TTY BIOPHARM COMPANY LIMITED 2019 Annual General Meeting Minutes (Translation Version)

Time: June 25, 2019 (Tuesday) 9:00 AM

Location: Building A, 2F., No. 19-10, Sanchong Rd., Nangang Dist., Taipei City, Taiwan (International Convention Center of Nangang Software Park)

Total outstanding TTY shares: 248,649,959 shares

Total shares represented by shareholder present in person or by proxy: 210,649,301 shares

Percentage of shares held by shareholder present in person or by proxy: 84.71%

Director Present: Lin, Chuan ; Chang, Wen-Hwa; Yang, Tze-Kaing; Chang, Hsiu-Chi ; Liao, Ying-Ying; Tsai, Duei (Independent Director); Hsueh, Ming-Ling (Independent Director & Chairman of the Audit Committee); Lin, Tien-Fu (Independent Director)

Attendance: Tzeng, Kwo-Yang, CPA of KPMG

Chairman: Lin, Chuan, Chairman

Recorder: Huang, Ching-Yi

Meeting procedures

I. Calling to the Meeting Order

The aggregate shareholding of the shareholder present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Address (omitted)

III. Report Items

- 1. 2018 Business Report (See Attachment 1)
- 2. Audit Committee's Review Report on the 2018 Financial Statements (See Attachment 2)
- 3. Report on Employee and Directors Remuneration in 2018 (See Meeting Handbook)

IV. Ratification Items

Item One:

(Proposed by the Board of Directors.)

Ratification of 2018 Business Report and Financial Statements

Description:

- 1. The Company's 2018 Business Report and Financial Statements have been approved by the Board of Directors and reviewed by Audit Committee.
- 2. The Company's 2018 Financial Statements have been audited by KPMG Taiwan with audited "Unqualified Opinion"
- 3. Please refer to the Attachment 1 and Attachment 3 for 2018 Business Report and Financial Statements.

VOTING RESULTS: a total of 209,778,144 voting rights were represented by the presence of shareholders at the time of voting; therein 195,003,182 votes for (incl. 77,310,327 voting rights cast by electronic method), 7,010 votes against (incl. 7,010 voting rights cast by electronic method), 0 invalid votes and 14,767,952 votes abstention /no votes (incl. 14,683,122 voting rights cast by electronic method).

RESOLVED, 92.95% of total represented voting rights present voted for and this proposal was approved as proposed.

Item Two:

(Proposed by the Board of Directors.)

Ratification of 2018 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 2018 Profits Table.

VOTING RESULTS: a total of 209,778,144 voting rights were represented by the presence of shareholders at the time of voting; therein 202,415,558votes for (incl. 84,722,703 voting rights cast by electronic method), 9,010 votes against (incl. 9,010 voting rights cast by electronic method), 0 invalid votes and 7,353,576 votes abstention /no votes (incl. 7,268,746 voting rights cast by electronic method).

RESOLVED, 96.49% of total represented voting rights present voted for and this proposal was approved as proposed.

V. Discussion Items

Item One:

(Proposed by the Board of Directors.)

Amendment to "Procedures for Acquisition or Disposal of Assets"

Description:

- 1. The "Procedures for Acquisition or Disposal of Assets" is proposed to amend in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" pursuant to Ordinances No. 1070341072 issued by the Financial Supervisory Commission on November 26, 2018.
- 2. Please refer to the Attachment 5 for Procedures for Acquisition or Disposal of Assets Amendment Comparison Table

VOTING RESULTS: a total of 209,778,144 voting rights were represented by the presence of shareholders at the time of voting; therein 202,417,151 votes for (incl. 84,724,296 voting rights cast by electronic method), 5,852 votes against (incl. 5,852 voting rights cast by electronic method), 0 invalid votes and 7,355,141 votes abstention /no votes (incl. 7,270,311 voting rights cast by electronic method).

RESOLVED, 96.49% of total represented voting rights present voted for and this proposal was approved as proposed.

Item Two:

(Proposed by the Board of Directors.)

Amendment to "Regulations for Lending Funds to Other Parties"

Description:

- 1. The "Regulations for Lending Funds to Other Parties" is proposed to amend in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" pursuant to Ordinances No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.
- 2. Please refer to the Attachment 6 for Regulations for Lending Funds to Other Parties Amendment Comparison Table

VOTING RESULTS: a total of 209,778,144 voting rights were represented by the presence of shareholders at the time of voting; therein 202,409,948 votes for (incl. 84,717,093 voting rights cast by electronic method), 11,056 votes against (incl. 11,056 voting rights cast by electronic method), 0 invalid votes and 7,357,140 votes abstention /no votes (incl. 7,272,310 voting rights cast by electronic method).

RESOLVED, 96.48% of total represented voting rights present voted for and this proposal was approved as proposed.

Item Three:

(Proposed by the Board of Directors.)

Amendment to "Regulations on Endorsement and Guarantee"

Description:

- 1. The "Regulations on Endorsement and Guarantee" is proposed to amend in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" pursuant to Ordinances No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.
- 2. Please refer to the Attachment 7 for Regulations on Endorsement and Guarantee Amendment Comparison Table

VOTING RESULTS: a total of 209,778,144 voting rights were represented by the presence of shareholders at the time of voting; therein 202,415,149votes for (incl. 84,722,294 voting rights cast by electronic method), 7,858 votes against (incl. 7,858 voting rights cast by electronic method), 0 invalid votes and 7,355,137 votes abstention /no votes (incl. 7,270,307 voting rights cast by electronic method).

RESOLVED, 96.49% of total represented voting rights present voted for and this proposal was approved as proposed.

Item Four:

(Proposed by the Board of Directors.)

Release of non-competition restrictions for Directors

Description:

- 1. According to Article 209, Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- 2. The newly added concurrent positions of directors and representatives of this company shall be defined as follows:

Title	Name	Newly added concurrent positions at other companies
	Dawan Technology Company	Director of TSH Biopharm Company Limited
Director	Limited.	Director of American Taiwan Biopharm Co., Ltd.
	Representative: Carl Hsiao	Director of Dawan Technology Company Limited

VOTING RESULTS: a total of 209,778,144 voting rights were represented by the presence of shareholders at the time of voting; therein 198,031,987votes for (incl. 80,339,132 voting rights cast by electronic method), 22,342 votes against (incl. 22,342 voting rights cast by electronic method), 0 invalid votes and 11,723,815 votes abstention /no votes (incl. 11,638,985 voting rights cast by electronic method).

RESOLVED, 94.40% of total represented voting rights present voted for and this proposal was approved as proposed.

- VI. Extraordinary Motions: None.
- VII. Adjournment: The Chairman announced the meeting adjourned at 9:30 am on June 25, 2019.

Attachment 1

TTY BIOPHARM COMPANY LIMITED Business Report

I. The Company's Business Result for year 2018

(1) Business Plan Implementation Result

The Company's consolidated net business revenue for year 2018 reached NT\$4,036,196 thousands, which represents reduction by NT\$42,564 thousands (-1.04%) compared to the revenue of NT\$4,078,760 thousands for year 2017. This decrease was mainly caused by no agent revenue for the sales of influenza vaccine for year 2018. Net profit attributed to the parent company for year 2018 totaled NT\$1,461,381 thousands which represents an increase by NT\$116,650 thousands (8.67%) compared to that of NT\$1,344,731 thousands in year 2017. This was mainly because the more gain from disposal of investment in year 2018 than that in year 2017.

(2) Budget Implementation Status

The Company's net business revenue for 2018 is NT\$ 3,555,620 thousands, Pre-tax net profit is NT\$ 1,667,812 thousands, achieving 114.24% of the annual budget target.

Item	Year	2018	2017
Income &	Interest Income (in thousands)	2,406	3,408
Expenditure	Interest Expenditure (in thousands)	17,202	25,191
	Return on Assets %	17.22	15.77
Profitability	Return on Equity %	25.86	24.73
Analysis	Net Profit Margin %	41.10	36.62
	Earnings Per Share (NTD)	5.88	5.41

(3) Income & Expenditure and Profitability Analysis

(4) Research & Development Status

TTY Biopharm has accumulated professional capabilities in the development and manufacture of drugs and provides comprehensive solutions in the field of drug delivery systems. Dosage development includes development of formulations, analysis methodology and processes, animal testing, functional formulation, GMP manufacturing, and CMC preparation. We are firmly committed to our core philosophy to benefit more patients and maximizing shareholder value. We have established a subsidiary as a joint venture with our Dutch partner. This subsidiary specializes in the development of drugs for the treatment of brain diseases. The goal lies in the development of new drugs for the treatment of acute from Multiple Sclerosis by relying on the company's specialized liposome technology platform. In addition, the Company is also actively engaged in the research and development of long-acting microsphere products for the treatment of Acromegaly and functional gastric, intestinal, and pancreatic endocrine tumors. Overseas markets for two liposome products are developed in cooperation with large international companies. The company has achieved the milestone as "three-batch validation" and actively implements relevant procedures to accelerate access to overseas markets. The leading position in core competitive areas is constantly advanced based on a strategy of developing technology platforms of great width and depth.

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 2019, the Company expects to sell 347,000 thousands tablets of oral products and 5,500 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

Under the impact of regional industrial competition, China, India, and Southeast Asian countries have successively stepped into generic drug industry, which has led to a status of cutthroat price war. In addition, Taiwanese drug manufacturers lack economies of scale, which coupled with insufficient domestic demand has resulted in excessive competition and staggers development of the drug market in Taiwan.

In addition, production costs have been constantly rising upon implementation of PIC/S in the wake of the enactment of increasingly strict laws and regulations. Besides that, prices for drugs covered by National Health Insurance have been adjusted numerous times, which has led to an imbalance between input and output and a further squeeze on revenues and profits of drug manufacturers.

According to a report released by the Center for Economic Forecasting of the Chung-Hua Institution for Economic Research, the forecasted growth rate for the US economy in 2019 is 2.7%, which is lower than that of 2.9% in 2018. Growth rate of Euro Zone (UK not included) was expected to 1.6% in 2019, which is lower than that of 2.1% in 2018. Mainland China is expected to maintain a growth rate of around 6.1% in 2019, which is still 0.5% lower than that in 2018 and also represents a record low since 1990 (3.2%). The forecasted growth rate for Taiwan in 2019, on the other hand, is 2.18% which also marks a drop from the reported 2.62% in 2018. These statistics clearly shows that global economic recovery has lost momentum compared to 2018. In view of the weakening economic environment, enterprises will face serious challenges in the fields of business expansion and cost control efficiency in 2019. TTY Biopharm will continue to increase its revenues through expansion of sales channels and acquisition of new indications. At the same time, the company is firmly committed to controlling overhead budgets to maximize shareholder equity.

Chairman of the Board: Lin, Chuan

Responsible Management: Hsiao, Ying-Chun

Responsible Accountant: Wang, Shu-Wen

TTY BIOPHARM COMPANY LIMITED Audit Committee's Review Report on the 2018 Financial Statements

The Board of Directors presented the year 2018 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: 2019 Annual Meeting of Shareholders of the Company

Hsueh, Ming-Ling Chairman of the Audit Committee March 26, 2019



安候建業解合會計師重務的 **KPMG**

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Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited:

Opinion

We have audited the accompanying financial statements of TTY Biopharm Company Limited ("the Company"), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years then ended, 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, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

We conducted our audits 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 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. Revenue recognition

Please refer to Note 4(q) of the financial statements for the accounting principles on revenue recognition.



Key audit matters:

The Company's operating revenue was \$3,555,620 thousand in 2018, and it has a significant impact on financial statement if operating revenue is not fairly presented. Therefore, the cut-off date of operating revenue is one of the important issue in performing our audit procedures.

