system will be periodically reviewed in accordance with the actual business situation and relevant laws and regulations to strike a balance between sustainable business operation and risk management.

- 2、The basis for estimating employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period :

If there are differences between the estimated and actual amounts for this period, the difference will be treated as an accounting estimate change and included in the income statement for the next period.

- 3、Distribution of compensation approved by the Board of Directors : N/A.
- 4、The actual distribution of employee and director compensation for 2020 (including the number of shares, monetary amount, and stock price of the shares distributed) and any discrepancy between the actual distribution and the recognized employee, or director compensation, and the reason and handling thereof : No difference.

(IX) Buyback of treasury stock : None.

II、Information on corporate bonds : None.

III、Information on Special Shares : None.

IV、Information on Global Depositary Receipts : None.

V、Issuance of employee stock warrants and stockholders stock warrants

(I) Status of employee stock options prior to their vesting period and their impact on shareholders' equity

March 23, 2023

Types of employee stock options	2005 Share Award Plan 4 th employee stock options	2005 Share Award Plan 5 th employee stock options	2005 Share Award Plan 6 th employee stock options																								
Approval date/Total Unit	N/A/1,070,000 units	N/A/220,000 units	N/A/30,000 units																								
Issue date	February 17, 2012	January 8, 2013	May 27, 2013																								
Units Issued	1,050,000 units (1 ordinary share per unit)	155,000 units (1 ordinary share per unit)	25,000 units (1 ordinary share per unit)																								
Number of units still available	0	0	0																								
Ratio of shares granted to total outstanding shares	0.15%	0.03%	0.004%																								
Duration	Valid for 10 years from date of issue	Valid for 10 years from date of issue	Valid for 10 years from date of issue																								
Exercise	Issuance of new shares	Issuance of new shares	Issuance of new shares																								
Vesting schedule and quota (%) (Note 1)	<div>Employee stock options can be exercised in accordance with the following periods and proportions from the date of commencement of the vested period :</div> <table><tr><th>Period</th><th>Exercisable ratio</th></tr><tr><td>After 3 full years</td><td>50%</td></tr><tr><td>After 4 full years</td><td>25%</td></tr><tr><td>After 5 full years</td><td>25%</td></tr></table> <div>The shares acquired by exercising employee stock options shall not be transferred before the company's stock is listed on the counter</div>	Period	Exercisable ratio	After 3 full years	50%	After 4 full years	25%	After 5 full years	25%	<div>Employee stock options can be exercised in accordance with the following periods and proportions from the date of commencement of the vested period :</div> <table><tr><th>Period</th><th>Exercisable ratio</th></tr><tr><td>After 3 full years</td><td>50%</td></tr><tr><td>After 4 full years</td><td>25%</td></tr><tr><td>After 5 full years</td><td>25%</td></tr></table> <div>The shares acquired by exercising employee stock options shall not be transferred before the company's stock is listed on the counter</div>	Period	Exercisable ratio	After 3 full years	50%	After 4 full years	25%	After 5 full years	25%	<div>Employee stock options can be exercised in accordance with the following periods and proportions from the date of commencement of the vested period :</div> <table><tr><th>Period</th><th>Exercisable ratio</th></tr><tr><td>After 3 full years</td><td>50%</td></tr><tr><td>After 4 full years</td><td>25%</td></tr><tr><td>After 5 full years</td><td>25%</td></tr></table> <div>The shares acquired by exercising employee stock options shall not be transferred before the company's stock is listed on the counter</div>	Period	Exercisable ratio	After 3 full years	50%	After 4 full years	25%	After 5 full years	25%
Period	Exercisable ratio																										
After 3 full years	50%																										
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Period	Exercisable ratio																										
After 3 full years	50%																										
After 4 full years	25%																										
After 5 full years	25%																										
Units exercised(shares)	1,050,000	155,000	10,000																								
Amount exercised	US\$63,750	US\$26,350	US\$1,700																								
Units unexercised(shares)	-	-	15,000																								
Exercise price for unexercised units	-	-	US\$0.17																								
Units unexercised to total outstanding shares (%) (Note)	-	-	0.002%																								
Impact on shareholders' equity	Note 2	Note 2	Note 2																								

Note 1 : According to the resolution of the board of directors of the company on May 27, 2013, the holders of the employee stock option certificates of the company can execute the employee stock option certificates that have not expired in advance. Employees who want to execute the employee stock options in advance must reply to their decision to implement in advance and complete the payment of shares. For employees who have not completed the payment of shares, their award period will still remain the original award period.

Note 2 : Effect on dilution of shareholders' equity is not material.

Types of employee stock options	2020 First employee stock options	
Approval date/Total Unit	May 15, 2020 / 20,000 units	
Issue date	1th : August 7, 2020	2rd : March 3, 2021
Units Issued	15,000Units	1,130Units
Number of units still available	0	0
Ratio of shares granted to total outstanding shares	2.09%	0.16%
Duration	Valid for 5 years from date of issue	Valid for 5 years from date of issue
Exercise	Issuance of new shares	Issuance of new shares
Vesting schedule and quota (%) (Note 1)	Employee stock options can be exercised in accordance with the following periods and proportions from the date of commencement of the vested period : <div> <div>Period</div> <div>Exercisable ratio</div> </div> After 2 full years 50% After 3 full years 25% After 4 full years 25%	Employee stock options can be exercised in accordance with the following periods and proportions from the date of commencement of the vested period : <div> <div>Period</div> <div>Exercisable ratio</div> </div> After 2 full years 50% After 3 full years 25% After 4 full years 25%
Units exercised(shares)	-	-
Amount exercised	-	-
Units unexercised(units)	7,644	657
Exercise price for unexercised units	23.55	19.1
Units unexercised to total outstanding shares (%) (Note)	1.07%	0.09%
Impact on shareholders' equity	Effect on dilution of shareholders' equity is not material.	Effect on dilution of shareholders' equity is not material.

Note 1 : Apply for the issuance of 20,000 units of employee stock option certificates, each unit can subscribe for 1,000 shares, and the total number of subscribed shares is 20,000,000 shares, which will become effective on May 15, 2020.

(II) Names of executive officers receiving warrants and names of Top 10 employees in entitlement, and status of exercise and subscription

1. 2005 Share Award Plan

March 23, 2023 ; Share

	Title	Name	Obtain the number of subscriptions	The ratio of the number of subscriptions obtained to the total number of issued shares	Exercised				Unexercised			
					Subscription units	Subscription price	Subscription amount	The ratio of the number of subscriptions obtained to the total number of issued shares	Subscription units	Subscription price	Subscription amount	The ratio of the number of subscriptions obtained to the total number of issued shares
Manager	Chairman & CEO	Kuo-Lung Huang	2,413,280	0.34%	2,413,280	US\$0.0170 US\$0.0308 US\$0.0462 US\$0.1700 US\$0.3080 US\$0.4620	US\$332,692.79	0.34%	0	US\$0.000	US\$0.00	0.00%
	Vice president	Lin Zhuqiang (Note 1)										
	Vice president	Cheng-Yuan Tsai(Note 2)										
	Vice president	Li-Wen Chang(Note 3)										
Employee	Supervisor	Zhiming Chen(Note 4)	1,848,876	0.26%	1,848,876	US\$0.1700 US\$0.3080 US\$0.4620	US\$456,579.92	0.26%	0	US\$0.000	US\$0.00	0.00%
	Supervisor	Qifeng Yan(Note 5)										
	Senior Researcher	Xianyan Zou (Note 6)										
	Director	Kevin Lin										
	Chief Research	Yuan Huang										
	Manager	T.H. Yang										
	Researcher	Peiru Song										
	Manager	K.S. Peng										
	Manager	L.Y. Chang										
	Chief Research	Shijie Zhuang										

Note 1 : Retired in February 2020

Note 2 : Promoted to Vice President in April 2020

Note 3 : Promoted to deputy president in March 2019

Note 4 : Resigned in April 2019

Note 5 : Resigned in August 2021

Note 6 : Resigned in February 2021

2. The first employee stock option certificate in 2020

March 23, 2023 ; Share ; NT\$

	Title	Name	Obtain the number of subscriptions	The ratio of the number of subscriptions obtained to the total number of issued shares	Exercised				Unexercised			
					Subscription units	Subscription price	Subscription amount	The ratio of the number of subscriptions obtained to the total number of issued shares	Subscription units	Subscription price	Subscription amount	The ratio of the number of subscriptions obtained to the total number of issued shares
Manager	Chairman & CEO	Kuo-Lung Huang	3,201,000	0.45%	-	-	-	-	3,201,000	23.55	75,383,550	0.45%
	Vice president	Richard Lu										
	Vice president	Li-Wen Chang										
	Vice president	Cheng-Yu an Tsai										
Employee	Supervisor	Chiayn Chiang	1,933,000	0.27%	-	-	-	-	1,933,000	23.55 19.1	43,266,00	0.27%
	Senior director	Jin Hong										
	Director	Tracy Wang										
	Chief Research	Patty Huang										
	Deputy supervisor	Charlie Cheng										
	Manager	Yan-Yu Liao										
	Deputy supervisor	W.C Chen										
	Researcher	Vivian Tien										
	Senior manager	Belen Huang										
	Director	Sandy Xie										

VI、 Issuance situation of new employee restricted shares : None

VII、 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies : None

VIII、 Implementation of funds utilization plan :

For the period as of the quarter preceding the date of publication of the annual report, there has not uncompleted public issue or private placement of securities, or to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, so it is not applicable.

Chapter 5 、 Operations Profile

I 、 Descriptions of Business

(I) Business Scope

1 、 Main Business Activities

I199990 Other Consulting Service (pharmaceutical production technology consultant)

IZ99990 Other Industrial and Commercial Services (pharmaceutical R&D)

F601010 Intellectual Property

F107120 Wholesale of Precision Chemical Material

F207120 Retail sale of Precision Chemical Material

IG01010 Biotechnology Services

F108021 Wholesale of Drugs and Medicin

F208021 Retail sale of Drugs and Medicines

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2 、 Proportion of operating business (fiscal year 2022)

Our company is mainly engaged in the development of new drugs, and at present, its main sources of income are the licensing fees 、 royalties at the stage of product licensing, as well as product sales income.

Unit : NT\$ thousand

Item	Operating revenue for fiscal year 2022	Proportion
External licensing	21,070	58.16%
Sales Revenue	15,160	41.84%
Total	36,230	100%

3 、 Products/Pipeline

Currently, TaiGen has three new drugs projects with global patent protection in progress and they are as follows:

① **The new anti-bacterial drug, Nemonoxacin (trade name: Taigexyn[®])**, and its oral dosage form has been marketed in mainland China and Taiwan; the injection dosage form has obtained Taiwan drug license in October 2020. In January 2021, TaiGen applied for National Health Insurance drug reimbursement application. After a year of review and negotiation, it was approved in February 2022, and the payment price was NT\$2,200 per bag, which will take effect from March 1, 2022; and China's new drug registration also obtained a drug registration certificate in June 2021, and the royalty of \$45 to 50 million was paid by Zhejiang Medicine for the right of Nemonoxacin in mainland China; The Russian partner, R-Pharm, submitted the new drug application (NDA) of Nemonoxacin infusion solution on December 28th, 2020. The Russian competent authority, Ministry of Industry and Trade (MIT), conducted the virtual GMP Inspection from April 19th to April 23rd, 2021 and found it compliance on October 11th, 2021. The results can be found on its official website. Afterwards, the NDA has been approved in August 2022. Taigexyn[®] (Nemonoxacin) awarded the 19th of the Most Prestigious Sustainability Awards by Institute for Biotechnology and Medicine Industry.

Taigexyn[®] (Nemonoxacin) has completed the development of oral capsules and intravenous injection dosage forms and has been authorized in 36 countries around the world. Cooperating with the authorized international strategic partners, it has successively obtained 5 licenses from Taiwan, China, and Russia, and the drug is also incorporated into the national reimbursement drug list. Experts affirmed that TaiGen has the capabilities of the early stage of drug development and the execution of multi-center clinical trials, and is regarded as a benchmark for new drug development in Taiwan

② **The stem cell mobilizer, Burixafor**, has completed Phase II clinical trials and in November 2020, TaiGen transferred its global rights to GPCR Therapeutics Inc., a South Korean biotechnology company, for subsequent market development.

③ **The new anti-influenza virus drug, TG-1000**, is the company's latest project. The last patient in of the Phase I clinical trial in China was completed in November 2021; the Phase II clinical trial was initiated in December and subject enrollment has also been completed in February 2022. In August 2022, the results of the phase II trial has shown that time to cessation of virus RNA detection, time to cessation of virus titer detection, and time to alleviation of all influenza symptoms after TG-1000 treatment are shorter than those of placebo group. TG-1000 also possesses great safety profile, and there is no clinically significant safety concerns observed. The Phase II clinical trial met the regulatory requirements of both US FDA and China NMPA, and the results of the trial will support further clinical development of TG-1000 in Europe, the United States, and Asia. We have signed a patent implementation license and commercialization cooperation contract with Joincare Pharmaceutical Group Industry Co., Ltd in March 2023. The agreement authorizes Joincare to develop, manufacture, and commercialize within the licensed region (including China and Hong Kong/Macau but excluding Taiwan). Material patents have been filed globally. In 2022, 9 cases in mainland China, Eurasia, Canada, Japan, and South Korea have been approved. A total of 14 material patents have been obtained, and the patent protection period is until the year of 2039. In addition, TaiGgen also filed the application of the manufacturing process and dosage form in Taiwan and at PCT (Patent Cooperation Treaty) in 2021 to strengthen the patent portfolio and protection of this product. In 2022, it has obtained the approval of the manufacturing process patent in Taiwan. A total of one manufacturing process patent is obtained so far and the protection period is until the year of 2041.

4 、 New Product (Services) Development Plan

Name	New Product (Services) Development Plan	
Anti-bacterial new drug (Trade name: Taigexyn [®])	Oral dosage form	<ul style="list-style-type: none"> • Taiwan: Continue to implement post-marketing risk management plan.
	Injectable dosage form	<ul style="list-style-type: none"> • Taiwan: Received reimbursement approval from National Health Insurance Administration in February 2022 and continue to carry out post-marketing risk management plan.
	Overseas authorization	<ul style="list-style-type: none"> • Mainland China: In March 2021, TaiGen signed a contract with Zhejiang Medicine for the transfer of the right of Taigexyn[®] in mainland China with a total amount of US\$45 -50 million • Russia, Commonwealth of Independent States and Turkey: The authorized partner has submitted an NDA for the injectable dosage form in December 2020, and in November 2021, the manufacturing site has passed the GMP inspection and obtained the official GMP certificate. The drug license has obtained in August 2022. • Latin America Region: NDA for oral dosage form is under review, followed by the NDA for injectable dosage form. • North America, New Zealand and Australia markets: Authorized the development and sales rights of Nemonoxacin in Canada, Australia and New Zealand to Luminarie, and granted its exclusive development rights to its licensing partners in the U.S. market, and Luminarie assisted in finding authorized partners in the U.S. market. • Korea Market: Authorized the development and sale rights of Nemonoxacin in Korea to GPCR. • ther countries/regions: Continue with out-licensing.
Anti-influenza virus new drug TG-1000	<ul style="list-style-type: none"> • In November 2020, the enrollment of Phase I clinical trial in healthy volunteers has been completed and the results were announced in March 2021. • In December 2020, China Human Genetic Resources Administration Office completed review and the Phase II clinical trial was initiated. In February 2022, enrollment was completed and the results were announced in August 2022. • Seek partnership to assist the phase III trial and to expedite the out-licensing process. 	

Name	New Product (Services) Development Plan
New Drug Development (In-house discovery & In-licensing)	<ul style="list-style-type: none"> • Anti-infective drugs: Currently in the stage of new drug exploration and screening. • Target for autoimmune disease: Currently in the stage of new drug exploration and screening.

(II) Industry Overview

1、Current status and development of the industry

(1) Status and development of the global pharmaceutical industry

Globally, the prospect of entering a post-pandemic era is one that most people look forward to after the disruptions of the past three years. Over the last few years, the outlook for global spending on medicines has become more clear as traumas recede and uncertainties give way to more predictable challenges. Across developed and emerging economies, policymakers are shifting from crisis to rebuilding modes with a focus on longer-term issues of sustainability. There are still complex trade-offs to be made in healthcare, and enhanced efficiency and quality of healthcare informed by evidence-based decision-making will be critical to making critical decisions in the upcoming decade

According to IQVIA's market forecast, "The Global Use of Medicine 2023 – Outlook to 2027", COVID-19 vaccinations are expected to continue to be the largest driver of medical spending over the next five years, however excluding the pandemic, global medicine spending continues to be driven by innovation and offset by the loss of exclusivity and the lower cost of generics and biosimilars.

In spite of being the most impactful global public health crisis in decades as the COVID-19 pandemic enters its fourth year, the global health system has demonstrated its resilience in adapting readily to peaks in demand and developing novel vaccines and therapeutics with significant efficacy, safety, and unusual speed. The global vaccination program that has been implemented by countries and industry is unprecedented in its speed and reach to countries with lower incomes that were previously thought to be inaccessible. There remain challenges in managing this pandemic into an endemic phase, but other health concerns have come back into focus as well. A return to pre-pandemic growth rates in global medicine use and spending is expected by 2024, however, there are significant uncertainties relating to viral variants, COVID-19 vaccination, and underuse of booster shots, as well as economic uncertainties relating to global inflation, geopolitical conflict, and climate change in the next two years.

(2) Consecutive impacts of COVID-19 on medical use

As a result of new expenditures on COVID-19 vaccines and novel therapeutics, as well as the impact on other therapeutic areas, global spending on medicines from 2020 to 2027 is expected to exceed pre-pandemic forecasts by \$497Bn in aggregate. Even with year-to-year fluctuations and geographical variations, the global market will return to pre-pandemic projected rates by 2024.

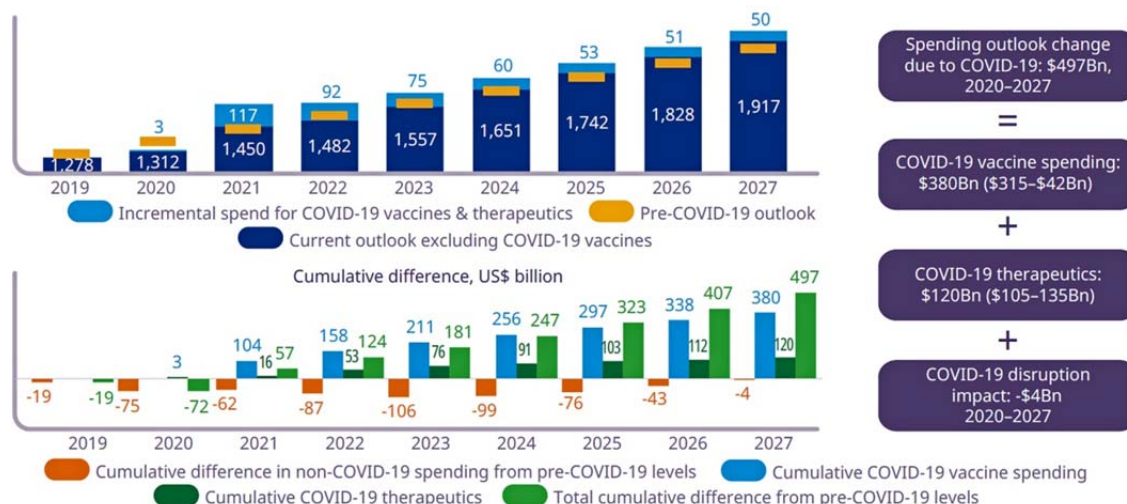
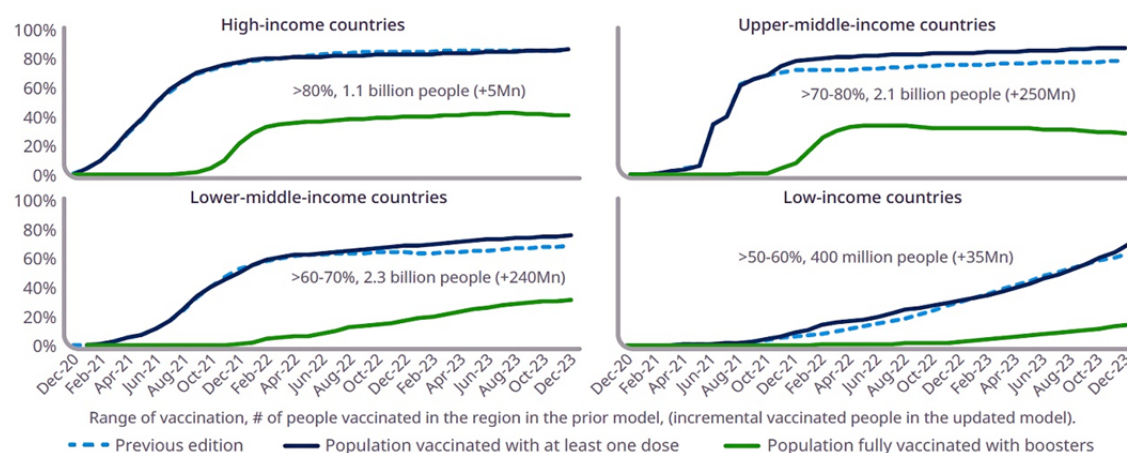


Figure 1: Changes in the historical and projected global medicine spending model due to COVID-19, 2019-2027, US\$Bn

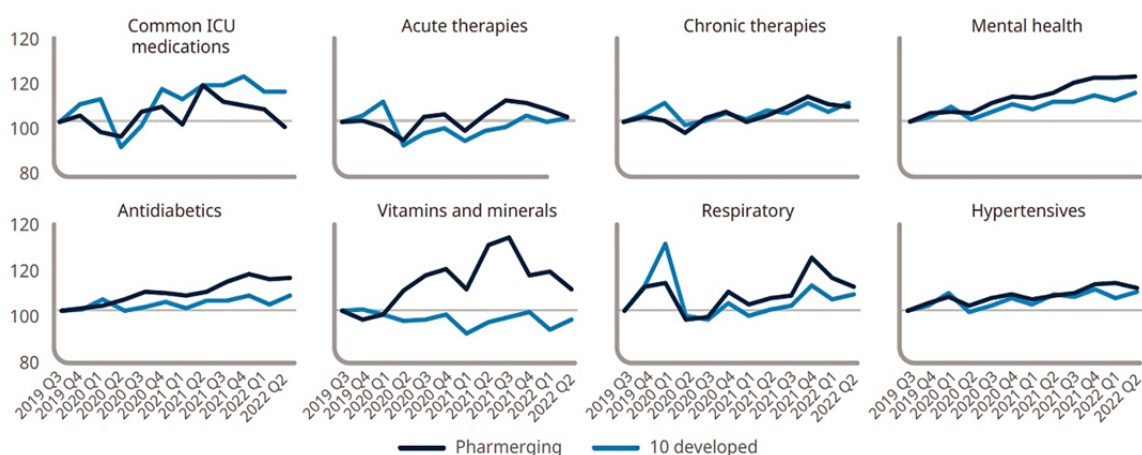
Globally, first wave COVID-19 vaccination rates have exceeded projections, resulting in an additional 530 million vaccinated individuals by the end of 2023, than was predicted initially. Vaccination or infection with COVID-19 appears to reduce immunity after a year, which is why annual boosters are recommended, as well as the introduction of new versions to address emerging viral strains. In lower-income countries, however, adoption is slower and includes fewer than half of those who had received the first wave of vaccinations.



Source: IQVIA Institute, Nov 2022; Vaccination trends to date from Ourworldindata.org, accessed October 2022.

Figure 2: Percentage of total population vaccinated by month and comparison to prior forecast

There will be a cumulative spend of \$120 billion on COVID-19 therapeutics over the next five years through 2027 as a result of the wide application of COVID-19 therapeutics. The pandemic disrupted other therapy areas, some related to the pandemic's symptom profile, others relating to the disruption of chronic disease management. It is now better understood that COVID-19 infection can cause long-term complications affecting almost all organ systems, referred to as 'long-COVID', with 10-20% of patients infected experiencing persistent symptoms, for which older generic drugs often are prescribed.

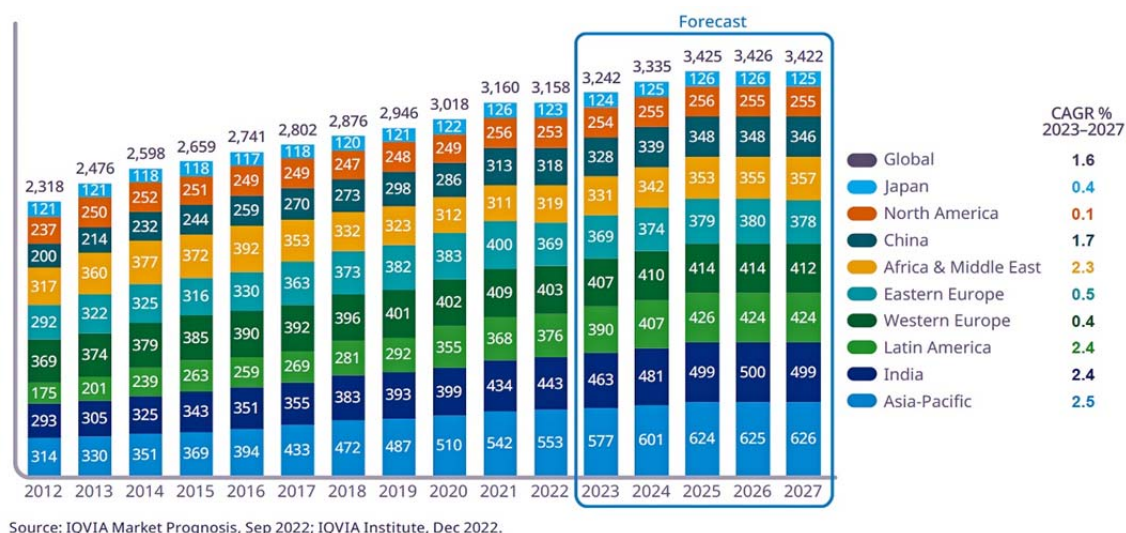


Source: IQVIA MIDAS, Jun 2022; IQVIA Institute, Dec 2022.

Figure 3: Trends in medicine use in 10 developed and pharmerging markets, standard units indexed to Q3 2019 values (Q3 2019 value = 100)

(3) Perspective on the use of medicines and historical drives

Global pharmaceutical consumption increased significantly in 2021 as markets recovered from the COVID-19 pandemic, and it plateaued in 2022 as markets stabilized. In terms of days of therapy, the overall volume is expected to grow at a rate of 1.6% CAGR through 2027, with the majority of growth coming from Asia-Pacific, India, Latin America, Africa, and the Middle East, as well as China. Moreover, through 2027, countries with higher incomes in Western Europe and North America, as well as Japan and Eastern Europe, will experience slower growth of 0.1 to 0.4%, in part due to their already high per capita pharmaceutical consumption. However, the ongoing military conflict between Ukraine and Russia impedes the current growth of the Eastern European drug market.

