

Stock Code : 4105



台灣東洋藥品工業股份有限公司  
TTY BIOPHARM COMPANY LIMITED

## **Handbook for the 2018 Annual Meeting of Shareholders**

Meeting Date: June 20, 2018

Meeting Venue: Building E, 4<sup>th</sup> Floor, No.19-11, Sanchong Rd., Nangang Dist.,  
Taipei City, Taiwan  
(Room 447, Nankang Software Incubator)

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2018 ANNUAL SHAREHOLDERS' MEETING (THE "AGENDA") OF TTY BIOPHARM COMPANY LIMITED (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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# I. Meeting Procedure

Time: June 20, 2018 (Wednesday) 9:00 AM

Location : Room 447, Nankang Software Incubaor

(Address: Building E, 4F., No. 19-11, Sanchong Rd., Nangang Dist., Taipei City, Taiwan)

Meeting procedures: I. Calling to the Meeting Order (announcement of attending shares)

II. Meeting Rituals

III. Chairman Address

IV. Reporting Items

1. 2017 Business Report
2. Audit Committee's Review Report on the 2017 Financial Statements
3. Report on Employee and Directors Remuneration in 2017
4. Report on establishment of "Procedures for Ethical Management and Guidelines for Conduct"

V. Ratification Items

1. Ratification of 2017 Business Report and Financial Statements
2. Ratification of 2017 Profit Distribution

VI. Extemporary Motions

VII. Adjournment

## II. Report Items

### Item One:

2017 Business Report

#### Description:

Please refer to Attachment 1 for detailed Business Reports (page 4-8).

### Item Two:

Audit Committee's Review Report on the 2017 Financial Statements

#### Description:

The Financial Statement, Business Report, and Distribution of 2017 Profits Table have been audited by Audit Committee. Please refer to Attachment 2 for Audit Committee's Review Report (page 25)

### Item Three:

Report on Employee and Directors Remuneration in 2017

#### Description:

The company earned profits (profit before tax before remuneration of employee and of directors) of NT\$1,602,688,252 in 2017. Pursuant to the regulations set forth in Article 21 of the Articles of Incorporation, NT\$ 24,040,324, 1.5% and NT\$ 14,950,000, 0.93% of these earnings shall be allocated as Employee and Directors remuneration, respectively and the total amount will be distributed in cash.

### Item Four:

Report on establishment of "Procedures for Ethical Management and Guidelines for Conduct"

#### Description:

1. The Company engages in commercial activities with fairness, honesty, faithfulness, and transparency. To fully implement ethical management policy and actively prevent unethical conducts, the Company formulates "Procedures for Ethical Management and Guidelines for Conduct" to fully implement a policy of ethical management and actively prevent unethical conduct.
2. Please refer to the Attachment 3 for "Procedures for Ethical Management and Guidelines for Conduct" (page 26-35).

### **III. Ratification Items**

**Item One:** (Proposed by the Board of Directors.)

Ratification of 2017 Business Report and Financial Statements

**Description:**

1. The Company's 2017 Business Report and Financial Statements have been approved by the Board of Directors and reviewed by Audit Committee.
2. The Company's 2017 Financial Statements have been audited by KPMG Taiwan with audited "Unqualified Opinion"
3. Please refer to the Attachment 1 for 2017 Business Report and Financial Statements (page 4-24 ).

**Resolution:**

**Item Two:** (Proposed by the Board of Directors.)

Ratification of 2017 Profit Distribution

**Description:**

1. Allocation of cash dividend proposed by the Board is total of NT\$1,118,924,816 or NT\$ 4.5 per share based on the number of shares recorded in the Register of Shareholders on the ex-dividend date. All cash dividends are rounded down to the dollar after discount any cents. The remaining amount will be treated as the other revenue of the Company. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors shall be authorized to resolve the ex-dividend date, payment date and other relevant issues.
2. Please refer to the Attachment 4 for Distribution of 2017 Profits Table (page 36).

**Resolution:**

### **IV. Extraordinary Motions**

#### **Adjournment**

## V. Attachments

### Attachment 1

#### TTY BIOPHARM COMPANY LIMITED Business Report

##### I. The Company's Business Result for year 2017

###### (1) Business Plan Implementation Result

The Company's consolidated net business revenue for year 2017 reached NT\$4,078,760 thousands, which represents an increase by NT\$318,043 thousands (8.46%) compared to the revenue of NT\$3,760,717 thousands for year 2016. This increase was mainly caused by growth of oncology and anti-infective medicine sales and received milestone payments for year 2017. Net profit attributed to the parent company for year 2017 totaled NT\$1,344,731 thousands which represents an increase by NT\$151,407 thousands (12.69%) compared to that of NT\$1,193,324 thousands in year 2016. This increase has been mainly caused by the increase of operating profit to NT\$ 77,303 thousands in year 2017 and gains from asset disposal for NT\$ 222,174 thousands.

###### (2) Budget Implementation Status

The Company's net business revenue for 2017 is NT\$ 3,672,040 thousands, achieving 100.71% of the annual budget target. Pre-tax net profit is NT\$ 1,563,698 thousands, achieving 129.38% of the annual budget target.

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

Item		Year	2017	2016
Income & Expenditure	Interest Income (in thousands)		3,408	2,508
	Interest Expenditure (in thousands)		25,191	25,362
Profitability Analysis	Return on Assets %		15.77	14.29
	Return on Equity %		24.73	22.77
	Net Profit Margin %		36.62	35.68
	Earnings Per Share (NTD)		5.41	4.80

###### (4) Research & Development Status

In continuation of the R&D strategy of past years, the company constantly refines its liposome technologies and long-lasting gradual-release injection technologies, develops new

ingredients and medications, and explores new applications for currently available products with the goal of benefiting a greater number of patients and creating more value for shareholders.

To ensure diversified developments for liposome, which has been under the Company's in-depth exploration for many years, in order to create sustained values for the Company, the Company collaborates with a Dutch company to set up a joint venture. Through collaborating partner's expertise in the capability of developing drugs for brain illness treatment together with the Company's liposome technology, a liposome new drug has been jointly developed accordingly for the treatment of acute Multiple Sclerosis. Additionally, the Company is also engaged in developing sustained release microsphere products to treat Acromegaly and functional endocrine tumors of stomach, intestine and pancreas. Meanwhile, the Company also collaborates with major international manufacturer to jointly develop two liposome products for offshore markets. Currently, validation for three batches has already been completed and the Company has already received the first phase milestone payment in accordance with agreement.

Looking ahead, the Company will continue to develop forward-looking and innovative technologies to consolidate its core competitiveness and leadership position.

## **II. Overview of the 2018 Business Plan**

### **(1) Operation Policy**

Ever since its incorporation, TTY has experienced several critical strategic leaps and successfully transformed itself into a "new drug development oriented innovative international biopharma company" for the purpose of creating excellence and ever-lasting business. In addition to the in-depth exploration of Taiwan market, China and major countries in Asia in order to obtain stable growth for domestic and offshore businesses, we also proceed to expand emerging markets across the world. TTY explores its self-developed product revenue and brand efficiency through direct sales or collaboration with strategic partners. TTY is also closely connected with international expert social media groups and provides treatment solutions with the best drug economic values. TTY is dedicated to become an international biopharma company specialized in developing special formulation and biotechnological drugs, marketing and manufacturing.

### **(2) Quantity and Basis for Projected Sales**

In year 2018, the Company expects to sell 356,000 thousands tablets of oral products and 6,400 thousands vials of injection. The Company's projected sales volume has been established in accordance with IMS statistic report and under considerations of possible changes in market supply and demand going forward, new product development speed as well as national health insurance policy.

### **(3) Critical Production and Marketing Policies**

For the upcoming year, TTY shall continue its strategy and goal from the past, and shall utilize its previous achievements as a basis during its relentless dedication to self-challenge while approaching toward its next milestone:



With respect to “marketing strategy,” we shall continue to evaluate major countries in Asia as well as global emerging markets in addition to our in-depth exploration of Taiwan market. Exploration of TTY product revenue and brand efficiency will be conducted through management of direct sales and strategic partner collaboration. As for “Research & Development Strategy,” we shall continue to enhance the development of specialty pharma platform. In the meantime, we shall balance our needs for short/medium/long term R&D and be engaged in aggressive and cautious search for and assessment of development targets in a bid to enhance product assortments for respective business divisions in the Company. With respect to “Production Strategy,” we shall continue to establish and maintain drug manufacturing bases meeting international quality requirements and enhance production capacity planning which comes with flexibility and economies of scale for the purpose of ensuring our cost and competitive advantages.