Auditing procedures performed:

- Testing the effectiveness of the design and implementing the internal control system of sales and collection operation.
- Testing the samples of sales transaction before and after the balance sheet date to ensure the correctness of sales revenue.
- Inspecting the related documents to ensure the adequacy and the reasonableness of revenue recognition.
- 2. Inventory valuation

Please refer to Notes 4(g), 5 and 6(e) 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 Company's primary operating items are manufacturing and processing various kinds of pharmaceuticals. 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. If the assessment of the net realizable value of the inventory is not appropriate, it will lead to a material misstatement of the financial statements.

Auditing procedures performed:

- Overviewing the stock ageing list, analyzing the movement of stock ageing by period;
- Obtaining the certificate documents to verify the correctness of the stock's expiry date; and
- Sampling the replacement cost and market price of material, and recalculating the net realizable value by marketing expense rate, to ensure the reasonableness of the net realizable value adopted by the Company.

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 6.85% and 8.13% of the related total assets as of December 31, 2018 and 2017, respectively, and the related investment gains represented 1.23% and 4.39% of the profit before tax for the years ended December 31, 2018 and 2017, 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 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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.



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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 26, 2019

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and 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 independent 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 independent auditors' report and financial statements, the Chinese version shall prevail.

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

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Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

December 31, 2018 December 31, 2017 Amount % Amount %		S 1,150,000 14 1,650,000 19	5,337	2,397 - 36,882 -	2	1	412,992 5 432,245 5	,		1,870,292 23 2,652,362 30		350,000 4 250,000 3	278,700 3 298,136 3	58,459 1 54,310 -	,	4,148 -	694,426 8 6	2,564.718 31 3,269,903 36		2.486.500 30 2.486.500 27	4 396,113	10	110154			60 <u>5</u>	100 8,766,679
Liabilities and Equity	Current liabilities:	Short-term borrowings (note 6(j) and (u))	Contract liabilities-current(note 6(q) and 7)	Notes payable (note 6(u))	Accounts payable (note 6(u))	Current tax liabilities	Other payables (note 6(u))	Other current liabilities	Long-term liabilities, current portion (note 6(u))		Non-Current liabilities:	Long-term borrowings (note 6(k) and (u))	Deferred tax liabilities (note 6(n))	Net defined benefit liability, non-current (note 6(m))	Guarantee deposits received (note 6(u) and 7)	Credit balance of investments accounted for using equity method (note 6(f))		Total liabilities	Equity (note 6(0)):	Capital stock	Capital sumlus	Legal reserve	Shecial meetro	Inantrontisted retained estructor	Other contriviations of the second seco	Total equity	Total liabilities and equity
		2100	2130	2150	2170	2230	2200	2300	2320			2540	2570	2640	2645	2650				3100	3200	3310	1320	1350	3400		
December 31, 2017 Amount %	I	759,043 9	47.640 1	802.985 9	52,641 1	82.383 1	525,503 7	14,412 -	ı	<u> 1,461</u>	2,386,068 28		•		47,200 1	3,327,751 37	2,513,641 29	77,644	9,189 -	25,324 -	165,320 2	22,939 -	7,275 -	124,007 1	60.321 1	380,611 72	8,766,679 100
December .		75	4	80	Ś	~	62	-	,		2,38		'		7	3,32	2,51	-		[7]	16	(1		1		6.38	8,76
2018		5 6	• •	69	' m	-	3	•	, 80	· _1	<u>9</u> 24		- 0		•	0 39	4 30	9 1	- 7	•	3	، ۲		6 2		2 76	<u>[]</u>
December 31, 2018 Amount %		505,615	20,174	736,126	32,103	81,401	703,133	22,758	17,888	3.591	2,122,789		48,720			3,220,470	2,438,554	77,289	32,472	22,083	184,243	22,322	13,357	143,086	43,366	6,245,962	8,368,751
Decel		ŝ									ļ																ŝ
Assets	Current assets:	Cash and cash equivalents (note 6(a) and (u))	Notes receivable, net (note 6(d) and (u))	Accounts receivable, net (note 6(d) and (u))	Accounts receivable due from related parties, net (note 6(d), (u) and 7)	Other receivables, net (note 6(u) and 7)	Inventories (note 6 (e))	Prepayments	Other current financial assets (note 6(a) and (u))	Other current assets		Non-current assets:	Non-current financial assets at fair value through other comprehensive	income (note 6(b) and (u))	Non-current available-for-sale financial assets, net (note 6(c) and (u))	Investments accounted for using equity method, net (note 6(f))	Property, plant and equipment (note 6(g))	Investment property, net (note (h))	Intangible assets (note 6(i))	Deferred tax assets (note 6(n))	Prepayments for business facilities	Refundable deposits paid (note 6(u))	Cash surrender value of life insurance (note 6(u))	Other non-current financial assets (note 6(a), (u) and 8)	Other non-current assets		Total assets
		1100	1150	1170	1180	1200	130X	1410	1476	1470			1517		1523	1550	1600	1760	1780	1840	1915	1920	1981	1984	1990		

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

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

			2018		2017	
			Amount	%	Amount	%
4000	Operating revenue (note 6(q), (r) and 7)	\$	3,555,620	100	3,672,040	100
5000	Operating costs (note 6(e) and 7)		1,246,982	35	1,321.777	36
	Gross profit	_	2,308,638	65	2,350,263	64
5910	Less: Unrealized profit (loss) from sales		10,400	-	10,004	-
5920	Add:Realized profit (loss) from sales		10,004		7,550	
	Gross profit, net		2,308,242	65	2,347.809	64
6000	Operating expenses (note 6(m) and 12):					
6100	Selling expenses		760,967	21	689,514	19
6200	Administrative expenses		260,029	7	226,955	6
6300	Research and development expenses		230,595	6	219.126	6
			1,251,591	34	1,135,595	31
	Net operating income		1,056,651	31	1,212,214	33
	Non-operating income and losses (note 6(t) and 7):					
7010	Other income		16,645	-	20,058	1
7020	Other gains and losses, net		527,982	15	225,646	6
7050	Finance costs, net		(17,202)	-	(25,191)	(1)
7070	Share of profit of subsidiaries and associates accounted for using equity		83,736	2	130.971	4
	method (note 6(f))					
			611,161	<u> 17</u>	351.484	10
	Profit before tax		1,667,812	48	1,563,698	43
7950	Less: Income tax expense (note 6(n))	_	206.431	6	218.967	6
	Profit for the year	_	1.461.381	<u> 42</u>	1.344.731	37
8300	Other comprehensive income:					
8310	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans		(4,102)	-	(9,701)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		1,520	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	<u> </u>	*
	1		(2.582)	-	(9,701)	-
8360	Components of other comprehensive income that may be reclassified to profit or loss	_				
8361	Exchange differences on translation		49,343	1	(117,339)	(3)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets		-	-	(23,600)	(1)
8380	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss		(20,203)	(1)	(141,661)	(4)
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	_	(6.252)	<u> </u>	19,943	1
	Components of other comprehensive income that may be reclassified to profit or loss	_	22.888		(262,657)	(7)
8300	Other comprehensive income for the year, net of tax		20,306		(272.358)	(7)
	Total comprehensive income for the year	\$	1,481,687	<u> 42</u>	1,072,373	30
	Earnings per share, net of tax (note 6(p))					
	Basic earnings per share	\$		5.88		5.41
	Diluted earnings per share	\$		5.87		5.40