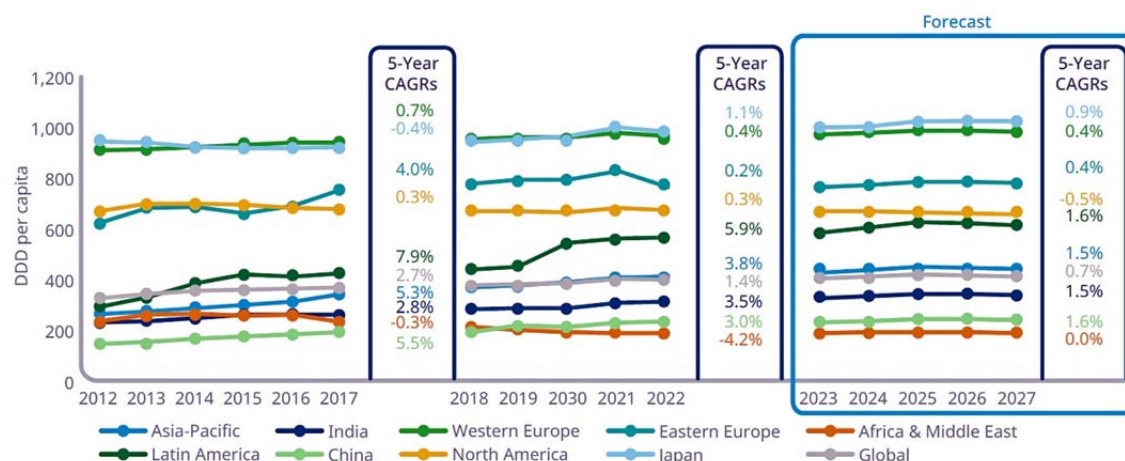


Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Dec 2022.

Figure 4: Historical and projected use of medicine by region, 2012–2027, Defined Daily Doses (DDD) in Billions

In countries with a higher GDP, the use of medicines per capita is generally higher than that in those with a lower income. It is estimated that countries such as Japan and Western Europe use more than double the amount of drugs as most other regions measured using WHO defined daily doses. It is important to note that countries vary

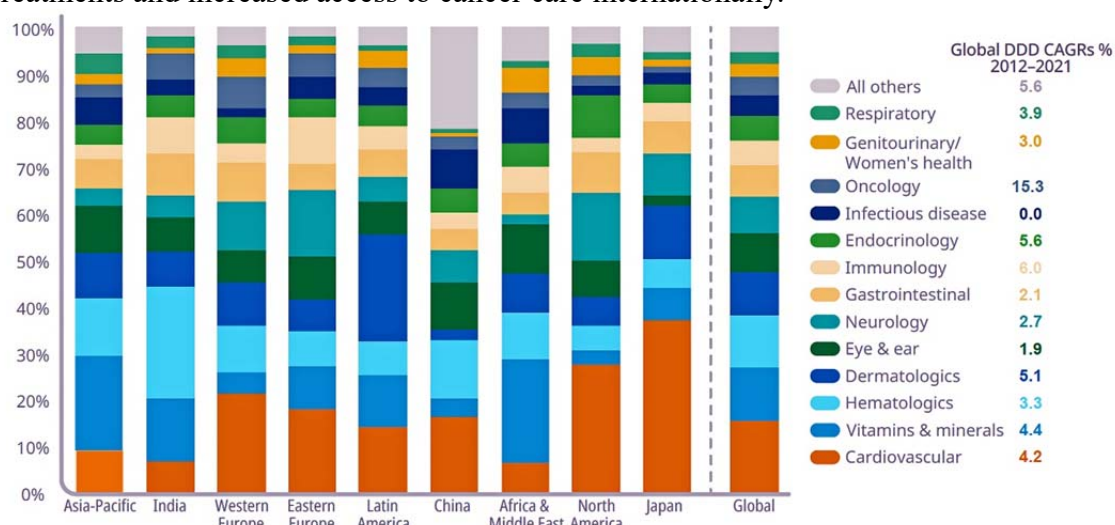
significantly in the areas of therapy that result in most of their volume use of medicines, which are directly related to the burden of disease they experience and factors that affect the structure and function of their health care systems.



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Dec 2022; The World Bank, Jul 2022.

Figure 5: Historical and projected per capita use of medicine by region, 2012–2027

Over the past decade, overall volume has increased by 2% CAGR, but oncology volume has increased by 15% per year, as a result of significant advances in novel treatments and increased access to cancer care internationally.

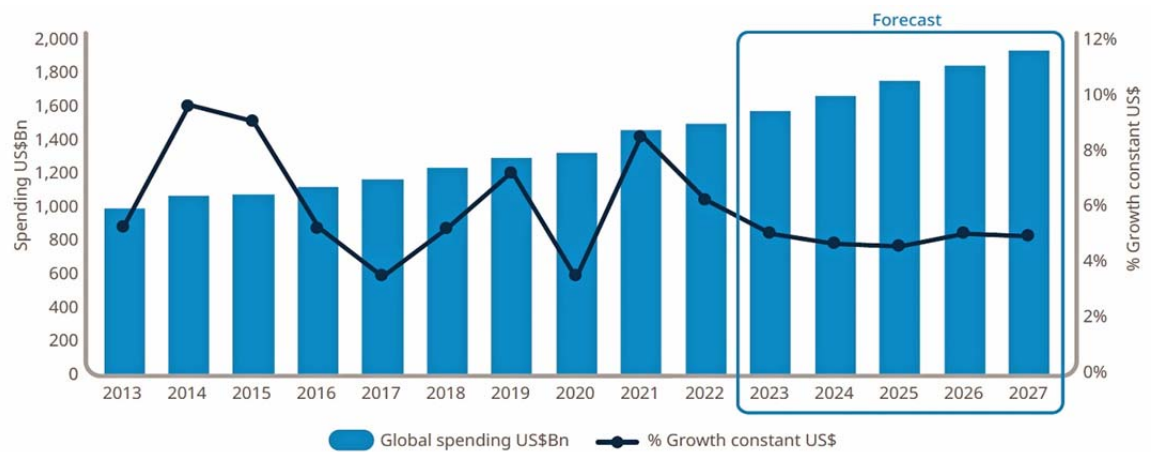


Source: IQVIA MIDAS, Jun 2022; IQVIA Institute, Dec 2022.

Figure 6: Share of Defined Daily Doses (DDD) by therapy area in 9 regions and globally, 2021

(4) Regional and key country spending and growth

A market size of \$1.9Tn is expected for the global medicine market by 2027, representing a growth rate of 3–6% CAGR. There will be divergent growth patterns in spending and volume by region, with the larger established markets growing more slowly and the growth markets in Eastern Europe, Asia, and Latin America growing both in terms of spending and volume.



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

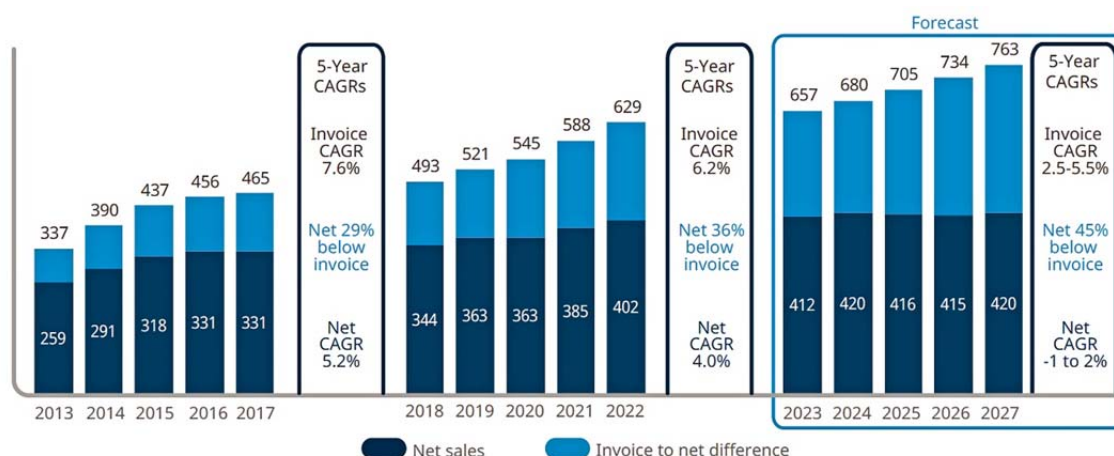
Figure 7: Global medicine market size and growth 2013–2027

It is estimated that the U.S. market will grow at a CAGR of -1 to 2% over the next five years, compared to a CAGR of 4% in the past five. According to previous editions, the CAGR was estimated to be between 0 and 3%. Taking into account the planned effects of the Inflation Reduction Act, the new forecast indicates a 1% lower range of market growth. New legislation is anticipated to drive incremental volume by reducing patients' cost exposure and by reducing prices through inflation penalties and price negotiations. A number of other aspects of the law will affect the interactions between stakeholders and the responsibility for shifting costs between government, payers, and pharmaceutical manufacturers, especially in the Medicare program.



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

Figure 8: Spending growth globally and in 9 regions, total market, const US\$ 2019–2027



Source: IQVIA Institute, Nov 2022.

Figure 9: U.S. medicine spending and growth at invoice-level and estimated net 2013–2027

Asia-Pacific countries are expected to experience varying levels of impact from the pandemic, but the region is anticipated to return to steady growth after 2021. China's spending growth is expected to slow. It is driven by a rapid increase in the uptake and use of innovative original medicines, offset by pressures on the price of off-patent and generic medicines.



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022

Figure 10: Spending growth in select Asia-Pacific countries 2019–2027, total market, const US\$

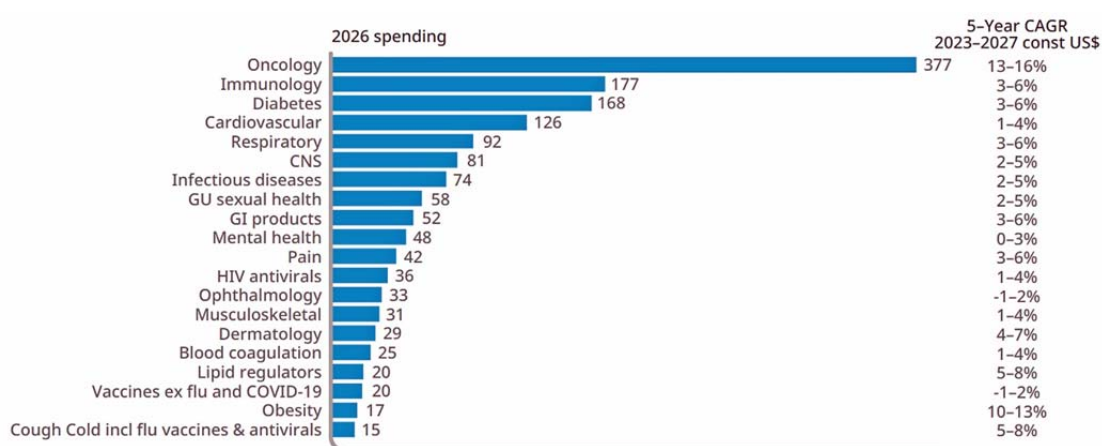


Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

Figure 11: China medicine spending by product type 2013–2027

(5) Key Therapeutic Areas

It is estimated that the two leading global therapy areas - oncology and immunology - will grow 13–16% and 3–6% CAGRs, respectively, through 2027, indicating divergent trends with one being driven by novel medicines and the other facing competition from biosimilars. There are projected to be 100 new treatments in oncology over the next five years, contributing to an increase in spending of \$184 billion to more than \$370 billion by 2027, with new losses of exclusivity likely to be limited. Globally, the market for auto-immune disorders is expected to reach \$177Bn by 2027, driven by new products and steadily increasing patient numbers, and offset by biosimilars after 2023.



Source: IQVIA Forecast Link, IQVIA Institute, Nov 2022.

Figure 12: Top 20 therapy areas in 2027 in terms of global spending with forecast 5-year CAGRs, const US\$

(6) Antibiotics Market Analysis

The pharmaceutical industry owes many of its early successes to the development of antibacterial agents, and as a result, the market encompasses many of the oldest drug classes. The antibacterial drugs market is highly saturated and has a high generic penetration rate, however, the market continues to grow as a result of increasing sales volume and the emergence of novel therapies for resistant bacteria (for example, Nabriva Therapeutics's Xenleta (Lefamulin) and Kyorin Pharmaceutical's Lasvic (Lascufloxacin)). A major driving force behind the growth of this market is the increasing number of people with weakened immune systems, such as the elderly and immunosuppressed patients (HIV patients and organ recipients, for example).

The antibacterial drug sales amount to \$9.5 billion in 2022, a reduction of 4.8% over the previous year due to COVID-19 and more generic drugs, according to Evaluate Pharma. The Compound Annual Growth Rate (CAGR) is expected to be 10.0% between 2023 and 2027. By 2027, antibacterial drug sales are expected to reach \$14.6 billion.

Antibacterial market is highly fragmented, and can be grouped into two groups: the community market, which accounts for 62% of total antibacterial sales, with relatively lower average drug prices and growth prospects, and the hospital market, which is smaller but more attractive and has a higher average drug price and good growth prospects.

Antibacterials do not have a single leading drug or class on the market. The most used antibacterials are penicillins (for Gram-positive infections) and cephalosporins (for

Gram-positive and Gram-negative infections). Additionally, there are fluoroquinolones for Gram-negative infections. Macrolides are widely used to treat respiratory- and urinary-tract infections - the two most common indications for antibiotics. Because many of these drugs are structurally like existing drugs within their own class, some of them are likely to face resistance issues within a few years. However, this situation drives the rise of novel, high-priced treatments for resistant bacteria and the increased usage of injectable antibacterials, as treatment strategies for moderate to severe infections are moving towards using more potent therapies for a shorter period. Novel, high-priced treatments for resistant bacteria.

According to Evaluate Pharma, Fluoroquinolones sales are \$1,108 million in 2022, a reduction of 4.7% over the previous year. Between 2023 and 2027, the Compound Annual Growth Rate (CAGR) is expected to be 5.9%. Sales of Fluoroquinolones are expected to reach \$1,435 million by 2027.

Fluoroquinolones have been known since the 1960s. Fluoroquinolones such as levofloxacin and moxifloxacin have a broad antibacterial spectrum, strong antibacterial activity, and a high bioavailability. Due to the widespread use of fluoroquinolones in clinical settings, drug resistance is gradually observed, and adverse effects also restrict their use. There has been evidence that fluoroquinolones may cause adverse reactions, such as liver toxicity and phototoxicity. In fact, existing drugs in this field have been dogged by clinical and regulatory setbacks.

Nemonoxacin (Taigexyn) is a non-fluorinated quinolone developed by TaiGen Biotechnology Co. Ltd. in Taiwan. Its unique structure exhibits potent activity against both Gram-positive and Gram-negative organisms. Nemonoxacin has a limited effect on the QT interval and little potential for phototoxicity. In the clinical study, there were no serious adverse events.

Nemonoxacin for injection has been approved recently. It is currently the only non-fluorinated quinolone in China and Taiwan. As a result of its good safety profile and improved efficacy, this drug is expected to gradually replace the older fluoroquinolone drugs that have more adverse effects. As a result, moxifloxacin and levofloxacin should eventually be replaced by nemonoxacin

(7) Anti-Influenza Drugs Market Analysis

Influenza is an infectious respiratory illness; humans are susceptible to influenza A (genus influenza virus A) and influenza B (genus influenza virus B) viruses. The symptoms associated with influenza virus infection can range in severity from mild respiratory symptoms such as fever, sore throat, runny nose, cough, headache, muscle aches, and fatigue to severe and, in some cases, lethal pneumonia resulting from infection with influenza virus or secondary infection with bacteria of the lower respiratory tract. The influenza virus can also result in a wide range of non-respiratory complications in some cases, such as problems with the heart, nervous system, and other organ systems. Despite being characterized by cross-year seasonal epidemics, sporadic and unpredictable pandemic outbreaks of influenza A virus strains of zoonotic origin can also occur. Each 10–50 years, there is an occurrence of pandemic influenza, characterized by the emergence of a new strain of influenza A virus that is antigenically very different from those previously circulating; the lack of pre-existing immunity in humans often contributes to a greater severity of illness and mortality. In 1918, the most

severe influenza pandemic in human history caused more than 40 million deaths worldwide. The influenza epidemic during the First World War killed more soldiers than the war itself.

Influenza viruses ignore all boundaries, circulating within species and occasionally jumping between species, causing infections throughout the world. Furthermore, influenza has a very broad impact, and the growing interconnectedness and complexity of the global environment present a challenge in terms of influenza prevention and control. The likelihood of virus adaptation and cross-species transmission increases as the number of humans and the animals that support them increases. In a rural village, the undetected spread of viruses between people and animals could eventually lead to a pandemic. In this interconnected environment, new opportunities are emerging to coordinate, collaborate, develop innovative and integrated approaches to respond to the global challenges of influenza through new technologies and approaches.

Each year, influenza causes significant illness and death in humans. It is difficult to determine the actual global impact of seasonal influenza due to incomplete surveillance data; however, the World Health Organization (WHO) estimates that around 1 billion cases of seasonal influenza infection occur every year, along with 3–5 million severe illness cases and 300,000–500,000 deaths. It is also unknown what the global financial costs of seasonal influenza are. According to estimates in the United States, where data collection is robust, influenza is estimated to cost an annual average of \$10.4 billion for direct medical costs and \$87.1 billion for the total economic burden.

Influenza is a major cause of mortality among the elderly. For example, 86% of excess influenza-related deaths occurred among those aged 65 and older in urban China during the period 2003-2008. From 1976 to 2007, approximately 90% of influenza-related deaths in the United States were attributed to people aged greater or equal to 65. There were 11.3 times more influenza-related deaths in Singapore among individuals aged ≥ 65 years than among the general population. Influenza-associated mortality among the elderly may be several times higher in low- and middle-income countries than in high-income countries.

However, despite the availability of seasonal influenza vaccines, debate continues as to the effectiveness and efficacy of these vaccines. Most studies show that vaccinations have a positive effect on the overall health of vaccination recipients. Although many challenges still exist, these include the documented lack of efficacy of Live Attenuated Influenza Virus vaccines (LAIVs) in the United States in parts of the past few years, the possibility of reduced vaccine effectiveness with repeated annual immunizations, and the problems associated with mismatched vaccines. Seasonal influenza spread cannot be completely prevented by vaccination.

Antiviral drugs act as an essentially effective backup to vaccines in the prevention and treatment of influenza virus infections and disease. During a normal influenza season, antiviral medications are used primarily for treating patients with severe illnesses, particularly those with compromised immune systems. It is essential that antiviral drugs are available in a pandemic setting, particularly in the absence of a vaccine, in order to treat patients that have been infected and to prevent infection among those who have been exposed. There are presently three classes of drugs approved for the treatment of influenza, namely adamantanes, neuraminidase inhibitors, and cap-dependent endonuclease inhibitors.

According to Evaluate Pharma, sales of anti-influenza drugs reach \$452 million in 2022, an increase of 99% over the previous year. There is an expectation that the compound annual growth rate (CAGR) between 2023 and 2027 will be 11.3%. Approximately \$1.01 billion will be spent on anti-influenza drugs by 2027.

Amantadine and rimantadine are orally administered agents that target influenza A viruses' M2 ion channel. As a result of widespread resistance among circulating influenza A viruses, these drugs are no longer recommended for clinical use.

On the other hand, neuraminidase inhibitors act by inhibiting the enzymatic activity of the influenza viral neuraminidase protein. Oseltamivir is given orally as the prodrug of oseltamivir phosphate, which is subsequently converted into its active carboxylate form in the liver by esterase; zanamivir is taken as a powder (this limits the use of zanamivir in patients with respiratory problems); and peramivir is administered intravenously, which is important for patients who have been hospitalized. As a result of their approval in the United States, Europe, Canada, Australia, Japan, Taiwan and Korea, these drugs mimic the binding of sialic acid in the active site of neuraminidase on influenza A and influenza B viruses.

In terms of prophylaxis and post-exposure prophylaxis, both oseltamivir and zanamivir are effective. Early administration of neuraminidase inhibitors (within 2 days of the onset of symptoms) results in better results, although late administration can still be beneficial in severe cases.

As a result of the recovery from the COVID-19 pandemic, Evaluate Pharma estimates that sales of neuraminidase inhibitors will amount to \$321 million in 2022, an increase of 57% over the previous year. A compound annual growth rate (CAGR) of 10.4% is expected between 2023 and 2027. Sales of neuraminidase inhibitors are expected to reach \$573 million by 2027.

Shionogi has developed a new drug to treat seasonal flu infections called Xofluza[®] in Japan. The drug is the first approved anti-flu drug since the introduction of the neuraminidase inhibitors (NI) oseltamivir (OMV) and zanamivir in 1999 (USA), laninamivir in 2010 (Japan), and peramivir in 2014 (USA). This cap-dependent endonuclease inhibitor is a prodrug that releases the pharmacologically active component baloxavir acid. In Japan, the United States, and Europe, this new medicine has already been marketed. In randomized controlled clinical trials, Xofluza[®], an antiviral drug taken as a single oral dose, was demonstrated to reduce the duration of influenza symptoms by about a day compared with placebo. The clinical study also found that it is well tolerated (more than 1% of patients experienced diarrhea, bronchitis, nausea, nasopharyngitis, and headache), and both influenza A and B viruses are susceptible to the drug.

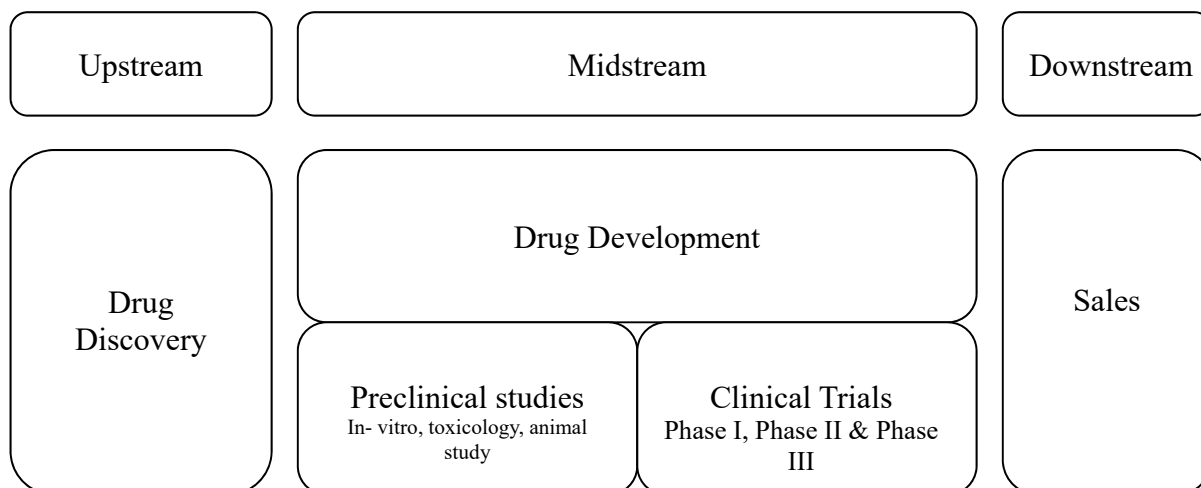
In addition, when comparing between patients taking Xofluza[®] and Tamiflu[®], the median proportion of families with intra-familial transmission in the Xofluza[®] group was 9.57%; in the Tamiflu[®] patient group, it was 19.35%. The results suggest that there is a much higher rate of intra-familial influenza transmission in patients taking Tamiflu[®] compared to Xofluza[®]. Receiving Xofluza[®] for influenza as treatment may help reduce intra-familial transmission of influenza.

According to Evaluate Pharma, the sales of cap-dependent endonuclease inhibitors are expected to reach \$132 million in 2022, a 600% increase from the previous year following the recovery from the COVID-19 pandemic. A Compound Annual Growth

Rate (CAGR) of 10.8% is forecast between 2022 and 2027. There are projections that cap-dependent endonuclease inhibitor sales will reach \$410 million by 2027.

2、The relationship of the upstream, midstream and downstream of the industry

The relationship between the upstream, midstream and downstream of new drug development



The development of a new drug generally begins with the discovery of a chemical substance with pharmacological activity by an upstream early-stage drug research institution, and then undergoes chemical modification to synthesize derivatives and screening for pharmacological activity. A series of in vitro biochemical tests and in vivo animal experiments are carried out by midstream biotech pharmaceutical R&D companies for selected target compounds, including various preclinical toxicological tests, pharmacological tests and pharmacokinetic tests, etc., and then an investigational new drug (IND) application can be submitted to health authorities and three-stage human clinical trials can be conducted. Phase I clinical trials are used to confirm the safety and dose-ranging of the drug in healthy volunteers; Phase II clinical trials are to confirm the efficacy of the drug and side effects in a small number of patients, and then to carry out Phase III clinical trials for a large number of patients to establish efficacy and monitor long-term use response; After the investigational drug has undergone the phase I, phase II and phase III clinical trials, if it achieves the expected results, a new drug application (NDA) can be submitted to the health authority. Once the new drug is approved and is considered to be successfully developed and qualified for marketing. The downstream is the healthy facilities or authorized pharmaceutical companies that sell the medicine.

3、Various development trends of products

(1) **Anti-bacterial infection new drug** Nemonoxacin (trade name: Taigexyn[®])

Since the discovery of antibiotics in the 1940s, deaths caused by infections have remained one of the leading causes of death in countries worldwide. In the past, pharmaceutical companies focused on the treatment of chronic diseases and ignored the antibiotic market. In addition, the regulatory requirements for the approval of antibiotics tend to be stricter; as a result, few new antibiotics have appeared in the medical market

in recent years.

The spread of drug-resistant strains through human-to-human or human-to-environmental contact in the healthcare system continues to accumulate a range of resistance and it has become a serious threat to life for the elderly, those with chronic conditions (such as diabetes) and children who are highly dependent on the healthcare system. The current multidrug-resistant bacteria are dominated by the following strains: *Enterococcus faecium*, *Staphylococcus aureus*, *Klebsiella pneumoniae*, *Acinetobacter baumannii*, *Pseudomonas aeruginosa* and *Enterobacter* species including a variety of Gram-negative bacteria (abbreviated as ESKAPE). The aforementioned drug-resistant strains account for two-thirds of infections that occur in the healthcare system. In addition, *Streptococcus pneumoniae*, the most common pathogen of pneumonia, also has serious drug resistance problems.

Resistance of these multi-drug resistant strains to current marketed antibiotics is developing too quickly. In the absence of new drugs, some physicians have turned to use old antibiotics but are restricted with side effects problems. Therefore, whether new antibiotics can be successfully developed to solve the infection with these drug-resistant strains and at the same time have the characteristics of not easy induced drug resistance is the major research trend in the pharmaceutical industry, which is highly valued by the United States and the European Union.