### **III. The Company’s Future Development Strategy**

Corporate Vision: “Enhance Human Life Quality with Technology”

Corporate Mission: “Commitment to development and manufacturing of specialty pharma (patentable or high entry barrier), biological products and new drugs; Enhancement of TTY product assortments; Continuous enhancement of high market-entrance obstacle drug development platform as well as undisrupted extension of utilization efficiency over such platform,” “Specialized in the in-depth exploration and international development over manufacturing and R&D for anti-cancer, critical illness anti-infection and specialty pharma,” “Becoming one of the most innovative biopharma company in the world as well as the best collaborating partner for international biotechnology company in drug development and international market promotion.”

For future development, TTY shall, in addition to exploiting maximum efficiency on current R&D achievements, continue to explore international markets and aggressively look for international collaboration opportunities, and achieve its development goals through the following critical strategies:

- (1) Balanced evaluations over early/middle/final phase drug development targets for the purpose of enhancing product assortments(specialty pharma, biopharma, new drug) and meeting this organization’s short/long term operation goals;
- (2) Collaboration with international cooperation partners in order to speed up development for new drugs which come with unmet medical needs, high entry barrier (technology, manufacturing) and high drug economic values;
- (3) Concentrate in an ongoing basis on the implementation of “localized” business activities and life cycle management “best suited for local community” in respective target markets;
- (4) Development of specialty pharma through competitive self-owned and joint developments for the purpose of creating stable operation patterns for Contract Development and Manufacturing Organization (CDMO) and adding values to TTY international business development;

- (5) Establishment, renewal and maintenance of drug manufacturing bases which meet with international quality requirements;
- (6) Utilization of critical strategic activities of mergers and acquisitions, strategic alliance or joint venture to complete integration of value chain which starts from R&D and manufacturing to marketing;
- (7) Continued implementation of production process improvement and enhancement of production capacity planning (capable of supplying international mass production demand) which comes with flexibility and economies of scale for the purpose of ensuring cost advantage;
- (8) Rapid acquisition and cultivation of local talents with “entrepreneurial spirit” and continued enhancement over product development talents possessing balanced developments in the fields of “science, regulation, business management;”
- (9) Product development supported by current sales revenue from Taiwan;
- (10) Amortization of facility operation costs through international characteristic drug OEM/joint development revenue;
- (11) Introduction of R&D result into in global market and completion of offshore license -out; Combination of product and R&D revenue for the purpose of investing the future while creating positive business cycle;
- (12) Concentration on global biotechnology investment targets to maximize group profits.

#### **IV. Impacts from External Competition Environment, Regulatory Environment and Macro-Economic Environment**

With the increasing stringent regulations in recent years, production costs after the implementation of PIC/S continues to increase exponentially. Meanwhile, health insurance drugs prices have experienced numerous price adjustments which lead to imbalance between input and output as well squeeze drug manufacturers’ revenue and profits.

With respect to industry development, China, India and even countries across Southeast Asia have all been engaged in generic drug industry and price competition has therefore become even fiercer. Furthermore, scales of drug manufacturers as well as market in Taiwan are small. Pricing competition will cause stagger in the development of Taiwan pharma market.

The Legislative Yuan passed amendments to certain articles of the Pharmaceutical Affairs Act on December 29<sup>th</sup>, 2017. A total of 26 articles have been amended or added. This is mainly for adding new drug data exclusive protection for new indications as well as establishing patent connection system. After implementation of patent connection in the future, drug permit certificate owner for new drug shall submit drug patent rights information within 45 days strating from the next day after receiving drug permit certificate. At the time of applicatioin, Generic Drug permit certificate applicant must also claim with respect to each and every patent rights published by original manufacturer. Original manufacturer must be notified withing deadline in the event of

representation claiming that patent rights should be rescinded or there are no rights being trespassed (representation prescribe in Paragraph IV). In the event of original manufacturer's filing of patent rights trespassing litigation within deadline after its receiving of notification, health competent authority will suspend issuing Generic Drug permit certificate for twelve months starting from its receiving of notification but that review will still be continued. In the event that review is completed within suspension period, Generic Drug permit certificate applicant will therefore be notified accordingly, and application of drug listing and price verification can therefore be filed to the National Health Insurance Administration in accordance with the notification. The first Generic Drug permit certificate application making successful challenge will obtain a 12-month exclusive sales period. After the introduction of connection system, it is expected that problems, similar to the ones in the U.S., of new drug patent abusive publications and reverse payment will likely appear. Increase of threshold for future Generic Drug applications could extremely increase costs for patent and rights infringement litigations.

TTY has strong IP and regulation team and all of TTY's cancer product formulation and production processes meet with Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme Good Manufacturing Practice (PIC/S GMP) regulations, and currently there are numerous drug applications being submitted in accordance with laws and regulations. All these have helped TTY's drugs maintain their competitiveness in domestic market. Furthermore, TTY's liposome technology platform, long acting gradual-release injection technology platform, freeze-dry manufacturing process and capsule manufacturing process technologies have become matured. In the meantime, TTY owns drug manufacturing bases which meet with international quality requirements, and PIC/S GMP certifications in numerous countries have already been obtained through official factory inspections in Europe, Japan and U.S. With our preeminent technology and high standard factory equipment, numerous large scale or innovative pharma companies have actively approached TTY for collaboration discussion. TTY will also choose appropriate strategic partners for collaboration in order to enhance our competitiveness in offshore markets.

Chairman of the Board: Lin, Chuan

Responsible Management: Hsiao, Ying-Chun

Responsible Accountant: Wang, Shu-Wen



安侯建業聯合會計師事務所  
KPMG

台北市11049信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 (2) 8101 6666  
Fax 傳真 + 886 (2) 8101 6667  
Internet 網址 kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited:

### Opinion

We have audited the financial statements of TTY Biopharm Company Limited (“the Company”), which comprise the balance sheets as of December 31, 2017 and 2016, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the financial statements are stated as follows:

#### 1. Impairment of accounts receivable

Please refer to Notes 4(f), 5(a) and 6(c) of the financial statements for the accounting principles on the impairment of accounts receivable, significant accounting assumptions and judgments, and major sources of estimation uncertainty, and explanation of allowance for impairment with respect to the receivable.

#### Key audit matters:

The Company judgment in determining the recoverable amounts of individual accounts receivable balances which were overdue is based on historical trend adjusted for certain current factors. Impairment assessment of accounts receivable is one of the key audit matters for our audit, as it requires management to exercise subjective judgment in making assumptions and estimations when calculating for impairment allowances on accounts receivable.

Auditing procedures performed:

Our principal audit procedures included: assessing the default rate, which was calculated by the Company's internal management, and the relevant internal data, and evaluating the reasonableness of parameters and assumption; assessing the assumptions and data used in the calculation for individual accounts receivable; testing the appropriateness and adequacy of provision for doubtful accounts made by the management and the subsequent collection of accounts receivable. Evaluating the adequacy of the disclosures; considering the historical accuracy of the provisions for allowance account, and using the information as evidence for evaluating the appropriateness of the assumptions made in the current year including how these compare to the experience in previous years.

## 2. Inventory valuation

Please refer to Notes 4(g), 5(b) and 6(d) of the financial statements for the accounting principles on the inventory valuation, significant accounting assumptions and judgments, and major sources of estimation uncertainty, and explanation of inventory.

Key audit matters:

The pharmaceutical industry in Taiwan is susceptible to the constant amendments of its law, resulting in an increase in the cost of pharmaceutical products, which will affect the carrying value of inventories to exceed its net value. Because of these uncertainties, the Company's revenue and income may be effected by the price fluctuations.

Auditing procedures performed:

Our principal audit procedures included: overviewing the stock ageing list, analyzing the movement of stock ageing by period; ensuring the allowance of inventory is in conformity with the accounting policies; realizing the differences between net realizable price and the current selling price, and evaluating the reasonableness of them; overviewing the sales situation on and after the period of slow-moving inventory, testing and verifying the correctness about the allowance that was calculated by the Directors; considering the historical accuracy of the provisions for inventory allowance and using the information as evidence for evaluating the appropriateness of the assumptions made in the current year compared to the previous years; evaluating the adequacy of the disclosures.