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Cash Bows from (used in operating activities: I.563.698 Adjustments to reconcile profit (loss): IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII			2018	2017
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Dividends received $98,442$ $133,732$ Interest paid $(17,342)$ $(25,074)$ Income taxes paid $(225,965)$ $(271,775)$ Net cash flows from operating activities $1.103,663$ $996,984$ Cash flows from (used in) investing activities: $1.103,663$ $996,984$ Acquisition of investments accounted for using equity method $ (50,000)$ Proceeds from disposal of investments accounted for using equity method $ (41,512)$ Acquisition of property, plant and equipment $(41,512)$ $(83,027)$ Proceeds from disposal of property, plant and equipment 118 114 Decrease (increase) in refundable deposits 617 $(2,994)$ Acquisition of intangible assets $(36,967)$ $7,390$ Increase in other non-current assets $(6,083)$ $(49,962)$ Net cash flows from investing activities $469,474$ $23,613$ Cash flows from investing activities: $6,257,500$ $8,719,000$ Decrease in short-term loans $6,257,500$ $8,719,000$ Decrease in short-term loans $(500,000)$ $250,000$ Repayments of long-term loans $(500,000)$ $(530,000)$ Proceeds from long-term loans $(500,000)$ $(530,000)$ Net cash flows used in financing activities $(7,640)$ 152 Cash dividends paid $(1,118,225)$ $(944,870)$ Net cash flows from uses in cash and cash equivalents $(225,428)$ $196,869$ Net cash flows used in financing activities $(253,428)$ $196,869$ Cash	Cash inflow generated from operations		1,246,122	1,156,693
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Income taxes paid(225,965)(271,775)Net cash flows from operating activities:1,103,663996,984Cash flows from (used in) investing activities:.(50,000)Proceeds from disposal of investments accounted for using equity method591,629213,714Acquisition of property, plant and equipment.(41,512)(83,027)Proceeds from disposal of property, plant and equipment.617(2,994)Acquisition of intangible assets(12,117)(700)Decrease (increase) in other financial assetsIncrease in prepayments for business facilitiesIncrease in other non-current assetsIncrease in short-term loansDecrease in short-term loansIncrease in short-term loans <td>Dividends received</td> <td></td> <td>98,442</td> <td>133,732</td>	Dividends received		98,442	133,732
Income taxes paid(225,965)(271,775)Net cash flows from operating activities1.103,663996,984Cash flows from (used in) investing activities:.(50,000)Proceeds from disposal of investments accounted for using equity method591,629213,714Acquisition of property, plant and equipment(41,512)(83,027)Proceeds from disposal of property, plant and equipment118114Decrease (increase) in refundable deposits617(2,994)Acquisition of intangible assets(12,117)(700)Decrease (increase) in other financial assets(36,967)7,390Increase in prepayments for business facilities(26,211)(10,922)Increase in other non-current assets(6,083)(49,962)Net cash flows from (used in) financing activities469,47423,613Cash flows from long-term loans(500,000)(530,000)Proceeds from long-term loans(500,000)(500,000)Proceeds from long-term loans(500,000)(530,000)Net cash flows used in financing activities(1,118,925)(944,870)Net cash flows used in financing activities(1,118,925)(944,870)Net cash flows used in financing activities(1,118,925)(944,870)Net cash flows used in financing activities(253,428)196,869Cash dividends paid(1,128,255)(823,728)Net cash flows used in financing activities(253,428)196,869Cash and cash equivalents(253,428)196,869Cash and cash equivalen	Interest paid		(17,342)	(25,074)
Cash flows from (used in) investing activities:.Acquisition of investments accounted for using equity method-(50,000)Proceeds from disposal of investments accounted for using equity method591,629213,714Acquisition of property, plant and equipment(41,512)(83,027)Proceeds from disposal of property, plant and equipment118114Decrease (increase) in refundable deposits617(2,994)Acquisition of intangible assets(12,117)(700)Decrease (increase) in other financial assets(36,967)7,390Increase in other non-current assets(6,083)(49,962)Net cash flows from investing activities469,47423,613Cash flows from (used in) financing activities:6,257,5008,719,000Decrease in short-term loans(6,757,500)(8,318,010)Proceeds from long-term loans(500,000)(530,000)(Decrease) increase in guarantee deposits received(7,640)152Cash flows used in financing activities(11,18,22)(944,870)Net cash flows used in financing activities(11,18,22)(944,870)Net cash flows used in financing activities(530,000)(530,000)Net cash flows used in financing activities(253,428)152Cash dividends paid(1,182,656)(823,728)Net cash flows used in financing activities(253,428)196,869Cash and cash equivalents at beginning of year759,043562,174			(225,965)	(271, 775)
Cash flows from (used in) investing activities:.Acquisition of investments accounted for using equity method-(50,000)Proceeds from disposal of investments accounted for using equity method591,629213,714Acquisition of property, plant and equipment(41,512)(83,027)Proceeds from disposal of property, plant and equipment118114Decrease (increase) in refundable deposits617(2,994)Acquisition of intangible assets(12,117)(700)Decrease (increase) in other financial assets(36,967)7,390Increase in other non-current assets(6,083)(49,962)Net cash flows from investing activities469,47423,613Cash flows from (used in) financing activities:6,257,5008,719,000Decrease in short-term loans(6,757,500)(8,318,010)Proceeds from long-term loans(500,000)(530,000)(Decrease) increase in guarantee deposits received(7,640)152Cash flows used in financing activities(11,18,22)(944,870)Net cash flows used in financing activities(11,18,22)(944,870)Net cash flows used in financing activities(530,000)(530,000)Net cash flows used in financing activities(253,428)152Cash dividends paid(1,182,656)(823,728)Net cash flows used in financing activities(253,428)196,869Cash and cash equivalents at beginning of year759,043562,174	Net cash flows from operating activities		1,103,663	996,984
Acquisition of investments accounted for using equity method-(50,000)Proceeds from disposal of investments accounted for using equity method591,629213,714Acquisition of property, plant and equipment(41,512)(83,027)Proceeds from disposal of property, plant and equipment118114Decrease (increase) in refundable deposits617(2,994)Acquisition of intangible assets(12,117)(700)Decrease (increase) in other financial assets(36,967)7,390Increase in prepayments for business facilities(26,211)(10,922)Increase in other non-current assets(6,083)(49,962)Net cash flows from investing activities469,47423,613Cash flows from investing activities:300,000250,000Increase in short-term loans(500,000)(530,000)Proceeds from long-term loans(500,000)(530,000)Proceeds from long-term loans(500,000)(530,000)(Decrease) increase in guarantee deposits received(7,640)152Cash flows used in financing activities(1,118,925)(944,870)Net cash flows used in financing activities(253,428)196,869Cash and cash equivalents at beginning of year759,043562,174				
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Proceeds from disposal of property, plant and equipment118114Decrease (increase) in refundable deposits 617 $(2,994)$ Acquisition of intangible assets $(12,117)$ (700) Decrease (increase) in other financial assets $(36,967)$ $7,390$ Increase in prepayments for business facilities $(26,211)$ $(10,922)$ Increase in other non-current assets $(6,083)$ $(49,962)$ Net cash flows from investing activities $469,474$ $23,613$ Cash flows from (used in) financing activities: $6,257,500$ $8,719,000$ Decrease in short-term loans $6,257,500$ $8,719,000$ Decrease in short-term loans $(6,083)$ $(42,962)$ Proceeds from long-term loans $(500,000)$ $(530,000)$ Decrease in short-term loans $(500,000)$ $(530,000)$ Decrease in cash and cash equivalents $(1,118,925)$ $(944,870)$ Net cash flows used in financing activities $(1,826,565)$ $(823,728)$ Net (decrease) in crease in cash and cash equivalents $(253,428)$ $196,869$ Cash and cash equivalents at beginning of year $759,043$ $562,174$	Acquisition of property, plant and equipment		(41,512)	(83,027)
Decrease (increase) in refundable deposits617(2,994)Acquisition of intangible assets(12,117)(700)Decrease (increase) in other financial assets(36,967)7,390Increase in prepayments for business facilities(26,211)(10,922)Increase in other non-current assets(6,083)(49,962)Net cash flows from investing activities:469,47423,613Cash flows from (used in) financing activities:6,257,5008,719,000Decrease in short-term loans(6,757,500)(8,318,010)Proceeds from long-term loans300,000250,000Repayments of long-term loans(500,000)(530,000)(Decrease) increase in guarantee deposits received(7,640)152Cash flows used in financing activities(1,118,925)(944,870)Net cash flows used in financing activities(1,826,565)(823,728)Net (decrease) increase in cash and cash equivalents(253,428)196,869Cash and cash equivalents at beginning of year759,043562,174	Proceeds from disposal of property, plant and equipment			
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Cash flows from (used in) financing activities:Increase in short-term loans6,257,5008,719,000Decrease in short-term loans(6,757,500)(8,318,010)Proceeds from long-term loans300,000250,000Repayments of long-term loans(500,000)(530,000)(Decrease) increase in guarantee deposits received(7,640)152Cash dividends paid(1,118,925)(944,870)Net cash flows used in financing activities(1,826,565)(823,728)Net (decrease) increase in cash and cash equivalents(253,428)196,869Cash and cash equivalents at beginning of year759,043562,174				· · · · · · · · · · · · · · · · · · ·
Increase in short-term loans 6,257,500 8,719,000 Decrease in short-term loans (6,757,500) (8,318,010) Proceeds from long-term loans 300,000 250,000 Repayments of long-term loans (500,000) (530,000) (Decrease) increase in guarantee deposits received (7,640) 152 Cash dividends paid (1,118,925) (944,870) Net cash flows used in financing activities (1,826,565) (823,728) Net (decrease) increase in cash and cash equivalents (253,428) 196,869 Cash and cash equivalents at beginning of year 759,043 562,174			407,474	25,015
Decrease in short-term loans (6,757,500) (8,318,010) Proceeds from long-term loans 300,000 250,000 Repayments of long-term loans (500,000) (530,000) (Decrease) increase in guarantee deposits received (7,640) 152 Cash dividends paid (1,118,925) (944,870) Net cash flows used in financing activities (1,826,565) (823,728) Net (decrease) increase in cash and cash equivalents (253,428) 196,869 Cash and cash equivalents at beginning of year 759,043 562,174			6 257 500	8 719 000
Proceeds from long-term loans 300,000 250,000 Repayments of long-term loans (500,000) (530,000) (Decrease) increase in guarantee deposits received (7,640) 152 Cash dividends paid (1,118,925) (944,870) Net cash flows used in financing activities (1,826,565) (823,728) Net (decrease) increase in cash and cash equivalents (253,428) 196,869 Cash and cash equivalents at beginning of year 759,043 562,174				
Repayments of long-term loans (500,000) (530,000) (Decrease) increase in guarantee deposits received (7,640) 152 Cash dividends paid (1,118,925) (944,870) Net cash flows used in financing activities (1,826,565) (823,728) Net (decrease) increase in cash and cash equivalents (253,428) 196,869 Cash and cash equivalents at beginning of year 759,043 562,174				
(Decrease) increase in guarantee deposits received(7,640)152Cash dividends paid(1,118,925)(944,870)Net cash flows used in financing activities(1,826,565)(823,728)Net (decrease) increase in cash and cash equivalents(253,428)196,869Cash and cash equivalents at beginning of year759,043562,174	e e e e e e e e e e e e e e e e e e e			
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Net cash flows used in financing activities(1,826,565)(823,728)Net (decrease) increase in cash and cash equivalents(253,428)196,869Cash and cash equivalents at beginning of year759,043562,174				
Net (decrease) increase in cash and cash equivalents(253,428)196,869Cash and cash equivalents at beginning of year759,043562,174		3 		
Cash and cash equivalents at beginning of year 562.174		8		
Cash and cash equivalents at end of year $3 = 305,015 = 759,043$		e		
	Cash and cash equivalents at end of year	3	303,013	139,043



安侯建業解合會計師重務行 **KPMG**

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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, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 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 audits 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. Revenue recognition

Please refer to Notes 4(q) of the consolidated financial statements for the accounting principles on revenue recognition.



Key audit matters:

The Group's operating revenue is \$4,036,196 thousand, and it has a significant impact on financial statement if operating revenue is not fairly presented. Thesefore, the cut-off date of operating revenue is one of the important issue in performing our audit procedures.

Auditing procedures performed

- Testing the effectiveness of the design and implementing the internal control system of sales and collection operation.
- Testing the samples of sales transaction before and after the balance sheet date to ensure the correctness of sales revenue.
- Inspecting the related documents to ensure the adequacy and the reasonableness of revenue recognition.

2. Inventory valuation

Please refer to Notes 4(h), 5 and Note6(g) 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 Group's primary operating items are manufacturing and processing various kinds of pharmaceuticals. 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. If the assessment of the net realizable value of the inventory is not appropriate, it will lead to a material misstatement of the financial statements.

Auditing procedures performed:

- Overviewing the stock ageing list, analyzing the movement of stock ageing by period;
- Obtaining the certificate documents to verify the correctness of the stock's expiry date; and
- Sampling the replacement cost and market price of material, and recalculating the net realizable value by marketing expense rate, to ensure the reasonableness of net realizable value adopted by the Company.

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 6.33% and 7.50% of the related consolidated total assets as of December 31, 2018 and 2017, respectively, and the related investment gains represented 1.23% and 4.30% of the consolidated profit before tax for the years ended December 31, 2018 and 2017, respectively.



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.
- 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 26, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and 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 independent 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 independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