(2) Anti-influenza virus new drug TG-1000

Influenza is an acute respiratory infectious disease caused by influenza viruses, which can be infected by droplets or direct contact with the secretions of patients, due to the strong transmission capacity, wide range, rapid progression of the disease course, and easy to lead to serious complications, which has caused a serious threat to global public health.

Influenza virus belongs to the orthomyxovirus. Depending on the different nucleoproteins, they can be divided into A, B, and C types. The World Health Organization's data shows that every year across the globe, there are an estimated 1 billion cases, of which 3 to 5 million are severe cases, resulting in 290 000 to 650 000 influenza-related respiratory deaths. Since the genetic material of influenza viruses is RNA, the probability of mutation will be higher than that of DNA, mutations may be single-point mutations or RNA recombination, resulting in more lethal new strains. Although influenza can use vaccines to prevent annual seasonal influenza outbreaks, seasonal influenza vaccine protection is not only limited but also cannot provide proper protection in the case of a pandemic caused by deadly new strains. Therefore, it is necessary to develop new anti-influenza virus drugs, even though there are many anti-influenza virus drugs that are currently in clinical use, such as the neurological aminoidase inhibitors Oseltamivir (Tamiflu[®]) and Zanamivir, Relenza[®], as well as the Japanese Shionogi Hat-dependent nucleic acid endonuclease (Baloxavir, Xofluza[®]); however, the problem of drug resistance that has emerged so far leads to the imperfection of these drugs, so it is extremely important to develop new anti-influenza drugs that are more effective and less likely to develop drug resistance.

(3) Anti-infective drug

Anti-infective drugs are used to treat infectious disease caused by organisms. The world is currently facing the threat of bacteria and viruses. The former leads to the

emergence of resistant strains due to antibiotic abuse, and the latter due to rapid viral mutation, which makes antiviral drugs ineffective. All pose a major threat to the health of patients and even lead to an increase in mortality.

In order to solve these thorny and difficult problems, the development of new drugs needs to focus on long-term unmet medical needs. TaiGen is actively engaged in the research and development of anti-infective drugs. It is expected that a series of anti-infective drugs can be developed in the future, so that TaiGen has more diverse new drugs in the field of anti-infection to maintain public health.

(4)Target for autoimmune disease

Autoimmune diseases are conditions in which your immune system mistakenly attacks your body and currently there are no cures. It ranks third of major illness in Taiwan, with a global prevalence of about 4%-5%. There are more than 80 known related diseases and they can affects any organs in the body, causing serious and lifelong physiological diseases and economic burden, and even leading to organ failure when the disease worsens. TaiGen is researching a new drug for the treatment of autoimmune disease and expects to develop a new generation of drugs in the future to address unmet medical needs.

4 、Competitive advantages

Name	Product Features and Competitive Advantages
Anti-bacterial infection new drug Nemonoxacin (Trade name: Taigexyn [®])	<ul style="list-style-type: none"> • New non-fluoroquinolone antibiotics • Available in oral and injection forms, only one dose per day • Broad-spectrum antimicrobial activity: excellent antimicrobial activity against Gram-positive, Gram-negative, and atypical pathogens • Compared to other fluoroquinolone-containing drugs, its advantages include: <ul style="list-style-type: none"> ① Low propensity in developing drug resistance ② Lower risk of side effects ③ Has anti-bacterial against a variety of drug-resistant bacteria ④ Will not delay the diagnosis and treatment of tuberculosis
Anti-influenza virus new drug TG-1000	<ul style="list-style-type: none"> • Novel structure of cap-snatching endonuclease protease inhibitor • In vitro experiments indicated that it was effective in inhibiting influenza A and B • The <i>in vivo</i> results in mouse animal models show that TG-1000 will not be limited to the disadvantage of existing neuraminidase inhibitors that must be administered within 48 hours of infection • The preclinical results show that TG-1000 is even more effective than Roche's oseltamivir (Tamiflu[®]) and comparable to the inhibition of Cap-dependent

Name	Product Features and Competitive Advantages
	<p>endonuclease inhibitor (Baloxavir, Xofluza[®]) of Japan's Shionogi.</p> <ul style="list-style-type: none"> • The better safety profile was confirmed in preclinical toxicology and phase I clinical trial. • Preclinical and clinical phase I pharmacokinetics results showed that TG-1000 has high plasma drug concentration and long half-life, and is expected to be administered once orally. • The results of the phase II trial has shown that time to cessation of virus RNA detection, time to cessation of virus titer detection, and time to alleviation of all influenza symptoms after TG-1000 treatment are shorter than those of placebo group. TG-1000 also possesses great safety profile, and there is no clinically significant safety concerns observed.

(III) Overview of technology and R&D

- 1、Research and development expense for the current fiscal year up to the date of the publication of the report

Unit: NT\$ thousand

Fiscal year	2022	Until February 28,2023
Research and development expenses	237,524	20,663
Operating revenue	36,230	3,991
Research and development expense as a percentage of operating revenue	655.6%	517.74%

2 、 Successfully developed technology or product

Name	Successfully developed technology or product	
Anti-bacterial infection new drug Nemonoxacin	Oral dosage form	<ul style="list-style-type: none"> • Taiwan: In January 2015, TFDA approved the oral dosage form to treat community acquired pneumonia and the product received reimbursement approval from National Health Insurance Administration in January 2018. • Mainland China: In June 2016, CFDA approved the oral dosage form which qualified as novel Class 1.1 to treat community acquired pneumonia. In November 28th, 2019, the product was successfully included in the supplemental coverage to China's national medical insurance programs and implemented in January 2020. • United States: In December 2013, US FDA granted QIDP designation and Fast track designation for Nemonoxacin capsule for the treatment of Community-Acquired Bacterial Pneumonia (CABP) and Acute Bacterial Skin and Skin Structure Infections (ABSSSI). Once Taigexyn[®] is approved in United States, it can enjoy 10-year of market exclusivity.
	Injectable dosage form	<ul style="list-style-type: none"> • Taiwan: In October 2020, TFDA approved the Injectable dosage form and the product received reimbursement approval from National Health Insurance Administration in March 2022. • Mainland China: In June 2021, a drug registration certificate was obtained and a royalty of \$45 to 50 million was paid by Zhejiang Medicine for the right of Nemonoxacin (oral and injectable dosage forms) in mainland China.
	Oversea Authorizations	<ul style="list-style-type: none"> • Mainland China: In March 2021, TaiGen signed a contract with Zhejiang Medicine for the transfer of the right of Taigexyn[®] in mainland China with a total amount of US\$45 -50 million. • Russia, Commonwealth of Independent States and Turkey: In January 2014, a License Agreement with R-Pharm, Russia was signed; In April 2018, the result of Phase III clinical trial conducted in Russia was promising. The NDA for injectable dosage form was submitted in December 2020 and received the GMP certificate in November 2021. The drug license has obtained in August 2022. • Latin America Region: In August 2016, a License Agreement with Productos Cientificos, Mexico was signed. The NDA for oral dosage form was submitted and currently it is under review, followed by the NDA

Name	Successfully developed technology or product	
		<p>for injectable dosage form.</p> <ul style="list-style-type: none"> • North America, New Zealand and Australia markets: In September 2020, a License Agreement with Luminarie Canada Inc., Canada was signed. • Korea Market: In November 2020, a License Agreement with GPCR Therapeutics Inc., Korea was signed.
Anti-hepatitis C virus new drug Furaprevir	Clinical development	<ul style="list-style-type: none"> • Taiwan: In February 2017, the phase II clinical trial (Furaprevir combined with Interferon and Ribavirin) was completed and the curative effect was successfully improved to more than 90 %. Compared with the traditional course of interferon plus Ribavirin, the course of treatment was shortened from 24 to 48 weeks to 12 weeks. • Mainland China: <ol style="list-style-type: none"> ① In April 2016, CFDA granted the priority review. ② In August 2016, CFDA approved the clinical trial to begin. ③ In April 2019, the phase II clinical trial (Furaprevir combined with Yimitasvir), the efficacy was improved to 97.4% and the duration of treatment was shortened to 12 weeks. ④ In April 2019, the phase III clinical trial was initiated (Furaprevir combined with Yimitasvir). ⑤ In December 2019, the phase III clinical trial (Furaprevir combined with Yimitasvir) completed the enrollment ahead of schedule. ⑥ In July 2021, the phase III clinical trial (Furaprevir combined with Yimitasvir) completed the quality control and data lock, and statistical analysis was conducted.
Anti-hepatitis C virus new drug Furaprevir	Overseas authorization	<ul style="list-style-type: none"> • Mainland China : <ol style="list-style-type: none"> ① In January 2017, TaiGen and HEC Pharm established a joint venture company to develop oral new drug for hepatitis C virus. ② In March 2017, converted the assets of intellectual property and technology in Greater China into shares in the joint venture will contribute more than NT\$1 billion of revenue to TaiGen, and the new drug development clinical trial cost of US\$30 million will be paid by HEC Pharm. ③ In April 2017, achieved a cash gain of \$20 million. ④ In June 2019, achieved a cash gain of \$5 million.

Name	Successfully developed technology or product
Anti-influenza virus new drug TG-1000	<ul style="list-style-type: none"> • In February 2020, submitted China IND application and NMPA approved the clinical trial to begin in May. • In September 2020, submitted US IND application and US FDA approved the clinical trial to begin in October. • In July 2020, initiated the phase I trial in China and completed the enrollment in November 2020. • Submitted the protocol for Phase II trial to NMPA and US FDA in September 2020 and November 2020 respectively. Initiated the phase II clinical trial in December 2020 and completed the enrollment in February 2022. • In August 2022, the Phase II results were announced.
Patent	<ul style="list-style-type: none"> • Nemonoxacin: TaiGen has 153 patents for Nemonoxacin granted worldwide, including 10 different types of patent protection for substance, composition, process and medical use. The scope of countries where patent rights can be exercised includes the United States, Canada, Russia, South Korea, Latin America, Australia, Taiwan and other major pharmaceutical markets. The patent protection term of the major patents of Nemonoxacin can be up to 2029. • Furaprevir: The joint venture company established by TaiGen and HEC has 6 patents for Furaprevir granted in Greater China, and the patent protection term of the substance patent can be up to 2029. • Anti-influenza virus new drug TG-1000: TaiGen has carried out the global patent filing for TG-1000, including filing substance, process and formulation patent applications. Substance patent applications have been granted in 14 countries including China, Taiwan and the United States, and the patent protection term can be up to 2039.
Awards/Government Grants	<ul style="list-style-type: none"> • TaiGen Biotechnology Co., Ltd. <ul style="list-style-type: none"> ① Awarded “Outstanding Bio Industry Golden Award” by the Taiwan Bio Industry Organization in 2018 ② Awarded “Taiwan Gold Award” by the China Cross-Strait Cultural and Economic Exchange Association in 2018 • Nemonoxacin : <ul style="list-style-type: none"> ① Received a subsidy of NT\$98.32 million from Ministry of Economic Affairs for Phase II clinical trial ② Received a subsidy of NT\$8.8 million from the Ministry of Economic Affairs for phase III clinical trial ③ Awarded “Excellent R&D Achievement Award” from the Ministry of Economic Affairs in 2010 ④ Awarded “National Innovation Award” in 2013 ⑤ Awarded “Taipei Bio Golden Award-Technology Transfer Award” in 2013 ⑥ Awarded “Innovation of the Year” by Taiwan Bio Industry

Name	Successfully developed technology or product
	<p>Organization in 2015</p> <p>⑦ Awarded “Golden Quality Award” for New Drug Research and Development Awards by the Ministry of Health and Welfare and Ministry of Economic Affairs in 2015</p> <p>⑧ Awarded “Advanced National Innovation Award” by Institute for Biotechnology and Medicine Industry in 2020</p> <p>⑨ Awarded “National Biotechnology and Medicine Care Quality Award- Bronze Award” by Institute for Biotechnology and Medicine Industry in 2020</p> <p>⑩ Awarded “Symbol of National Quality (SNQ) Award” by Institute for Biotechnology and Medicine Industry in 2021</p> <p>⑪ Awarded “The Most Prestigious Sustainability Awards” by Institute for Biotechnology and Medicine Industry in 2022</p> <p>• Furaprevir:</p> <p>① Received a subsidy of NT\$29.52 million from Ministry of Economic Affairs for preclinical development projects</p> <p>② Received a subsidy of NT\$57.06 million from Ministry of Economic Affairs for conducting Phase I clinical trials</p> <p>③ Awarded “National Innovation Award in Enterprise/ R&D technology Category Gold Award” by Institute for Biotechnology and Medicine Industry in 2015</p> <p>④ Award “Bronze Quality Award” for New Drug Research and Development Awards by the Ministry of Health and Welfare and Ministry of Economic Affairs in 2015</p> <p>⑤ Awarded “Annual Chemical Technology Award” by Chemical Society in 2016</p> <p>⑥ Awarded “Innovation of the Year” by Taiwan Bio Industry Organization in 2017</p> <p>⑦ Awarded “Bronze Quality Award” for New Drug Research and Development Awards by the Ministry of Health and Welfare and Ministry of Economic Affairs in 2017</p> <p>⑧ Awarded “The 2nd APASL Award” by The Asian Pacific Association for the Study of the Liver [APASL] in 2018</p> <p>⑨ Awarded “Advanced National Innovation Award” by Institute for Biotechnology and Medicine Industry in 2020</p> <p>• Burixafor:</p> <p>① Received a subsidy of NT\$18.34 million from Ministry of Economic Affairs for preclinical development projects</p> <p>② Received a subsidy of NT\$20.97 million from Ministry of Economic Affairs for conducting Phase I clinical trials</p> <p>③ Received a subsidy of NT\$11.38 million from Ministry of Economic Affairs for conducting Phase II clinical trials</p> <p>④ Awarded “National Innovation Award in Enterprise/ R&D technology Category Gold Award” by Institute for</p>

Name	Successfully developed technology or product
	<p>Biotechnology and Medicine Industry in 2008</p> <p>⑤ Awarded “Chemical Technology Award” by Chemical Society in 2008</p> <p>⑥ Awarded “Silver Quality Award” for New Drug Research and Development Awards by the Ministry of Health and Welfare and Ministry of Economic Affairs in 2015</p> <p>• Anti-influenza virus new drug TG-1000:</p> <p>① Awarded “National Innovation Award” by Institute for Biotechnology and Medicine Industry in 2021</p>

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

1、Short-term business development plans

- (1) Continue negotiations on the external authorization or distribution of Taigexyn in areas other than mainland China, Taiwan, Russia, Commonwealth of Independent States, Turkey, Latin America, Canada, New Zealand, Australia, South Korea.
- (2) Work with sales partners to develop sales strategies to accelerate the sales peak of Taigexyn capsules in Taiwan and Russia.
- (3) Actively seek partners for the new anti-influenza virus drug TG-1000 to jointly conduct phase III clinical trial and accelerate the promotion of authorization.
- (4) Actively explore and screen new drugs for anti-infective area and autoimmune disease.
- (5) In addition to the company's R&D capabilities and extensive experience in clinical trials, the in-licensing of new drugs in line with the company's strategy and core technology capabilities will also be assessed in the future.

2、Long-term business development plans

- (1) With the company's strong R&D capabilities, looking for business partners around the world to commercialize the intellectual property rights in the new drug development stage and obtain economic benefits.
- (2) Authorize new drugs to collect royalties from international pharmaceutical companies to stabilize the company's revenue sources, continue the company's new drug research and development path, expand, and scale up the business, and reduce operating costs and risks.
- (3) Actively invest in the training of R&D personnel, improve the new drug R&D technology, and make business operations sustainable.

II、Market and Sales Overview

(I) Market analysis

1、Major commodities (service) sales areas

Our company is principally engaged in the development of new drugs and currently its main source of revenue is the sales of Nemonoxacin products and the income from milestone payments. In Taiwan, HOLDING DISP. CO., LTD., which has rich experience in anti-infective drug sales, was selected as our distribution partner of Nemonoxacin in Taiwan. The drug was first marketed and sold at out-of-pocket expenses basis in December 2015, and the oral dosage form was granted drug pricing under Taiwan's National Health Insurance in December 2017, and the injection dosage form was also granted drug pricing

under Taiwan's National Health Insurance in February 2022, which is expected to help Nemonoxacin become a bellwether commodity in the market and boost revenue.

2、Market share

The oral dosage form of Nemonoxacin capsule has been launched in Taiwan, and obtained Taiwan National Health Insurance drug reimbursement in December 2017. The injectable dosage form has also obtained Taiwan and Russia marketing authorizations in October 2020 and August 2022, respectively, and obtained Taiwan National Health Insurance drug reimbursement in February 2022, which is expected to become a market indicator product. The company's other products are all developing new drugs, which cannot be sold publicly in the market according to law; therefore, it is unable to analyze their market share.

3、Future market supply and demand situation and its growth

(1) New anti-bacterial infection drug Taigexyn[®] (Nemonoxacin)

The growing problem of drug resistance is a crisis that the global pharmaceutical community must face together, especially in Asian countries where antibacterial drugs (commonly known as antibiotics) are widely used. According to the U.S. Centers for Disease Control and Prevention (CDC), two-thirds of bacterial infections in hospitals are resistant to at least one commonly used antibiotic; the rising issue of drug resistance indicates that there is a strong demand for new antibacterial drugs that can fight resistant bacteria.

Taigexyn[®] is a non-fluoroquinolone anti-bacterial drug. Clinical trials have proven that it can effectively fight against the growing problem of antibiotic resistance and safe to use and less susceptible to drug resistance. Taigexyn[®] is distributed by HOLDING DISP. CO., LTD, which has more than 30 years of experience in the field of antibiotics and the capsule dosage form has obtained Taiwan National Health Insurance drug reimbursement in December 2017, and the injectable dosage form has also obtained drug reimbursement in February 2022, which is expected to drive the overall market growth.

The production and sales rights of Nemonoxacin in China were transferred to Zhejiang Medicine in March 2021 for a total amount of US\$45 to 50 million.

At present, Nemonoxacin has been authorized overseas in 36 countries. The Russia partner (R-Pharm) has obtained the drug license in August 2022. We will continue to assist authorized partners to obtain marketing authorizations. At the same time, TaiGen will continue to negotiate with international pharmaceutical companies for authorization in other regions, and TaiGen believe that with the excellent drug properties of Nemonoxacin, it is expected to become a powerful tool in international marketing.

(2) Anti-influenza virus new drug: TG-1000 (PA endonuclease inhibitors)

Influenza (flu) is a contagious respiratory disease caused by an influenza virus that can cause mild to severe illness. Influenza infection can lead to serious consequences including hospitalization or death; With an estimated 1 billion cases of influenza worldwide each year, of which 3 to 5 million are severe, causing 290,000 to 650,000 deaths from influenza-related respiratory diseases. As a result, influenza remains one of the most serious public health challenges in the world.

Amantadines, neuraminidase inhibitors (NAIs), and CAP-dependent endonuclease (CEN) inhibitors are FDA-approved antivirals for the treatment of influenza; but they all

have limitations. Amantane drugs, including amantadine and rimantadine, are not currently recommended for the treatment of influenza due to widespread resistance to antiviral drugs. Although NAIs, including oseltamivir, zanamivir and peramivir, are widely used, they are only recommended for the treatment of high-risk influenza patients; Furthermore, NAIs have limitations such as, they are most effective when used within 48 hours of the onset of symptoms, and may result in an ineffective reduction of viral load and prolonged viral shedding, while leading to low cost-effectiveness. In addition, seasonal or strain mutations of avian viruses have led to the emergence of NAI resistance. Baloxavir is a new generation of CEN inhibitors that is currently approved for the treatment of influenza A and B virus infections. However, the PA/I38X-substituted virus appeared after a single oral baloxavir treatment, resulting in a transient increase in viral load, delayed symptom relief, and symptom rebound.

Therefore, there is a clear need for alternative antiviral drugs that can overcome the problem of drug resistance, not only to treat seasonal influenza, but also as a treatment option in the event of a future pandemic.

TG-1000 is an endonuclease inhibitor, which acts on the cap snatching mechanism required for virus replication, which not only has a high degree of sequence retention in various types of influenza viruses, but also directly affects the replication and transcription process of influenza viruses, and will not have an effect on the host cell itself. PA endonuclease inhibitors can inhibit viral replication from the front end, and are expected to be widely used in different types of influenza viruses, and the inhibition effect on the virus is better than that of neurominase inhibitors, which is expected to overcome the problem of drug-resistant virus strains and has a wider effective treatment period.

4、Competitive niche

- (1) The R&D team has extensive experience and technology in the research and development of new drugs.
- (2) The company has a series of unique and excellent new chemical entity (NCE) product line, which can commercialize the intellectual property rights in the new drug development stage and obtain maximum economic benefits.
- (3) Complete global patent layout.
- (4) Has ability to perform clinical trials and apply for market authorizations for Novel Class 1 in China.
- (5) Comply with the ICH guidelines for new drug development and meet international standards. In particular, high-quality clinical trials are TaiGen's competitive advantages.
- (6) Establish good partnerships, including: Chinese market, Taiwan market, Russia, Commonwealth of Independent States and Turkey market, Latin American market.

5、Advantages and disadvantages of the development prospects and countermeasures

(1) Favorable Factors：

- A. **Talent Advantage:** The management team has recruited senior operators from multi-national biotechnology and pharmaceutical industries, which is a unique advantage that improves the efficiency of drug research and development and reduces the risk of drug development.
- B. **Team advantages:** The core members of the team have different professional backgrounds and experience and have extensive experience in the field of new drug

research and development. The advantage of the team is that the professional field is refined and wide, including organic synthesis, compound screening, process research, scale-up production, preclinical research, clinical research design and implementation, regulations, GMP production and other fields, covering the entire field of new drugs from research and development to production and marketing.

- C. **Technical advantages:** The new drugs developed by the excellent R & D team have the industry's best and latest product advantages in the protection of global intellectual property rights, and can successfully commercialize intellectual property rights and obtain the maximum economic benefits.
- D. **Advantages of clinical experience:** TaiGen's clinical team performs high-quality clinical trials in accordance with ICH guidelines and has successfully completed more than 30 Phase I, II and III trials in the United States, mainland China, and Taiwan.
- E. **Advantages in Greater China:** has the ability to conduct new drug clinical trials and apply for market authorizations in mainland China and Taiwan. China has become the world's second largest pharmaceutical market after the United States, which makes new drug development more profitable to invest.
- F. **Global commercial licensing and marketing advantages:** TaiGen has established good partnerships in mainland China, Taiwan, Russia, Commonwealth of Independent States, Turkey, Latin America and other countries, which can accelerate the approval process and increase drug sales.

(2) Unfavorable factors and countermeasures

A. **Costly R&D expense and long development time**

Countermeasures:

- (A) Long-term support from strategic corporate shareholders.
- (B) Make the best use of limited resources and cooperate with outsourced cooperation to make up for the shortage of its own manpower.
- (C) Commercialize R&D results in a timely manner and balance risk and reward.
- (D) Make good use of external resources: make good use of the "Principle of special review in the biotechnology field" of government and industry, apply for subsidies for clinical trial funds, obtain financing from financial institutions and capital market financing, and other channels
- (E) By cooperating with external partners, commercializes the research and development results, creates new business models, and enhances the company's profitability.
- (F) By cooperating with external partners, TaiGen provides talent and/or technology, and partners pay for clinical development costs to reduce costly financial expenditures.

B. **The efficacy of drugs in the earlier stage of research and development has yet to be confirmed by clinical trials**

Countermeasures:

- (A) The R&D team has extensive international experience to ensure that new drug candidates in the preclinical stage are first-in-class or fast-in-class before entering the clinical stage to reduce the risk of failure.
- (B) Find partners to work together on clinical development to reduce risk and accelerate the clinical development.

C. Need to rely on big pharmaceutical companies to open up the international market

Countermeasures:

- (A) The Company's strategy is to license markets outside Greater China to international pharmaceutical companies or pharmaceutical companies with strong sales capabilities/high market penetration in the region after completing the proof-of-concept trials of new drugs, so as to accelerate subsequent clinical trials, drug registration and marketing, and strengthen overseas licensing to open up international markets through partners.
- (B) Utilize the established platform for the R& D and launch of Novel Class 1 in China to accelerate the launch of new drugs on both sides of the Taiwan Strait, and combine with external sales professional teams to maximize the market value of new drugs.

D. The domestic new drug research and development industry is still in its infancy, and whether it is regulations, reviews, and enforcement, it is still immature, and there is still room for improvement

Countermeasures:

After the direction of new drug research and development is determined, the actual research and development still requires the participation of a variety of experts, including technical backgrounds such as design, synthesis, pharmacology, pharmacokinetics, medicinal chemistry, toxicology, etc., as well as experts in patents, regulations and markets. During the development of new drugs and implementation of clinical trials, the company has accumulated a lot of relevant knowledge, promoted the new drug plan, and also integrated the resources of all parties, entrusted the most suitable academic or medical circles to cooperate, recruited relevant talents, and established a sound team required for new drug research and development.

(II) Important uses and manufacturing processes of main products

1、Important uses of main products

Product	Potential Clinical Indications
Nemonoxacin	Nosocomial pneumonia infection, diabetic foot infection, urinary tract infection and complex skin infection
TG-1000	Type A, Type B Influenza and Avian Influenza

2、The manufacturing process of our main products

The production process of our main products is outsourced, and the current scale of the outsourced factories is sufficient to supply clinical phase II/III trials conducted in multiple countries and centers worldwide

(III) Supply status of main raw materials

Our company's new drug is still in the development stage, and the supply of raw materials for various products under development is currently relatively stable. We are also actively seeking high-quality secondary suppliers of raw materials to ensure a secure supply in the future.

(IV) The names of clients with more than 10% of total purchase (sales) and the amount and proportion of purchase (sales) in any of the last two years, and the reasons for the increase or decrease

1. The names of suppliers who have accounted for more than 10% of total purchase and the amount and proportion of their shipments in any of the last two years, together with the reasons for the increase or decrease

As of the printing date of the annual report, our company's principal business is new drug development, and the main sources of revenue are upfront payments for license-out of drug in research and development, and consulting service income as well, which have not yet generated significant commercial activities of purchase and are therefore not applicable.

2. The names of customers who have accounted for more than 10% of the total sales and the amount and proportion of their sales in any of the last two years, together with the reasons for the increase or decrease

Unit : NT\$ thousand

	2021				2022			
Item	name	amount	Percentage of net sales for the full fiscal year (%)	Relationship with the issuer	name	amount	Percentage of net sales for the full fiscal year (%)	Relationship with the issuer
1	Zhejiang Medicine Company, Limited	1,242,151	95.95	-	Holding Disp., Co., Ltd.	21,030	58.05	-
2	GPCR	44,234	3.42	-	R-Pharm	15,200	41.95	-
3	Holding Disp., Co., Ltd.	8,137	0.63	-				-
	Net sales	1,294,522	100.00	-	Net sales	36,230	100.00	

In March 2021, the Company signed a contract with Zhejiang Medicine Co., Ltd. to sell the patent and drug license of Nemonoxacin in Mainland China to Zhejiang Medicine Co., Ltd. and recognized sales revenue of NTD 1,242,151 thousand in fiscal year 2021.