## Other Matter

We did not audit the financial statements of PharmaEngine, Inc. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, are based solely on the report of the other auditors. The amount of long-term investment in the investee company represented 8.13% and 8.58% of the related total assets as of December 31, 2017 and 2016, respectively, and the related investment gains represented 4.39% and 9.29% of the profit before tax for the years ended December 31, 2017 and 2016, respectively.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with auditing standards generally accepted in 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Shin-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)

March 29, 2018

#### **Notes to Readers**

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
TTY BIOPHARM COMPANY LIMITED

Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2017		December 31, 2016		Liabilities and Equity		December 31, 2017		December 31, 2016	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (notes 6(a) and (s))	\$ 759,043	9	562,174	7	2100	Short-term loans (notes (i) and (s))	\$ 1,650,000	19	1,249,010	15
1150	Notes receivable, net (notes 6(c) and (s))	47,640	1	32,288	-	2150	Notes payable (note 6(s))	36,882	-	16,099	-
1170	Accounts receivable, net (notes 6(c) and (s))	802,985	9	666,194	8	2170	Accounts payable (note 6(s))	58,555	1	57,909	1
1180	Accounts receivable due from related parties, net (notes 6(c), (s) and 7)	52,641	1	48,805	1	2230	Current tax liabilities (note 6(m))	126,631	1	183,226	2
1200	Other receivables, net (notes 6(c), (s) and 7)	82,383	1	44,103	1	2250	Current provisions	-	-	3,805	-
130X	Inventories (note 6(d))	625,503	7	525,006	6	2200	Other payables (notes 6(s))	432,245	5	415,493	5
1410	Prepayments	14,412	-	25,923	-	2300	Other current liabilities (notes 6(s))	48,049	1	46,022	1
1476	Other current financial assets (notes 6(a) and (s))	-	-	5,550	-	2320	Long-term liabilities, current portion (note 6(j))	300,000	3	200,000	2
1470	Other current assets	1,461	-	3,493	-			2,652,362	30	2,171,564	26
		<u>2,386,068</u>	<u>28</u>	<u>1,913,536</u>	<u>23</u>						
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1523	Non-current available-for-sale financial assets, net (notes 6(b) and (s))	47,200	1	70,800	1	2540	Long-term loans (notes 6(j) and (s))	250,000	3	630,000	7
1550	Investments accounted for using equity method (note 6(e))	3,327,751	37	3,566,861	42	2570	Deferred tax liabilities (note 6(m))	298,136	3	314,729	4
1600	Property, plant and equipment (note 6(f))	2,513,641	29	2,536,258	30	2640	Net defined benefit liability, non-current (note 6(l))	54,310	1	44,621	1
1760	Investment property, net (notes 6(g))	77,644	1	77,999	1	2645	Guarantee deposits received (note 6(u))	10,759	-	10,607	-
1780	Intangible assets (note 6(h))	9,189	-	13,936	-	2650	Credit balance of investments accounted for using equity method (note 6(e))	4,336	-	-	-
1915	Prepayments for equipment	165,320	2	181,472	2			617,541	7	999,957	12
1920	Refundable deposits paid (notes 6(s) and 7)	22,939	-	19,945	-		<b>Total liabilities</b>	<u>3,269,903</u>	<u>37</u>	<u>3,171,521</u>	<u>38</u>
1981	Cash surrender value of life insurance (note 6(s))	7,275	-	5,198	-		<b>Equity (note 6(n)):</b>				
1984	Other non-current financial assets, others (notes 6(a), (s) and 8)	124,007	1	125,847	1	3100	Share capital	2,486,500	29	2,486,500	29
1840	Deferred tax assets (note 6(m))	25,324	-	25,761	-		<b>Capital surplus:</b>				
1990	Other non-current assets, others	60,321	1	12,436	-	3200	Capital surplus	396,113	5	405,368	5
		<u>6,380,611</u>	<u>72</u>	<u>6,636,513</u>	<u>77</u>		<b>Retained earnings:</b>				
						3310	Legal reserve	722,945	8	603,613	7
						3320	Special reserve	110,154	1	110,154	1
						3350	Total unappropriated retained earnings	1,758,633	20	1,487,805	17
						3400	Other equity interest	22,431	-	285,088	3
							<b>Total equity</b>	<u>5,496,776</u>	<u>63</u>	<u>5,378,528</u>	<u>62</u>
<b>Total assets</b>		<u>\$ 8,766,679</u>	<u>100</u>	<u>8,550,049</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 8,766,679</u>	<u>100</u>	<u>8,550,049</u>	<u>100</u>



(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**TTY BIOPHARM COMPANY LIMITED**

**Statements of Comprehensive Income**

**For the years ended December 31, 2017 and 2016**

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

		2017		2016	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(p) and 7)</b>	\$ 3,672,040	100	3,344,262	100
5000	<b>Cost of sales (notes 6 (d) and 7)</b>	<u>1,321,777</u>	<u>36</u>	<u>1,128,745</u>	<u>34</u>
	<b>Gross profit</b>	2,350,263	64	2,215,517	66
5910	Less: Unrealized profit (loss) from sales	10,004	-	7,550	-
5920	Add: Realized (profit) loss from sales	<u>7,550</u>	<u>-</u>	<u>9,319</u>	<u>-</u>
	<b>Gross profit, net</b>	<u>2,347,809</u>	<u>64</u>	<u>2,217,286</u>	<u>66</u>
6000	<b>Operating expenses:</b>				
6100	Selling expenses	689,514	19	594,375	18
6200	General and administrative expenses	226,955	6	238,537	7
6300	Research and development expenses	<u>219,126</u>	<u>6</u>	<u>230,192</u>	<u>7</u>
		<u>1,135,595</u>	<u>31</u>	<u>1,063,104</u>	<u>32</u>
	<b>Net operating income</b>	<u>1,212,214</u>	<u>33</u>	<u>1,154,182</u>	<u>34</u>
	<b>Non-operating income and expenses (notes 6(r) and 7):</b>				
7010	Other income	20,058	1	18,193	1
7020	Other gains and losses	225,646	6	63,090	2
7050	Finance costs	(25,191)	(1)	(25,362)	(1)
7070	Share of profit of subsidiaries and associates accounted for using equity method (note 6(e))	<u>130,971</u>	<u>4</u>	<u>221,934</u>	<u>7</u>
		<u>351,484</u>	<u>10</u>	<u>277,855</u>	<u>9</u>
	<b>Profit before tax</b>	1,563,698	43	1,432,037	43
7950	Less: Income tax expense (note 6 (m))	<u>218,967</u>	<u>6</u>	<u>238,713</u>	<u>7</u>
	<b>Profit for the year</b>	<u>1,344,731</u>	<u>37</u>	<u>1,193,324</u>	<u>36</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements effects of defined benefit plans	(9,701)	-	(2,282)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(9,701)</u>	<u>-</u>	<u>(2,282)</u>	<u>-</u>
8360	<b>Other components of other comprehensive income that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation	(117,339)	(3)	(22,194)	(1)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	(23,600)	(1)	(63,584)	(2)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(141,661)	(4)	7,061	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>(19,943)</u>	<u>1</u>	<u>(3,794)</u>	<u>-</u>
		<u>(262,657)</u>	<u>(7)</u>	<u>(74,923)</u>	<u>(3)</u>
8300	<b>Other comprehensive income for the year, net of tax</b>	<u>(272,358)</u>	<u>(7)</u>	<u>(77,205)</u>	<u>(3)</u>
	<b>Total comprehensive income for the year</b>	<u>\$ 1,072,373</u>	<u>30</u>	<u>1,116,119</u>	<u>33</u>
	<b>Earnings per share, net of tax (Note 6(o))</b>				
	Basic earnings per share	<u>\$ 5.41</u>		<u>4.80</u>	
	Diluted earnings per share	<u>\$ 5.40</u>		<u>4.79</u>	

See accompanying notes to financial statements.