December 31, 2018 December 31, 2017	Amount % Amount %		1,150,000 13 1,650,000 18	6,405	3,761 - 37,403 -	22,464 -	154,621 2 95,055 1	14,382	132,286 1 131,881 1	469,037 5 496,623 5	41,391 - 49,472 1		1.971.883 21 2.782.898 29		350,000 4 250,000 3	278,723 3 298,136 3	58,459 1 54,310 -	 	<u>689,627</u> 8 612,532 6	2,661,510 29 3.395,430 35		2,486,500 28 2,486,500 27	348,819 4 396,113 4	857,418 9 722,945 8	1	22 1,	46,821 1 22.431 -	5,804,033 65 5.496.776 58	587,592 6 614,861 7	6,391,625 71 6,111,637 65	
Dece	Liabilities and Equity	Current liabilities:	Short-term borrowings (note 6(n) and (z)) \$	Contract liabilities-current(note 6 (u))	Notes payable (note 6(z))	Notes payable due to related parties (note $6(z)$ and 7)	Accounts payable (note 6(z))	Accounts payable due to related parties (note 6(z))	Current tax liabilities	Other payables (note 6(z) and 7)	Other current liabilities	Long-term liabilities, current portion (note 6(o) and (z))	1	Non-Current liabilities:	Long-term borrowings (note 6(0) and (z))	Deferred tax liabilities (note 6(r))	Net defined benefit liability, non-current (note 6(q))	Guarantee deposits received (note 6(z))		Total liabilities	Equity attributable to owners of parent (note 6(s)):	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained carnings	Other equity interest	Equity attributable to the parent company:	Non-controlling interests (note 6(s))	Total equity	
		U	2100	2130	2150	2160	2170	2180	2230	2200	2300	2320		Z .,	2540	2570	2640	2645			I	3100	3200	3310	3320	3350	3400	Π	36XX		
. 2017	8		4 IS	•		1 6	6 10	•	5	3 7	-	5 19		0 (2)		•			•	9 0	11	6 27	- 0		- 5	1 2	<u>۶</u>	5 -	6 1		7 47
December 31, 2017	Amount		1,441.374			73,339	915,846	8,973	73.622	693,713	15,51	1,771,755	2,457	4,996,590		•				286,586	1,024.020	2,548,006	89.023	142,203	30,912	169,161	28,365	7.275	124,326	60,600	4 510 A77
	%		27	-		ı	6	•	-	8	ı	4	•	<u>8</u>				4			=	28	-	5	ı	7	ı	I	7	'	50
December 31, 2018	Amount		; 2,372.294	132,560		40,063	837,003	16,156	76,821	750,888	23,749	398,271	6,796	4,654,601		5,496		322,276			901,648	2,474,331	88,150	153,188	38,072	188,633	26,252	13,357	143,678	43,453	1 209 524
-	Assets	Current assets:	Cash and cash equivalents (note 6(a), (z) and 7)	Current financial assets at fair value through other comprehensive income	(note 6(c) and (z))	Notes receivable, net (note 6(c), (z) and 7)	Accounts receivable, net (note 6(e) and (z))	Accounts receivable due from related parties, net (note 6(c), (z) and 7)	Other receivables, net (note 6(f), (z) and 7)	Inventories (note 6 (g))	Prepayments	Other current financial assets (note 6(a), (m), and (z))	Other current assets (note 6(m))		Non-current assets:	Non-current financial assets at fair value through profit or loss (note 6(b)	and (z))	Non-current financial assets at fair value through other comprehensive		Non-current available-for-sale financial assets, net (note 6(d) and (z))	Investments accounted for using equity method, net (note 6(h))	Property, plant and equipment (note 6(j))	Investment property, net (note 6(k))	Intangible assets (note 6(l))	Deferred tax assets (note 6(r))	Prepayments for business facilities	Refundable deposits paid (note 6(z))	Cash surrender value of life insurance (note 6(z))	Other non-current financial assets (note 6(a), (m), (z) and 8)	Other non-current assets (note 6(m))	
			0011	1120		1150	1170	1180	1200	130X	1410	1476	1470			1510		1517		1523	1550	1600	1760	1780	1840	1915	920	1981	1984	1990	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese) TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARUES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (note 6(u), (v) and 7)	\$ 4,036,196	100	4,078,760	100
5000	Operating costs (note 6(g) and 7)	1.372,317	35	1,407,701	35
	Gross profit	2,663,879	65	2,671,059	65
5910	Less:Unrealized profit (loss) from sales	7,046	-	6,346	-
5920	Add:Realized profit (loss) from sales	6,346		4,132	
	Gross profit, net	2,663,179	65	2,668,845	65
6000	Operating expenses (note 6(q), and 12):				
6100	Selling expenses	903,799	22	824,571	20
6200	Administrative expenses	344,496	9	291,609	7
6300	Research and development expenses	361,063	9	295,675	7
6450	Reversal of provision for bad debt expense	(5,856)	-		
	Total operating expenses	1,603,502	40	1,411,855	34
	Net operating income	1,059,677	25	1,256,990	31
	Non-operating income and losses (note 6(x) and 7):				
7010	Other income	42,634	1	35,135	1
7020	Other gains and losses, net	530,118	13	214,440	5
7050	Finance costs, net	(17,287)	-	(25,191)	(1)
7070	Share of profit of associates accounted for using equity method, net (note 6(h))	52,926		113,693	<u> </u>
	Total non-operating income and losses	608,391	15	338,077	8
	Profit before tax	1,668,068	40	1,595,067	39
7950	Less: Income tax expense (note 6(r))	205,769	5	226,753	6
	Profit for the year	1.462,299	35	1.368.314	33
8300	Other comprehensive income:	-			
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(4,102)	-	(9,701)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,368)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		<u> </u>	<u> </u>	_ <u></u>
		(5,470)		(9,701)	
8360	Components of other comprehensive income that may be reclassified to profit or loss				
8361	Exchange differences on translation	49,336	1	(117,382)	(3)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(273,278)	(7)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	(18,572)	-	(642)	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	(6,252)		19,943	<u> </u>
	Components of other comprehensive income that may be reclassified to profit or loss	24,512	<u> </u>	<u>(371,359</u>)	<u>(10</u>)
8300	Other comprehensive income, net	19,042	<u> </u>	(381,060)	<u>(10</u>)
	Total comprehensive income for the year	\$ <u>1,481,341</u>	36	987,254	
	Profit attributable to:				
	Owners of parent	\$ 1,461,381	35	1,344,731	32
	Non-controlling interests	918	<u> </u>	23.583	<u> </u>
		\$ <u>1,462,299</u>	<u> </u>	1,368,314	33
	Comprehensive income attributable to:				
	Owners of parent	\$ 1,481,687	36	1,072,373	25
	Non-controlling interests	(346)	<u> </u>	(85,119)	(2)
		\$ <u>1,481,341</u>	36	987,254	23
	Earnings per share, net of tax (note 6(t))				
	Basic earnings per share	s	5.88		5.41
	Diluted earnings per share	s	5.87		5.40

English Translation of Consolidated Financial Statements TTY BIOPHARM COMPANY LIMITED A
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Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Total other equity interest

Equity attributable to owners of parent

	Share capital	1	R	Retained carnings	S		Unrealized gains		0			
							(losses) on financial assets					
						Exchange	measured at fair Unrealized gains	Jnrealized gains				
							value through	(losses) on		Total equity		
					Unappropriated		other	available-for-		0	Non-	
	Ordinary	Capital		Special	retained	a	comprehensive	sial	Total other	Ŀ	50	-
	shares	surplus	Legal reserve	reserve	carnings	statements	Income	1	equity interest	parent	1	I otal equity
Balance on January 1, 2017	\$ 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 for the year					1.344.731					1.344.731	23,583	1,368,314
Other comprehensive income	,	,	r.		(9,701)	(97.372)	•	(165,285)	(262,657)	(272,358)	(108,702)	(381,060)
Total comprehensive income	.			-	1.335.030	(97.372)		(165.285)	(262,657)	1,072,373	(85,119)	987,254
Annronriation and distribution of retained carnings:												
Legal reserve appropriated	,	,	119.332		(119.332)	,	,				,	
Cash dividends of ordinary share distributed	•	,	ì	,	(944.870)	x	a	r		(944, 870)	(51, 804)	(996.674)
Other changes in capital surplus:												
Changes in equity of associates accounted for using		5,070	ĸ	1	ı.	,	•	T	·	5,070		5,070
equity method												
Disposal of subsidiaries or investments accounted for using	r.	(14.325)	ē	č		æ	1	818	T.	(14, 325)	•	(14, 325)
equity method												
Changes in non-controlling interests				,		,					120,000	120,000
Balance on December 31, 2017	2,486,500	396,113	722.945	110.154	1,758.633	(99,734)		122,165	22,431	5,496,776	614,861	6,111,637
Effects of retrospective application				,	(43)		122,167	(122,165)	2	(41)		(41)
Equity at beginning of period after adjustments	2,486,500	396,113	722.945	110,154	1.758,590	(99,734)	122,167	r	22,433	5,496,735	614.861	6,111,596
Profit for the year	ł	•	,	,	1.461.381	ĸ		I.	E	1,461,381	918	1.462,299
Other comprehensive income					(4,102)	43.040	(18.632)		24,408	20,306	(1.264)	19,042
Total comprehensive income	•		,		1.457.279	43,040	(18,632)		24,408	1,481,687	(346)	1.481.341
Appropriation and distribution of retained earnings:												
Legal reserve appropriated		,	134,473	3	(134.473)	,	9	a	а		,	
Cash dividends of ordinary share distributed		,	,	3	(1.118.925)	,			1	(1,118,925)	(35,093)	(1,154,018)
Other changes in capital surplus:												
Changes in equity of associates accounted for using	,	(10.703)		ï	ī	ĩ	ı	r	x	(10,703)	ı	(10,703)
equity method												
Disposal of subsidiaries or investments accounted for using		(36, 591)	i	ŀ	,	i		I.	R	(36, 591)	ę	(36, 591)
equity method												
Changes in ownership interests in subsidiaries		ł	•		(8.170)	ł				(8.170)	8,170	
Disposal of investments in equity instruments designated at			.	.	20		(20)		(20)			
fair value through other comprehensive income Bolonce on December 31, 2018	005 386 500	018 8Ft	814 738	F51 011	1 Ct F56 1	(669 95)	103 515		46.821	110 F08 5	587 502	263 105 3
Datatice of December 21, 2010		10000				(Johnsh	2126201			200te onto		CHOLI LOLO

See accompanying notes to financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018	2017
Cash flows from (used in) operating activities: Profit before tax	s	1,668,068	1,595,067
Adjustments:	Φ	1,000,000	1,090,007
Adjustments to reconcile profit (loss):			
Depreciation expense		127,376	133,246
Amortization expense		18,180	8,143
Reversal of provision for bad debt expense		(5,856) 406	-
Net loss on financial assets or liabilities at fair value through profit or loss Interest expense		17,287	25,191
Interest expense		(32,111)	(22,273)
Dividend income		(373)	-
Share of profit of associates accounted for using equity method		(52,926)	(113,693)
Loss on disposal of property, plant and equipment		1,113	1,967
Gain on disposal of investments accounted for using equity method		(495,569) 7,046	(222,174) 6,346
Unrealized profit (loss) from sales Realized loss (profit) from sales		(6,346)	(4,132)
Allocation of deferred income		(988)	(1,010)
Decrease in provisions		<u> </u>	(5,327)
Total adjustments to reconcile profit (loss)		(422,761)	(193.716)
Changes in operating assets and liabilities:			
Changes in operating assets: Notes receivable		33,276	(11,061)
Accounts receivable		77,556	(128,037)
Other receivable		(32,506)	3,264
Inventories		(57,214)	(128,256)
Prepayments		(11.369)	13,019
Total changes in operating assets	<u></u>	9,743	(251,071)
Changes in operating liabilities: Current contract liabilities		(15,147)	-
Notes payable		(56,106)	43,295
Accounts payable		73,964	11,427
Other payable		(26,978)	14,394
Other current liabilities		13,284	932
Net defined benefit liability		(10.936)	<u>(12)</u> 70.036
Total changes in operating liabilities Total changes in operating assets and liabilities		(1.193)	(181.035)
Total adjustments		(423.954)	(374,751)
Cash inflow generated from operations		1,244,114	1,220,316
Interest received		32,076	20,974
Dividends received		53,272 (17,427)	66,502 (25,074)
Interest paid Income taxes paid		(238,237)	(286,198)
Net cash flows from operating activities		1,073.798	996,520
Cash flows from (used in) investing activities:			
Acoustion of financial assets at fair value through other comprehensive income		(170,063)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		50	-
Acquisition of financial assets at fair value through profit or loss Acquisition of available-for-sale financial assets		(5,507)	(20,659)
Proceeds from disposal of investments accounted for using equity method		591,629	213,714
Acquisition of property, plant and equipment		(46,871)	(83,787)
Proceeds from disposal of property, plant and equipment		158	114
Decrease (increase) in refundable deposits paid		2,116	(4,367)
Acquisition of intangible assets		(12,210) 1,370,220	(700) (771,268)
Decrease (increase) in other financial assets Increase in prepayments for business facilities		(27,224)	(13,004)
Increase in other non-current assets		(5,899)	(50,110)
Net cash flows from investing activities		1.696,399	(730,067)
Cash flows from (used in) financing activities:		6 0 5 0 5 0 0	0 510 000
Increase in short-term loans		6,272,730 (6,772,730)	8,719,000 (8,318,010)
Decrease in short-term loans Proceeds from long-term debt		300,000	250,000
Repayments of long-term debt		(500,000)	(530,000)
Decrease in guarantee deposits received		(7,640)	101
Cash dividends paid		(1,118,925)	(944,870)
Change in non-controlling interests		(1861.658)	(51,804)
Net cash flows used in financing activities Effect of exchange rate changes on cash and cash equivalents		<u>(1,861,658)</u> 22,381	<u>(875,583</u>) (58,209)
Effect of exchange rate changes on cash and cash equivalents Net increase (decrease) in cash and cash equivalents		930,920	(667,339)
Cash and cash equivalents at beginning of year		1,441,374	2,108,713
Cash and cash equivalents at end of year	\$	2,372,294	1,441,374
· -			