In 2021, the Company recognized sales revenue of NTD 44,234 thousand from the sale of Burixafor's proprietary technology to GPCR.

In March 2015, we entered into an exclusive distribution agreement for the new antibiotic drug Nemonoxacin in Taiwan (the agreement expires five years from the date the first health insurance price of Nemonoxacin injection is applied and will be automatically renewed for three years without written notice of non-renewal, and the same shall apply thereafter) with HOLDING DISP. CO., LTD.. As the Company still have the obligation to market new drugs, the upfront payment of NTD 2,857 thousand has to be amortized over the term of the contract, and therefore NTD 175 thousand and NTD 156 thousand of licensing revenue was recognized in 2021 and 2022, respectively.

In 2015 and 2020, we obtained Taiwan drug license for Nemonoxacin oral drug and IV drug, respectively. The sales target was mainly made to HOLDING DISP. CO., LTD.; the sales revenue of NTD 7,962 thousand and NTD 15,160 thousand were recognized in 2021 and 2022.

In 2022, we obtained approval from the National Health Insurance Administration of the Ministry of Health and Welfare for the inclusion in the National Health Insurance program. We have recognized milestone revenue of NTD 5,714 thousand in accordance

with the exclusive distribution agreement with HOLDING DISP. CO., LTD.

In 2022, our partner R-Pharm in Russia obtained drug license for Nemonoxacin IV drug, and Taigen recognized NTD 15,200 thousand as milestone revenue.

(V) Production value table for the last two years

As of the date of this annual report, our main business is new drug development, and our main sources of revenue are contract payments for licensed drugs under development and consulting service income. With the exception of Taigexyn® oral and injectable formulations, which have been approved for reimbursement by the National Health Insurance system, our other new drugs are still in the process of applying for regulatory approval or conducting clinical trials and have not yet been commercialized, so they are not applicable.

(VI) Sales volume table for the last two years

According to the annual report, as of the date of publication, the main business of the company is new drug development, with the main sources of revenue being licensing fees for drugs under development and consulting service fees. Except for Taigexyn® oral and injectable formulations, which have been approved for reimbursement by the National Health Insurance, the company's other new drugs are still in the process of applying for regulatory approval or undergoing clinical trials and have not yet been commercially launched. Therefore, they are not applicable for revenue recognition at this time.

III 、The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels

Year		2021	2022	2023 as of March 23
Number of Employees	Administration	14	14	14
	Manufacturing	-	-	-
	R&D	42	38	39
	Total	56	52	53
Average Age		42	43	43
Average Years of Service		7.65	8.46	8.64
Education	Ph.D.	14%	15%	15%
	Masters	66%	64%	64%
	Bachelor's Degree	20%	21%	21%
	Senior High School	-	-	-
	Below Senior High School	-	-	-

IV 、Environmental Expenditure Information

In the current fiscal year up to the date of the publication of the report, losses suffered due to environmental pollution (including compensation and environmental protection audit results violating environmental protection laws and regulations, the date of punishment, name of punishment, violation of laws and regulations, content of violations of laws and regulations, content of punishment should be listed), and the current and future estimates of possible occurrences should be disclosed Amount and Countermeasures: : In the current fiscal year up to the date of the publication of the report, the company has not suffered any loss due to environmental pollution.

V 、Labor Relations

(I) Employee welfare, ongoing career training program, retirement system and the implementation, and the agreement between employer and employee and employee rights protection. :

1 、Employee welfare :

At TaiGen Taipei, we provide labor insurance, National Health Insurance, group insurance, labor pension plan and travel insurance for business trip to every employee. TaiGen also offers a friendly working environment and superior benefits. :

- (1) Birthday bonus & holiday bonuses for Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival
- (2) Allowance for marriage, maternity and funeral
- (3) Allowance for recreation activities
- (4) Transportation allowance
- (5) Employee health examinations
- (6) Allowance for parking fee

At TaiGen Beijing, we provide social insurance which includes endowment, medical, unemployment, maternity and employment injury insurance to every employee according to

the Social Insurance Law of the People's Republic of China.

2、Staff：

New employee:

The relevant personnel to explaining the personnel rules, company profile, work rules, environment introduction, supervisors and colleagues.

Professional/functional:

TaiGen Staff can get the approval to join the training course to improve their knowledge or skill they needed.

3、Retirement System and Its Implementation：

TaiGen's retirement policy is set according to the labor standard laws and labor pension practices of various respective regions.

At TaiGen Beijing, we provide social insurance which includes endowment, medical, unemployment, maternity and employment injury insurance to every employee according to the Social Insurance Law of the People's Republic of China

4、Labor-management meetings agreement：

Employees can deliver their opinions via meetings or emails. The communication between labor and management are smooth, and labor and management relations are harmonious. Therefore, no major labor disputes have occurred so far.

5、Employee working environment and employee personal safety protection measures：

The company is committed to employee care, and expects to fulfill its social responsibilities and sustainably development while the company grows.

In-service employees enjoy regular health checkups, regular cleaning and disinfection of the office environment. In order to prevent the occurrence of occupational hazards, the company has established a "biosafety committee" according to law, and regularly holds biosafety meetings, internal on-site inspections and biosafety accident field simulation drills once a year, One regular environmental equipment inspection per year, annual regular inspection of the surrounding environment and equipment of the radiation protection laboratory, annual regular inspection of the first type of pressure vessel in the animal room, and environmental monitoring of the animal room every three months. Waste disposal contracted with external professional manufacturers to recycle laboratory waste on a weekly basis. Toxic chemicals and pioneer chemicals are recorded and listed, and regularly reported to the competent authority to maintain a safe working environment. Access control management is also provided and signed a contract with the security company to maintain the security of the office.

- (II) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided：

All the measures of the company's labor relations are in accordance with relevant laws and regulations, and the implementation is good. The labor relations are harmonious and there are no major labor disputes.

VI、Information Security Management：

- (I) Describe the framework for managing information and communication technology security risks, information security policies, specific management plans, and resources invested in information and communication technology security management.

1. Security Risk Management Framework

The management representative of the company is the head of the Finance and Administration Department, while the head of the Information Department is responsible for executing information security related tasks and implementing the established information security management objectives and policies. The chief auditor regularly reviews the execution status of the information security management system and personal data management system.

2. Information and Communication Technology Security Policy

- 2.1 To ensure the security of information, systems, equipment, and network communications in the company, and to effectively reduce the risk of inappropriate use, disclosure, alteration, or destruction of information assets due to human error, intentional acts, or natural disasters, an information security policy should be developed to establish the direction for information security management.

2.2 Definition of Information Security

Information security is a series of planned and continuous control measures that ensure the proper protection of information assets, including software and hardware equipment.

2.3 Objectives of Information Security

Ensure the confidentiality, integrity, and availability of the business information of our company.

- A. Confidentiality: Ensure that only authorized personnel can access the information assets required for work-related purposes.
- B. Integrity: Ensure that the information used is accurate and has not been tampered with.
- C. Availability: Ensure that authorized personnel can access the required information assets immediately when needed for work.

2.4 Information Security Scope

Information security scope covers areas such as personnel management and information technology.

2.5 Information Security Policy Content

- A. Information security regulations must comply with the provisions of relevant government laws and regulations, such as the Criminal Law, National Security Law, Patent Law, Trademark Law, Copyright Law, Personal Data Protection Law for Computer-Processed Personal Data, etc.
- B. Establishing an information team responsible for the establishment and promotion of information security systems.
- C. Regularly carry out information security education and training, and promote information security policies and related implementation regulations.
- D. Establish a management mechanism for information hardware and software to coordinate the allocation and utilization of resources.
- E. Information security factors should be incorporated into the design of new information systems before construction to prevent situations that may harm system security.

- F. Establish physical and environmental security measures for computer rooms and regularly maintain them.
- G. Clearly define the usage permissions for information systems and network services to prevent unauthorized access.
- H. Develop an internal audit plan for information security and regularly review individual computer usage.
- I. Develop an information security disaster recovery plan and conduct practical exercises to ensure the continuity of business operations.

3. Concrete Management Plan

3.1 Multi-layered Cybersecurity Protection

- A. Internet Security: Strengthen network firewall and network control to prevent malicious attacks and intrusions from the internet.
- B. Device Security: Install endpoint protection software based on the type of computer, and cooperate with firewall protection in the area. Additionally, use cloud-based artificial intelligence and machine learning to predict malicious program intrusion behavior and block the risk of ransomware intrusion. Also, strengthen the backup for important core personal computers.
- C. Server Security: Upgrade the operating system, complete server virtualization, and establish an off-site backup policy. Conduct periodic disaster recovery drills to ensure data integrity and availability.
- D. Information Security for Remote Work: Due to the pandemic in 2021, employees had to work from home using company-issued laptops. Endpoint protection software and antivirus software were urgently installed so that employees can still be protected by firewalls and cloud-based software while working from home, while maintaining the policy of continuously maintaining information security.

3.2 Education and Training: Strengthen employee awareness of social engineering attacks and implement phishing email defense and detection.

4. Allocation of Resources for Information Security Management.

4.1 All new employees have completed information security and protection education and training courses.

4.2 Deploying endpoint protection software and antivirus software for the entire company.

- (II) Disclose the losses, potential impact, and response measures due to significant information security incidents during the current and previous fiscal years up to the date of report printing. If it is not possible to make a reasonable estimate, it should be stated that such estimation is not possible.

In the fiscal year 2022, our wholly-owned subsidiary, Tai Jing Biotechnology Co., Ltd., passed the information security-related audit without significant deficiencies and did not violate information security or cause significant information security incidents such as sensitive information leaks and fines

VII 、 Important contracts

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Licensing Agreement and Amendment	Zhejiang Medicine Company, Limited(“ZMC”)	June 21, 2012 to June 21, 2032	TaiGen Company and TaiGen Beijing entered into an Agreement to give rights to ZMC for development, manufacturing and commercialization of Nemonoxacin in China (excluding Hong Kong, Macau and Taiwan). On March 30, 2021, Parties entered into an Amendment to transfer the patent right and the right of patent application to ZMC in the consideration between USD 45 million to 50 million depending on the conclusion for the application of the patent extending.	None
License Agreement	R-Pharm	From 2014.1.13 to the later of (i) the expiration of the patent; (ii) the fifteenth (15th) anniversary after the first commercial sale of the Product.	TaiGen and R-Pharm signed an exclusive Agreement to grant rights to R-Pharm to develop and commercialize Nemonoxacin in the territories of Russian Federation and other members of the Commonwealth Independent States. Under the terms of the agreement, R-Pharm will be responsible for the development, registration and commercialization of Nemonoxacin in these territories and assume all associated costs. In exchange for the exclusive rights, TaiGen received from R-Pharm an upfront payment, and will be eligible for additional regulatory and commercial milestones as well as royalties on product sales in the future.	None
License Agreement	Productos Cientificos, S.A. DE C.V.(“Productos Cientificos”)	From 2016.8.26 to the later of (i) the fifteenth (15th) anniversary after the first commercial sale of the Product; (ii) the expiration of the patent;	TaiGen signed an exclusive Agreement to give rights to Productos Cientificos to develop and commercialize Nemonoxacin in Mexico, Brazil, Columbia, Peru, Uruguay, Paraguay, Bolivia, Venezuela, Argentina, Chile, Costa Rica, Honduras, Nicaragua, Panama, Guatemala, El Salvador, Ecuador, and other regions. Productos Cientificos will be responsible for the development, registration and commercialization of Nemonoxacin in these territories and assume all associated costs. In exchange for the exclusive rights, TaiGen will receive an upfront payment, and will be eligible for additional	None

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
			regulatory and commercial milestones in the future.	
Distribution Agreement	Holding Disp., Co., Ltd.	5 years starting from the applicable date of the NHI drug price of intravenous formulation	TaiGen signed an exclusive distribution agreement to give rights to Holding Disp., Co., Ltd. to distribute Nemonoxacin in Taiwan. The Agreement will be expired after 5 years starting from the applicable date of the NHI drug price of intravenous formulation. Upon the expiration, the Agreement can be automatically renewed for three years unless any party notifies the other the will for termination in writing.	None
LICENSE, SUPPLY AND DISTRIBUTION AGREEMENT	Luminarie Canada Inc(“Luminarie”)	From 2020.9.30 and lasts for twenty (20) years after the first commercial sale of such Product The AGREEMENT may be extend for additional three years unless any party issue a non-renewal notification.	TaiGen signed an exclusive Agreement with Luminarie Canada in September 2020. Luminarie will be responsible for the development, registration and commercialization of Taigexyn in Canada, Australia and New Zealand. In exchange for the exclusive rights, TaiGen will receive the additional regulatory and commercial milestones in the future.	None
TECHNOLOGY TRANSFER AND COOPERATION AGREEMENT	GPCR Therapeutics (“GPCR”)	20 years started from 2020.11.9	TaiGen signed an exclusive Agreement with GPCR. Under the terms of the agreement, GPCR will be wholly responsible for the development, registration, and commercialization of Taigexyn in S. Korea. The ownership of Burixafor worldwide is also transferred to GPCR. TaiGen will receive shares of GPCR Therapeutics as well as future milestone and royalty payments in return.	None
SUPPLY AGREEMENT	Nang Kuang Pharmaceutical Co., Ltd	10 years started from October 23, 2020. The Agreement can be automatically renew for successive two (2) years for once.	Nang Kuang shall manufacture and supply the Nemonoxacin injection for TaiGen in accordance with the terms and conditions of this SUPPLY AGREEMENT.	None
WAREHOUSE AND	ORIENT EUROPHARMA	September 1,2017 to August 31, 2018. The	ORIENT EUROPHARMA shall provide warehousing and logistic service in	None

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
LOGISTICS SERVICE AGREEMENT		Agreement can be automatically renew for one year unless any party refuses to do so.	accordance with articles of the Agreement.	
DRUG MANUFACTURING AGREEMENT	PEI LI PHARMACEUTICAL INDUSTRIAL CO., LTD	November 1, 2019 to October 30, 2026. The Agreement can be automatically renew for three year unless any party refuses to do so.	PEI LI shall manufacture Taigexyn Capsule 250 mg for TaiGen in accordance with articles of the Agreement.	None
SHAREHOLDER AGREEMENT	Yichang HEC Changjiang Pharmaceutical Co., Ltd(“HEC”); TaiGen Biopharmaceuticals Co. (Beijing) Ltd; TaiGen Biotechnology Holdings Limited(the two company shall be called“TaiGen”)	Valid from October 30, 2016	A new China company shall be incorporated by parties in order to develop, manufacture and sell new treatment for Hepatitis C. The new company will combine DAG-181 developing by HEC, and TG-2349 which is originally owned by TaiGen to develop new treatment for Hepatitis C.	None
Patent implementation license and commercialization cooperation contract	TaiGen Taiwan 、 TaiGen Beijing 、 Joincare Pharmaceutical Group Industry Co., Ltd	Effective from March 21, 2023, the contract period depends on the results of patent applications for pediatric dosage forms	The subsidiary of the company grants the exclusive license of TG1000 products in China, Hong Kong and Macao to Joincare, grants it the authority to develop, produce and sell TG1000 products, and collects license fees and sales commissions.	

Chapter 6 、 Financial Information

I 、 Condensed balance sheets and statements of comprehensive income for the past five years

(I) Condensed consolidated balance sheet (international financial reporting standards)

Unit: NT\$ thousand

Item \ Year		2018	2019	2020	2021	2022
Current Assets		825,583	703,823	391,596	1,231,998	949,235
Net property, plant and Equipment		31,947	29,018	25,691	27,016	21,502
Intangible Assets		37,047	33,935	30,362	20,319	11,013
Other Assets		293,125	179,331	108,796	113,470	41,277
Total Assets		1,187,702	946,107	556,445	1,392,803	1,047,007
Current Liabilities	Before Distribution	65,831	89,314	94,905	89,875	51,320
	After Distribution	65,831	89,314	94,905	89,875	51,320
Non-current Liabilities		28,527	41,610	19,359	49,237	25,658
Total Liabilities	Before Distribution	94,358	130,924	114,264	139,112	76,978
	After Distribution	94,358	130,924	114,264	139,112	76,978
Equity Attributed to Owners of Parent		1,093,344	815,183	442,181	1,253,691	970,029
Share Capital(Note2)		20,908	20,910	20,910	20,910	20,910
Capital Surplus(Note3)		674,586	702,460	716,920	455,248	450,263
Retained Earnings	Before Distribution	402,199	103,958	(300,208)	778,298	542,054
	After Distribution	402,199	103,958	(300,208)	778,298	542,054
Other Equity Interests(Note4)		(4,349)	(12,145)	4,559	(765)	(43,198)
Treasury Shares		-	-	-	-	-
Non-Controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	1,093,344	815,183	442,181	1,253,691	970,029
	After Distribution	1,093,344	815,183	442,181	1,253,691	970,029

Note 1 : The financial information is based on the financial report audited and certified by the accountants of Deloitte & Touche.

Note 2 : The par value of the Company's common shares is USD 0.001 per share.

Note 3 : Capital surplus includes unearned compensation to employees - restricted stock and changes in net equity in affiliated companies recognized using the equity method.

Note 4 : Other equity includes the exchange differences on the translation from the financial statements of foreign operating institutions

(II) Condensed Consolidated Statement of Comprehensive Income (International Financial Reporting Standards)

Unit:NT\$ thousand

Item \ Year	2018	2019	2020	2021	2022
Operating Revenue	29,618	20,314	23,422	1,294,522	36,230
Gross Profit from Operations	26,054	12,710	19,386	1,281,802	32,494
Net Operating Income(Loss)	(258,397)	(277,133)	(307,319)	899,458	(277,670)
Non-Operating Income and Expenses	(84,813)	(13,042)	(99,555)	(23,467)	47,905
Profit(Loss) from Continuing Operations Before Tax	(343,210)	(290,175)	(406,874)	875,991	(229,765)
Profit(Loss) from Continuing Operations	(343,210)	(295,685)	(404,819)	775,618	(237,164)
Loss from Discontinuing Operations	-	-	-	-	-
Net Income (Loss) for the Year	(343,210)	(295,685)	(404,819)	775,618	(237,164)
Other comprehensive income, net	(2,955)	(10,352)	17,357	(4,139)	(41,513)
Total comprehensive income	(346,165)	(306,037)	(387,462)	771,479	(278,677)
Profit(Loss), attributable to owners of parent	(343,210)	(295,685)	(404,819)	775,618	(237,164)
Profit(Loss), attributable to non-controlling interests	-	-	-	-	-
Comprehensive income, attributable to owners of parent	(346,165)	(306,037)	(387,462)	771,479	(278,677)
Comprehensive income, attributable to non-controlling interests	-	-	-	-	-
Earning(Loss) per share	(0.48)	(0.41)	(0.56)	1.08	(0.33)

Note: The financial information is based on the financial statements audited and certified by the accountants of Deloitte & Touche.

(III) CPAs and Their Opinions for the last five years

Year	Name of CPA firm	Name of CPA	Auditor's Opinion
2018	Deloitte & Touche	Shiow-Ming Shue 、 Ya-Ling Wong	Qualified opinion
2019	Deloitte & Touche	Shiow-Ming Shue 、 Ya-Ling Wong	Qualified opinion
2020	Deloitte & Touche	Shiow-Ming Shue 、 Ya-Ling Wong	Qualified opinion
2021	Deloitte & Touche	Shiow-Ming Shue 、 Ya-Ling Wong	Qualified opinion
2022	Deloitte & Touche	Shiow-Ming Shue 、 Ya-Ling Wong	Qualified opinion

II、Financial analysis for last five years

1. Financial Analysis - International Financial Reporting Standards

Year		2018	2019	2020	2021	2022
Item						
Financial structure (%)	Total liabilities to total assets	7.94%	13.84%	20.53%	9.99%	7.35%
	Long-term capital to PP&E	3,511.56%	2,952.58%	1,796.5%	4,822.72%	4,630.67%
Solvency (%)	Current ratio	1,254.10%	788.04%	412.62%	1,370.79%	1,849.62%
	Quick Ratio	1,236.55%	777.40%	396.29%	1,348.29%	1,808.21%
	Interest protection	Note 2	Note 2	Note 2	3,593	Note 2
Ability to operate	A/R turnover(times)	21.38	10.32	5.16	9.07	0.24
	A/R turnover days	17.07	35.37	70.73	40.24	1,520.83
	Inventory turnover(times)	0.61	0.84	0.36	0.78	0.22
	Accounts payable turnover(times)	0.27	0.54	0.39	1.36	0.56
	Days sales outstanding	598.36	434.52	1,013.88	467.95	1,659.09
	Property, plant and equipment turnover(times)	1.15	0.67	0.86	49.12	1.49
	Total assets turnover(times)	0.02	0.02	0.03	1.33	0.03
Earning ability	Return on assets(%)	(25.33%)	(27.62%)	(53.88%)	79.58%	(19.37%)
	Return on equity(%)	(27.26%)	(30.99%)	(64.39%)	91.47%	(21.33%)
	PBT to pay-in capital(%) (Note 4)	(31.39%)	(35.60%)	(92.02%)	69.87%	(20.66%)
	Net income ratio(%)	(1,158.76%)	(1,455.60%)	(1,728.32%)	59.92%	(654.61%)
	EPS(NT\$)	(0.48)	(0.41)	(0.56)	1.08	(0.33)
Cash flow	Cash flow ratio(%)	Note 4	Note 4	Note 4	699.94%	Note 4
	Cash flow adequacy ratio(%)	Note 5	Note 5	Note 5	Note 5	Note 5
	Cash reinvestment ratio(%)	Note 4	Note 4	Note 4	45.01%	Note 4
Leverage	Operating leverage	(0.1)	(0.05)	(0.06)	1.43	(0.12)
	Financial leverage	1	1	1	1	1

Reasons for changes in various financial ratios for the last two years: (changes of 20% or more)

Financial structure : The decrease in other payables and income tax liabilities in 2022 resulted in a decrease in total liabilities to total assets ratio for 2022.

Solvency : The decrease in other payables and income tax liabilities in 2022 resulted in higher current ration and quick ratio for 2022 compared to 2021.

Ability to operate : The decrease in revenue and cost of goods sold in 2022 resulted in lower A/R turnover ratio、inventory turnover、accounts payable turnover、property, plant and equipment turnover in 2022 compared to 2021.

Earning ability : The recognition of the income from the sale of Nemonoxacin in the mainland China boosted annual profits, resulting in lower return on assets、return on equity、PBT to pay-in capital、Net income ratio and EPS for 2022 compared to 2021.

Leverage : In 2021, we recognized the income from the sale of Nemonoxacin in the mainland China, which increased the operating revenue and gross profit for the whole year, resulting in lower operating leverage in 2022 compared to 2021.

Note 1 : The financial information is based on the financial statements audited and certified by the accountants of Deloitte & Touche.

Note 2 : Our company had a loss after tax for the last five years, so it was excluded from the calculation.

Note 3 : Our company's stock par value is USD0.001. Therefore, the calculation of the ratio of paid-in capital is based on the ratio of equity attributable to the owners of the parent company in the balance sheet.

Note 4 : The net cash flow from operating activities is negative and is therefore excluded from the calculation.

Note 5 : The net cash flow from operating activities for the last five years was negative and was therefore excluded from the calculation.

Note 6 : The calculation formula of financial analysis is as follows:

1. Financial ratio

(1) Total liabilities to total assets = Total liabilities / Total assets.

(2) Long-term capital to PP&E = (Net equity + Non-current liabilities) / Net fixed assets.

2. Solvency

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

(2) Quick Ratio = (Current assets – Inventory – Prepaid expenses) / Current liabilities.

(3) Interest protection = / Net income before income tax and interest expense / Interest expense.

3. Ability to Operate

(1) Accounts receivable (including accounts receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including accounts receivable and notes receivable from operation) balance.

(2) A/R turnover days = 365 / accounts receivable turnover.

(3) Inventory turnover = Cost of goods sold / the average of inventory.

(4) Accounts payable (including accounts payable and notes payable from operation) turnover = Cost of goods sold / the Average of account payable (including accounts payable and notes payable from operation) balance.

(5) Days sales outstanding = 365 / Inventory turnover.

(6) Fixed assets turnover = Net sales / the average of net fixed assets.

(7) Total assets turnover = Net sales / the average of total assets.

4. Earning ability

(1) Return on assets = [PAT + Interest expense × (1 – interest rate)] / the average of total assets.

(2) Return on equity = PAT / the average of net equity.

(3) Net income ratio = PAT / Net sales.

(4) EPS = (PAT – Dividend from preferred stock) / weighted average outstanding shares.

5. Cash flow

(1) Cash flow ratio = Cash flow from operating activities / Current liabilities.

(2) Cash flow adequacy ratio = Most recent 5-year cash flow from operating activities / Most recent 5-year (capital expenditure + the increase of inventory + cash dividend).

(3) Cash reinvestment ratio = (Cash flow from operating activities – cash dividend) / (Gross fixed assets + long term investment + other non-current assets + working capital).

6. Leverage :

(1) Operating leverage = (Net revenue – variable cost of goods sold and operating expense) / operating income.

(2) Financial leverage = operating income / (operating income – interest expense).

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business, Financial Statements, and proposal for Deficit Offset. The CPA firm of Deloitte was retained to audit TaiGen's Financial Statements. The Business Report, Financial Statements, and Deficit Offset proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of TaiGen Biopharmaceuticals Holdings Limited. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

TO
2023 Annual General Meeting of Shareholders

TaiGen Biopharmaceuticals Holdings Limited
Chairman of the Audit Committee : Weng-Foung Huang

On the date of Mar. 23, 2023

IV、For 2022 audit consolidated financial report: please refer to pages 158 to 214.

V、For 2022 audit individual financial report: Not applicable

VI、If the company and its affiliated companies had financial turnover difficulties in the most recent year and up to the date of publication of the annual report, the impact on the company's financial status should be listed : None.

Chapter 7 、 Review of Financial Condition, Operation Results, and Risk Management

I 、 Financial status

Unit:NT\$ thousand ; %

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	1,231,998	949,235	(282,763)	(22.95%)
Long-term investment	53,896	23,980	(29,916)	(55.51%)
Net property, plant and Equipment	27,016	21,502	(5,514)	(20.41%)
Intangible Assets	20,319	11,013	(9,306)	(45.80%)
Other Assets	59,574	41,277	(18,297)	(30.71%)
Total Assets	1,392,803	1,047,007	(345,796)	(24.83%)
Current Liabilities	89,875	51,320	(38,555)	(42.90%)
Long-term liabilities	-	-	-	-
Other liabilities	49,237	25,658	(23,579)	(47.89%)
Total liabilities	139,112	76,978	(62,134)	(44.66%)
Share capital	20,910	20,910	-	-
Capital collected in advance	-	-	-	-
Capital Surplus	455,248	450,263	(4,985)	(1.10%)
Retained earnings	778,298	542,054	(236,244)	(30.35%)
Other equity interests	(765)	(43,198)	(42,433)	5,546.80%
Total equity	1,253,691	970,029	(283,662)	(22.63%)

1.The main reasons of significant changes in assets, liabilities, and equity for the last two years and their effects: (amount changed by 10% or more, and amount reached 1% of total assets for the year)

Current Assets : The increase in current assets of NTD 282,763 thousand in 2022 is mainly due to the decrease in accounts receivable.