(English Translation of and Report Originally Issued in Chinese)  
**TTY BIOPHARM COMPANY LIMITED**

**Statements of Changes in Equity**

**For the years ended December 31, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings			Total other equity interest			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	
<b>Balance at January 1, 2016</b>	\$ 2,486,500	373,985	482,511	110,154	1,288,140	16,160	343,851	360,011	5,101,301
Profit	-	-	-	-	1,193,324	-	-	-	1,193,324
Other comprehensive income	-	-	-	-	(2,282)	(18,522)	(56,401)	(74,923)	(77,205)
Total comprehensive income	-	-	-	-	1,191,042	(18,522)	(56,401)	(74,923)	1,116,119
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	121,102	-	(121,102)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(870,275)	-	-	-	(870,275)
Other changes in capital surplus:									
Changes in equity of associates accounted for using equity method	-	31,383	-	-	-	-	-	-	31,383
Balance at December 31, 2016	2,486,500	405,368	603,613	110,154	1,487,805	(2,362)	287,450	285,088	5,378,528
Profit	-	-	-	-	1,344,731	-	-	-	1,344,731
Other comprehensive income	-	-	-	-	(9,701)	(97,372)	(165,285)	(262,657)	(272,358)
Total comprehensive income	-	-	-	-	1,335,030	(97,372)	(165,285)	(262,657)	1,072,373
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	119,332	-	(119,332)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(944,870)	-	-	-	(944,870)
Other changes in capital surplus:									
Changes in equity of associates accounted for using equity method	-	5,070	-	-	-	-	-	-	5,070
Disposal of investments accounted for using equity method	-	(14,325)	-	-	-	-	-	-	(14,325)
<b>Balance at December 31, 2017</b>	\$ 2,486,500	396,113	722,945	110,154	1,758,633	(99,734)	122,165	22,431	5,496,776

Note : The Company's remuneration of directors of \$14,950 and \$15,786 and remuneration of employees of \$24,040 and \$22,048 for the years ended December 31, 2017 and 2016, had been deducted from statements of comprehensive income for the years ended December 31, 2017 and 2016, respectively.

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
TTY BIOPHARM COMPANY LIMITED

Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 1,563,698	1,432,037
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	129,261	97,421
Amortization expense	5,447	10,436
Interest expense	25,191	25,362
Interest income	(3,408)	(2,508)
Share of profit of subsidiaries and associates accounted for using equity method	(130,971)	(221,934)
Loss on disposal of property, plant and equipment	1,938	117
Allocation of deferred income	(1,010)	(1,010)
Gain on disposal of investments	(222,174)	-
Decrease in current provisions	(3,805)	-
Unrealized profit (loss) from sales	10,004	7,550
Realized loss (profit) from sales	(7,550)	(9,319)
<b>Total adjustments to reconcile profit (loss)</b>	(197,077)	(93,885)
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	(15,352)	(5,268)
Accounts receivable	(140,627)	113,776
Other receivable	(8,834)	(8,466)
Inventories	(100,497)	(32,841)
Other current assets	13,543	13,498
Notes payable	20,783	(3,143)
Accounts payable	646	(72,570)
Other payable	18,395	79,684
Other current liabilities	2,027	6,011
Net defined benefit liability	(12)	(136)
<b>Net changes in operating assets and liabilities</b>	(209,928)	90,545
<b>Total adjustments</b>	(407,005)	(3,340)
Cash provided by operating activities	1,156,693	1,428,697
Interest received	3,408	2,508
Dividends received	133,732	92,823
Interest paid	(25,074)	(25,404)
Income taxes paid	(271,775)	(171,521)
<b>Net cash flows from operating activities</b>	996,984	1,327,103
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(50,000)	(25,059)
Proceeds from disposal of investments accounted for using equity method	213,714	-
Acquisition of property, plant and equipment	(83,027)	(88,445)
Proceeds from disposal of property, plant and equipment	114	220
(Increase) decrease in refundable deposits paid	(2,994)	620
Acquisition of intangible assets	(700)	(1,437)
Decrease (increase) in other financial assets	7,390	(501)
Increase in prepayments for equipment	(10,922)	(28,226)
Increase in other non-current assets	(49,962)	(2,789)
<b>Net cash flows used in investing activities</b>	23,613	(145,617)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	8,719,000	6,263,020
Decrease in short-term loans	(8,318,010)	(6,214,010)
Proceeds from long-term loans	250,000	630,000
Repayments of long-term loans	(530,000)	(500,000)
Increase in guarantee deposits received	152	7,976
Decrease in other current liabilities	-	(426,725)
Cash dividends paid	(944,870)	(870,275)
<b>Net cash flows used in financing activities</b>	(823,728)	(1,110,014)
<b>Net increase in cash and cash equivalents</b>	196,869	71,472
<b>Cash and cash equivalents at beginning of period</b>	562,174	490,702
<b>Cash and cash equivalents at end of period</b>	\$ 759,043	562,174

See accompanying notes to financial statements.



安侯建業聯合會計師事務所  
KPMG

台北市11049信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 (2) 8101 6666  
Fax 傳真 + 886 (2) 8101 6667  
Internet 網址 kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited :

### Opinion

We have audited the consolidated financial statements of TTY Biopharm Company Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. Key audit matters for the consolidated financial statements are stated as follows:

#### 1. Impairment of accounts receivable

Please refer to Notes 4(g), 5(a) and 6(c) of the consolidated financial statements for the accounting principles on the impairment of accounts receivable, significant accounting assumptions and judgments, and major sources of estimation uncertainty, and explanation of allowance for impairment with respect to the receivable.

Key audit matters:

The Group judgment in determining the recoverable amounts of individual accounts receivable balances which were overdue is based on historical trend adjusted for certain current factors. Impairment assessment of accounts receivable is one of the key audit matters for our audit, as it requires management to exercise subjective judgment in making assumptions and estimations when calculating the impairment allowances on accounts receivable.

Auditing procedures performed:

Our principal audit procedures included: assessing the default rate, which was calculated by the Group's internal management, and the relevant internal data, and evaluating the reasonableness of parameters and assumption; assessing the assumptions and data used in the calculation for individual accounts receivable; testing the appropriateness and adequacy of provision for doubtful accounts made by the management and the subsequent collection of accounts receivable. Evaluating the adequacy of the disclosures; considering the historical accuracy of the provisions for allowance account, and using the information as evidence for evaluating the appropriateness of the assumptions made in the current year including how these compare to the experience in previous years.

2. Inventory valuation

Please refer to Notes 4(h), 5(b) and 6(d) of the consolidated financial statements for the accounting principles on the inventory valuation, significant accounting assumptions and judgments, and major sources of estimation uncertainty, and explanation of inventory.

Key audit matters:

The pharmaceutical industry in Taiwan is susceptible to the constant amendments of its law, resulting in an increase in the cost of pharmaceutical products, which will affect the carrying value of inventories to exceed its net value. Because of these uncertainties, the Group's revenue and income may be effected by the price fluctuations.

Auditing procedures performed:

Our principal audit procedures included: overviewing the stock ageing list, analyzing the movement of stock ageing by period; ensuring the allowance of inventory is in conformity with the accounting policies; realizing the differences between net realizable price and the current selling price, and evaluating the reasonableness of them; overviewing the sales situation on and after the period of slow-moving inventory, testing and verifying the correctness about the allowance that was calculated by the Directors; considering the historical accuracy of the provisions for inventory allowance and using the information as evidence for evaluating the appropriateness of the assumptions made in the current year compared to the previous years; evaluating the adequacy of the disclosures.

**Other Matter**

We did not audit the financial statements of Pharma Engine, Inc. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, are based solely on the report of the other auditors. The amount of long-term investment in the investee company represented 7.50% and 7.89% of the related consolidated total assets as of December 31, 2017 and 2016, respectively, and the related investment gains represented 4.30% and 8.80% of the consolidated profit before tax for the years ended December 31, 2017 and 2016, respectively.

We also audited the financial statements of TTY Biopharm Company Limited as of and for the years ended December 31, 2017 and 2016 and have issued an unqualified and a modified unqualified audit report, respectively, thereon.

## **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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 are responsible for overseeing the Group's financial reporting process.

## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Shin-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)  
March 29, 2018

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2017 and 2016**

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2017</u>		<u>December 31, 2016</u>				<u>December 31, 2017</u>		<u>December 31, 2016</u>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Liabilities and Equity</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a) and (v))	\$ 1,441,374	15	2,108,713	23	2100	Short-term loans (note 6(k) and (v))	\$ 1,650,000	18	1,249,010	13
1150	Notes receivable, net (note 6(c) and (v))	73,339	1	62,278	1	2150	Notes payable (note 6(v))	37,403	-	16,572	-
1170	Accounts receivable, net (note 6(c) and (v))	915,846	10	783,373	8	2160	Notes payable to related parties (note 6(m) and 7)	22,464	-	-	-
1180	Accounts receivable due from related parties, net (note 6(c), (v) and 7)	8,973	-	13,668	-	2170	Accounts payable (note 6(v))	95,055	1	84,671	1
1200	Other receivables, net (note 6(c), (v) and 7)	73,622	1	46,309	-	2230	Current tax liabilities (note 6(o))	131,881	1	193,201	2
130X	Inventories (note 6 (d))	693,713	7	565,683	7	2250	Current provisions	-	-	5,327	-
1410	Prepayments	15,511	-	26,884	-	2200	Other payables (note 6(v) and 7)	496,623	5	483,329	6
1476	Other current financial assets (note 6(a), (v) and 8)	1,771,755	19	1,057,186	12	2300	Other current liabilities (note 7)	49,472	1	48,548	1
1470	Other current assets	<u>2,457</u>	<u>-</u>	<u>4,186</u>	<u>-</u>	2320	Long-term liabilities, current portion (note 6(l))	<u>300,000</u>	<u>3</u>	<u>200,000</u>	<u>3</u>
		<u>4,996,590</u>	<u>53</u>	<u>4,668,280</u>	<u>51</u>			<u>2,782,898</u>	<u>29</u>	<u>2,280,658</u>	<u>26</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1523	Non-current available-for-sale financial assets, net (note 6(b) and (v))	286,586	3	539,205	6	2540	Long-term loans (note 6(l) and (v))	250,000	3	630,000	7
1550	Investments accounted for using equity method, net (note 6(f))	1,024,020	11	1,007,758	11	2570	Deferred tax liabilities (note 6(o))	298,136	3	314,729	3
1600	Property, plant and equipment (note 6(h))	2,548,006	27	2,585,575	28	2640	Net defined benefit liability, non-current (note 6(n))	54,310	1	44,621	-
1760	Investment property, net (note (i))	89,023	1	77,999	1	2645	Guarantee deposits received (note 6(v))	<u>10,086</u>	<u>-</u>	<u>9,985</u>	<u>-</u>
1780	Intangible assets (note 6(j))	142,203	1	29,648	-			<u>612,532</u>	<u>7</u>	<u>999,335</u>	<u>10</u>
1840	Deferred tax assets (note 6(o))	30,912	-	31,760	-		<b>Total liabilities</b>	<u>3,395,430</u>	<u>36</u>	<u>3,279,993</u>	<u>36</u>
1915	Prepayments for equipment	169,161	2	181,472	2	<b>Equity attributable to owners of parent (note 6(p)):</b>					
1920	Refundable deposits paid (note 6(v) and 7)	28,365	-	24,001	-	<b>Share capital:</b>					
1981	Cash surrender value of life insurance (note 6(v))	7,275	-	5,198	-	3100	Share capital	2,486,500	27	2,486,500	27
1984	Other non-current financial assets (note 6(a), (v) and 8)	124,326	1	126,816	1	<b>Capital surplus:</b>					
1990	Other non-current assets	<u>60,600</u>	<u>1</u>	<u>12,593</u>	<u>-</u>	3200	Capital surplus	396,113	4	405,368	4
		<u>4,510,477</u>	<u>47</u>	<u>4,622,025</u>	<u>49</u>	<b>Retained earnings:</b>					
						3310	Legal reserve	722,945	8	603,613	6
						3320	Special reserve	110,154	1	110,154	1
						3350	Total unappropriated retained earnings	1,758,633	18	1,487,805	16
						3400	Other equity interest	<u>22,431</u>	<u>-</u>	<u>285,088</u>	<u>3</u>
							<b>Equity attributable to the parent company:</b>	<u>5,496,776</u>	<u>58</u>	<u>5,378,528</u>	<u>57</u>
						36XX	Non-controlling interests (note 6(p))	<u>614,861</u>	<u>6</u>	<u>631,784</u>	<u>7</u>
							<b>Total equity</b>	<u>6,111,637</u>	<u>64</u>	<u>6,010,312</u>	<u>64</u>
<b>Total assets</b>		<u>\$ 9,507,067</u>	<u>100</u>	<u>9,290,305</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 9,507,067</u>	<u>100</u>	<u>9,290,305</u>	<u>100</u>



**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**  
**TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2017 and 2016**