TTY BIOPHARM COMPANY LIMITED Distribution of 2018 Profits Table

Unit: NTD

Item	Amount	Note
Unappropriated retained earnings of previous years	505,235,524	
Less: 2018 retained earnings adjustment	12,294,838	Remeasurements effects of defined benefit plans, Effects of retrospective application and Changes in equity of associates accounted for using equity method, ect.
Unappropriated retained earnings after adjustments	492,940,686	
Add: 2018 Net profit after tax for the year	1,461,380,665	
Less: Appropriated as legal capital reserve (10%)	146,138,067	
Retained earnings available for distribution as of December 31, 2018	1,808,138,284	
Allocation Items		
Cash Dividends to Shareholders	1,118,924,816	Cash dividends of NT\$4.5 per share
Unappropriated retained earnings as of December 31, 2018	689,258,468	

Note:

1. Total 248,649,959 outstanding common shares

2. The year 2018 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

TTY BIOPHARM COMPANY LIMITED

Procedures for Acquisition or Disposal of Assets Amendment Comparison Table

Before amendment	After amendment		Reason for amendment
Article 2	Article 2	1.	To add paragraph 5 to
Scope of Assets:	Scope of Assets:		correspond to regulation.
The term "assets" as used in these	The term "assets" as used in these		Also move original
Procedures includes the following:	Procedures includes the following:		paragraph 5 (usage right
1. Nil.	1. Nil.		of land) to paragraph 5 as
2. Real property (including land,	2. Real property (including land,	0	regulated.
houses and buildings, investment		Ż.	Original paragraph 5 to 8
property, rights to use land, and	property, rights to use land, and		move to paragraph 6 to 9.
construction enterprise inventory)	construction enterprise inventory)		
and equipment.	and equipment.		
3. Nil.	3. Nil.		
4. Nil.	4. Nil.		
<u>5.</u> Claims of financial institutions	5. Right-of-use assets		
(including receivables, bills	6. Claims of financial institutions		
purchased and discounted, loans,	(including receivables, bills		
and overdue receivables).	purchased and discounted, loans,		
<u>6.</u> Derivatives.	and overdue receivables).		
<u>7.</u> Assets acquired or disposed of in	7. Derivatives.		
connection with mergers,	<u>8.</u> Assets acquired or disposed of in		
demergers, acquisitions, or transfer	connection with mergers,		
of shares in accordance with law.	demergers, acquisitions, or transfer		
<u>8.</u> Other major assets: Related matters	of shares in accordance with law.		
of acquisition and disposal of such	<u>9.</u> Other major assets: Related matters		
assets shall be processed in	of acquisition and disposal of such		
accordance with these Procedures	assets shall be processed in		
hereto.	accordance with these Procedures		
	hereto.	4	
Article 3	Article 3	1.	
Definition of Terms:	Definition of Terms:		in correspondence with
Terms used in these Procedures are	Terms used in these Procedures are	~	regulations
defined as follows:	defined as follows:	2.	Word Modification
1. Derivatives: Forward contracts,	1. Derivatives: Forward contracts,		
options contracts, futures contracts,	options contracts, futures contracts,		
leverage contracts, and swap	leverage contracts, or swap		
contracts, and compound contracts	contracts, whose value is derived		
combining the above products,	from <u>a specified</u> interest <u>rate</u> ,		
whose value is derived from <u>assets</u> ,	financial instrument price,		
interest <u>rates</u> , foreign exchange	commodity price, foreign exchange		
rates, indexes or other interests. The	rate, index of prices or rates, credit		
term "forward contracts" does not	rating or credit index, or other		
include insurance contracts,	variable; or hybrid contracts		
performance contracts, after-sales	combining the above contracts; or		
service contracts, long-term leasing	hybrid contracts or structured		

Before amendment	After amendment	Reason for amendment
	securities business.	
Article 4 Operation Procedures for Acquisition or Disposal of Assets: 1. The Company's "Internal Approval	or Disposal of Assets: 1. The Company's "Internal Approval	 Amendment was made in correspondence with regulations Word Modification
Authority Guidelines" shall prepare asset acquisition or disposal approval authority in accordance with authorized amounts and levels prescribed in these Procedures hereto. Acquisition or disposal of various assets shall only be conducted after being approved in accordance with "Internal Approval Authority Guidelines. 2. Authorization Amounts and Levels:	Authority Guidelines" shall prepare asset acquisition or disposal approval authority in accordance with authorized amounts and levels prescribed in these <u>Handling</u> Procedures hereto. Acquisition or disposal of various assets shall only be conducted after being approved in accordance with "Internal Approval Authority Guidelines. 2. Authorization Amounts and Levels:	
 (1) Acquisition or disposal of long term equities investment shall be submitted to the Board of Directors' Meeting for approval. 	 (1) Acquisition or disposal of long term equities investment shall be submitted to the Board of Directors' Meeting for approval. 	
Contents for other securities and investment amount limits shall be submitted to the Board of	Contents for other securities and investment amount limits shall be submitted to the Board of	
Directors' Meeting for approval before being executed by the Board Director within approved limits.	Directors' Meeting for approval before being executed by the Board Director within approved limits.	
 (2) For acquisition or disposal of real property, equipment or <u>intangible asset</u>, approval from the Board of Directors' Meeting shall be obtained after 	 (2) For acquisition or disposal of real property, equipment or <u>right-of-use assets</u>, approval from the Board of Directors' Meeting shall be obtained after 	
acquisition or disposal is made for amount exceeding NTD5 million. As for amounts exceeding NTD10 million, prior	acquisition or disposal is made for amount exceeding NTD5 million. As for amounts exceeding NTD10 million, prior	
 approval from the Board of Directors' Meeting shall be obtained before being executed. (3) In principle, the Company will 	approval from the Board of Directors' Meeting shall be obtained before being executed. (3) In principle, the Company will	
not be engaged in acquisition or disposal of membership card or financial institution's claim trading. In the event of necessity of such trading from business needs, such trading will be	not be engaged in acquisition or disposal of membership card or financial institution's claim trading. In the event of necessity of such trading from business needs, such trading will be	
submitted to the Board of Directors' Meeting for approval	submitted to the Board of Directors' Meeting for approval	

Before amendment	After amendment	Reason for amendment
before related operation	before related operation	
procedures are drafted.	procedures are drafted.	
3. Assessment, Operation Procedures	3. Assessment, Operation Procedures	
and Implementation Unit:	and Implementation Unit:	
(1) For acquisition or disposal of	(1) For acquisition or disposal of	
long term equities investment,	long term equities investment,	
supervisors of related	supervisors of related	
departments shall form an	departments shall form an	
investment assessment team to	investment assessment team to	
conduct feasibility assessment.	conduct feasibility assessment.	
Acquisition or disposal of other	Acquisition or disposal of other	
securities shall be assessed by	securities shall be assessed by	
financial and accounting units.	financial and accounting units.	
Financial and accounting units	Financial and accounting units	
shall be responsible for	shall be responsible for	
execution after aforementioned	execution after aforementioned	
investments have been approved	investments have been approved	
in accordance with approval	in accordance with approval	
authority.	authority.	
(2)With respect to acquisition of	(2) With respect to acquisition of	
real property and equipment,	real property and equipment or	
demanding unit shall first	right-of-use assets, demanding	
prepare a capital expenditure	unit shall first prepare a capital	
plan and feasibility assessment,	expenditure plan and feasibility	
compile capital expenditure	assessment, compile capital	
budget, and submit for approval	expenditure budget, and submit	
in in accordance with approval	for approval in in accordance	
authority before executing	with approval authority before	
accordingly. As for disposal of	executing accordingly. As for	
real property and equipment,	disposal of real property and	
utilizing unit shall fill in	equipment or right-of-use assets,	
application form or submit for	utilizing unit shall fill in	
project approval, explain	application form or submit for	
disposal reason and method, and	project approval, explain	
forward to administration units	disposal reason and method, and	
for assessment. Disposal shall be		
proceeded accordingly in	for assessment. Disposal shall be	
accordance with approval	proceeded accordingly in	
obtained.	accordance with approval	
(3) With respect to intangible asset,	obtained.	
feasibility assessment shall be	(3) With respect to intangible asset	
conducted by intellectual	or right-of-use assets, feasibility	
property units which shall then	assessment shall be conducted	
submit for approval in	by intellectual property units	
accordance with approval	which shall then submit for	
authority. Intellectual property	approval in accordance with	
units shall be responsible for	approval authority. Intellectual	
execution after approval is	property units shall be	
obtained.	responsible for execution after	

Before amendment	After amendment	Reason for amendment
4. Nil.	approval is obtained.	
5. Nil.	4. Nil.	
6. Nil.	5. Nil.	
	6. Nil.	
Article 5	Article 5	1. Amendment was made
Price determination methods and	Price determination <u>method</u> and	in correspondence with
reference basis for acquisition or	reference basis:	regulations and actual
disposal of assets shall be as follows:	1. <u>For</u> the acquisition or disposal of	operating need.
1. With respect to the acquisition or	real estate or its right-of-use assets,	2. To correspond definition
disposal of real property or	announced present values, assessed	in article 3, revise
equipment and except for	values, or actual transaction prices	paragraph 2 and 3 and
transaction with government	of adjacent real estate properties	combine as paragraph 3
institutions, commissioned building	shall serve as the main reference for	and add paragraph 4.
on self-owned land, commissioned	the determination of transaction	r
building on rented land, or	conditions and prices.	
acquisition or disposal for business	2. For the acquisition or disposal of	
utilization purpose, appraisal report	equipment or its right-of use assets,	
from a professional appraisal	price inquiries, comparison,	
company shall be obtained in	negotiations, or invitation to tender	
accordance with Paragraph 1 of	shall be conducted by competent	
Article 6 hereto, and appraisal result	units.	
shall serve as <u>basis</u> for <u>price</u>	3. The prices for marketable securities	
determination. Price determination	traded on securities exchanges and	
level shall be in line with	OTC markets shall be determined in	
authorization from the Board of	accordance with market transaction	
Directors' Meeting.	values; where marketable securities	
2. Price determination for securities	are not traded on securities	
acquired or disposed through	exchanges and OTC markets,	
Centralized Securities Exchange	investment assessment team shall	
Market or Taipei Exchange shall be	comply with Paragraph 2 of Article	
based on market transaction price.	6 hereto and assess reasonable	
3. <u>With respect to securities acquired</u>	prices which shall serve as	
or disposed from non-centralized	references for price negotiation.	
securities <u>exchange market</u> ,	Price will then be determined	
investment assessment team shall	through both parties' negotiation.	
comply with Paragraph 2 of Article	4. For the acquisition or disposal of	
6 hereto and assess reasonable	intangibles or their right-of-use	
prices which shall serve as	assets, prices shall be determined in	
references for price negotiation.	consideration of useful life and	
Price will then be determined	impact on the company's	
through both parties' negotiation.	technologies and services with	
	reference to international or market	
	conventions.	