Long-term investment : The decrease of NTD 29,916 thousand in long-term investments in 2022 is mainly due to the evaluation loss recognition of financial assets at fair value through other comprehensive income.

Other Assets : The decrease of NTD 18,297 thousand in other assets in 2022 is mainly due to the recognition of depreciation of right-of-use assets in 2022 in accordance with the accounting standards.

Current liabilities : The decrease of NTD 38,555 thousand in current liabilities in 2022 is mainly due to decrease of current tax liabilities.

Other liabilities : The decrease of NTD 23,579 thousand in other liabilities in 2022 is mainly due to decrease of lease liabilities.

Retained earnings : The decrease in retained earnings of NTD 236,244 thousand in 2022 is mainly due to operating expenditure in 2022.

Other equity interests : The decrease in other equity interests of NTD 42,433 thousand in 2022 is mainly due to the evaluation loss recognition of financial assets at fair value through other comprehensive income.

2. If the impact is significant, the future response plan should be stated: No significant impact.

II 、 Financial performance

(I) The main reasons for significant changes in operating revenue, net operating income and income before tax for the last two years

Unit : NT\$ thousand ; %

Item \ Year	2021	2022	Changes by increase or decrease	
			Amount	Changes proportion %
Operating revenue	1,294,522	36,230	(1,258,292)	(97.20%)
Deduct : sales returns and allowances	-	-	-	-
Net sales	1,294,522	36,230	(1,258,292)	(97.20%)
Operating costs	12,720	3,736	(8,984)	(70.63%)
Gross profit	1,281,802	32,494	(1,249,308)	(97.46%)
Operating expenses	382,344	310,164	(72,180)	(18.88%)
Net operating income (loss)	899,458	(277,670)	(1,177,128)	(130.87%)
Non-Operating Income	4,349	60,820	56,471	1,298.48%
Non-Operating Expenses	27,816	12,915	(14,901)	(53.57%)
Net Income (Loss) for the Year	775,618	(237,164)	(1,012,782)	(130.58%)
Other comprehensive income, net	(4,139)	(41,513)	(37,374)	902.97%
Total comprehensive income	771,479	(278,677)	(1,050,156)	(136.12%)
The main reasons of significant changes in operating revenue, net operating income, and income before tax for the last two years: (amount changed by 10% or more, and amount reached 1% of total assets of the year)				
1. Operating revenue : The decrease in operating revenue of NTD 1,258,292 thousand in 2022 is mainly due to the recognition of revenue from the sale of Nemonoxacin in the mainland China in 2021.				
2. Gross profit : The decrease in gross profit of NTD 1,249,308 thousand in 2022 is mainly due to the recognition of revenue from the sale of Nemonoxacin in the mainland China in 2021.				
3. Operating expenses : The decrease in operating expenses of NTD 72,180 thousand in 2022 is mainly due to the decrease in research and development expenditures in 2022.				
4. Net operating income (loss) : In 2022, net operating loss of NTD 277,670 thousand was generated, mainly due to decrease in operating revenue in 2022 and expenses incurred from operating activities.				
5. Non-Operating income : The increase of NTD 56,471 thousand in non-operating income in 2022 was mainly due to recognition of foreign exchange gain in 2022.				
6. Non-Operating expenses : The decrease of NTD 14,901 thousand in non-operating expenses in 2022 was mainly due to the decrease in recognition of losses of affiliated companies recognized under the equity method in fiscal year 2022.				

(II) The expected sales volume and its basis and the possible impact on our company's future financial operations and the plan for response

We started to sell the oral dose of Nemonoxacin in the out-of-pocket healthcare market in Taiwan in mid-December 2015.

The oral dose was granted drug pricing under Taiwan's National Health Insurance in December 2017 and the injection dose was also granted drug pricing under Taiwan's National Health Insurance in February 2022. Based on the overall market and our company's annual operation plan, we will generate supply revenue from the sales of new drugs in the future.

III 、Cash flow

(I) Analysis of changes in cash flow for the most recent year (fiscal year 2022)

Unit : NT\$ thousand ; %

Item \ Year	2021	2022	Increase(decrease) amount	Increase(decrease) percentage(%)
Operating activities	629,069	(21,269)	(650,338)	(103.38%)
Investing activities	(306,069)	(84,953)	221,116	(72.24%)
Financing activities	(18,849)	(15,841)	3,008	(15.96%)
Analysis of changes :				
1. Operating activities : Cash inflow from operating activities decreased by NTD 650,338 thousand in 2022 was mainly due to the revenue from the sale of Nemonoxacin in the mainland China in 2021.				
2. Investing activities : Cash outflow from investing activities decreased by NTD 221,116 thousand in 2022 was mainly due to decrease of the acquisition of financial assets at amortized cost in 2022.				
3. Financing activities : The decrease of NTD 3,008 thousand in cash outflow from financing activities in 2022 was mainly due to increase of short-term loans in fiscal year 2022.				

(II) Cash liquidity shortage improvement plan: Our company has no cash shortage

(III) Analysis of cash liquidity for the coming year (fiscal year 2023)

Unit : NT\$ thousand

Cash balance at beginning of year (1)	Estimated full-year net cash flow from operating activities (2)	Estimated full-year net cash flows from investing and financing activities (3)	Estimated surplus (shortfall) of cash (1)+(2)+(3)	Remedies for cash shortage	
				Investment plan	Financial plan
754,717	(235,005)	(57,525)	462,187	-	-
1. Analysis of changes in Cash flow scenarios for fiscal year 2023:					
(1) Cash balances at the beginning of the period include time deposits with a deposit period of more than three months and money market funds, which are classified in the financial statements as financial assets at amortized cost and financial assets at fair value through profit or loss.					
(2) Operating activities: The company expects to generate revenue from licensing new drugs in the fiscal year 2023, however, as the new drugs are still in the development stage, ongoing research and development expenses will be incurred. Therefore, the net operating cash flow will be outflow of NTD 235,005 thousand.					
(3) Investing activities: The main capital expenditure is for the purchase of potential new drug patent technology and the purchase of research and development equipment, totaling NTD 57,525 thousand.					
2. Remedial measures and flow analysis for projected cash shortfalls: None.					

IV、The impact of significant capital expenditures on financial operations in the current fiscal year :
None.

V、Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year.

(I) Reinvestment policy

Our company's recent change in investment policy involves focusing mainly on investments related to our core business development and refraining from investing in other industries. The relevant departments will follow internal control procedures such as the "Investment Cycle" and "Procedures for Acquisition or Disposal of Assets" to execute the new policy. These measures and procedures have been discussed and approved by the board of directors or shareholders' meeting.

(II) The main reason for the profit or loss of reinvestment in the most recent year, and the improvement plan :

Reinvest in business	Investment return in the most recent year (2022)	Illustration
TaiGen Taiwan	NTD(224,933) thousands	Except for Nemonoxacin, our company's new drug development products are still in the research and development stage and have not yet been marketed for sale. Nemonoxacin has obtained drug licenses in Mainland China, Taiwan, and Russia, and the current source of income is from sales revenue and licensing fees in these regions. However, this revenue is still insufficient to cover the expenses of new drug development, resulting in continued losses.
TaiGen Cayman	NTD(122,777) thousands	As an investment holding company, the main source of its gains comes from recognizing the post-tax profits of TaiGen Beijing.
TaiGen Beijing	NTD(122,777) thousands	The main activity currently is conducting clinical trials for new drug development, which incurs expenses. As of the fiscal year 2022, there has been no revenue generated from the sale of new drugs, resulting in continued losses.
Dongguan HEC TaiGen	NTD 0	As the clinical trials for the new drug for Hepatitis C are still in progress, the company needs to pay for clinical trial-related expenses in China. There has been no revenue or profit generated from this drug yet. Since July 2021, TaiGen Holdings. and its subsidiaries have incurred losses in Dongguan HEC TaiGen Co., Ltd. that exceed their equity interests in the company. Therefore, the company has stopped recognizing further loss in proportion to its equity interest in the subsidiary according to the equity method

Improvement plan : Dongguan HEC TaiGen is currently in the clinical trial stage for the new

drug for Hepatitis C. Upon completion of the clinical trials and obtaining the necessary regulatory approvals, the company will be able to generate revenue from the sales of the drug, which can improve its profitability.

(III) Investment plan for the next year : The company has no foreign investment plans in the next year.

VI · Analysis and assessment of risk issues as of the end of the fiscal year and the date of printing the annual report

(I) The impact of interest rate, exchange rate fluctuations, and inflation on the company's profits and future response measures :

1. The impact of interest rate changes on the company's profits and future response measures

The short-term borrowings of this group are bank revolving loans, and the amount accounts for less than 1% of the net worth ratio. The borrowing period is short, so the impact of interest rates on the liability side is minimal. Interest income is not the Group's main source of profits, so overall, interest rate changes are not expected to have a significant impact on the company. The Group maintains a good long-term relationship with banks and currently has reasonable borrowing terms. The Group also keeps track of recent interest rate changes and, when loan terms expire, assesses the various sources of funding and their terms and costs to secure the required funding in the most effective way.

2. The impact of exchange rate fluctuations on the company's profits and future response measures.

Exchange rate fluctuations may affect the Group's operations in the form of costs related to clinical trials conducted in other countries, royalties or license fees received for the licensing of new drugs to other countries, etc. In addition to closely monitoring exchange rate fluctuations, the Group may purchase foreign currency deposits when exchange rates are favorable to pay for foreign currency expenses. In addition, when signing license agreements, the Group also tries to negotiate exchange rate conditions that are favorable to the Group and allocates funds in the same currency as the expense to avoid exchange rate risk..

Exchange rate fluctuations are not expected to have a significant impact on the Group, and in the future, the Group will also pay attention to major currency movements in the foreign exchange market, maintain a good relationship with banks, and keep track of exchange rate trends to reduce exchange rate risk.

3. The impact of inflation on the company's profits and future response measures

The Group constantly monitors market price fluctuations and has a good relationship with long-term suppliers. There have been no significant impacts on the Group's profits due to inflation in recent years. The Group mainly engages in the research and development of new drugs, so the technology, costs, and future products are less affected by inflation.

(II) Policies, main reasons for profit or loss, and future response measures for high-risk, highly leveraged investments, lending funds to others, endorsement guarantees, and derivatives trading

1. The Group focuses on its core business and has a financial policy of stability and conservatism, and does not engage in high-risk, highly leveraged investments or derivatives trading.

2. The Group has shareholder resolutions in place for "Procedures for Acquisition or Disposal of

Assets", "Procedures for Endorsement & Guarantees", "Procedures for Financial Derivatives Transactions", and "Procedures for Lending Funds to Other Parties", which have been modified to comply with relevant laws and regulations and passed by shareholder resolution. In the future, related transactions will be conducted in accordance with the above procedures and will be announced and reported in accordance with relevant laws and regulations.

(III) Future R&D plans and estimated R&D expenses

1. Future R&D plans

- (1) Accelerate the pace of self-development of new drugs. At present, the company has sorted out the crux of the bottleneck of new drug development in the past, and through strengthening the management of the R&D process to remove bottlenecks; in the future, it is expected to greatly reduce the time spent on selecting candidate drugs and preclinical trials. Time to speed up the time course of entering IND.
- (2) In addition to self-development, TaiGen expects to introduce new foreign drug candidates, directly entering IND and clinical trials is also one of the strategies to accelerate the commercialization of research and development products. Future and self-developed products are merged into twin engines, accelerating the momentum of the company's R&D and commercialization
- (3) Based on the company's R&D technology platform developed, the scope of new product development has been expanded include dietary supplement/health food, with the aim of developing supplements that truly meet human health needs.
- (4) The influenza new drug TG-1000 has completed Phase II clinical trials with dual filings in China and the United States, and the effective dosage group has been selected. We are currently in communication with CDE in China regarding the various clinical protocols for entering Phase III trials. On the other hand, the results of the Phase II trial also support market development and authorization for TG-1000 in Europe, the United States, and Asia.
- (5) As for other products under research, two indications have been selected for preclinical development. By strengthening the process and removing bottlenecks, the time to enter the IND should be shortened

2. Expected research and development costs

In order to support the above-mentioned research and development plan, our group will allocate research and development expenses on a yearly basis according to the progress of product development. For achieving the expected progress of research and development, it is estimated that the research and development expenses to be invested in 2023 will be approximately NTD 195 million.

(IV) The impact of important domestic and foreign policy and legal changes on the company's financial operations and response measures.

1. Taiwan

In order to develop the biotech and new drug industry, the government formulated the Act for the Development of Biotech and Pharmaceutical Industry in 2007. Our main operating entity, TaiGen Taiwan, was recognized by the Ministry of Economic Affairs as a

company that meets the requirements of the Act for the Development of Biotech and Pharmaceutical Industry and is eligible for rewards in 2008 according to this regulation. In addition, the government's Biotech and Pharmaceutical Company Research and Development Expense Investment Deduction Method also helps the development of new drugs by our group.

Under the ECFA cooperation framework, the two sides of the Taiwan Strait signed the 'Cross-Strait Medical and Health Cooperation Agreement' on December 21, 2010 at the 6th Chiang-Chen meeting, including agreeing to promote cross-strait clinical trial and pharmaceutical research and development cooperation in a pilot and project-based manner, in accordance with clinical trial management regulatory standards. Our group's new drug for the treatment of bacterial infections, the new anti-bacterial drug, Nemonoxacin oral formulation, applied for new drug approvals from the Taiwan FDA and China CFDA in March and April 2013, respectively, under this framework. The drug was approved for market release by the Taiwan FDA in March 2014, and the company applied for health insurance drug pricing approval on November 18, 2014. On January 20, 2015, we received the Nemonoxacin oral formulation drug license from the Taiwan FDA.

At the 'Executive Yuan Bio Taiwan Committee'(BTC) held in September 2015, members suggested that a incentives-based pricing mechanism for new drugs and medical materials developed in Taiwan should be established under the national health insurance to create international markets. It was also suggested that the current national health insurance provision article "clinical efficacy has significantly improved" be relaxed to include "unmet medical needs" for new drugs to benefit the development of the biotech industry in Taiwan. It was also suggested that new drugs with Taiwan as the first market be given preferential prices to expand the value of export markets. Therefore, TaiGen withdrew its health insurance pricing application on September 18, 2015. The relevant pricing provisions have been revised, and TaiGen submitted a new health insurance pricing application in March 2017 again. The Taigexyn health insurance drug pricing application was completed on December 7, 2017. The Taigexyn oral capsule 250mg health insurance payment price was set at NT\$180 per capsule and took effect on January 1, 2018, obtaining a more favorable health insurance price, expanding international market profitability, and increasing shareholder equity. The injectable form obtained its pharmaceutical license in Taiwan in October 2020 and was approved by the Taiwan National Health Insurance program for pricing in February 2022, with a payment price of NTD 2,200 per bag. This pricing went into effect on March 1, 2022.

2.America

In 2009, the US FDA proposed new draft regulations for clinical trials stating that patients in community-acquired pneumonia clinical trials could not receive treatment with other antibiotics before the trial, significantly increasing the time and cost of Nemonoxacin clinical trials and shortening the time of market exclusivity. Fortunately, in early 2014, in response to protests from doctors, the pharmaceutical industry, and patients, the US Congress amended the guidelines for community-acquired pneumonia clinical trials, allowing up to 25% of patients to receive treatment with other antibiotics before the trial.

In addition, to combat the increasing problem of antimicrobial resistance, the US Congress passed the 'Generating Antibiotic Incentives Now Act' in July 2012 to encourage the development of antibiotics that can combat antimicrobial-resistant bacteria. The act

specified that new antibiotics that can kill antimicrobial-resistant bacteria will have a market exclusivity period of ten years after obtaining QIDP (Qualified Infectious Disease Product) status, an increase from the current five years. The act aims to provide incentives for pharmaceutical companies to develop new antibiotics by extending the market exclusivity period for new compounds to ten years and orphan drugs to twelve years. At the same time, in order to reduce research and development costs and enable new antibiotics to qualify for the FDA's priority review and fast track designation, the review period will be shortened to six months.. The passage of this act will benefit the development of Nemonoxacin in the US market. In December 2013, Nemonoxacin oral formulation was granted Qualified Infectious Disease Product (QIDP) status by the US FDA for its ability to combat antimicrobial-resistant bacteria, and was also given Fast Track designation by the FDA, which will accelerate the time to market for the drug.

3.China

In 2011, the Chinese government implemented the Hospital Antibiotic Use Management Measures, which established strict and clear regulations and management for the use and item management of antibiotics in hospitals at all levels. With the implementation of this management method, the survival space of small manufacturers was restricted, leading to a stagnation in the overall growth of the antibiotic market. However, the sales of original drugs and leading brand generic drugs continued to grow, which should have a positive and healthy impact on long-term market development.

The company's main operations are based in Taiwan. The group will continue to monitor the development trends and regulatory changes of the government at home and abroad. · If there are any changes, the company will consult with local lawyers, accountants and other relevant units, commission them to evaluate and provide professional advice, collect relevant information for decision-making reference by the management, and take appropriate measures in response to changes in regulations.

(V) The impact of technological changes and industrial changes on the company's financial business and countermeasures

The impact of technological change and industry changes on the financial and business operations of the company and the measures taken in response. These changes may affect the terms and content of the current licensing negotiations of the group, and may affect the negotiation intentions of licensing partners due to the emergence of similar drug. The group closely monitors the research and development trends of its competitors in similar drugs and takes timely measures in response. The group's research and development of drugs also has a high threshold for entry, so it is unlikely to be affected by technological changes and industry changes in the short term in terms of licensing negotiations.

The group's R&D team regularly holds meetings with experts to discuss industry R&D trends and its own R&D strategy, quickly grasp the trends in drug development, and make adjustments to R&D plans in response to industry changes. Although this may affect the timing and amount of R&D investment by the group, the company's management level is able to keep track of budget and actual differences on a monthly basis, allocate resources optimally, and take necessary measures in response, so technological changes and industry changes should not have a significant impact on the company's financial operations.

(VI) The impact of corporate image change on corporate crisis management and countermeasures

Since the group establishment, we have been dedicated to the development of new drugs,

with the goal of developing "first in class" or "best in class" innovative compound new drugs in the same class to promote human welfare. For many years, the group has followed relevant laws and regulations, has won numerous awards in Taiwan, and has received economic specialties from the Ministry of Economic Affairs for various R&D projects. It is highly valued by the government, industry, and academia, has a good corporate image, has established a good reputation and word of mouth, and has not had any behavior that has caused a poor corporate image or a corporate crisis.

(VII) Expected benefits, possible risks and countermeasures of mergers and acquisitions

The group does not currently have any plans to acquire other companies in the recent fiscal year or as of the date of printing of the annual report.

(VIII) Expected benefits, possible risks and countermeasures of plant expansion

The group does not currently have any plans to expand its factories in the recent fiscal year or as of the date of printing of the annual report.

(IX) Risks and countermeasures faced by concentration of purchase or sales

The group is engaged in the business of researching and developing new drugs. In the recent fiscal year and as of the date of printing of the annual report, except for the oral form of Nemonoxacin that has been marketed, the remaining drugs under development are mainly in the exploration or clinical trial phase. As of now, there has been no production of new drugs and no concentrated risk of purchasing. In addition, due to the nature of the industry, there may be a risk of concentration in purchasing behavior, but the company and manufacturers have long-term contract regulations, which should not pose a significant risk.

Based on overall strategic and resource considerations, the group's main revenue currently comes from royalties and milestone payments from international pharmaceutical companies. Nemonoxacin oral formulations have been sold in the self-paid market in Taiwan since December 2015 and have signed distribution contracts with distributor HOLDING DISP. CO., LTD.. The product was priced by the National Health Insurance in December 2017 and is sold to major hospitals and clinics throughout Taiwan, which should reduce the risk of concentrated sale. In addition, the rights to use of the drug Nemonoxacin in China have been licensed to Zhejiang Medicine Co., Ltd., which assumes related responsibilities and risks. In March 2023, our company signed a patent implementation license and commercialization cooperation contract for the influenza antiviral drug TG-1000 (cap-dependent endonuclease inhibitor) with Joicare Pharmaceutical Group Industry Co., Ltd., one of the top ten well-known pharmaceutical enterprises in China, authorizing Joicare to develop, manufacture, and commercialize within the licensed region (including China and Hong Kong/Macau but excluding Taiwan). In the future, we will continue to expand overseas licensing to reduce the risks faced by concentrated sales.

(X) Directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large number of equity transfers or replacements on the company

In the recent fiscal year and as of the date of printing of the annual report, there have been no situations where the shares of directors or shareholders holding more than 10% of the shares have been significantly transferred or replaced.

(XI) The impact, risks and countermeasures of the change of management rights on the company

The main shareholders of the company are government shares and YFY INC. and its related companies, which have been long-term supporters of the company since its

establishment, so there have been no changes in the election of directors or changes in management that have affected the company's operations. The company also has a comprehensive system of internal controls and related management measures in place, and any changes in management should be effectively controlled in terms of their impact and risk on the company's operations.

(XII) Litigation or non-litigation matters

1、Major ongoing lawsuits, non-lawsuits or administrative lawsuit:

On November 2, 2022, our company announced an arbitration case filed for our subsidiary, TaiGen Beijing, regarding the milestone payment agreement for the completion of Phase III clinical trials in the equity transfer agreement signed between TaiGen Beijing and Yichang HEC Changjiang Pharmaceutical Co., Ltd. on March 27, 2017. TaiGen Beijing applied for arbitration in accordance with the agreement. As we have not yet recognized the revenue related to this arbitration, it has no significant impact on our financial and business operations.

2、Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

(XIII) Other important risks and countermeasures

1. Industry risk

A. The domestic new drug R&D industry is still in its infancy, and both the regulatory and review processes as well as the implementation side are not yet mature. The Company countermeasures :

After determining the direction of new drug R&D, actual R&D requires the participation of various experts, including design, synthesis, pharmacology, pharmacodynamics, pharmaceuticals, toxicology and other technical backgrounds, as well as experts in cross-disciplinary areas such as patents, regulations, and markets. During the development and clinical trial periods of new drugs, the company has accumulated a wealth of knowledge, promoted new drug projects, and integrated resources, collaborating with the most suitable academic or medical experts, recruiting and training related personnel, and establishing a sound new drug R&D team.

B. There may be other companies conducting similar drug R&D in the market at the same time, and they will compete for the market after the drug is released. In addition, depending on the nature of the drug, it may require a lot of marketing experience and resource. The company's countermeasures :

TaiGen's strategy is to authorize the European, American, and Japanese markets to international pharmaceutical companies after completing the proof-of-concept trials of new drugs in order to accelerate subsequent clinical trials, drug registration, and market sales. TaiGen uses the 1.1 class new drug R&D platform established in China to fully utilize the ECFA framework to accelerate the market release of new drugs across the Taiwan Strait, and combines with external professional sales teams to maximize the market value of new drugs

2. Operational risk

A. Financial risk

The main problem facing the pharmaceutical research and development industry is the long development time for new drugs. On average, it takes at least ten years for a new drug to go from research and development to market, and the cost of this process is

enormous. It is difficult for domestic pharmaceutical companies with limited financial resources to complete this massive project independently, unless they are large pharmaceutical companies or multinational groups with strong financial resources.

- The company's countermeasures :

- (a) Long-term support of strategic institutional shareholders
- (b) Optimal utilization of limited resources through outsourcing cooperation
- (c) Timely licensing of research and development results to achieve a balance between risk and reward
- (d) Utilizing external resources: applying for government and industry special "Principles for Special Review of Biotechnology Fields" to support clinical trial funding, obtaining financing from financial institutions, and listing on the stock exchange to increase funding channels.
- (e) Collaborating with internationally renowned pharmaceutical companies to commercialize research and development results and create new business models to increase company profits.

B. Technical risk: the risk that a drug will not pass clinical trials or obtain market approval due to safety or effectiveness concerns

- The company's countermeasures :

The R&D team has extensive international experience and ensures that only "first in class" or "best in class" candidates for new drugs at the preclinical stage will enter the clinical stage. Currently, the new drugs in TaiGen R&D have all reached clinical proof of concept and have relatively low risk.

3. Information Security Risk Assessment

The company has strengthened multi-level protection of hardware and software for information security, including complex password authentication for accounts, antivirus for host and client, internet behavior management, protection against malicious websites, firewall blocking, host data backup, encryption, etc., to ensure information security. It has also established clear and strict internal control systems. So far, there have been no major information security risks

VII 、 Other important matters : None

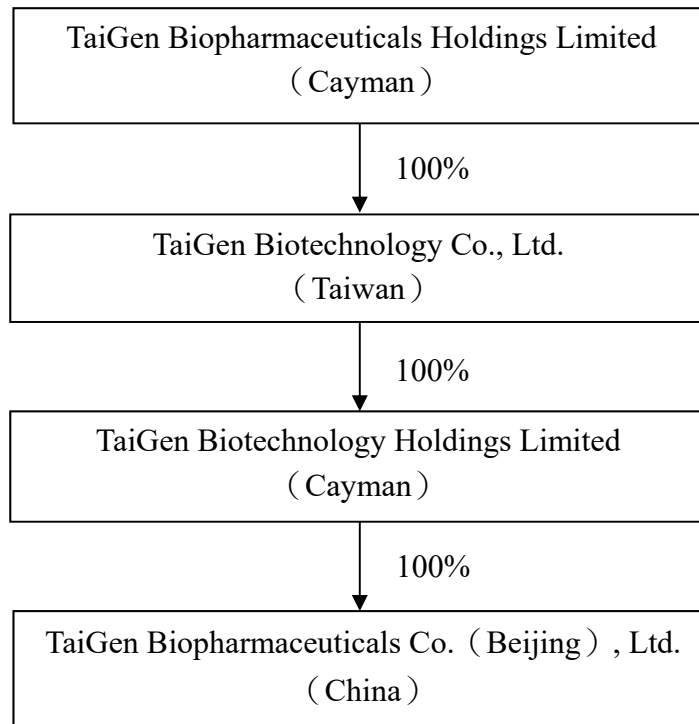
Chapter 8 、Special Disclosures

I 、Affiliated enterprise information：

(I) Affiliated business merger business report

1. Affiliated Enterprise Profile

(1) Affiliated Enterprise Chart



(2) According to Article 369 of the Company Law, it is presumed to be a controlling and subordinate company：None

2. Basic information of related enterprises

Unit：NT\$ thousand

Name of enterprise	Date of Establishment	Address	Paid-in capital	Main business and products
TaiGen Biotechnology Co., Ltd.	2001.04.30	7F., No. 138, Xinming Rd., Neihu Dist., Taipei City	2,471,513	New drug development, Medical Technology, Consultant
TaiGen Biotechnology Holdings Limited (Cayman)	2001.04.26	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	630,095	Investment holding
TaiGen Biopharmaceuticals Co. (Beijing), Ltd.	2004.08.31	A2312, No. 18, Chaoyangmenwai Street, Chaoyang District, Beijing, China	630,095	New drug development

3. The same shareholder information for presumed to entities with control or subsidiary relationships. : None
4. The industries covered by the overall business operations of the related entities. : Research and development of new drugs.
5. Information on the directors, supervisors, and presidents of affiliated enterprises

Unit : thousand share

Company	Position	Name or representative	Shares held	
			Shares	%
TaiGen Biotechnology Co., Ltd.	Chairman Director Director Director Director Director Supervisor President	TaiGen Biopharmaceuticals Holdings Limited Representative : Kuo-Lung Huang Representative : Show-Chung Ho Representative : Peter Wu Representative : Chi-Kung Ho Representative : Kuo-Hsi Wang Representative : Hong-Jen Chang Representative : I Hsueh Tsai Kuo-Lung Huang	247,151	100%
TaiGen Biotechnology Holdings Limited (Cayman)	Director Director Director	Kuo-Lung Huang Show-Chung Ho Hsiu Ying Ciu	136,000	100%
TaiGen Biopharmaceuticals Co.(Beijing),Ltd.	Chairman Director Director Supervisor president	Kuo-Lung Huang Hsiu Ying Ciu Li Wen Chang Richard Lu Kuo-Lung Huang	(Note)	100%

Note : The limited company is represented by the amount of capital contribution, with a capital contribution of RMB 133,608,000.