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

		<u>2017</u>		<u>2016</u>	
		Amount	%	Amount	%
4000	<b>Operating revenue (note 6(r) and 7)</b>	\$ 4,078,760	100	3,760,717	100
5000	<b>Cost of sales (note 6(d) and 7)</b>	<u>1,407,701</u>	<u>35</u>	<u>1,203,773</u>	<u>32</u>
	<b>Gross profit</b>	2,671,059	65	2,556,944	68
5910	Less: Unrealized profit (loss) from sales	6,346	-	4,132	-
5920	Add: Realized (profit) loss on from sales	<u>4,132</u>	<u>-</u>	<u>6,408</u>	<u>-</u>
	<b>Gross profit, net</b>	<u>2,668,845</u>	<u>65</u>	<u>2,559,220</u>	<u>68</u>
6000	<b>Operating expenses (note 7 and 12):</b>				
6100	Selling expenses	824,571	20	726,935	19
6200	General and administrative expenses	291,609	7	310,913	8
6300	Research and development expenses	<u>295,675</u>	<u>7</u>	<u>341,685</u>	<u>9</u>
		<u>1,411,855</u>	<u>34</u>	<u>1,379,533</u>	<u>36</u>
	<b>Net operating income</b>	<u>1,256,990</u>	<u>31</u>	<u>1,179,687</u>	<u>32</u>
	<b>Non-operating income and expenses (note 6(t) and 7):</b>				
7010	Other income	35,135	1	26,310	1
7020	Other gains and losses, net	214,440	5	168,648	4
7050	Finance costs, net	(25,191)	(1)	(22,979)	(1)
7070	Share of profit (loss) of associates accounted for using equity method, net (note 6(f))	<u>113,693</u>	<u>3</u>	<u>160,393</u>	<u>4</u>
		<u>338,077</u>	<u>8</u>	<u>332,372</u>	<u>8</u>
	<b>Profit before tax</b>	1,595,067	39	1,512,059	40
7950	Less: Income tax expense (note 6(o))	<u>226,753</u>	<u>6</u>	<u>257,335</u>	<u>7</u>
	<b>Profit of the year</b>	<u>1,368,314</u>	<u>33</u>	<u>1,254,724</u>	<u>33</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements effects of defined benefit plans	(9,701)	-	(2,282)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(9,701)</u>	<u>-</u>	<u>(2,282)</u>	<u>-</u>
8360	<b>Other components of other comprehensive income that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation	(117,382)	(3)	(22,249)	(1)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	(273,278)	(7)	(36,279)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note 6(u))	(642)	-	(8,361)	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>(19,943)</u>	<u>-</u>	<u>(3,794)</u>	<u>-</u>
		<u>(371,359)</u>	<u>(10)</u>	<u>(63,095)</u>	<u>(2)</u>
8300	<b>Other comprehensive income for the year, net of tax</b>	<u>(381,060)</u>	<u>(10)</u>	<u>(65,377)</u>	<u>(2)</u>
	<b>Total comprehensive income for the year</b>	<u>\$ 987,254</u>	<u>23</u>	<u>\$ 1,189,347</u>	<u>31</u>
	<b>Profit attributable to:</b>				
	Owners of parent	\$ 1,344,731	32	1,193,324	31
	Non-controlling interests	<u>23,583</u>	<u>1</u>	<u>61,400</u>	<u>2</u>
		<u>\$ 1,368,314</u>	<u>33</u>	<u>\$ 1,254,724</u>	<u>33</u>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	\$ 1,072,373	25	1,116,119	29
	Non-controlling interests	<u>(85,119)</u>	<u>(2)</u>	<u>73,228</u>	<u>2</u>
		<u>\$ 987,254</u>	<u>23</u>	<u>\$ 1,189,347</u>	<u>31</u>
	<b>Earnings per share, net of tax (note 6(q))</b>				
	Basic earnings per share	<u>\$ 5.41</u>		<u>\$ 4.80</u>	
	Diluted earnings per share	<u>\$ 5.40</u>		<u>\$ 4.79</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated and Report Originally Issued in Chinese)  
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Total other equity interest					Total equity
	Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Owners of parent company	Non-controlling interests	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
<b>Balance at January 1, 2016</b>	\$ 2,486,500	373,985	482,511	110,154	1,288,140	16,160	343,851	360,011	5,101,301	593,649	5,694,950
Profit	-	-	-	-	1,193,324	-	-	-	1,193,324	61,400	1,254,724
Other comprehensive income	-	-	-	-	(2,282)	(18,522)	(56,401)	(74,923)	(77,205)	11,828	(65,377)
Total comprehensive income	-	-	-	-	1,191,042	(18,522)	(56,401)	(74,923)	1,116,119	73,228	1,189,347
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	121,102	-	(121,102)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(870,275)	-	-	-	(870,275)	(35,093)	(905,368)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	31,383	-	-	-	-	-	-	31,383	-	31,383
Balance at December 31, 2016	2,486,500	405,368	603,613	110,154	1,487,805	(2,362)	287,450	285,088	5,378,528	631,784	6,010,312
Profit	-	-	-	-	1,344,731	-	-	-	1,344,731	23,583	1,368,314
Other comprehensive income	-	-	-	-	(9,701)	(97,372)	(165,285)	(262,657)	(272,358)	(108,702)	(381,060)
Total income(decrease)	-	-	-	-	1,335,030	(97,372)	(165,285)	(262,657)	1,072,373	(85,119)	987,254
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	119,332	-	(119,332)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(944,870)	-	-	-	(944,870)	(51,804)	(996,674)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	5,070	-	-	-	-	-	-	5,070	-	5,070
Disposal of investments accounted for using equity method	-	(14,325)	-	-	-	-	-	-	(14,325)	-	(14,325)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	120,000	120,000
<b>Balance at December 31, 2017</b>	<b>\$ 2,486,500</b>	<b>396,113</b>	<b>722,945</b>	<b>110,154</b>	<b>1,758,633</b>	<b>(99,734)</b>	<b>122,165</b>	<b>22,431</b>	<b>5,496,776</b>	<b>614,861</b>	<b>6,111,637</b>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	2017	2016
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,595,067	1,512,059
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	133,246	100,691
Amortization expense	8,143	22,355
Interest expense	25,191	22,979
Interest income	(22,273)	(14,190)
Share of profit of associates accounted for using equity method	(113,693)	(160,393)
Loss on disposal of property, plant and equipment	1,967	121
Allocation of deferred income	(1,010)	(1,010)
Gain on disposal of investments	(222,174)	(104,924)
Unrealized profit (loss) from sales	6,346	4,132
Realized loss (profit) from sales	(4,132)	(6,408)
Decrease in current provisions	(5,327)	-
<b>Total adjustments to reconcile profit (loss)</b>	(193,716)	(136,647)
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	(11,061)	(13,148)
Accounts receivable	(128,037)	157,478
Other receivable	3,264	(16,607)
Inventories	(128,256)	(33,711)
Other current assets	13,019	13,483
<b>Total changes in operating assets</b>	(251,071)	107,495
Notes payable	20,831	(4,196)
Notes payable to related parties	22,464	-
Accounts payable	11,427	(68,016)
Other payable	14,394	25,788
Other current liabilities	932	17,374
Net defined benefit liability	(12)	(136)
<b>Total changes in operating liabilities</b>	70,036	(29,186)
<b>Net changes in operating assets and liabilities</b>	(181,035)	78,309
<b>Total adjustments</b>	(374,751)	(58,338)
Cash provided by operating activities	1,220,316	1,453,721
Interest received	20,974	14,190
Dividends received	66,502	47,280
Interest paid	(25,074)	(23,021)
Income taxes paid	(286,198)	(265,647)
<b>Net cash flows from operating activities</b>	996,520	1,226,523
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of available-for-sale financial assets	(20,659)	-
Proceeds from disposal of available-for-sale financial assets	-	64,028
Proceeds from disposal of financial assets measured at cost	-	83,748
Acquisition of investments accounted for using equity method	-	(25,059)
Proceeds from disposal of investments accounted for using equity method	213,714	455,398
Acquisition of property, plant and equipment	(83,787)	(90,262)
Proceeds from disposal of property, plant and equipment	114	220
Increase in refundable deposits paid	(4,367)	(16)
Acquisition of intangible assets	(700)	(1,437)
Increase in other financial assets	(771,268)	(566,190)
Increase in prepayments for equipment	(13,004)	(12,070)
Increase in other non-current assets	(50,110)	(2,625)
<b>Net cash flows used in investing activities</b>	(730,067)	(94,265)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	8,719,000	6,263,020
Decrease in short-term loans	(8,318,010)	(6,214,010)
Proceeds from long-term debt	250,000	630,000
Repayments of long-term debt	(530,000)	(500,000)
Increase in guarantee deposits received	101	7,889
Cash dividends paid	(944,870)	(870,275)
Dividends paid to non-controlling interests	(51,804)	(35,093)
<b>Net cash flows used in financing activities</b>	(875,583)	(718,469)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(58,209)	(15,600)
<b>Net (decrease) increase in cash and cash equivalents</b>	(667,339)	398,189
<b>Cash and cash equivalents at beginning of period</b>	2,108,713	1,710,524
<b>Cash and cash equivalents at end of period</b>	\$ 1,441,374	2,108,713

See accompanying notes to financial statements.

## **Attachment 2**

### **TTY BIOPHARM COMPANY LIMITED Audit Committee's Review Report on the 2017 Financial Statements**

The Board of Directors presented the year 2017 Business Report, Financial Statement (including the consolidated financial statement), and the profit distribution proposal. The Financial Statement (including the consolidated financial statement) was audited by KPMG Taiwan and the results were compiled into a report. The aforementioned reports and statements were audited and found satisfactory by the Company's audit committee. They are hereby submitted respectfully for examination pursuant to the regulations set forth in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to: 2018 Annual Meeting of Shareholders of the Company

Hsueh, Ming-Ling

Chairman of the Audit Committee

March 29, 2018

## **Attachment 3**

### **TTY BIOPHARM COMPANY LIMITED**

#### **Procedures for Ethical Management and Guidelines for Conduct**

##### **Article 1 (Purpose of adoption and scope of application)**

The Company engages in commercial activities with fairness, honesty, faithfulness, and transparency. To fully implement ethical management policy and actively prevent unethical conducts, the Company formulates "Procedures for Ethical Management and Guidelines for Conduct" to fully implement a policy of ethical management and actively prevent unethical conduct. These Procedures for Ethical Management and Guidelines for Conduct are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

##### **Article 2 (Applicable subjects)**

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

##### **Article 3 (Unethical conduct)**

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

#### **Article 4 (Types of benefits)**

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

#### **Article 5 (Responsible unit)**

This Corporation shall designate the Ethical Management Team as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:

1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

#### **Article 6 (Prohibition against providing or accepting improper benefits)**

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the

given personnel of this Corporation shall comply with these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Money, property, or other benefits offered to or accepted from a person other than relatives or friends; or gifts of property given by another party to the majority of the personnel of this Corporation.
7. Property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
8. Other conduct that complies with the rules of this Corporation.

**Article 7 (Procedures for handling the acceptance of improper benefits)**

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse

the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by general manager.

#### **Article 8 (Prohibition of and handling procedure for facilitating payments)**

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

#### **Article 9 (Procedures for handling political contributions)**

Political contributions by this Corporation shall comply with the the laws and regulations governing political contributions in the country in which the recipient is located and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#### **Article 10 (Procedures for handling charitable donations or sponsorships)**

Charitable donations or sponsorships by this Corporation shall be provided in accordance



with the “Rules of Procedure for Board of Directors Meetings” and the following provisions:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

#### **Article 11 (Recusal)**

When a Company director , supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

#### **Article 12 (Special unit in charge of confidentiality regime and its responsibilities)**

This Corporation’s Intellectual Property Department shall be in charge of formulating and

implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

**Article 13 (Prohibition against unfair competition)**

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

**Article 14 (Prevention of products or services from damaging the rights and interests of stakeholders)**

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall recall those products or suspend the services, verify the facts and present a review and improvement plan within the time limit indicated. The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

**Article 15 (Non-disclosure agreement)**

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

**Article 16 (Announcement of policy of ethical management to outside parties)**

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

**Article 17 (Ethical management evaluation prior to development of commercial relationships)**

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

**Article 18 (Statement of ethical management policy to counterparties in commercial dealings)**

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or

indirectly, any improper benefit in whatever form or name.