Before amendment	After amendment	Reason for amendment
Article 6	Article 6	1. Amendment was made in
Acquisition of Expert Report:	Acquisition of Expert Report:	correspondence with
1. In acquiring or disposing of real	1. In acquiring or disposing of real	regulations
property or equipment where the	property, equipment or right-of-use	2. Add content in
transaction amount reaches 20	assets where the transaction amount	paragraph 5 and 6 and
percent of the Company's paid-in	reaches 20 percent of the Company's	move original paragraph
capital or NT\$300 million or more,	paid-in capital or NT\$300 million or	5 to paragraph 7.
the Company, unless transacting	more, the Company, unless	3. Word Modification
with a government institution,	transacting with a domestic	
engaging others to build on its own	government institution, engaging	
land, engaging others to build on	others to build on its own land,	
rented land, or acquiring or	engaging others to build on rented	
disposing of equipment for business	land, or acquiring or disposing of	
use, shall obtain an appraisal report	equipment or right-of-use assets for	
prior to the date of occurrence of the	business use, shall obtain an	
event from a professional appraiser	appraisal report prior to the date of	
and shall further comply with the	occurrence of the event from a	
following provisions:	professional appraiser and shall	
(1) Where due to special	further comply with the following	
circumstances it is necessary to	provisions:	
give a limited price, specified	(1) Where due to special	
price, or special price as a	circumstances it is necessary to	
reference basis for the	give a limited price, specified	
transaction price, the transaction	price, or special price as a	
shall be submitted for approval	reference basis for the	
in advance by the board of	transaction price, the transaction	
directors, and the <u>same</u>	shall be submitted for approval	
procedure shall be followed for	in advance by the board of	
any future changes to the terms	directors, and the <u>above</u>	
and conditions of the	procedure shall be followed for	
transaction.	any future changes to the terms	
(2) Where the transaction amount is	and conditions of the	
NT\$1 billion or more, appraisals	transaction.	
from two or more professional	(2) Where the transaction amount is	
appraisers shall be obtained.	NT\$1 billion or more, appraisals	
(3) Where any one of the following	from two or more professional	
circumstances applies with	appraisers shall be obtained.	
respect to the professional	(3) Where any one of the following	
appraiser's appraisal results,	circumstances applies with	
unless all the appraisal results	respect to the professional	
for the assets to be acquired are	appraiser's appraisal results,	
higher than the transaction	unless all the appraisal results	
amount, or all the appraisal results for the assets to be	for the assets to be acquired are	
disposed of are lower than the	higher than the transaction amount, or all the appraisal	
transaction amount, a certified	results for the assets to be	
public accountant shall be	disposed of are lower than the	
engaged to perform the appraisal	-	
in accordance with the	public accountant shall be	
	public accountant shall be	<u> </u>

 provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (a) The discrepancy between the appraisal result and the transaction amount. (b) The discrepancy between the appraisal results of two more professional appraisers is 10 percent or more of the transaction amount. (c) Nore than 3 months may elapse between the date of the appraisal report issued by a professional appraiser. (d) No more than 3 months may elapse between the date of the approising appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapse botween the appraiser. 2. Nil 3. Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more of paid-in expiration 3. Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more of paid-in expiration 	Before amendment	After amendment	Reason for amendment
published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the approjateness of the transaction price: (a) The discrepancy between the appraisal result and the transaction amount.provisions of Statement of Auditing Standards No. 20 published by the ROC (ARDF) and render a specific opinion regarding the reason for transaction amount is 20 percent or more of the transaction amount.(a) The discrepancy between the appraisal results of two or more professional appraiser is 10 percent or more of the transaction amount.(a) The discrepancy between the appraisal results of two or more professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.provisions of Statement of Auditing Standards No. 20 published by the ROC (ARDF) and render a specific opinion regarding the reason for transaction amount.(4) No more than 3 months may elapse between the date of the appraisal report issued by the original professional appraiser.(b) The discrepancy between the date of the appraisal report issued by a professional appraiser.2. Nil(b) Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more of isposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more2. Nil2. Nil3. Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent	provisions of Statement of	engaged to perform the appraisal	
Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (a) The discrepancy between the appraisal result and the transaction amount.Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy between the appraisal result and the transaction amount.(a) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.(a) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.(b) The discrepancy between the appraisal results of two or more of the transaction amount.(4) No more than 3 months may elapse between the date of the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.(Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for transaction amount.(4) No more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.(Auditing Standards No. 20 published by the Roc (ARDF) and render a specific opinion regarding the reason for transaction amount.(b) The discrepancy between the date of the approsial appraiser.(b) The discrepancy between the date of the appraisal report issued by a provided, where the publicly announced current value for the same period is used and not more th	Auditing Standards No. 20	in accordance with the	
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 opinion regarding the reason for the discrepancy and the appraisal result and the transaction amount is 20 percent or more of the transaction amount. (a) The discrepancy between the appraisal result and the transaction amount. (b) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2. Nil Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of more than 6 months have elapsed, an opinion may still be issued by the original mounced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original mounced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original mounced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original mounced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original mount reaches 20 percent or more 	Development Foundation	published by the ROC	
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 appropriateness of the transaction price: (a) The discrepancy between the appraisal result and the transaction amount. (b) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2. Nil 3. Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more 	opinion regarding the reason for	Development Foundation	
 transaction price: (a) The discrepancy between the appraisal result and the transaction amount. (b) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2. Nil 3. Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more the discrepancy and the approviateness of the transaction amount is 20 (a) The discrepancy between the appraisal results of two or more of the transaction amount. (b) The discrepancy between the date of the appraisal report issued by a professional appraiser. (c) Nil (d) No more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. (e) Nil (f) Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more 	the discrepancy and the	(ARDF) and render a specific	
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3. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or morebe issued by the original professional appraiser.3. Where the Company acquires or	professional appraiser.	not more than 6 months have	
disposes of memberships or intangible assets and the transaction amount reaches 20 percent or moreprofessional appraiser.2. Nil 3. Where the Company acquires or	2. Nil	elapsed, an opinion may still	
intangible assets and the transaction2. Nilamount reaches 20 percent or more3. Where the Company acquires or	3. Where the Company acquires or	be issued by the original	
amount reaches 20 percent or more 3. Where the Company acquires or			
	0	2. Nil	
of paid-in capital or NT\$300 million disposes of intangible assets or	-	3. Where the Company acquires or	
	of paid-in capital or NT\$300 million	disposes of intangible assets or	
or more, except in transactions with <u>right-of-use</u> assets and the	or more, except in transactions with		
a government institution, the transaction amount reaches 20	-		
Company shall engage a certified percent or more of paid-in capital or			
public accountant prior to the date NT\$300 million or more, except in		-	
of occurrence of the event to render transactions with a <u>domestic</u>			
an opinion on the reasonableness of government institution, the	_	-	
the transaction price; the CPA shall Company shall engage a certified	-		
comply with the provisions of public accountant prior to the date			
Statement of Auditing Standards of occurrence of the event to render	-		
No. 20 published by the ARDF. an opinion on the reasonableness of		-	
4. <u>With respect to appraisal report or</u> the transaction price; the CPA shall	4. With respect to appraisal report or	the transaction price; the CPA shall	

Before amendment	After amendment	Reason for amendment
opinions from accountant, lawyer or securities broker prescribed in the professional appraisers hereto and their appraisal staff, accountant, lawyer or securities broker or transaction parties shall not serve as interested parties. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 11.1.(2) 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. 5. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	 comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. 4. The calculation of the transaction amounts referred to in the preceding three <u>paragraphs</u> shall be done in accordance with Article 11.1.(2) 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. 5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accounts, attorney's opinions, or underwriter's opinions shall meet the following requirements: (1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. (2) May not be a related party or de facto related party of any party to the transaction. (3) If the company is required to 	

Before amendment	After amendment	Reason for amendment
	obtain appraisal reports from	
	two or more professional	
	appraisers, the different	
	professional appraisers or	
	appraisal officers may not be	
	related parties or de facto related	
	parties of each other.	
	6. When issuing an appraisal report or	
	opinion, the personnel referred to in	
	the preceding paragraph shall	
	comply with the following:	
	(1) Prior to accepting a case, they	
	shall prudently assess their own	
	professional capabilities,	
	practical experience, and	
	independence.	
	(2) When examining a case, they	
	shall appropriately plan and	
	execute adequate working	
	procedures, in order to produce	
	a conclusion and use the	
	conclusion as the basis for	
	issuing the report or opinion. The related working procedures,	
	data collected, and conclusion	
	shall be fully and accurately	
	specified in the case working	
	papers.	
	(3) They shall undertake an item-	
	by-item evaluation of the	
	comprehensiveness, accuracy,	
	and reasonableness of the	
	sources of data used, the	
	parameters, and the information,	
	as the basis for issuance of the	
	appraisal report or the opinion.	
	(4) They shall issue a statement	
	attesting to the professional	
	competence and independence	
	of the personnel who prepared	
	the report or opinion, and that	
	they have evaluated and found	
	that the information used is	
	reasonable and accurate, and	
	that they have complied with	
	applicable laws and regulations.	
	7. Where the Company acquires or	
	disposes of assets through court	
	auction procedures, the evidentiary	

Before amendment	After amendment	Reason for amendment
	documentation issued by the court may be substituted for the appraisal report or CPA opinion.	
Article 7	Article 7	Amendment was made in
The Company and its subsidiaries	The Company and its subsidiaries	correspondence with
may acquire non-business purpose	may acquire non-business purpose	regulations
real property or securities with total	real property, <u>right-of-use assets</u> or	
amount and limits for respective	securities with total amount and	
securities as follows:	limits for respective securities as	
1. Total amount for the Company's	follows:	
purchase of non-business real	1. Total amount for the Company's	
property or securities shall not	purchase of non-business real	
exceed 150% of the Company's	property, <u>right-of-use assets</u> or	
paid-in capital or 100% of parent	securities shall not exceed 150% of	
company's owner's equities from	the Company's paid-in capital or	
the latest financial statement,	100% of parent company's owner's	
whichever is higher. Investment in individual securities shall not	equities from the latest financial statement, whichever is higher.	
exceed 100% of the Company's	Investment in individual securities	
paid-in capital. Total amount from	shall not exceed 100% of the	
the holding of short term investment		
and undisposed idle asset or real	amount from the holding of short	
property shall not exceed the 70%	term investment and undisposed idle	
of parent company's owner's	asset or real property shall not	
equities from the Company's latest	exceed the 70% of parent	
financial statement.	company's owner's equities from	
2. Total amount for respective	the Company's latest financial	
subsidiary's purchase of non-	statement.	
business real property or securities	2. Total amount for respective	
shall not exceed 150% of respective	subsidiary's purchase of non-	
subsidiary's paid-in capital, or 100%	business real property, right-of-use	
of parent company's owner's	assets or securities shall not exceed	
equities from the latest financial	150% of respective subsidiary's	
statement, whichever is higher.	paid-in capital, or 100% of parent	
Investment in individual securities	company's owner's equities from	
shall not exceed 100% of the	the latest financial statement,	
respective company's paid-in	whichever is higher. Investment in	
capital. Total amount from the	individual securities shall not	
holding of short term investment	exceed 100% of the respective	
and undisposed idle asset or real	company's paid-in capital. Total	
property shall not exceed the 70%	amount from the holding of short	
of parent company's owner's equities from respective company's	term investment and undisposed idle asset or real property shall not	
latest financial statement.	exceed the 70% of parent	
	company's owner's equities from	
	respective company's latest	

Before amendment	After amendment	Reason for amendment
	financial statement.	
Article 8	Article 8	1. Amendment was made
Related Party Transactions:	Related Party Transactions:	in correspondence with
1. Nil	1. Nil	regulations
2. Assessment and Operation	2. Assessment and Operation	2. Word Modification
Procedures:	Procedures:	
(1) When the Company intends to	(1) When the Company intends to	
acquire or dispose of real	acquire or dispose of real	
property from or to a related	property or right-of-use assets	
party, or when it intends to	from or to a related party, or	
acquire or dispose of assets	when it intends to acquire or	
other than real property from or	dispose of assets other than real	
to a related party and the	property or right-of-use assets	
transaction amount reaches 20	from or to a related party and the	
percent or more of paid-in	transaction amount reaches 20	
capital, 10 percent or more of	percent or more of paid-in	
the Company's total assets, or	capital, 10 percent or more of	
NT\$300 million or more, except	the Company's total assets, or	
in trading of government bonds	NT\$300 million or more, except	
or bonds under repurchase and	in trading of <u>domestic</u>	
resale agreements, or	government bonds or bonds	
subscription or redemption of	under repurchase and resale	
domestic money market funds	agreements, or subscription or	
issued by a domestic securities	redemption of domestic money	
investment trust enterprise	market funds issued by a	
(SITE), the Company may not	domestic securities investment	
proceed to enter into a	trust enterprise (SITE), the	
transaction contract or make a	Company may not proceed to	
payment until the following	enter into a transaction contract	
matters have been approved by	or make a payment until the	
the Audit Committee and board	following matters have been	
of directors.	approved by the Audit	
(a) The purpose, necessity and	Committee and board of	
anticipated benefit of the	directors.	
acquisition or disposal of	(a) The purpose, necessity and	
assets.	anticipated benefit of the	
(b) The reason for choosing the	acquisition or disposal of	
related party as a trading	assets.	
counterparty.	(b) The reason for choosing the	
(c) With respect to the	related party as a trading	
acquisition of real property	counterparty.	
from a related party,	(c) With respect to the	
information regarding	acquisition of real property	
appraisal of the	<u>or right-of-use assets</u> from a	
reasonableness of the	related party, information	
preliminary transaction	regarding appraisal of the	
terms in accordance with	reasonableness of the	
terms in accordance with Article 15 and Article 16.	reasonableness of the preliminary transaction	