6. Profiles of affiliated enterprises in 2022

Unit : NT\$ thousand

Name of company	Book value by the end of the year	Profit and loss for the period(after tax)
TaiGen Biotechnology Co., Ltd	1,032,990	(224,933)
TaiGen Biotechnology Holdings Limited (Cayman)	(772,975)	(122,777)
TaiGen Biopharmaceuticals Co.(Beijing),Ltd.	24,151	(122,777)

Representation Letter

The entities that are required to be included in the combined financial statements of TaiGen Biopharmaceuticals Holdings Limited as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TaiGen Biopharmaceuticals Holdings Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company Name : TaiGen Biopharmaceuticals Holdings Limited

Chairman : Kuo-Lung Huang

Date : March 23, 2023

(III) Affiliation report : As this company is not a subsidiary of any other company, it is not applicable.

II 、 In the current fiscal year up to the date of the publication of the report, the situation of private placement of securities : None.

III 、 In the current fiscal year up to the date of the publication of the report, the holding or disposition of the Company's shares by subsidiaries. : None

IV 、 Other necessary supplementary explanations

The company was listed on the OTC on January 17, 2014, the commitments and their handling :

Commitment made at the time of the application for OTC trading of stock	Progress on Commitments
The commitment is to add the following to the "Procedures for Acquisition or Disposal of Assets": "The company shall not waive the future capital increase of TaiGen Biotechnology Co., Ltd., TaiGen Biotechnology Co., Ltd. shall not waive the future capital increase of TaiGen Biotechnology Holdings Limited, and TaiGen Biotechnology Holdings Limited shall not waive the future capital increase of TaiGen Biopharmaceuticals Co. (Beijing), Ltd. In the future, if any of the aforementioned companies needs to waive the capital increase or dispose of the equity of the aforementioned companies due to strategic alliance considerations or other reasons approved by the OTC, it shall be resolved by a board resolution approved by more than two-thirds of the total number of directors of the company present, with the attendance of a majority of the directors." If there are any amendments to these procedures in the future, they should be disclosed as material information on the Public Information Observation System and reported to the OTC for record-keeping.	Our company's extraordinary shareholders' meeting passed the revised 'Procedures for Acquisition or Disposal of Assets' on December 27, 2013. The board of directors of each subsidiary also passed the revised 'Procedures for Acquisition or Disposal of Assets,' which included additional provisions related to OTC requesting the company's commitments ; In accordance with the government's legal amendment on December 30, 2013, the revised "Procedures for Acquisition or Disposal of Assets" was passed at the shareholders' meeting on June 9, 2014. The updated provisions of the "Procedures for Acquisition or Disposal of Assets" have been uploaded to the Public Information Observation System. In accordance with the amendment of our company's articles of association and the establishment of an Audit Committee, the revised provisions of the "Procedures for Acquisition or Disposal of Assets" were passed at the shareholders' meeting on June 17, 2016. The updated provisions have been uploaded to the Public Information Observation System.

V 、 Up until the date of the annual report printing, any matters that have significant impact on shareholders' equity or security prices, as defined in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act : None.

VI 、 Explanation of significant differences from our country's shareholder equity protection

Due to slight inconsistencies between the laws of the Cayman Islands and the R.O.C., OTC has announced amendments to the "Foreign Issuer Registration Location Checklist for Protection of Shareholders' Equity" (hereafter referred to as "**Protection of Shareholders' Equity**") specifically on March 14, 2012, in letter No. 1010100302, on May 19, 2014, in letter No. 10301006961, on November 14, 2014, in letter No. 10301018101, on January 20, 2015, in letter No. 10400000511, on March 9, 2018, in letter No. 10701002161, on December 7, 2018,

in letter No. 10701102991, on January 8, 2020, in letter No. 10800681281, on May 31, 2021, in letter No. 11000579652, on March 15, 2022, in letter No. 11101004091, and on January 17, 2023, in letter No. 11200504512. It should be noted that the "Protection of Shareholders' Equity" is not necessarily applicable to our company. The following list illustrates the differences between the company's current articles of association (hereafter referred to as "**articles of association**") and the shareholder protection provisions stipulated by the laws of the Cayman Island.

Differences in the protection of shareholders' equity	Cayman Islands Laws and Regulations	Company's Articles of Association Rules and Explanation
<p>For proposals related to significant shareholder rights, at least two-thirds of the issued shares must be represented by shareholders in attendance, and a simple majority of the voting shareholders present must agree to the proposal. If the total number of shares represented by attending shareholders does not meet the aforementioned threshold, the proposal may be carried out with the attendance of shareholders who represent over half of the issued shares, and with the agreement of at least two-thirds of the voting shareholders in attendance. :</p> <p>1.Any contract entered into, amended, or terminated by the company with respect to leasing all or part of its business, commissioning operations, or engaging in regular joint operations with others, as well as any transfer of all or a substantial portion of its business or property to others, that significantly affects the company's operations ;</p> <p>2.Amendment of the articles of association ;</p>	<p>According to the mandatory provisions of the Cayman Islands Companies Law, the amendment of articles of association (including amendments that would impair the rights of preferred shareholders), dissolution (excluding voluntary dissolution due to the inability to pay debts), and merger require a "Special Resolution" (i.e. a resolution passed by at least two-thirds of the voting rights exercised by the shareholders entitled to vote who are present in person or by proxy at a general meeting of the company). Additionally, under the provisions of the Cayman Islands Companies Law, if</p>	<p>1. The Company's article 1 of these articles of association defines the voting method for protecting shareholders' rights as a 'Supermajority Resolution,' which requires the attendance of shareholders representing at least two-thirds of the issued shares of the company, and a majority vote in favor by the voting rights present at the shareholders' meeting. If the total number of shares represented by attending shareholders is less than the above-mentioned amount, the resolution may be passed with the attendance of shareholders representing over half of the issued shares of the company and a two-thirds majority vote in favor by the voting rights present. The 'Supermajority Resolution' refers to a resolution passed by the attendance of shareholders representing at least two-thirds of the issued shares of the company, either in person or by proxy, and a majority vote in favor. If the total number of shares represented by attending shareholders does not reach two-thirds of the issued shares of the company, but exceeds half of the issued shares of the company, the resolution may be passed by the attendance of shareholders who are present in person or by proxy and represent at least two-thirds of the voting rights.</p> <p>2. According to the OTC's letters of approval, including Letter No. 1010100302 issued on March 14, 2012, Letter No. 10301006961 issued on May</p>

Differences in the protection of shareholders' equity	Cayman Islands Laws and Regulations	Company's Articles of Association Rules and Explanation
<p>3.If the amendment of the company's articles of association would impair the rights of the preferred shareholders, the approval of a special meeting of the preferred shareholders is also required ;</p> <p>4.Distributing all or a portion of dividends and profits by issuing new shares. ;</p> <p>5.Resolution on dissolution, merger, or split ;</p> <p>6.Issuance of employee restricted stock awards.</p>	<p>a company voluntarily dissolves due to its inability to pay debts, it requires an "Ordinary Resolution".</p>	<p>19, 2014, Letter No. 10301018101 issued on November 14, 2014, Letter No. 10400000511 issued on January 20, 2015, Letter No. 10701002161 issued on March 9, 2018, Letter No. 10701102991 issued on December 7, 2018, Letter No. 10800681281 issued on January 8, 2020, Letter No. 11000579652 issued on May 31, 2021, Letter No. 11101004091 issued on March 15, 2022, and Letter No. 11200504512 issued on January 17, 2023, the filing instructions for the "Foreign Issuer Registration Location Checklist for Protection of Shareholders' Equity" (hereinafter referred to as "Protection of Shareholders' Equity") have been amended and announced : According to the provisions of Article 4(1)(13) of the OTC Foreign Securities Trading Review Criteria, foreign issuers should add important matters related to shareholder equity protection to their articles of incorporation or organizational documents, provided that they do not violate the laws and regulations of the jurisdiction where they are registered. The articles of incorporation of a Cayman Islands company must comply with the mandatory provisions of the Cayman Islands Companies Law, and in case of any inconsistency between the two, the Cayman Islands Companies Law shall prevail. "Special Resolution" is a statutory term regulated by the Cayman Islands Companies Law. Matters requiring a "Special Resolution" as prescribed by the Cayman Islands Companies Law must be approved by shareholders through a "Special Resolution" and the number of votes must exceed the threshold specified in the Cayman Islands Companies Law.</p>

Differences in the protection of shareholders' equity	Cayman Islands Laws and Regulations	Company's Articles of Association Rules and Explanation
		<p>According to Article 1 of the articles of association, "Special Resolution" of the shareholders' meeting refers to a resolution passed by a majority vote of not less than two-thirds of the voting rights held by shareholders who are entitled to exercise their voting rights and who personally attend the meeting or who are represented by a proxy (if a proxy is permitted to be used by the shareholders' meeting). The notice of convocation of the shareholders' meeting shall specify that the resolution must be passed by a Special Resolution. According to the explanation of the Cayman Islands legal advisor, the requirement in the shareholder equity protection provisions that "the attendance of shareholders holding more than two-thirds of the total issued shares and the affirmative vote of a majority of the voting rights held by the attending shareholders" is different from the requirement of the Cayman Islands law on "Special Resolution." Therefore, for proposals that require a Special Resolution at the shareholders' meeting for the protection of shareholder equity, which is not mandatorily prescribed by the Cayman Islands law, the articles of incorporation of the company expressly provide that it must be approved by the shareholders through a Special Resolution to comply with the provisions of shareholder equity protection.</p> <p>3. According to the Cayman Companies Law, Article 131 of the articles of association provides that any amendment to the articles of association must be passed by a "Special Resolution." This is in line with the requirements of Item I in the Protection of Shareholders' Equity.”</p> <p>4. According to the Protection of</p>

Differences in the protection of shareholders' equity	Cayman Islands Laws and Regulations	Company's Articles of Association Rules and Explanation
		<p>shareholders' Equity, "if the amendment to the articles of association damages the rights and interests of the holders of preferred shares, it shall also require a resolution of the special meeting of the holders of preferred shares." Article 14(a) of the articles of association stipulates that " If at any time the Share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class." This is in compliance with the provisions on Protection of Shareholders' Equity.</p> <p>5. According to section 116 of the Companies Law (Revised) of the Cayman Islands, a company should voluntarily wind up by way of a Special Resolution, unless it is unable to pay its debts, in which case an Ordinary Resolution may be used. Regarding the dissolution of the company, as the aforementioned provision of the Companies Law of the Cayman Islands directly applies, and the company's articles of association have not been amended, it complies with the requirements of Note I of the Guidelines for Protecting Shareholders' Equity.</p> <p>6. According to Section 233(6) of the Companies Law (Revised) of the Cayman Islands, a company's merger must be approved by special resolution. If there are any other provisions in the articles of association, they must also comply with the relevant provisions of the company's bylaws. Accordingly,</p>

Differences in the protection of shareholders' equity	Cayman Islands Laws and Regulations	Company's Articles of Association Rules and Explanation
		<p>under Article 47(e) of the articles of association, a merger must be approved by a supermajority resolution. However, when the merger meets the definition of a merger under the Companies Law of the Cayman Islands, it must also comply with the requirements of the Companies Law, thereby complying with the provisions of the Shareholder Protection Item I on the form.</p>
<p>When a company exercises voting rights in writing or electronically, the method of exercise should be specified in the notice of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to be present at the shareholders' meeting. However, with regard to the interim resolutions and the amendments to the original resolutions at the meeting, it shall be deemed as abstention.</p>	<p>Under the Cayman Islands Companies Law, there is no specific provision regarding voting by communication. According to a legal advisor under Cayman law, if a shareholder casts their vote in writing or electronically, it cannot be considered as being present in person. In such cases, the vote should be considered as an authorization for the chairman of the meeting to vote on their behalf.</p>	<p>According to the opinion of the Cayman legal adviser, Article 55 of the articles of association revised as follows : 「 Shareholders who exercise their voting rights in writing or electronically shall be deemed to have entrusted the Chairman of the shareholders' meeting to exercise their voting rights on their behalf in accordance with the instructions contained in the written or electronic document. However, with respect to the interim resolutions and amendments to the original proposals at the meeting, such shareholders shall be deemed to have waived their voting rights. When represented by the Chairman, the shareholder's voting rights may not be exercised in a manner not specified in the written or electronic document. 」 , In compliance with the provisions of Note I to the section on Protection of Shareholders' Equity in the table for filling out the form.</p>
<p>If a shareholder wishes to attend the shareholders' meeting in person or wishes to exercise their voting rights in writing or electronically after submitting a proxy, they must provide written notice to the company of the revocation of the proxy at least two days prior to the meeting. If the revocation</p>	<p>According to the legal advisor in the Cayman Islands, under the common law of England and the United States, a person may revoke their proxy by attending the meeting in person. Since a shareholder</p>	<p>This item is stipulated in Article 56 of the articles of association, which is in line with the requirements for the protection of shareholders' equity.</p>

Differences in the protection of shareholders' equity	Cayman Islands Laws and Regulations	Company's Articles of Association Rules and Explanation
notice is received after the deadline, the voting rights exercised by the proxy shall prevail	who exercises voting rights by written or electronic means is deemed to have appointed the chairman of the meeting to represent him or her to exercise voting rights at the meeting based on the instructions contained in the written or electronic document, the effectiveness of the provisions of this item regarding the protection of shareholder rights needs to be determined and interpreted under the common law.	
If a shareholder wishes to attend the shareholders' meeting in person or wishes to exercise their voting rights in writing or electronically after submitting a proxy, they must provide written notice to the company of the revocation of the proxy at least two days prior to the meeting. If the revocation notice is received after the deadline, the voting rights exercised by the proxy shall prevail.	According to the explanation provided by the Cayman Islands legal adviser, the Cayman Companies Law does not restrict the appointment of proxy voters, which is determined by the articles of association. Under English and American common law, a person may revoke its proxy by	This item is stipulated in Article 53 of the articles of association, which is in line with the requirements for the protection of shareholders' equity.

Differences in the protection of shareholders' equity	Cayman Islands Laws and Regulations	Company's Articles of Association Rules and Explanation
	<p>attending the meeting in person. As shareholders who exercise voting rights in writing or electronically are deemed to have entrusted the chairman of the shareholders' meeting to represent them in exercising their voting rights in accordance with the instructions in the written or electronic document, the effectiveness of the provisions related to shareholder rights protection should be interpreted and determined under common law.</p>	
<p>1.The directors of the company shall faithfully execute their duties and exercise the care and diligence of a good manager. If their actions result in damages to the company, they shall bear the liability for compensation. If the actions were taken for themselves or on behalf of others, the shareholders' meeting may pass a resolution to treat any profits derived from such actions as company</p>	<p>Under common law, all directors owe a fiduciary duty to the company, such as avoiding personal profits, acting in good faith, and performing their duties for the benefit of the company. If a director breaches their fiduciary duties or certain specific Cayman</p>	<p>This item is stipulated in Article 76 of the articles of association, which is in line with the requirements for the protection of shareholders' equity.</p>

Differences in the protection of shareholders' equity	Cayman Islands Laws and Regulations	Company's Articles of Association Rules and Explanation
<p>profits.</p> <p>2.Directors of the company shall faithfully execute their duties and exercise the duty of care of a good manager. If a director violates the law and causes harm to others, they shall bear joint and several liability for compensation with the company.</p> <p>3.Managers and supervisors of the company shall bear the same liability for damages as directors of the company in the performance of their duties within the scope of their responsibilities.</p>	<p>laws, their individual liability will be determined by the interpretation of common law.</p>	

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TaiGen Biopharmaceuticals Holdings Ltd.

Opinion

We have audited the accompanying consolidated financial statements of TaiGen Biopharmaceuticals Holdings Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Group's consolidated financial statements as of and for the year ended December 31, 2022 is as follows:

Existence of Bank Deposit

As of December 31, 2022, the Group's checking account deposits, demand deposits and time deposits with original maturities of three months or less amounted to \$243,105 thousand (classified as cash and cash equivalents). In addition, the total amount of time deposits with an original maturity of more than three months and reserve account deposits amounted to \$447,223 thousand (classified as financial assets at amortized cost). The above-mentioned amount represented 66% of the Group's total assets, which is significant. Therefore, we considered the existence of bank deposits as a key audit matter.

The main audit procedures we conducted were as follows:

1. We selected samples of the supporting documents for large inflows and outflows of cash and bank deposits, and examined the proper approvals and note any exceptions.
2. We obtained details of bank deposit accounts with outstanding balances and verified to the general ledger and the bank statements.
3. We sent bank confirmations to all correspondent banks, verified the existence of bank deposit balances to bank confirmation responses, and examined bank confirmation responses for any restrictions.
4. We evaluated that bank deposits were properly classified and disclosed in the consolidated financial statements.

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, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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.

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 maintain 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 control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 and appropriate audit evidence regarding the financial information of 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 control 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 for the year ended December 31, 2022 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.

The engagement partners on the audits resulting in this independent auditors' report are Shiow-Ming Shue and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 243,109	23	\$ 364,931	26
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	64,385	6	64,085	5
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	144,784	14	-	-
Financial assets at amortized cost - current (Notes 4, 8 and 27)	447,223	43	495,379	35
Accounts receivable (Notes 4, 10 and 18)	18,414	2	278,278	20
Other receivables	5,295	1	1,329	-
Inventories (Notes 4 and 11)	15,351	1	17,876	1
Prepaid value-added tax	3,084	-	1,284	-
Other current assets	<u>7,590</u>	<u>1</u>	<u>8,836</u>	<u>1</u>
Total current assets	<u>949,235</u>	<u>91</u>	<u>1,231,998</u>	<u>88</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	23,980	2	53,896	4
Investments accounted for using equity method (Notes 4 and 13)	-	-	-	-
Property, plant and equipment (Notes 4 and 14)	21,502	2	27,016	2
Right-of-use assets (Notes 4 and 15)	35,101	3	53,416	4
Intangible assets (Notes 4 and 16)	11,013	1	20,319	2
Refundable deposits	<u>6,176</u>	<u>1</u>	<u>6,158</u>	<u>-</u>
Total non-current assets	<u>97,772</u>	<u>9</u>	<u>160,805</u>	<u>12</u>
TOTAL	<u>\$ 1,047,007</u>	<u>100</u>	<u>\$ 1,392,803</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short- term borrowings (Notes 4, 17 and 27)	\$ 3,000	-	\$ -	-
Receipts in advance - current (Notes 4 and 18)	152	-	176	-
Other payables	25,855	3	43,037	3
Current tax liabilities (Notes 4 and 22)	3,071	-	27,860	2
Lease liabilities - current (Notes 4 and 15)	18,341	2	17,987	1
Other current liabilities	<u>901</u>	<u>-</u>	<u>815</u>	<u>-</u>
Total current liabilities	<u>51,320</u>	<u>5</u>	<u>89,875</u>	<u>6</u>
NON-CURRENT LIABILITIES				
Receipts in advance - non-current (Notes 4 and 18)	482	-	615	-
Lease liabilities - non-current (Notes 4 and 15)	17,130	1	35,471	3
Net defined benefit liabilities (Notes 4 and 19)	<u>8,046</u>	<u>1</u>	<u>13,151</u>	<u>1</u>
Total non-current liabilities	<u>25,658</u>	<u>2</u>	<u>49,237</u>	<u>4</u>
Total liabilities	<u>76,978</u>	<u>7</u>	<u>139,112</u>	<u>10</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Ordinary shares	<u>20,910</u>	<u>2</u>	<u>20,910</u>	<u>1</u>
Capital surplus	<u>450,263</u>	<u>43</u>	<u>455,248</u>	<u>33</u>
Retained earnings				
Special reserve	765	-	1,495	-
Unappropriated earnings	<u>541,289</u>	<u>52</u>	<u>776,803</u>	<u>56</u>
Total retained earnings	<u>542,054</u>	<u>52</u>	<u>778,298</u>	<u>56</u>
Other equity	<u>(43,198)</u>	<u>(4)</u>	<u>(765)</u>	<u>-</u>
Total equity	<u>970,029</u>	<u>93</u>	<u>1,253,691</u>	<u>90</u>
TOTAL	<u>\$ 1,047,007</u>	<u>100</u>	<u>\$ 1,392,803</u>	<u>100</u>

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

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5 and 18)	\$ 36,230	100	\$ 1,294,522	100
OPERATING COSTS (Notes 11, 16 and 18)	<u>3,736</u>	<u>10</u>	<u>12,720</u>	<u>1</u>
GROSS PROFIT	<u>32,494</u>	<u>90</u>	<u>1,281,802</u>	<u>99</u>
OPERATING EXPENSES (Notes 19 and 21)				
General and administrative expenses	72,640	200	99,061	7
Research and development expenses	<u>237,524</u>	<u>656</u>	<u>283,283</u>	<u>22</u>
Total operating expenses	<u>(310,164)</u>	<u>(856)</u>	<u>(382,344)</u>	<u>(29)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(277,670)</u>	<u>(766)</u>	<u>899,458</u>	<u>70</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	9	-	41	-
Finance costs	(854)	(3)	(244)	-
Share of loss of associates (Note 13)	-	-	(23,244)	(2)
Interest income	8,723	24	4,229	-
Loss on disposal of property, plant and equipment	-	-	(84)	-
Gain on financial assets at fair value through profit or loss, net	300	1	79	-
Foreign exchange gain (loss), net	51,788	143	(4,244)	-
Impairment loss on intangible assets (Note 16)	<u>(12,061)</u>	<u>(33)</u>	<u>-</u>	<u>-</u>
Net non-operating income and expenses	<u>47,905</u>	<u>132</u>	<u>(23,467)</u>	<u>(2)</u>
(LOSS) PROFIT BEFORE INCOME TAX	<u>(229,765)</u>	<u>(634)</u>	<u>875,991</u>	<u>68</u>
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(7,399)</u>	<u>(21)</u>	<u>(100,373)</u>	<u>(8)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(237,164)</u>	<u>(655)</u>	<u>775,618</u>	<u>60</u>

(Continued)

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS (Notes 4, 13 and 19)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 920	3	\$ 1,185	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(29,916)	(83)	1,004	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(8,399)	(23)	3,391	1
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(4,118)	(11)	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	-	-	(9,719)	(1)
Other comprehensive loss for the year	(41,513)	(114)	(4,139)	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (278,677)</u>	<u>(769)</u>	<u>\$ 771,479</u>	<u>60</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO				
Owners of the Company	\$ (237,164)	(655)	\$ 775,618	60
Non-controlling interests	-	-	-	-
	<u>\$ (237,164)</u>	<u>(655)</u>	<u>\$ 775,618</u>	<u>60</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO				
Owners of the Company	\$ (278,677)	(769)	\$ 771,479	60
Non-controlling interests	-	-	-	-
	<u>\$ (278,677)</u>	<u>(769)</u>	<u>\$ 771,479</u>	<u>60</u>
(LOSS) EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ (0.33)</u>		<u>\$ 1.08</u>	
Diluted			<u>\$ 1.08</u>	

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

(Concluded)

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 20)		Capital Surplus (Notes 4 and 19)	Retained Earnings (Note 20)		Other Equity (Note 4)			Total Equity
	Shares in Thousands	Amounts		Special Reserve	(Accumulated Deficits) Unappropriated Earnings	Unrealized Gain (Loss) on Investment in Equity Investment at Fair Value Through Other Comprehensive Income	Unrealized Loss on Investments in Debt Instruments at Fair Value Through Other Comprehensive Income	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
BALANCE, JANUARY 1, 2021	716,844	\$ 20,910	\$ 716,920	\$ 1,495	\$ (301,703)	\$ 17,213	\$ -	\$ (12,654)	\$ 442,181
Share-based compensation cost	-	-	40,031	-	-	-	-	-	40,031
Capital surplus used to cover accumulated deficit	-	-	(301,703)	-	301,703	-	-	-	-
Net profit for 2021	-	-	-	-	775,618	-	-	-	775,618
Other comprehensive income (loss) for 2021	-	-	-	-	1,185	1,004	-	(6,328)	(4,139)
Total comprehensive income (loss) for 2021	-	-	-	-	776,803	1,004	-	(6,328)	771,479
BALANCE, DECEMBER 31, 2021	716,844	20,910	455,248	1,495	776,803	18,217	-	(18,982)	1,253,691
Share-based compensation cost	-	-	(4,985)	-	-	-	-	-	(4,985)
Reversal of special reserve	-	-	-	(730)	730	-	-	-	-
Net loss for 2022	-	-	-	-	(237,164)	-	-	-	(237,164)
Other comprehensive income (loss) for 2022	-	-	-	-	920	(29,916)	(4,118)	(8,399)	(41,513)
Total comprehensive income (loss) for 2022	-	-	-	-	(236,244)	(29,916)	(4,118)	(8,399)	(278,677)
BALANCE, DECEMBER 31, 2022	716,844	\$ 20,910	\$ 450,263	\$ 765	\$ 541,289	\$ (11,699)	\$ (4,118)	\$ (27,381)	\$ 970,029

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

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) profit before income tax	\$ (229,765)	\$ 875,991
Adjustments for:		
Depreciation expense	27,226	27,022
Amortization expense	1,319	1,842
Intangible assets transfer to operating cost	-	9,797
Net gain on fair value change of financial assets at fair value through profit or loss	(300)	(79)
Finance costs	854	244
Interest income	(8,723)	(4,229)
Share-based compensation cost	(4,985)	40,031
Share of loss of associates	-	23,244
Loss on disposal of property, plant and equipment	-	84
Impairment loss on intangible assets	12,061	-
(Reversal of) write-down of inventories	(762)	1,125
Unrealized (gain) loss on foreign currency exchange	(27,427)	5,269
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	8,698
Accounts receivable	260,019	(272,800)
Other receivables	128	239
Inventories	3,287	(4,349)
Prepaid value-added tax	(1,798)	26,293
Other current assets	1,401	1,353
Other payables	(17,325)	10,489
Receipts in advance	(157)	(44,409)
Other current liabilities	82	(40)
Net defined benefit liabilities	(4,185)	(4,233)
Income tax paid	<u>(32,219)</u>	<u>(72,513)</u>
Net cash (used in) generated from operating activities	<u>(21,269)</u>	<u>629,069</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(140,158)	-
Purchase of financial assets measured at cost	(463,415)	(927,856)
Proceeds from sale of financial assets measured at cost	521,956	629,787
Payments for property, plant and equipment	(3,390)	(10,236)
Proceeds from disposal of property, plant and equipment	-	105
Increase in intangible assets	(4,074)	(1,596)
Increase in other receivables	(476)	-
Interest received	<u>4,604</u>	<u>3,727</u>
Net cash used in investing activities	<u>(84,953)</u>	<u>(306,069)</u>

(Continued)

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 3,000	\$ -
Repayment of the principal portion of lease liabilities	(17,987)	(18,605)
Payments for interests	<u>(854)</u>	<u>(244)</u>
Net cash used in financing activities	<u>(15,841)</u>	<u>(18,849)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>241</u>	<u>(73)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(121,822)	304,078
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>364,931</u>	<u>60,853</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 243,109</u>	<u>\$ 364,931</u>

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

(Concluded)

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

TaiGen Biopharmaceuticals Holdings Ltd. (the “Company”) was established in Cayman Islands for the purpose of reorganization. In January and April 2008, the Company purchased all the outstanding shares of TaiGen Biotechnology Co., Ltd. (“TaiGen Company”) by issuing one share of the Company in exchange for one share of TaiGen Company. After the share-swap transaction, the Company became the sole shareholder of TaiGen Company, and the original shareholders of TaiGen Company became the shareholders of the Company. The foregoing transaction only changed the ownership structure but did not change the operating or decision-making process since the board of directors of the Company and TaiGen Company are identical.