**Article 19 (Avoidance of commercial dealings with unethical operators)**

All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

**Article 20 (Stipulation of terms of ethical management in contracts)**

Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract.

**Article 21 (Handling of unethical conduct by personnel of this Corporation)**

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:

1. The whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The responsible unit of this Corporation shall observe the following procedure:

1. An information shall be reported to the department head if involving the rank and file;

and to a general manager if involving a business group or factory head, and to an independent director or supervisor if involving a director or a general manager.

2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

#### **Article 22 (Actions upon event of unethical conduct by others towards this Corporation)**

If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.

#### **Article 23 (Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)**

The responsible unit of this Corporation shall organize awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and

complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

**Article 24 (Enforcement)**

These Procedures and Guidelines, and any amendments hereto, shall be implemented after approval by Audit committee and adoption by resolution of the board of directors, and shall be reported to the shareholders meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

**Article 25 (Publication Date)**

These Procedures and Guidelines were published on March 29, 2018.

## Attachment 4

### TTY BIOPHARM COMPANY LIMITED Distribution of 2017 Profits Table

Unit: NTD

Item	Amount	Note
Unappropriated retained earnings of previous years	423,603,492	Pension liabilities remeasurement
Less: 2017 retained earnings adjustment	9,701,431	
Unappropriated retained earnings after adjustments	413,902,061	
Add: 2017 Net profit after tax for the year	1,344,731,421	
Less: Appropriated as legal capital reserve (10%)	134,473,142	
Retained earnings available for distribution as of December 31, 2017	1,624,160,340	
Allocation Items		Cash dividends of NT\$4.5 per share
Cash Dividends to Shareholders	1,118,924,816	
Unappropriated retained earnings as of December 31, 2017	505,235,524	

Note :

1. Total 248,649,959 outstanding common shares
2. The year 2017 profit after tax will be subject to this distribution of profits

Chairman of the Board: Lin, Chuan

Responsible Management: Hsiao, Ying-Chun

Responsible Accountant: Wang, Shu-Wen

## VI. Appendices

### Appendices 1

#### TTY BIOPHARM COMPANY LIMITED

#### Articles of Incorporation

##### *Chapter 1*

##### *General Provisions*

- Article 1 The Company has been named TTY Biopharm Co., Ltd. pursuant to relevant regulations set forth in the Company Act.
- Article 2 Business areas of the Company are as follows:
1. C801010 Basic Industrial Chemical Manufacturing
  2. C802041 Western Medicine Manufacturing
  3. F108021 Wholesale of Western Medicine
  4. F208021 Retail Sale of Western Medicine
  5. F108031 Wholesale of Medical Equipments
  6. F208031 Retail Sale of Medical Equipments
  7. C802060 Animal Use Medicine Manufacturing
  8. C802070 Pesticide Manufacturing
  9. C802080 Environmental Agents Manufacturing
  10. C802100 Cosmetics Manufacturing
  11. C804020 Industrial Rubber Products Manufacturing
  12. C804990 Other Rubber Products Manufacturing
  13. C901020 Glass and Glass Made Products Manufacturing
  14. CF01011 Medical Materials and Equipment Manufacturing
  15. F102170 Wholesale of Food and Grocery
  16. F203010 Retail Sale of Food, Grocery, and Beverages
  17. IG01010 Biotechnology Services
  18. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
- Article 3 The Company may formulate regulations governing external endorsements/ guarantees pursuant to relevant government regulations subject to ratification by the shareholder meeting. All guarantees shall be approved by the board of directors and included in the meeting minutes of board meetings before coming into effect.
- Article 4 The total reinvestment amount may exceed 40% of the paid-in capital. Reinvestment related matters shall be approved by the board of directors and included in the meeting minutes of board meetings before coming into effect.
- Article 5 The Company has its domicile in Taipei City and may establish branches in other suitable locations if deemed necessary.
- Article 6 Public announcements of the Company shall be handled in accordance with the regulations set forth in Article 28 of the Company Act.
- ##### *Chapter 2*
- ##### *Shares*
- Article 7 The total capital of the Company is NT\$ 3.5 billion divided into 350 million shares. The par value of each share is NT\$ 10. The board of directors shall be authorized to issue these shares in subsequent offerings.
- Article 8 All stocks of the Company shall be inscribed and a minimum of three board directors shall affix their



- signatures and seals. Stocks shall be issued upon certification in accordance with relevant laws.
- Article 8.1 It shall not be required to print stocks for shares issued by the Company, but shares shall be registered upon negotiation with centralized securities depository enterprises
- Article 9 Transfer, inheritance, grants, pledge, loss, or other stock related services shall be handled pursuant to the Regulations Governing the Administration of Stock Affairs by Public Companies and other relevant laws and regulations.
- Article 10 Stock name change and transfer shall be suspended within 60 days prior to the convening of Regular Shareholders Meetings, thirty days prior to Extraordinary Shareholders Meetings, and five days prior to the distribution of stock dividends by the Company or the record date of other benefits.
- Chapter 3** **Shareholders Meeting**
- Article 11 Annual Shareholders Meetings shall be convened by the board of directors within 6 months upon the end of the accounting year. Extraordinary Shareholders Meetings may be convened when deemed necessary in accordance with relevant laws.
- Article 12 Shareholders shall be entitled to one vote per share unless relevant laws stipulate otherwise.
- Article 12.1 Where shareholders are for any reason unable to personally attend shareholders meetings, they may assign a proxy by presenting a power of attorney printed and issued by the Company. Relevant matters shall be handled in accordance with the regulations set forth in Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 13 Board resolutions require the attendance of shareholders representing a majority of the issued voting shares unless relevant laws stipulate otherwise as well as the approval of the majority of the voting rights represented at the meeting.
- Article 13.1 Resolution items of the shareholders meeting shall be compiled into meeting minutes with the affixed signature and seal of the chairperson. These minutes shall be distributed or made known to the shareholders per public notice within 20 days after the meeting. The meeting minutes shall specify the date, location, name of chair, resolution methods, main agenda items, and results. The minutes shall be preserved permanently. The shareholder attendance book and the powers of attorney for proxies shall be preserved for a minimum of one year. Where litigation is initiated by shareholders pursuant to Article 189 of the Company Act, said documents shall be preserved until the conclusion of litigation.
- Chapter 4** **Directors**
- Article 14 The Company shall appoint 7 to 11 board directors. The number of directors elected shall be determined in a board meeting. And a candidate nomination system shall be adapted and the shareholders meeting shall elect directors from the list of candidates. They shall serve for a term of three years. And They may serve consecutive terms if reelected.
- At least of the aforementioned 5 to 11 directors and 20% of the aforementioned quota shall be independent directors. The professional qualifications, shareholding ratios, concurrent appointment restrictions, nomination and election methods, and other matters for compliance shall be based on relevant regulations of the authorities in charge of securities.
- Article 14.1 When terms of directors expire prior to elections, terms may be extended until the newly elected directors assume office. The total number of inscribed stocks held by the directors of the Company shall conform to the standards prescribed in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies made public by the competent authority.
- Article 14.2 When director vacancies account for 1/3, the board shall convene a shareholders' meeting to hold a by-election in accordance with relevant laws. Elected directors shall serve for the remainder of the original terms.