(d) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.terms in accordance with Article 15 and Article 16. (d) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's (e) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of theterms in accordance with terms in accordance with Article 15 and Article 16. (d) The date and price at which the related party originally acquired the real property, the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.(e) Monthly cash flow forecasts for the year commencing and evaluation of the(e) Monthly cash flow forecasts for the year commencing from the anticipated month	
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counterparty, and that trading counterparty's relationship to the Company and the related party.acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company for the year commencing from the anticipated month of signing of the contract,acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.	
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for the year commencing from the anticipated month of signing of the contract,and the related party.(e) Monthly cash flow forecasts for the year commencing	
from the anticipated month of signing of the contract,(e) Monthly cash flow forecasts for the year commencing	
of signing of the contract, for the year commencing	
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necessity of the transaction, of signing of the contract,	
and reasonableness of the and evaluation of the	
funds utilization. necessity of the transaction,	
(f) An appraisal report from a and reasonableness of the	
professional appraiser or a funds utilization.	
CPA's opinion obtained in (f) An appraisal report from a	
compliance with the professional appraiser or a	
preceding article. CPA's opinion obtained in	
(g) Restrictive covenants and compliance with the	
other important stipulations preceding article.	
associated with the (g) Restrictive covenants and	
transaction. other important stipulations	
(2) The calculation of the associated with the	
transaction amounts referred to transaction.	
in the preceding paragraph shall (2) The calculation of the	
be made in accordance with transaction amounts referred to	
Article 11.1.(2) herein, and in the preceding paragraph shall	
"within the preceding year" as be made in accordance with	
used herein refers to the year Article 11.1. (2) herein, and	
preceding the date of occurrence "within the preceding year" as	
of the current transaction. Items used herein refers to the year	
that have been approved by the preceding the date of occurrence	
Audit Committee and board of of the current transaction. Items	
directors need not be counted that have been approved by the	
toward the transaction amount. Audit Committee and board of	
(3) With respect to the <u>acquisition or</u> directors need not be counted	
disposal of business-use toward the transaction amount.	
equipment between the (3) With respect to the types of	
Company and its parent or transactions listed below, when	
subsidiaries, the Company's <u>to be conducted</u> between the	
board of directors may pursuant Company and its subsidiaries, or	
to Article 4.2 and 4.3 delegate <u>between its subsidiaries in</u>	
the board chairman to decide which it directly or indirectly	
such matters when the holds 100 percent of the issued	
transaction is within a certain shares or authorized capital, the	
amount and have the decisions Company's board of directors	

Before amendment	After amendment	Reason for amendment
subsequently submitted to and	may pursuant to Article 4.2 and	
ratified by the next board of	4.3 delegate the board chairman	
directors meeting.	to decide such matters when the	
(4) When a matter is submitted for	transaction is within a certain	
discussion by the board of	amount and have the decisions	
directors pursuant to paragraph	subsequently submitted to and	
1, the board of directors shall	ratified by the next board of	
take into full consideration each	directors meeting:	
independent director's opinions.	a. Acquisition or disposal of	
If an independent director	equipment or right-of-use	
objects to or expresses	assets thereof held for	
reservations about any matter, it	business use.	
shall be recorded in the minutes	b. Acquisition or disposal of real	
of the board of directors	property right-of-use assets	
meeting.	held for business use.	
(5) The matters for which paragraph	(4) When a matter is submitted for	
1 requires <u>recognition</u> by the	discussion by the board of	
Audit Committee shall first be	directors pursuant to paragraph	
approved by more than half of	1, the board of directors shall	
all Audit Committee members	take into full consideration each	
and then submitted to the board	independent director's opinions.	
of directors for a resolution, and	If an independent director	
shall be subject to mutatis	objects to or expresses	
mutandis application of Article	reservations about any matter, it	
14.4 and 14.5.	shall be recorded in the minutes	
3. Reasonableness evaluation of the transaction costs :	of the board of directors	
	meeting.	
(1) The Company that acquires real	(5) The matters for which paragraph	
property from a related party shall evaluate the reasonableness	1 requires <u>review</u> by the Audit Committee shall first be	
of the transaction costs by the	approved by more than half of	
following means:	all Audit Committee members	
(a) Based upon the related	and then submitted to the board	
party's transaction price plus	of directors for a resolution, and	
necessary interest on funding	,	
and the costs to be duly	mutandis application of Article	
borne by the buyer.	14.4 and 14.5.	
"Necessary interest on	3. Reasonableness evaluation of the	
funding" is imputed as the	transaction costs:	
weighted average interest	(1) The Company that acquires real	
rate on borrowing in the year	property <u>or right-of-use assets</u>	
the Company purchases the	from a related party shall	
property; provided, it may	evaluate the reasonableness of	
not be higher than the	the transaction costs by the	
maximum non-financial	following means:	
industry lending rate	(a) Based upon the related	
announced by the Ministry	party's transaction price plus	
of Finance.	necessary interest on funding	
(b) Total loan value appraisal	and the costs to be duly	

Before amendment	After amendment	Reason for amendment
from a financial institution	borne by the buyer.	
where the related party has	"Necessary interest on	
previously created a	funding" is imputed as the	
mortgage on the property as	weighted average interest	
security for a loan; provided,	rate on borrowing in the year	
the actual cumulative	the Company purchases the	
amount loaned by the	property; provided, it may	
financial institution shall	not be higher than the	
have been 70 percent or	maximum non-financial	
more of the financial	industry lending rate	
institution's appraised loan	announced by the Ministry	
value of the property and the	of Finance.	
period of the loan shall have	(b) Total loan value appraisal	
been 1 year or more.	from a financial institution	
However, this shall not apply	where the related party has	
where the financial	previously created a	
institution is a related party	mortgage on the property as	
of one of the trading	security for a loan; provided,	
counterparties.	the actual cumulative	
(2) Where land and structures	amount loaned by the	
thereupon are combined as a	financial institution shall	
single property purchased in one	have been 70 percent or	
transaction, the transaction costs	more of the financial	
for the land and the structures	institution's appraised loan	
may be separately appraised in	value of the property and the	
accordance with either of the	period of the loan shall have	
means listed in the preceding	been 1 year or more.	
paragraph. •	However, this shall not apply	
(3) The Company that acquires real	where the financial	
property from a related party	institution is a related party	
and appraises the cost of the real	of one of the trading	
property in accordance with	counterparties.	
paragraph 1 and paragraph 2	(2) Where land and structures	
shall also engage a CPA to check	-	
the appraisal and render a	single property purchased or	
specific opinion.	<u>leased</u> in one transaction, the	
(4) Where the Company acquires	transaction costs for the land and	
real property from a related	the structures may be separately	
party and one of the following	appraised in accordance with	
circumstances exists, the	either of the means listed in the	
acquisition shall be conducted in	preceding paragraph	
accordance with <u>paragraph 2</u> and		
the preceding three paragraphs	property from a related party	
do not apply:	and appraises the cost of the real	
(a) The related party acquired	property in accordance with	
the real property through	paragraph 1 and paragraph 2	
inheritance or as a gift.	shall also engage a CPA to check	
(b) More than 5 years will have	the appraisal and render a	
elapsed from the time the	specific opinion.	

Before amendment	After amendment	Reason for amendment
related party signed the	(4) Where the Company acquires	
contract to obtain the real	real property or right-of-use	
property to the signing date	assets thereof from a related	
for the current transaction.	party and one of the following	
(c) The real property is acquired	circumstances exists, the	
through signing of a joint	acquisition shall be conducted in	
development contract with	accordance with the preceding	
the related party, or through	article, and the preceding three	
engaging a related party to	paragraphs do not apply:	
build real property, either on	(a) The related party acquired	
the Company's own land or	the real property or right-of-	
on rented land.	use assets thereof through	
(5) Where the Company acquires	inheritance or as a gift.	
real property from a related	(b) More than 5 years will have	
party and the results of	elapsed from the time the	
appraisals conducted in	related party signed the	
accordance with Article 8.1 to	contract to obtain the real	
8.4 and 8.7 to 8.8 are uniformly	property or right-of-use	
lower than the transaction price,	assets thereof to the signing	
the following steps shall be	date for the current	
taken:	transaction.	
(a) A special reserve shall be set	(c) The real property is acquired	
aside in accordance with	through signing of a joint	
Article 41, paragraph 1 of	development contract with	
the Act against the difference	the related party, or through	
between the real property	engaging a related party to	
transaction price and the	build real property, either on	
appraised cost, and may not	the Company's own land or	
be distributed or used for	on rented land.	
capital increase or issuance	(d)The real property right-of-use	
of bonus shares. Where the	assets for business use are	
Company uses the equity	acquired by the Company	
method to account for its	with its parent or	
investment in another	subsidiaries, or by its	
company, then the special	subsidiaries in which it	
reserve called for under	directly or indirectly holds	
Article 41, paragraph of the	<u>100 percent of the issued</u>	
Act shall be set aside pro	shares or authorized capital.	
rata in a proportion	(5) Where the Company acquires	
consistent with the share of	real property <u>or right-of-use</u>	
public company's equity stake in the other	assets from a related party and the results of appraisals	
	the results of appraisals conducted in accordance with	
company. • (b) Independent director	Article 8.1 to 8.4 and 8.7 to 8.8	
(b) Independent director members of the Audit		
Committee shall comply	are uniformly lower than the transaction price, the following	
with Article 218 of the	steps shall be taken:	
Company Act.	(a) A special reserve shall be set	
(c) Actions taken pursuant to	aside in accordance with	
(c) Actions taken pursuant to	aside in accordance with	