The Company’s shares have been approved by the Financial Supervisory Commission of the Republic of China to be publicly traded on August 1, 2013. The Company’s shares have been listed on the Emerging Stock Market of the Taipei Exchange since August 30, 2013 and then have been listed on the Taipei Exchange since January 17, 2014.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 9, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - 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

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

- 2) See Note 12, Tables 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investment in joint ventures

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in joint ventures. Under the equity method, an investment in a joint venture is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. The Group also recognizes the changes in the Group's share of the equity of joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Group subscribes for additional new shares of a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method.

When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further loss, if any.

When an entity in the Group transacts with its joint venture, profits and losses resulting from the transactions with the joint venture are recognized in the Group's consolidated financial statements only to the extent that interests in the joint venture are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized on a straight-line basis over estimated service lives as follows: Research and development equipment - 3 to 10 years; leasehold improvements - 3 to 6 years (lease period); office and other equipment - 3 to 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets (computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis over the estimated useful lives of 3 to 5 years. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

At the end of each reporting period, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investments in a debt instrument at FVTOCI, the difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by an entity in the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

1. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of drugs

Revenue from the sale of drugs is recognized when the customer obtains control over promised asset. The Group satisfies a performance obligation by transferring a promised good to a customer's specific location.

The consideration of sales of drugs is classified as short-term trade receivables. Due to insignificant variability of discounted value, trade receivables are determined to be measured at undiscounted invoice price.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from pharmaceutical consulting services. Consequently, the related revenue is recognized when services are rendered.

3) New drug technology licensing revenue

The Group entered into new drug license agreements with customers. The Group recognizes the revenue from licensing when the license is transferred to a customer either at a point in time or over time based on the nature of the license granted. The nature of the Group's granting a license is a promise to provide a right to access the Group's new drug technology if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognized as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a license is a promise to provide a right to use the Group's new drug technology. Therefore, the revenue is recognized when transferring the license to a customer at a point in time.

Some new drug license agreements require a sales-based royalty in exchange for a license of intellectual property. The Group recognizes revenue when the performance obligation has been satisfied and the subsequent sale occurs.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Share-based payment arrangements

Equity-settled share-based payments such as employee share options is measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

Restricted shares for employees are measured at fair value on the date of grant, with a corresponding increase in capital surplus - restricted shares.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused investment tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Revenue Recognition

Notes 4 and 18 describe various conditions of whether the performance obligation of the new drug license agreements is satisfied and recognized. Revenue recognition involves the judgment from management. In making the judgment, management considered the related factors and criteria for the recognition of revenue.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 4	\$ 17
Checking accounts and demand deposits	193,105	284,914
Cash equivalent		
Time deposits with original maturities of three months or less	<u>50,000</u>	<u>80,000</u>
	<u>\$ 243,109</u>	<u>\$ 364,931</u>
Market interest rate intervals		
Demand deposits	0.05%-1.050%	0.001%-0.350%
Cash equivalent	0.90%	0.06%-0.41%

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	December 31	
	2022	2021
Financial assets mandatorily classified as at FVTPL		
Mutual funds	<u>\$ 64,385</u>	<u>\$ 64,085</u>

8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2022	2021
Time deposits with original maturity of more than 3 months	\$ 446,323	\$ 443,214
Reserve account demand deposit (Note 27)	900	-
Financial product - structured deposit	<u>-</u>	<u>52,165</u>
	<u>\$ 447,223</u>	<u>\$ 495,379</u>
Market interest rate		
Time deposits with original maturity of more than 3 months	0.76%-3.560%	0.49%-0.815%
Financial product - structured deposit	-	1.35%-2.60%

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

a. Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Foreign investments in unlisted shares		
GPCR Therapeuti (Note 18)	<u>\$ 23,980</u>	<u>\$ 53,896</u>

These investments in ordinary shares of GPCR are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	December 31, 2022
<u>Current</u>	
Foreign investments	
Government bonds	\$ 59,986
Ordinary corporate bonds	<u>84,798</u>
	<u>\$ 144,784</u>

In the third quarter of 2022, the Group purchased foreign government bonds and ordinary corporate bonds with coupon rates of 3.125%-3.250% and 0.75%-3.35%, respectively. For relevant credit risk management and expected credit loss assessment information, refer to Note 25.

10. ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Accounts receivable	<u>\$ 18,414</u>	<u>\$ 278,278</u>

Except for the license agreements with special conditions, the average credit period of the Group was 90 days. The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	More than 361 Days	Total
Gross carrying amount	\$ 10,736	\$ -	\$ 7,678	\$ -	\$ -	\$ 18,414
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 10,736</u>	<u>\$ -</u>	<u>\$ 7,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,414</u>

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	More than 361 Days	Total
Gross carrying amount	\$ 278,278	\$ -	\$ -	\$ -	\$ -	\$ 278,278
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 278,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,278</u>

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 9,575	\$ 4,203
Raw materials	<u>5,776</u>	<u>13,673</u>
	<u>\$ 15,351</u>	<u>\$ 17,876</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$3,736 thousand and \$2,923 thousand, respectively. For the year ended December 31, 2022 and 2021, the cost of goods sold included reversal of inventory write-downs of \$762 thousand and inventory write-downs of \$1,125 thousand, respectively.

12. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The investment relationship and nature of business of entities were as follows:

Investor	Investee	Main Business	% of Ownership December 31	
			2022	2021
TaiGen Biopharmaceutical Holdings Limited (Cayman)	TaiGen Company	Development of innovative new drugs and consultation on pharmaceutical technology	100	100
TaiGen Company	TaiGen Biotechnology Holdings Limited (Cayman)	Investment and holding	100	100
TaiGen Biotechnology Holdings Limited (Cayman)	TaiGen Biopharmaceuticals Co. (Beijing) Ltd. ("TaiGen Beijing")	Development of innovative new drugs and consultation on pharmaceutical technology	100	100

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Material Joint Ventures		
Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. (Dongguan HEC TaiGen)	\$ -	\$ -

Name of Company	Principal Place of Business	Proportion of Ownership		Proportion of Voting Rights	
		December 31		December 31	
		2022	2021	2022	2021
Dongguan HEC TaiGen	China	40.02%	40.02%	40.00%	40.00%

For the business nature of the above-mentioned joint venture and the country information of the company registration, please refer to the Table 6 "Mainland Investment Information".

The Group has recognized the shares of profit or loss and other comprehensive income or loss of Dongguan HEC TaiGen using the equity method, and the amount is set out below:

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net loss for the year	\$ -	\$ (23,244)
Other comprehensive loss	-	(9,719)
Total comprehensive loss for the year	\$ -	\$ (32,963)

The Company recognized an impairment loss of \$14,878 thousand for the year ended December 31, 2021, which was recognized in the share of loss.

The above investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss were recognized based on the associates' financial statements which have been audited. However, the Group's share of loss of Dongguan HEC TaiGen exceeded its interest in the associate since July 2021; therefore, the Group discontinued recognizing its share of further losses using the equity method.

The amounts of unrecognized share of loss of associate extracted from the relevant financial statements of Dongguan HEC TaiGen, both for the year and cumulatively, were as follows:

	For the Year Ended December 31	
	2022	2021
Unrecognized share of loss of associate for the year	<u>\$ 18,313</u>	<u>\$ 9,794</u>
Accumulated unrecognized share of loss of associate	<u>\$ 28,107</u>	<u>\$ 9,794</u>

The summarized financial information below represents the amounts shown in the Dongguan HEC TaiGen' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	December 31	
	2022	2021
Current assets	\$ 169,861	\$ 192,489
Non-current assets	1,803,025	1,823,199
Current liabilities	<u>(7,009)</u>	<u>(32,763)</u>
Equity	<u>\$ 1,965,877</u>	<u>\$ 1,982,925</u>
Proportion of the Group's ownership	40.02%	40.02%
Equity attributable to the Group	\$ 786,744	\$ 793,567
Unrealized gain or loss with associates	(797,126)	(797,126)
Unrecognized share of loss and effects of foreign currency exchange differences	<u>10,382</u>	<u>3,559</u>
Carrying amount	<u>\$ -</u>	<u>\$ -</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ -</u>	<u>\$ -</u>
Net loss for the year	<u>\$ (45,760)</u>	<u>\$ (58,444)</u>

14. PROPERTY, PLANT AND EQUIPMENT

	Research and Development Equipment	Leasehold Improvements	Office and Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 122,607	\$ 58,108	\$ 25,595	\$ 206,310
Additions	5,926	2,571	1,739	10,236
Disposals	(13,047)	-	(1,885)	(14,932)
Effects of foreign currency exchange differences	<u>-</u>	<u>(10)</u>	<u>(16)</u>	<u>(26)</u>
Balance at December 31, 2021	<u>\$ 115,486</u>	<u>\$ 60,669</u>	<u>\$ 25,433</u>	<u>\$ 201,588</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2021	\$ 100,959	\$ 57,591	\$ 22,069	\$ 180,619
Depreciation expense	5,934	588	2,197	8,719
Disposals	(13,047)	-	(1,696)	(14,743)
Effects of foreign currency exchange differences	<u>-</u>	<u>(10)</u>	<u>(13)</u>	<u>(23)</u>
Balance at December 31, 2021	<u>\$ 93,846</u>	<u>\$ 58,169</u>	<u>\$ 22,557</u>	<u>\$ 174,572</u>
Carrying amount, December 31, 2021	<u>\$ 21,640</u>	<u>\$ 2,500</u>	<u>\$ 2,876</u>	<u>\$ 27,016</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 115,486	\$ 60,669	\$ 25,433	\$ 201,588
Additions	946	-	2,444	3,390
Disposals	(581)	-	-	(581)
Effects of foreign currency exchange differences	<u>-</u>	<u>36</u>	<u>31</u>	<u>67</u>
Balance at December 31, 2022	<u>\$ 115,851</u>	<u>\$ 60,705</u>	<u>\$ 27,908</u>	<u>\$ 204,464</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ 93,846	\$ 58,169	\$ 22,557	\$ 174,572
Depreciation expense	6,583	857	1,471	8,911
Disposals	(581)	-	-	(581)
Effects of foreign currency exchange differences	<u>-</u>	<u>36</u>	<u>24</u>	<u>60</u>
Balance at December 31, 2022	<u>\$ 99,848</u>	<u>\$ 59,062</u>	<u>\$ 24,052</u>	<u>\$ 182,962</u>
Carrying amount, December 31, 2022	<u>\$ 16,003</u>	<u>\$ 1,643</u>	<u>\$ 3,856</u>	<u>\$ 21,502</u>

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount of right-of-use assets</u>		
Buildings	<u>\$ 35,101</u>	<u>\$ 53,416</u>
	For the Year Ended December 31	
	2022	2021
<u>Depreciation charge for right-of-use assets</u>		
Buildings	<u>\$ 18,315</u>	<u>\$ 18,303</u>

In addition to the depreciation expenses recognized above, there was no significant sublease or impairment of the right-of-use assets of the group in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount of lease liabilities</u>		
Current	<u>\$ 18,341</u>	<u>\$ 17,987</u>
Non-current	<u>\$ 17,130</u>	<u>\$ 35,471</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.95%	1.95%

c. Material lease-in activities and terms

The Group leases buildings for the use of offices with lease terms of 1 to 3 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 4,283</u>	<u>\$ 4,188</u>
Expenses relating to low-value asset leases	<u>\$ 1,210</u>	<u>\$ 1,222</u>
Total cash outflow for leases	<u>\$ (24,605)</u>	<u>\$ (24,401)</u>

The Group's leases of certain buildings qualify as short-term leases and other equipment qualifies as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INTANGIBLE ASSETS

	Prepaid Patents and Patents	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 51,990	\$ 18,961	\$ 70,951
Additions	1,596	-	1,596
Transfer to operating costs	<u>(18,865)</u>	<u>-</u>	<u>(18,865)</u>
Balance at December 31, 2021	<u>\$ 34,721</u>	<u>\$ 18,961</u>	<u>\$ 53,682</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 21,915	\$ 18,674	\$ 40,589
Amortization expense	1,719	123	1,842
Transfer to operating costs	<u>(9,068)</u>	<u>-</u>	<u>(9,068)</u>
Balance at December 31, 2021	<u>\$ 14,566</u>	<u>\$ 18,797</u>	<u>\$ 33,363</u>
Carrying amount, December 31, 2021	<u>\$ 20,155</u>	<u>\$ 164</u>	<u>\$ 20,319</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 34,721	\$ 18,961	\$ 53,682
Additions	<u>3,924</u>	<u>150</u>	<u>4,074</u>
Balance at December 31, 2022	<u>\$ 38,645</u>	<u>\$ 19,111</u>	<u>\$ 57,756</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 14,566	\$ 18,797	\$ 33,363
Amortization expense	1,231	88	1,319
Recognition of impairment losses	<u>12,061</u>	<u>-</u>	<u>12,061</u>
Balance at December 31, 2022	<u>\$ 27,858</u>	<u>\$ 18,885</u>	<u>\$ 46,743</u>
Carrying amount, December 31, 2022	<u>\$ 10,787</u>	<u>\$ 226</u>	<u>\$ 11,013</u>

Owing to several prepaid patent rights and patent rights not intended to continue the research and development, which do not have future economic benefits, the Group relocated and recognized impairment loss of \$12,061 thousand for the year ended December 31, 2022.

17. SHORT-TERM BORROWINGS

	December 31	
	2022	2021
Guarantee borrowings (Note 27)		
Bank revolving borrowings	<u>\$ 3,000</u>	<u>\$ -</u>
Annual rate of interest	2.525%	-

18. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Licensing revenue	\$ 21,070	\$ 1,286,540
Revenue from sale of drugs	15,160	7,961
Sales-based royalty	<u>-</u>	<u>21</u>
	<u>\$ 36,230</u>	<u>\$ 1,294,522</u>

a. Contract balances

	December 31	
	2022	2021
Accounts receivable	<u>\$ 18,414</u>	<u>\$ 278,278</u>
Receipts in advance - current		
Licensing revenue	\$ 152	\$ 176
Receipts in advance - non-current		
Licensing revenue	<u>482</u>	<u>615</u>
	<u>\$ 634</u>	<u>\$ 791</u>

The changes in the balance of receipts in advance primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning receipts in advance is as follows:

	For the Year Ended December 31	
	2022	2021
Licensing revenue	<u>\$ 156</u>	<u>\$ 44,410</u>

b. Partially completed contracts

The transaction prices are not fully satisfied and the expected timing for recognition of revenue are as follows.

	December 31	
	2022	2021
Licensing revenue		
In one year	\$ 152	\$ 176
More than one year	<u>482</u>	<u>615</u>
	<u>\$ 634</u>	<u>\$ 791</u>

c. Licensing agreement

Productos Cientificos

In August 2016, TaiGen Company has signed an exclusive agreement to give rights to Productos Cientificos to develop and commercialize Nemonoxacin in Mexico, Brazil, Columbia, Peru, Uruguay, Paraguay, Bolivia, Venezuela, Argentina, Chile, Costa Rica, Honduras, Nicaragua, Panama, Guatemala, El Salvador, Ecuador, and other regions. Under the terms of the agreement, Productos Cientificos will be responsible for the development, registration and commercialization of Nemonoxacin in these territories and assume all associated costs. In exchange for the exclusive rights, TaiGen Company has received from Productos Cientificos an upfront payment, and will be eligible for additional regulatory and commercial milestones as well as supply profit in the future.

Holding Disp., Co., Ltd.

In March 2015, TaiGen Company has signed an exclusive distribution agreement to give rights to Holding Disp., Co., Ltd. to commercialize Nemonoxacin, a new antibiotic, in Taiwan. (The agreement will be terminated after 5 years starting from the applicable date of the NHI drug price of intravenous formulation. After the contract period, without the notice of termination, the agreement will be automatically renewed for three years, subsequently the same.)

Nemonoxacin intravenous formulation was approved by National Health Insurance Administration, Ministry of Health and Welfare for inclusion in National Health Insurance in February 2022. TaiGen Company received milestone payments and recognized licensing revenue of \$5,714 thousand in accordance with the above contract.

R-Pharm

In January 2014, TaiGen Company has signed an exclusive agreement to give rights to R-Pharm, a leading Russian pharmaceutical company, to develop and commercialize Nemonoxacin in Russian Federation, Turkey and other members of the Commonwealth Independent States. Under the terms of the agreement, R-Pharm will be responsible for the development, registration and commercialization of Nemonoxacin in these territories and assume all associated costs. In exchange for the exclusive rights, TaiGen Company has received from R-Pharm an upfront payment, and will be eligible for additional regulatory and commercial milestones as well as royalties on product sales in the future.

Nemonoxacin intravenous formulation was approved for marketing by the Ministry of Health of the Russian Federation in August 2022. According to the above contract, R-pharm should pay the milestone price of US\$500,000 to TaiGen Company by installments, and TaiGen Company recognized a licensing revenue of \$15,200 thousand (US\$500 thousand) while R-pharm obtained the marketing authorization of Nainofloxacin intravenous formulation in Russia.

Zhejiang Medicine Company, Limited

In June 2012, TaiGen Company and TaiGen Beijing entered into a license agreement to give rights to Zhejiang Medicine Company, Limited (“ZMC”) for the development, manufacture and commercialization of Nemonoxacin, a new antibiotic, in China (excluding Hong Kong, Macau and Taiwan) for 20 years. Under the terms of the agreement, TaiGen Company and TaiGen Beijing are responsible for completing the clinical trial and filing the new drug applications with the State Food and Drug Administration in China, and ZMC has the exclusive rights to develop, manufacture and commercialize Nemonoxacin in China while TaiGen Company and TaiGen Beijing retain full development and commercialization rights outside the licensed territory. In addition, TaiGen Company and TaiGen Beijing are eligible for royalties based on ZMC’s net sales of the product.

In March 2021, TaiGen Company signed a supplementary agreement with ZMC for Nemonoxacin. Under the agreement, TaiGen Company shall transfer the patents and related technologies of Nemonoxacin in China (excluding Hong Kong, Macao and Taiwan) to ZMC, and shall agree that ZMC is the holder of the license for Nemonoxacin products in the above location, and ZMC shall pay the price of US\$45,000 thousand to TaiGen Company in stages according to the contract milestones. The price of US\$10,000 thousand (equivalent to CNY65,008 thousand) was collected by TaiGen Company in April 2021, US\$25,000 thousand was collected in July 2021, and US\$10,000 thousand was collected in March 2022. In addition, ZMC will apply for an extension of the patent as agreed by both parties and pay TaiGen Company US\$0-US\$5,000 thousand according to the approval of the extension.

Under the agreement, TaiGen Company recognized the licensing revenue of \$325,822 thousand and \$916,308 thousand in April and June 2021, respectively, after the supplementary agreement with ZMC came into effect and ZMC obtained the license for injection. The unamortized balance of prepaid patents and patent rights (classified as intangible assets) of \$112 thousand was transferred to operating costs.

Luminarie Canada

In September 2020, TaiGen Company has signed an exclusive agreement to give rights to Luminarie Canada to develop and commercialize Nemonoxacin in Canada, Australia and New Zealand, and assisted TaiGen Company to find a licensing partner in United States. In exchange for the exclusive rights, TaiGen will be eligible for additional regulatory and commercial milestones in the future. Luminarie Canada declared bankruptcy on January 18, 2023, and the Group evaluated that such bankruptcy would not cause a significant influence on the Group's financial situation and performance.

GPCR Therapeutics, Inc.

In November 2020, TaiGen Company has signed an exclusive agreement with GPCR Therapeutics, Inc. (GPCR) to transfer worldwide ownership of Burixafor to GPCR and give rights to GPCR to commercialize Nemonoxacin in South Korea. Under the agreement, TaiGen Company received ordinary shares of GPCR (the agreement price as US\$1,551 thousand) in November 2019 and will be eligible for additional regulatory and commercial milestones as well as royalties on product sales in the future.

TaiGen Company transferred the above-mentioned patents and related technologies in accordance with the agreement in February 2021. Therefore, the above advanced receipts (equivalent to \$44,234 thousand) were recognized as licensing revenue, and the unamortized balance of prepaid patents and patent (accounted for as intangible assets) of \$9,685 thousand was transferred to operating costs.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

TaiGen Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, TaiGen Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

TaiGen Beijing is a member of a state-managed retirement benefit plan operated by the local government. TaiGen Beijing is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of TaiGen Beijing with respect to the retirement benefit plan is to make the specified contribution.

The pension costs were \$4,220 thousand and \$4,297 thousand for the years ended December 31, 2022 and 2021, respectively, under defined contribution plan.

b. Defined benefit plans

The defined benefit plan adopted by the TaiGen Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. TaiGen Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, TaiGen Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, TaiGen Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); TaiGen Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 10,417	\$ 14,981
Fair value of plan assets	<u>(2,371)</u>	<u>(1,830)</u>
Net defined benefit liability	<u>\$ 8,046</u>	<u>\$ 13,151</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	<u>\$ 20,530</u>	<u>\$ (1,961)</u>	<u>\$ 18,569</u>
Service cost			
Current service cost	-	-	-
Net interest expense (income)	<u>93</u>	<u>(11)</u>	<u>82</u>
Recognized in profit or loss	<u>93</u>	<u>(11)</u>	<u>82</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(30)	(30)
Actuarial loss - changes in demographic assumptions	175	-	175
Actuarial gain - experience adjustments	<u>(1,330)</u>	<u>-</u>	<u>(1,330)</u>
Recognized in other comprehensive income (loss)	<u>(1,155)</u>	<u>(30)</u>	<u>(1,185)</u>
Contributions from the employer	-	(430)	(430)
Benefits paid	(602)	602	-
Liabilities extinguished on settlement	<u>(3,885)</u>	<u>-</u>	<u>(3,885)</u>
Balance at December 31, 2021	<u>14,981</u>	<u>(1,830)</u>	<u>13,151</u>
Service cost			
Current service cost	-	-	-
Net interest expense (income)	<u>65</u>	<u>(10)</u>	<u>55</u>
Recognized in profit or loss	<u>65</u>	<u>(10)</u>	<u>55</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (166)	\$ (166)
Actuarial gain - changes in financial assumptions	<u>(881)</u>	<u>-</u>	<u>(881)</u>
Actuarial loss - experience adjustments	127	-	127
Recognized in other comprehensive income (loss)	<u>(754)</u>	<u>(166)</u>	<u>(920)</u>
Contributions from the employer	-	(365)	(365)
Liabilities extinguished on settlement	<u>(3,875)</u>	<u>-</u>	<u>(3,875)</u>
Balance at December 31, 2022	<u>\$ 10,417</u>	<u>\$ (2,371)</u>	<u>\$ 8,046</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rates	1.5%	0.5%
Expected rates of salary increase	2.5%	2.5%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	\$ (198)	\$ (245)
0.25% decrease	\$ 206	\$ 256
Expected rates of salary increase		
0.25% increase	\$ 201	\$ 247
0.25% decrease	\$ (194)	\$ (238)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
The expected contributions to the plan for the next year	\$ 360	\$ 360
The average duration of the defined benefit obligation	12.4 years	13.7 years

20. EQUITY

Share Capital

	December 31	
	2022	2021
Numbers of shares authorized (in thousands) - US\$0.001 par value	1,122,514	1,122,514
Shares authorized (in thousands of U.S. dollars)	\$ 1,123	\$ 1,123
Numbers of shares issued (in thousands)	716,844	716,844
Shares issued (in thousands of U.S. dollars)	\$ 717	\$ 717
Shares issued	\$ 20,910	\$ 20,910

Capital Surplus

A reconciliation of the carrying amount for each class of capital surplus in 2022 and 2021 was as follows:

	Share Premium (Note 1)	Changes from Investment in Associates Accounted for Using the Equity Method	Employee Share Options	Expired Employee Share Options (Note 2)	Total
Balance at January 1, 2021	\$ 660,635	\$ 41,782	\$ 14,503	\$ -	\$ 716,920
Capital surplus used to cover accumulated deficit	(301,703)	-	-	-	(301,703)
Share-based compensation cost	-	-	40,031	-	40,031
Balance at December 31, 2021	<u>\$ 358,932</u>	<u>\$ 41,782</u>	<u>\$ 54,534</u>	<u>\$ -</u>	<u>\$ 455,248</u>
Balance at January 1, 2022	\$ 358,932	\$ 41,782	\$ 54,534	\$ -	\$ 455,248
Share-based compensation cost	-	-	(4,985)	-	(4,985)
Expired share options for employees	-	-	(569)	569	-
Balance at December 31, 2022	<u>\$ 358,932</u>	<u>\$ 41,782</u>	<u>\$ 48,980</u>	<u>\$ 569</u>	<u>\$ 450,263</u>

Note 1: The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: The capital surplus may only be used to offset a deficit.

Share-based Payment Arrangements

On April 29, 2020, the Company's board of directors issued 20 thousand units of employee share options. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. All employees of the Company and its subsidiaries were granted 1,130 and 15,000 options in March 2021 and August 2020, respectively. The options granted are valid for 5 years and exercisable at certain percentages after a vesting period of 2 to 4 years and when certain performance condition is satisfied.