- Article 14.3 Board meetings shall be convened annually.  
Directors shall be notified of the reasons for the scheduling of board meetings seven days in advance. Meetings may be convened on an ad-hoc basis in case of emergencies.  
Directors shall be notified of scheduled meetings in writing, by fax, or by e-mail.
- Article 14.4 The board of directors may establish an Audit Committee, a remuneration committee, or other functional committees to meet the needs of business operations. The Audit Committee shall be composed of the independent directors.  
The responsibilities, organizational charter, exercise of authority, and other compliance items pertaining to the Audit Committee shall be based on relevant regulations of the authorities in charge of securities and the Company.
- Article 15 The board is composed of directors who shall elect a chairperson and vice chairperson from among their ranks. The chairperson and vice chairperson shall be elected by a majority of the board directors in attendance with an attendance rate of at least 2/3.
- Article 16 Where the chairperson is on leave or for any reason unable to exercise his/her powers, an acting chairperson shall be appointed pursuant to the regulations set forth in Article 208 of the Company Act.
- Article 16.1 Board directors shall personally attend board meetings. The assignment of proxies shall conform to the regulations set forth in Article 205 of the Company Act. Where board meetings are conducted by video conference, participation in the conference shall be viewed as personal attendance.
- Article 17 All business policies and key items of the Company shall be handled in accordance with board resolutions. All board resolutions require the attendance of a majority of board directors and approval by a majority of the directors in attendance unless relevant regulations set forth in the Company Act stipulate otherwise.
- Article 18 The Company may purchase liability insurance for its directors to reduce the risk of litigation initiated by shareholders or other stakeholders due to the exercise of their duties in accordance with relevant laws.
- Chapter 5** **Managers**
- Article 19 The Company shall appoint managers. The appointment, dismissal, and remuneration thereof shall be handled pursuant to Article 29 of the Company Act.
- Chapter 6** **Accounting**
- Article 20 The accounting year runs from January 1 to December 31. Accounts shall be settled at the end of every year. Upon settlement of accounts, the board of directors shall create the following documents and forms which These documents and the review report shall be submitted to the shareholders meeting for ratification in accordance with relevant laws.
1. Business report.
  2. Financial statement.
  3. Surplus allocation or loss make-up proposal.
- Article 21 Where the Company earns annual profits, 1% to 8% shall be allocated as employee compensations and a maximum of 2% shall be allocated as director and supervisor compensations. Where the Company still has accumulated losses, profits shall be retained to make up for such losses.
- Article 22 Where surpluses are recorded upon annual settlement of accounts, 10% shall be appropriated as legal reserve upon payment of taxes and making up for previous losses in accordance with relevant laws unless the Legal Reserve has reached the Company's total paid-in capital. The remaining profits shall be set aside for special reserve in accordance with the laws, regulations, or the business requirements. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board for approval at a shareholders' meeting.

Article 23 In accordance with stock dividend allocation procedures, the board of directors shall formulate surplus distribution proposals in consideration of company profits, capital and financial structure, future business demands, accumulated surplus, legal reserves, and market competition conditions at the end of every year. These proposals shall be implemented upon resolution of the shareholders meeting.

Article 24 The Company shall adopt a dividend equalization policy to ensure a sound financial structure and safeguard investor rights and interests. A minimum of 50% of distributable surpluses in the respective year shall be distributed as stock dividends. A minimum of 70% of the allocated stock dividends in the respective year shall be distributed in form of cash dividends.

Article 25 The board of directors shall be authorized to determine the compensation for the execution of duties by board directors and supervisors based on their level of participation and the value of their contributions to company operations regardless of profits and losses incurred by the Company with reference to prevailing industry standards. In case of surpluses, rewards shall be granted pursuant to the regulations set forth in Article 21.

**Chapter 7** *Supplementary provisions*

Article 26 The organizational charter and detailed work rules shall be formulated elsewhere by the board of directors.

Article 27 Matters not specifically covered in these articles of Incorporation shall be handled pursuant to regulations set forth in the Company Act and relevant laws.

Article 28 These articles of incorporation were formulated on June 23, 1960.

They were amended for the first time on June 17, 1966.

They were amended for the second time on June 17, 1967.

They were amended for the third time on January 22, 1968.

They were amended for the fourth time on September 20, 1969.

They were amended for the fifth time on September 11, 1978.

They were amended for the sixth time on September 30, 1980.

They were amended for the seventh time on November 25, 1982.

They were amended for the eighth time on March 28, 1986.

They were amended for the ninth time on February 2, 1989.

They were amended for the tenth time on May 10, 1990.

They were amended for the eleventh time on October 12, 1991.

They were amended for the twelfth time on December 2, 1993.

They were amended for the thirteenth time on July 24, 1995.

They were amended for the fourteenth time on July 25, 1997.

They were amended for the fifteenth time on October 7, 1997.

They were amended for the sixteenth time on November 27, 1997.

They were amended for the seventeenth time on May 22, 1998.

They were amended for the eighteenth time on June 25, 1999.

They were amended for the nineteenth time on March 24, 2000.

They were amended for the twentieth time on December 22, 2000.

They were amended for the twenty-first time on June 8, 2001.

They were amended for the twenty-second time on June 8, 2001.

They were amended for the twenty-third time on May 13, 2002.

They were amended for the twenty-fourth time on May 13, 2002.

They were amended for the twenty-fifth time on May 19, 2003.

They were amended for the twenty-sixth time on May 19, 2003.  
They were amended for the twenty-seventh time on June 1, 2004.  
They were amended for the twenty-eighth time on June 1, 2004.  
They were amended for the twenty-ninth time on June 10, 2005.  
They were amended for the thirtieth time on June 14, 2006.  
They were amended for the thirty-first time on June 19, 2009.  
They were amended for the thirty-second time on June 25, 2010.  
They were amended for the thirty-third time on June 22, 2012.  
They were amended for the thirty-fourth time on June 25, 2013.  
They were amended for the thirty-fifth time on June 16, 2015.  
They were amended for the thirty-sixteenth time on June 24, 2016.  
They were amended for the thirty- seventh time on June 16, 2017.

## Appendices 2

### TTY BIOPHARM COMPANY LIMITED

#### Shareholders' Meeting Rules

1. Shareholders Meetings of the Company shall be handled in accordance with these rules unless regulations set forth in relevant laws stipulate otherwise.
2. Shareholders Meetings shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated based on the attendance book or handed in sign-in cards.
3. Attendance and voting rights at shareholders meetings shall be calculated based on numbers of shares.
4. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
5. Where a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise his/her powers, the vice chairperson shall act in place of the chairperson; if the vice chairperson also is on leave or for any reason unable to exercise his/her powers, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. Where a shareholders' meeting is convened by a person with the power to convene other than the directors, the convener shall serve as chair.
6. The Company may dispatch its attorneys, certified public accountants, or related persons to attend a shareholders' meeting. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
7. The shareholders meeting proceedings shall be audio or video recorded. These records shall be preserved for a minimum of one year.
8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement. No more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act. When the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
9. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the

preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda as specified in the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. Upon adjournment of meetings, shareholders shall not elect another chair to resume the meeting at the original location or a different venue.

10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the regulations set forth in the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.
12. When a juristic person is commissioned to attend a shareholders meeting as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
14. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair. All monitoring personnel shall be shareholders of this Corporation. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.
16. When a meeting is in progress, the chair may order a recess based on time considerations.
17. Proposals shall be approved by a majority of the voting rights of attending shareholders unless stipulated otherwise in the Company Act or the articles of incorporation. If attending shareholders express no disagreement upon inquiry by the chair, the proposal shall be considered approved. The legal validity of this process shall be equivalent to voting.
18. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they shall be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
19. The chair may direct the proctors (or security personnel) to help maintain order at the meeting

place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

20. These rules and all amendments thereof shall come into effect upon ratification by a Shareholders' Meeting

## Appendices 3

### TTY BIOPHARM COMPANY LIMITED Shareholdings of Directors

Date: April 22, 2018

<b>Title</b>	<b>Name</b>	<b>Shares held in share register</b>
Chairman	LIN, CHUAN, Legal Representative of DaWan Technology Co., Ltd.	21,830,732
Vice Chairman	CHANG, WEN-HWA	4,308,800
Director	YANG, TZE-KAING	—
Director	CHANG, HSIU-CHI	2,143,686
Director	TSENG, TIEN-SZU	3,346
Director	LIAO, YING-YING	—
Independent Director	TSAI, DUEI	—
Independent Director	HSUEH, MING-LING	—
Independent Director	LIN, TIEN-FU	—

Note:

1. 248,649,959 Common Shares issued on April 22, 2018.
2. Statutory minimum shareholding requirement for all directors is 12,000,000 shares and Shares held in share register is 28,286,564 shares
3. Since the Company has established an audit committee, statutory shareholding requirements for supervisors are not applicable.