In May 2013 and October 2010, 30 thousand and 11,145 thousand shares of share options, respectively, were granted to TaiGen Company's employees. Each option entitles the holder to subscribe for one share of the Company's restricted shares when exercisable. The options were granted to TaiGen Company's qualified employees. The options granted are valid for 1 to 10 years and exercisable at certain percentages after a vesting period of 0 to 5 years or when certain performance condition is satisfied.

Information on employee share options in 2022 and 2021 was as follows:

	2022		2021	
	Shares (In Thousands)	Weighted- average Exercise Price (US\$)	Shares (In Thousands)	Weighted- average Exercise Price (US\$)
Balance at January 1	14,695	\$0.7988	14,915	\$0.8086
Options granted	-	-	1,130	0.6694
Options forfeited	<u>(6,379)</u>	0.8011	<u>(1,350)</u>	0.7989
Balance at December 31	<u>8,316</u>	0.7971	<u>14,695</u>	0.7988
Options exercisable, end of year	<u>3,837</u>	0.8453	<u>15</u>	0.1700
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ 6.49</u>	

Information about outstanding options as of December 31, 2022 was as follows:

Range of Exercise Price (\$)	Shares of Outstanding Units (In Thousands)	Weighted- average Remaining Life (Years)	Weighted- average Exercise Price of Outstanding Options (\$)	Shares of Exercisable Units (In Thousands)	Weighted- average Exercise Price Per Share (\$)
US\$0.17	15	0.40	US\$0.17	15	US\$0.17
\$19.10-\$23.55	8,301	2.65	\$23.20	3,822	\$23.55

Fair value-based method was adopted for employee share options. The pricing models with inputs used were as follows:

	Employee Share Options Granted in 2021	Employee Share Options Granted in 2020	Employee Share Options Granted in 2013	Employee Share Options Granted in 2010
Pricing model:	Black-Scholes pricing model	Black-Scholes pricing model	Binomial option pricing model	Binomial option pricing model
Assumptions:				
Risk-free interest rate	0.28%-0.33%	0.28%-0.30%	1.18%-1.29%	2.53%
Expected life (years)	3.5-4.5 years	3.5-4.5 years	10 years	10 years
Expected volatility	42.36%-45.30%	41.30%-43.46%	67.30%-69.61%	77.10%
Expected dividend yield	-	-	-	-

Compensation costs recognized was \$(4,985) thousand and \$40,031 thousand for the years ended December 31, 2022 and 2021, respectively.

Unappropriated Earnings

Under the dividend policy as the Company's Articles of Incorporation (the "Articles"), the board shall set aside out of the profits of the Company for each financial year: (i) a settlement for payment of tax for the relevant financial year; and (ii) an amount to offset losses incurred in previous years; and after the aforesaid sums as set aside from the profits for such relevant financial year, the board of directors may, before recommending any dividend, set aside certain percentage (as may be deemed fit by the board of directors) of the remaining profits of the Company for the relevant financial year as reserve. Subject to the aforesaid, the Company's board of directors may distribute any remaining profits for the relevant financial year

approved by the shareholders' meeting. For the policies on distribution of compensation of employees and remuneration of directors and supervisors after amendment, refer to b. employee benefits expense in Note 21.

In addition, the Company is still at the growth stage, the dividends distribution will take into account the future and current economic overview, the Company's then working capital requirement and financial structure, and the remaining profits for the relevant financial year and previous financial years to the members as dividends. No less than ten percent (10%) of the remaining profits after the reserves for the relevant financial year shall be declared and may be paid in the form of cash and/or bonus Shares, and cash dividends shall be no less than ten percent (10%) of the total amount of cash dividends and shares dividends which may be subject to adjustment by taking into consideration the Company's cash flow, revenue and future operation needs.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The Company's shareholders' meeting resolved to offset losses for 2019 on June 12, 2020.

According to the "Measures for Public Companies to Postpone Shareholders' Meetings Pandemic Prevention" announced by FSC, the Company suspended the original schedule for the convening of shareholders' meeting for 2021. The Company's shareholders' meeting was postponed to July 5, 2021, and resolved to offset losses for 2020 which offset a deficit by using the capital surplus - issuance of ordinary shares of \$301,703 thousand.

On May 30, 2022, the Company held a general meeting of shareholders. In addition to the resolution to reverse the special surplus reserve of \$730 thousand, the shareholders decided to retain all 2021 distributable surplus in consideration of capital needs, financial structure, and the prudent principle of sustainable business operations.

On March 9, 2023, the Company's board of directors proposed a loss supplement plan for 2022. In addition to setting aside a special surplus reserve of \$42,433 thousand, considering capital needs, financial structure, and the prudent principle of sustainable business operations, is the board of directors proposed to retain all distributable surplus for 2022.

The company's 2022 loss supplement plan is yet to be resolved at the shareholders' general meeting expected to be held on May 26, 2023.

Information on the resolution made by the shareholder's meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

21. (LOSS) PROFIT BEFORE INCOME TAX

a. Depreciation and amortization (include in operating expenses)

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 8,911	\$ 8,719
Right-of-use assets	18,315	18,303
Intangible assets	<u>1,319</u>	<u>1,842</u>
	<u>\$ 28,545</u>	<u>\$ 28,864</u>

b. Employee benefits expense (include in operating expenses)

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (see Note 19)		
Defined contribution plans	\$ 4,220	\$ 4,297
Defined benefit plans	<u>55</u>	<u>82</u>
	4,275	4,379
Share-based compensation cost	(4,985)	40,031
Salaries and other employee benefits	<u>99,696</u>	<u>109,848</u>
Total employee benefits expense	<u>\$ 98,986</u>	<u>\$ 154,258</u>

c. Compensation of employees and remuneration of directors and supervisors

In compliance with the Articles of Incorporation of the Company, where the Company makes profits before tax for the annual financial year, the Company shall allocate no less than one percent (1%) of such annual profits before tax for the purpose of compensation of employees (including employees of the Company and/or any Subsidiaries of the Company satisfying such conditions to be prescribed by the board of directors); and up to two percent (2%) of such annual profits before tax for the purpose of remuneration of directors.

The Group had a net loss for the year ended December 31, 2022. Therefore, no compensation of employees and remuneration of directors and supervisors were accrued.

The compensation of employees and the remuneration of directors and supervisors for the year ended December 31, 2021 are accrued as follow:

	For the Year Ended December 31, 2021
Compensation of employees	<u>\$ 7,835</u>
Remuneration of directors and supervisors	<u>\$ -</u>

There is no difference between the above accrual amounts and the amounts which were approved by the Company's board of directors on March 15, 2022.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES

a. Income tax recognized in profit or loss

A reconciliation of accounting income (loss) and income tax expenses (benefit) is as follows:

	For the Year Ended December 31	
	2022	2021
(Loss) profit before tax	<u>\$ (229,765)</u>	<u>\$ 875,991</u>
Income tax (benefit) expense calculated at the statutory rate	\$ (45,953)	\$ 175,198
Tax effect of adjusting items:		
Permanent differences	(16,090)	(7,030)
Unrecognized temporary differences	(9,646)	6,253
Unrecognized (used) loss carryforwards	69,243	(77,091)
Offshore income tax expense	3,040	630
Adjustments for prior year	<u>4,359</u>	<u>-</u>
Current tax expense (benefit)	4,953	97,960
Effects of different tax rate of entities in the Group operating in other jurisdictions	<u>2,446</u>	<u>2,413</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 7,399</u>	<u>\$ 100,373</u>

The Company and TaiGen Biotechnology Holdings Limited (Cayman) are exempt from income tax under the jurisdiction's laws. The ROC's income tax rate of 20% is applicable to TaiGen Company. The preferential income tax rate of 15% applies to TaiGen Beijing for being recognized among the "High and New Tech Enterprises Certification" in 2022.

b. Unused loss carryforwards, unused investment credits and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
TaiGen Company	<u>\$ 1,794,424</u>	<u>\$ 2,144,967</u>
TaiGen Beijing	<u>\$ 203,250</u>	<u>\$ -</u>
Investment tax credits		
TaiGen Company	<u>\$ 393,027</u>	<u>\$ 374,590</u>
Deductible temporary differences		
TaiGen Company		
Cumulative investment loss on investees under the equity method	\$ 623,183	\$ 500,406
Net defined benefit liabilities	<u>8,046</u>	<u>13,151</u>
	<u>\$ 631,229</u>	<u>\$ 513,557</u>
TaiGen Beijing		
Cumulative investment loss on investees under the equity method	<u>\$ 431,093</u>	<u>\$ 425,002</u>

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are more than expected, a material adjustment of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such an adjustment takes place.

- c. As of December 31, 2022, TaiGen Company's investment tax credits comprised of:

Laws and Statutes	Tax Credit Source	Total Creditable Amount	Remaining Creditable Amount
Act for the Development of Biotech and Pharmaceutical Industry	Research and development expenditures	<u>\$ 393,027</u>	<u>\$ 393,027</u>

A profit-seeking enterprise pursuant to the Act for the Development of Biotech and Pharmaceutical Industry may deduct its research and development expenditures from its income tax payable effective from the fiscal year in which the enterprise is subject to corporate income tax. If the investment tax credits exceed the tax liability for that year, it may be carried forwards as an offset to the tax liability for four subsequent tax years.

- d. TaiGen Company's loss carryforwards as of December 31, 2022 comprised of:

Unused Amount	Expiry Year
\$ 27,116	2023
285,788	2024
339,418	2025
241,335	2026
234,110	2028
279,971	2029
245,029	2030
<u>141,657</u>	2032
<u>\$ 1,794,424</u>	

- e. TaiGen Company's profit-seeking enterprise income tax declaration, the income tax as of 2020 and the undistributed surplus declaration case of 2019, have been approved by the tax collection agency.

23. (DEFICIT) EARNINGS PER SHARE

The (deficit) earnings and weighted average number of ordinary shares outstanding in the computation of (deficit) earnings per share were as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2022	2021
(Loss) profit for the period attributable to owners of the Company	<u>\$ (237,164)</u>	<u>\$ 775,618</u>
		(Continued)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares outstanding:		
Weighted average number of ordinary shares in the computation of basic (deficit) earnings per share (in thousand shares)	716,844	716,844
Effect of potentially dilutive ordinary shares		
Compensation of employees		509
Employee share options		<u>10</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share		<u>717,363</u> (Concluded)

Unit: NTD Per Share

	For the Year Ended December 31	
	2022	2021
(Deficit) basic earnings per share	<u>\$ (0.33)</u>	<u>\$ 1.08</u>
Diluted earnings per share		<u>\$ 1.08</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The capital structure of the Group consists of equity. Key management personnel of the Group review the capital structure on a regular basis. In order to balance the overall capital structure, the Group may adjust the number of new shares and other equity instruments issued.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 64,385	\$ -	\$ -	\$ 64,385
Financial assets at FVTOCI				
Foreign government bonds	\$ -	\$ 59,986	\$ -	\$ 59,986
Foreign corporate bonds	-	84,798	-	84,798
Foreign investments in Unlisted shares	-	-	23,980	23,980
	\$ -	\$ 144,784	\$ 23,980	\$ 168,764

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 64,085	\$ -	\$ -	\$ 64,085
Financial assets at FVTOCI				
Foreign investments in Unlisted shares	\$ -	\$ -	\$ 53,896	\$ 53,896

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVOCI

	<u>For the Year Ended December 31</u>	
	2022	2021
Beginning balance	\$ 53,896	\$ 52,892
Recognized in other comprehensive income	(29,916)	1,004
Ending balance	\$ 23,980	\$ 53,896

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of foreign government bonds and foreign corporate bonds is determined by the quoted market prices provided by third-party price services.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign investments in unlisted shares	The market approach: The fair value is assessed according to the recent transaction price of the investment target or similar market transaction prices and market conditions. The significant unobservable inputs are discounted prices for the lack of marketability.

While all the other variables are held constant and the liquidity discount increases by 1%, the fair value will decrease by \$486 thousand and \$1,115 thousand as of December 31, 2022 and 2021, respectively.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets mandatorily classified as at FVTPL	\$ 64,385	\$ 64,085
Financial assets at amortized cost (1)	720,217	1,146,075
Financial assets at FVTOCI (2)	168,764	53,896

Financial liabilities

Amortized cost (3)	28,855	43,037
--------------------	--------	--------

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, financial assets measured at amortized cost and refundable deposits.

2) The balances included investments in debt and equity instruments.

3) The balances included financial liabilities measured at amortized cost such as short-term borrowings and other payables.

d. Financial risk management objectives and policies

The Group's main target of financial risk management was to manage the market risk related to operating activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group's financial performance, the Group was devoted to identify, estimate and hedge the uncertainties of the market.

The Group's significant financial activity was reviewed and approved by the board of directors in compliance with relative regulations and internal control policy, and the authority and responsibility were delegated according to the operating procedures.

1) Market risk

a) Foreign currency risk

The Group's operating activities traded in foreign currency exposed primarily to the financial risks of changes in foreign currency exchange rates. The Group monitored the exchange rate fluctuations timely and regulated foreign currency position to reduce the influence of the exchange rate fluctuations on the Group's income.

The sensitivity analysis focused on outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax profit (loss) associated with New Taiwan dollars strengthen/weakening 5% against the relevant currency.

	For the Year Ended December 31	
	2022	2021
Profit increase/decrease	<u>\$ 60,816</u>	<u>\$ 57,086</u>

b) Interest rate risk

The carrying amount of the Group's financial assets with exposure to interest rates risk at the end of the reporting period was as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 641,107	\$ 575,379
Cash flow interest rate risk		
Financial assets	194,005	284,914
Financial liabilities	3,000	-

The sensitivity analyses below were determined based on the Group's exposure to interest rate risk for floating rate financial assets at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax (loss) profit associated with interest rates which had been 10 basis points (0.1%) higher/lower.

	For the Year Ended December 31	
	2022	2021
Profit increase/decrease	<u>\$ 191</u>	<u>\$ 285</u>

c) Other price risk

The Group was exposed to price risk through its investments in financial asset at FVTPL and financial asset at FVTOCI. The Group has built real-time control mechanism, it is expected not to occur significant price risk.

The sensitivity analyses below were determined based on the Group's exposure to investment price risk for financial asset at fair value at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax (loss) profit and pre-tax other comprehensive income associated with market price which had been 5% higher/lower.

	For the Year Ended December 31	
	2022	2021
Pre-tax (loss) profit		
Profit increase/decrease	<u>\$ 3,219</u>	<u>\$ 3,204</u>
Pre-tax other comprehensive income		
Profit increase/decrease	<u>\$ 8,438</u>	<u>\$ 2,695</u>

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk is the carrying amount of the respective recognized financial assets. The Group conducts transactions only with selected financial institutions and corporations with good credit ratings, and there is no sign of concentration of credit risk; thus, the management does not anticipate any material losses resulting from default on contracts.

Credit risk management of investment in debt instrument

The debt instruments invested by the Group are financial assets measured at fair value through other comprehensive profit and loss. The policy adopted by the Group is to invest only in debt instruments with a credit rating above investment grade (including) and with low credit risk in the impairment assessment. Credit rating information is provided by independent rating agencies. The Group continues to track external rating information to monitor changes in the credit risk of the invested debt instruments and at the same time examines other information such as the bond yield curve and significant information of the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

The Group measures the expected credit loss of 12 months of investment in debt instruments by reference to default loss ratios provided by external credit rating agencies. The total carrying amount of the Group's current credit risk rating mechanism and investments in debt instruments of each credit rating is as follows:

Credit Level	Definition	Basis of Recognition of Expected Credit Losses	Expected Credit Loss Rate	Total Carrying Amount at December 31, 2022
Normal	The debtor has low credit risk and sufficient ability to settle contractual cash flows.	12 months expected credit loss	0%	\$ 144,784

3) Liquidity risk

The Group has sufficient operating capital to meet cash need. Therefore, no material liquidity risk was anticipated.

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Compensation of Key Management Personnel

The remuneration of directors, supervisors and other key management personnel in 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 29,290	\$ 29,353
Share-based compensation cost	1,469	16,558
Post-employment benefits	<u>420</u>	<u>420</u>
	<u>\$ 31,179</u>	<u>\$ 46,331</u>

The remuneration of directors, supervisors and other key management personnel was determined by the remuneration committee having regard to the performance of individuals and market trends.

27. PLEDGED ASSETS

	For the Year Ended December 31	
	2022	2021
Reserve account (classified as financial assets at amortized cost)	<u>\$ 900</u>	<u>\$ -</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2022, the Group has entered into various research contracts with future minimum payments amounting to approximately \$136,715 thousand.

29. SIGNIFICANT POST-PERIOD MATTERS

TaiGen Company and TaiGen Beijing signed a patent-licensing and commercial cooperation contract for TG-1000, a new influenza antiviral drug (cap-dependent endonuclease inhibitor) with Joicare Pharmaceutical Group Industry Co., Ltd. (“Joicare”) in March 2023. The commercial cooperation contract authorizes Joicare to develop, manufacture and commercialize in the licensed area (including mainland China, Hong Kong and Macau Special Administrative Regions, excluding Taiwan). Joicare shall pay the price of CNY20 million after 30 days of the effectiveness of the contract and then pay milestone payments according to the schedule of adult phase-III clinical trials, pediatric clinical trials and launch of the drug, and no more than 11% of sales royalties after commercialization of the product. The clinical trials of TG-1000 will be fully led by Joicare, and Joicare will continue the adult phase-III clinical trials, pediatric clinical trials and launch of the drug.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31						
	2022			2021		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
CNY	\$ 193,601	4.4094	\$ 853,662	\$ 167,451	4.3471	\$ 727,928
USD	14,120	30.710	444,635	16,709	27.680	462,497
<u>Financial liabilities</u>						
Monetary items						
CNY	1,189	4.4094	5,245	1,275	4.3471	5,542
USD	2,140	30.710	65,726	1,559	27.680	43,158

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$51,788 thousand and \$(4,244) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

31. NOTES TO DISCLOSURES

Except as shown in Tables 1 to 7, there are no other matters to be disclosed.

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on financial information of segments. The Group's reportable segments were as follows:

	Development, Research and Sales of New Drugs	Consultation on Pharmaceutical Technology	Adjustment and Elimination	Total
<u>2022</u>				
Revenue from customer	\$ 36,230	\$ -	\$ -	\$ 36,230
Revenue from other segments	-	-	-	-
Total revenue	<u>\$ 36,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,230</u>

(Continued)

	Development, Research and Sales of New Drugs	Consultation on Pharmaceutical Technology	Adjustment and Elimination	Total
Segment loss	<u>\$ (205,030)</u>	<u>\$ -</u>	<u>\$ -</u>	\$ (205,030)
General and administrative expenses				(72,640)
Non-operating revenue, net				<u>47,905</u>
Loss before income tax				<u>\$ (229,765)</u>
Segment depreciation and amortization expenses	<u>\$ 23,365</u>	<u>\$ -</u>		\$ 23,365
Non-segment depreciation and amortization expenses				<u>5,180</u>
Total depreciation and amortization expenses				<u>\$ 28,545</u>
Segment assets	<u>\$ 47,493</u>	<u>\$ -</u>		\$ 47,493
General assets				<u>999,514</u>
Total assets				<u>\$ 1,047,007</u>
<u>2021</u>				
Revenue from customer	\$ 1,294,522	\$ -	\$ -	\$ 1,294,522
Revenue from other segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>\$ 1,294,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,294,522</u>
Segment profit	<u>\$ 998,519</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 998,519
General and administrative expenses				(99,061)
Non-operating loss, net				<u>(23,467)</u>
Profit before income tax				<u>\$ 875,991</u>
Segment depreciation and amortization expenses	<u>\$ 23,719</u>	<u>\$ -</u>		\$ 23,719
Non-segment depreciation and amortization expenses				<u>5,145</u>
Total depreciation and amortization expenses				<u>\$ 28,864</u>
Segment assets	<u>\$ 323,501</u>	<u>\$ -</u>		\$ 323,501
General assets				<u>1,069,302</u>
Total assets				<u>\$ 1,392,803</u>
				(Concluded)

The Group's revenue from external customers and information about non-current assets by geographical location are detailed below.

	For the Year Ended December 31	
	2022	2021
<u>Revenue from external customers</u>		
Taiwan	\$ 21,030	\$ 8,137
Russia	15,200	-
China	-	1,242,151
Korean	<u>-</u>	<u>44,234</u>
	<u>\$ 36,230</u>	<u>\$ 1,294,522</u>

	December 31	
	2022	2021
<u>Non-current assets (excluded financial instruments)</u>		
Taiwan	\$ 72,219	\$ 105,267
China	<u>1,573</u>	<u>1,642</u>
	<u>\$ 73,792</u>	<u>\$ 106,909</u>

Major customers representing at least 10% of the Group's revenue:

	For the Year Ended December 31			
	2022		2021	
	Amount	% to Total	Amount	% to Total
Customer A	\$ 21,030	58	\$ 8,137	1
Customer B	15,200	42	-	-
Customer C	-	-	1,242,151	96

TABLE 1

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHER
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed (Note 3)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
a.	TaiGen Biotechnology Co., Ltd.	TaiGen Biopharmaceuticals Holdings Limited (Beijing)	Accounts receivable from related party	Yes	\$ 223,998 (CNY 50,800 thousand)	\$ 223,998 (CNY 50,800 thousand)	\$ 85,983 (CNY 19,500 thousand)	4.35	Short-term funds	\$ -	Operational turnaround	\$ -	-	\$ -	\$ 413,196	\$ 413,196

Note 1: The number column is illustrated as following:

a. The Company is numbered 0.

b. The subsidiaries of the Company are sequentially numbered from 1 based on their investment structures.

Note 2: The total loan amount of TaiGen Biotechnology Co., Ltd. is limited to 40% of the Company’s net value, and the individual loan amount is limited to not more than 40% of the Company’s net value.

Note 3: Has been written off when preparing the consolidated financial report.

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Accounts	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TaiGen Biotechnology Co., Ltd.	<u>Fund beneficiary certificates</u> Franklin Huamei Money Market Fund	-	Financial assets at fair value through profit or loss	6,130,421	\$ 64,385	-	\$ 64,385	-
	<u>Stocks</u> GPCR Therapeutics, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	89,586	23,980	1.22	23,980	-
	<u>Government bonds</u> United State of America	-	Financial assets at fair value through other comprehensive income - current	-	59,986	N/A	59,986	-
	<u>Corporate bonds</u> Volkswagen Group of America Finance, LLC	-	Financial assets at fair value through other comprehensive income - current	-	29,460	N/A	29,460	-
	The Walt Disney Company	-	//	-	28,057	//	28,057	-
	TSMC Global Ltd.	-	//	-	27,281	//	27,281	-

Note 1: Securities as used in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of IFRS 9 “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, this column is exempt.

Note 3: Refer to Table 5 and 6 for information on investments in subsidiaries and associates

TABLE 3

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
TaiGen Biotechnology Co., Ltd.	TaiGen Biopharmaceuticals Holdings Limited (Beijing)	Second-tier subsidiary	\$ 824,999	-	\$ -	-	\$ -	\$ -

Note 1: Has been written off when preparing the consolidated financial report.

Note 2: The par value of the Company’s shares is not \$10, the transaction amount requirement of 20% of the paid-in capital is calculated based on 10% of the Company’s shareholders’ equity.

TABLE 4

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets (Note 4)
0	TaiGen Biopharmaceuticals Holdings Limited	TaiGen Biotechnology Co., Ltd. TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Other payables-related parties	\$ 62,655	Subject to agreed conditions	5.98
			a.	Other payables-related parties	5,245	"	0.50
1	TaiGen Biotechnology Co., Ltd.	TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Operation revenue	717	"	1.98
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Accounts receivable - related parties	737,561	"	70.44
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Other receivables - related parties	87,438	"	8.35
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Current unearned revenue	715	"	0.07
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Non-current unearned revenue	3,396	"	0.32
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Interest revenue	1,457	"	4.02

Note 1: The number column is illustrated as following:

- a. The parent company is numbered 0.
- b. The subsidiaries are sequentially numbered from 1 based on their investment structure.

Note 2: There are three types of intercompany transactions:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary

Note 3: Has been written off when preparing the consolidated financial report.

Note 4: The transaction amount is calculated as a percentage of consolidated total revenue or total assets, and in the case of asset and liability items, the closing balance is calculated as a result of consolidated total assets. In the case of profit and loss items, the cumulative amount is calculated in the form of total consolidated revenue.

TABLE 5

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Loss of the Investee	Share of Loss	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
TaiGen Biopharmaceuticals Holdings Limited	TaiGen Biotechnology Co., Ltd.	Taipei	New drug research and development and medical technology consultant	\$ 2,471,513	\$ 2,471,513	247,151,392	100	\$ 1,032,990	\$ (224,933)	\$ (224,933)	a.
TaiGen Biotechnology Co., Ltd.	TaiGen Biotechnology Holdings Limited (Cayman)	British Cayman Islands	Investment holding	630,095	630,095	136,000,000	100	(772,975)	(122,777)	(122,777)	b.

Note: a. Subsidiary.
b. Refer to Table 6 for information on investments in mainland China.

TABLE 6

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
TaiGen Biopharmaceuticals Holdings Limited (Beijing)	New drug research and development	\$ 630,095 (US\$ 20,000 thousand)	Reinvesting in China through third region companies (TaiGen Biotechnology Holdings Limited (Cayman))	\$ 630,095 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 630,095 (US\$ 20,000 thousand)	\$ (122,777)	100.00	\$ (122,777) (Note 3)	\$ 24,151	\$ -	Note 1
Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd.	New drug research and development	3,085,037 (CNY 683,400 thousand)	Other methods (Note 2)	-	-	-	-	(45,760)	40.02	- (Note 3)	-	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$630,095 (US\$20,000 thousand)	\$630,095 (US\$20,000 thousand)	\$619,794

Note 1: Has been written off when preparing the consolidated financial report.

Note 2: Invested in mainland companies through TaiGen Biopharmaceuticals Holdings Limited (Beijing).

Note 3: It is calculated on the basis of the invested company’s shareholding ratio on financial statements audited by an accountant, and the recognized investment loss is limited to the Group’s equity in the invested company.

TABLE 7**TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
National Development Fund, Executive Yuan	103,007,259	14.36
YFY Inc. Company	97,502,590	13.60
Taiwan Sugar Corporation	43,883,058	6.12

Note 1: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter, and the shareholders hold more than 5% of the common shares and preferred shares of the Company that have completed delivery without physical registration (including treasury shares). The share capital recorded in the Company's consolidated financial statements and the actual number of shares delivered without physical registration may be different or different due to the different basis of preparation and calculation.

Note 2: If the above-mentioned information shows that the shareholder transfers the holdings to the trust, it is disclosed separately by the trustor who has opened a special trust account for the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider equity declarations, refer to the public information Observatory.

TaiGen Biopharmaceuticals Holdings Limited

Representative : Kuo-Lung Huang