Before amendment	After amendment	Reason for amendment
subparagraph 1 and	Article 41, paragraph 1 of	
subparagraph 2 shall be	the Act against the difference	
reported to a shareholders	between the real property	
meeting, and the details of	transaction price and the	
the transaction shall be	appraised cost, and may not	
disclosed in the annual	be distributed or used for	
report and any investment	capital increase or issuance	
prospectus.	of bonus shares. Where the	
(6) The Company <u>that</u> has set aside	Company uses the equity	
a special reserve under the	method to account for its	
preceding paragraph may not	investment in another	
utilize the special reserve until it	company, then the special	
has recognized a loss on decline	reserve called for under	
in market value of the assets it	Article 41, paragraph of the	
purchased at a premium, or they	Act shall be set aside pro	
have been disposed of, or	rata in a proportion	
adequate compensation has been	consistent with the share of	
made, or the status quo ante has	public company's equity	
been restored, or there is other	stake in the other	
evidence confirming that there	company. °	
was nothing unreasonable about	(b) Independent director	
the transaction, and the FSC has	members of the Audit	
given its consent.	Committee shall comply	
(7) When the Company obtains real	with Article 218 of the	
property from a related party, it	Company Act.	
shall also comply with the	(c) Actions taken pursuant to	
Article 8.5 and 8.6 if there is	subparagraph 1 and	
other evidence indicating that	subparagraph 2 shall be	
the acquisition was not an arm's	reported to a shareholders	
length transaction. However,	meeting, and the details of	
where the following	the transaction shall be	
circumstances exist, objective	disclosed in the annual	
evidence has been submitted and	report and any investment	
specific opinions on	prospectus.	
reasonableness have been	(6) The Company has set aside a	
obtained from a professional	special reserve under the	
real property appraiser and a	preceding paragraph may not	
CPA have been obtained, this	utilize the special reserve until it	
restriction shall not apply:	has recognized a loss on decline	
(a) Where the related party	in market value of the assets it	
acquired undeveloped land	purchased or leased at a	
or leased land for	premium, or they have been	
development, it may submit	disposed of, or the leasing	
proof of compliance with	contract has been terminated, or	
one of the following	adequate compensation has been	
conditions:	made, or the status quo ante has	
(i) Where undeveloped	been restored, or there is other	
land is appraised in	evidence confirming that there	
accordance with the	was nothing unreasonable about	

Before amendment	After amendment	Reason for amendment
means in the preceding	the transaction, and the FSC has	
Article, and structures	given its consent.	
according to the related	(7) When the Company obtains real	
party's construction cost	property or right-of-use assets	
plus reasonable	from a related party, it shall also	
construction profit are	comply with the preceding 2	
valued in excess of the	paragraphs. if there is other	
actual transaction price.	evidence indicating that the	
The "Reasonable	acquisition was not an arm's	
construction profit"	length transaction. However,	
shall be deemed the	where the following	
average gross operating	circumstances exist, objective	
profit margin of the	evidence has been submitted and	
related party's	specific opinions on	
construction division	reasonableness have been	
over the most recent 3	obtained from a professional	
years or the gross profit	real property appraiser and a	
margin for the	CPA have been obtained, this	
construction industry	restriction shall not apply:	
for the most recent	(a) Where the related party	
period as announced by	acquired undeveloped land	
the Ministry of Finance,	or leased land for	
whichever is lower.	development, it may submit	
(ii) Completed transactions	proof of compliance with	
by unrelated parties	one of the following	
within the preceding	conditions:	
year involving other	(i) Where undeveloped	
floors of the same	land is appraised in	
property or neighboring	accordance with the	
or closely valued	means in the preceding	
parcels of land, where the land area and	Article, and structures	
transaction terms are	according to the related party's construction cost	
similar after calculation	plus reasonable	
of reasonable price	construction profit are	
discrepancies in floor or	valued in excess of the	
area land prices in	actual transaction price.	
accordance with	The "Reasonable	
standard property	construction profit"	
market practices.	shall be deemed the	
(iii) <u>Completed leasing</u>	average gross operating	
transactions by	profit margin of the	
<u>unrelated parties for</u>	related party's	
other floors of the same	construction division	
property from within	over the most recent 3	
the preceding year,	years or the gross profit	
where the transaction	margin for the	
terms are similar after	construction industry	
calculation of	for the most recent	

Before amendment	After amendment	Reason for amendment
reasonable pricediscrepancies amongfloors in accordancewith standard propertyleasing marketpractices.(b) Where the Companyacquiring real property froma related party providesevidence that the terms ofthe transaction are similar tothe terms of transactionscompleted for the acquisitionof neighboring or closelyvalued parcels of land of asimilar size by unrelatedparties within the precedingyear.(8) Completed transactions forneighboring or closely valuedparcels of land in the precedingparcels of land in the precedingparcels on the same or anadjacent block and within adistance of no more than 500meters or parcels close inpublicly announced currentvalue; transaction for similarlysized parcels in principle refersto transactions completed byunrelated parties for parcels witha land area of no less than 50percent of the property in theplanned transaction; within thepreceding year refers to the yearpreceding the date of occurrenceof the acquisition of the real	 period as announced by the Ministry of Finance, whichever is lower. (ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing</u> practices. (b) Where the Company acquiring real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year (8) Completed transactions for neighboring or closely valued 	Reason for amendment
percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence	land of a similar size by unrelated parties within the preceding year (8) Completed transactions for neighboring or closely valued	
property. 4. Nil	parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly	
	sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50	

Before amendment	After amendment	Reason for amendment
	 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property. 4. Nil 	
Article 10	Article 10	1. Word Modification
Handling Procedures for Merger,	Handling Procedures for Merger,	2. To adjust original order
Demerger, Purchase and Transfer of	Demerger, Purchase and Transfer of	of reference
Shares:	Shares:	
1. Nil •	1. Nil.	
2. Nil •	2. Nil.	
3. Nil •	3. Nil.	
4. Nil •	4. Nil.	
5. Nil •	5. Nil.	
6. After public disclosure of the	6. After public disclosure of the	
information, if any company	information, if any company	
participating in the merger,	participating in the merger,	
demerger, acquisition, or share	demerger, acquisition, or share	
transfer intends further to carry out	transfer intends further to carry out	
a merger, demerger, acquisition, or	a merger, demerger, acquisition, or	
share transfer with another	share transfer with another	
company, all of the participating	company, all of the participating	
companies shall carry out anew the	companies shall carry out anew the	
procedures or legal actions that had	procedures or legal actions that had	
originally been completed toward	originally been completed toward	
the merger, demerger, acquisition, or		
share transfer; except that where the	share transfer; except that where the	
number of participating companies	number of participating companies	
is decreased and a participating	is decreased and a participating	
company's shareholders meeting has	company's shareholders meeting has	
adopted a resolution authorizing the board of directors to alter the limits	adopted a resolution authorizing the board of directors to alter the limits	
of authority, such participating	of authority, such participating	
company may be exempted from	company may be exempted from	
calling another shareholders	calling another shareholders	
meeting to resolve on the matter	meeting to resolve on the matter	
anew. •	anew.	
7. Where any of the companies	7. Where any of the companies	
participating in a merger, demerger,	participating in a merger, demerger,	
acquisition, or transfer of shares is	acquisition, or transfer of shares is	
not a public company, the Company	not a public company, the Company	
shall sign an agreement with the	shall sign an agreement with the	
non-public company whereby the	non-public company whereby the	
latter is required to abide by the	latter is required to abide by the	
provisions of Article 2, Article 3,	provisions of Article 2, Article 3,	
Article 6 and Article 8.	Article 6, Article 8 and Article 10.	

Before amendment	After amendment	Reason for amendment
8. Nil •	8. Nil.	
9. Nil °	9. Nil.	
10. Where any of the companies	10. Where any of the companies	
participating in a merger,	participating in a merger,	
demerger, acquisition, or transfer	demerger, acquisition, or transfer	
of shares is not a public company,	of shares is not a public company,	
the Company shall sign an	the Company shall sign an	
agreement with the non-public	agreement with the non-public	
company whereby the latter is	company whereby the latter is	
required to abide by the provisions	required to abide by the preceding	
of Article 8 and Article 9.	<u>2 paragraphs</u> .	
Article 11	Article 11	1. Amendment was made
Public Announcement Procedures:	Public Announcement Procedures:	in correspondence with
1. Matters for the Company's Public	1. Matters for the Company's Public	regulations
Announcement:	Announcement:	2. Word Modification
(1) Under any of the following	(1) Under any of the following	
circumstances, the Company	circumstances, the Company	
acquiring or disposing of assets	acquiring or disposing of assets	
shall publicly announce and	shall publicly announce and	
report the relevant information	report the relevant information	
on the FSC's designated website	on the FSC's designated website	
in the appropriate format as	in the appropriate format as	
prescribed by regulations within	prescribed by regulations within	
2 days commencing	2 days commencing	
immediately from the date of	immediately from the date of	
occurrence of the event:	occurrence of the event:	
(a) Acquisition or disposal of	(a) Acquisition or disposal of	
real property from or to a	real property or right-of-use	
related party, or acquisition	assets from or to a related	
or disposal of assets other	party, or acquisition or	
than real property from or to	disposal of assets other than	
a related party where the	real property <u>or right-of-use</u>	
transaction amount reaches	<u>assets</u> from or to a related	
20 percent or more of paid-	party where the transaction	
in capital, 10 percent or	amount reaches 20 percent	
more of the Company's total assets, or NT\$300 million or	or more of paid-in capital, 10 percent or more of the	
	Company's total assets, or	
more; provided, this shall	NT\$300 million or more;	
not apply to trading of		
government bonds or bonds under repurchase and resale	provided, this shall not apply to trading of <u>domestic</u>	
agreements, or subscription	government bonds or bonds	
or redemption of domestic	under repurchase and resale	
money market funds issued	agreements, or subscription	
by a domestic securities	or redemption of domestic	
investment trust enterprise	money market funds issued	
(SITE).	by a domestic securities	
(b) Merger, demerger,	investment trust enterprise	
acquisition, or transfer of	(SITE).	
acquisition, or transfer of	(SIIE).	

Before amendment	After amendment	Reason for amendment
shares.	(b) Merger, demerger,	
(c) Where the type of asset	acquisition, or transfer of	
acquired or disposed is	shares.	
equipment/machinery for	(c) Where the type of asset	
business use, the trading	acquired or disposed is	
counterparty is not a related	equipment/machinery or	
party, and the transaction	right-of-use assets for	
amount is less than NT\$500	business use, the trading	
million.	counterparty is not a related	
(d) Where land is acquired	party, and the transaction	
under an arrangement on	amount is less than NT\$500	
engaging others to build on	million.	
the Company's own land,	(d) Acquisition or disposal by a	
engaging others to build on	public company in the	
rented land, joint	construction business of real	
construction and allocation	property or right-of-use	
of housing units, joint	assets thereof for	
construction and allocation	construction use, and	
of ownership percentages, or	furthermore the transaction	
joint construction and	counterparty is not a related	
separate sale, and the	party, and the transaction	
amount the Company	amount reaches NT\$500	
expects to invest in the	million.	
transaction is less than	(e) Where an asset transaction	
NT\$500 million.	other than any of those	
(e) Where an asset transaction other than any of those	referred to in the preceding four subparagraphs, a	
referred to in the preceding	disposal of receivables by a	
four subparagraphs, a	financial institution, or an	
disposal of receivables by a	investment in the mainland	
financial institution, or an	China area reaches 20	
investment in the mainland	percent or more of paid-in	
China area reaches 20	capital or NT\$300 million;	
percent or more of paid-in	provided, this shall not apply	
capital or NT\$300 million;	to the following	
provided, this shall not apply	circumstances:	
to the following	(i) Trading of <u>domestic</u>	
circumstances:	government bonds.	
(i) Trading of government	(ii) Trading of bonds under	
bonds.	repurchase/resale	
(ii) Trading of bonds under	agreements, or	
rep urchase/resale	subscription or	
agreements, or	redemption of domestic	
subscription or	money market funds	
redemption of domestic	issued by a domestic	
money market funds	securities investment	
issued by a domestic	trust enterprise (SITE).	
securities investment	(2) The amount of transactions	
trust enterprise (SITE).	above shall be calculated as	

Before amendment	After amendment	Reason for amendment
(2) The amount of transactions	follows:	
above shall be calculated as	(a) The amount of any	
follows:	individual transaction.	
(a) The amount of any	(b) The cumulative transaction	
individual transaction.	amount of acquisitions and	
(b) The cumulative transaction	disposals of the same type of	
amount of acquisitions and	underlying asset with the	
disposals of the same type of	same trading counterparty	
underlying asset with the	within the preceding year.	
same trading counterparty	(c) The cumulative transaction	
within the preceding year.	amount of real property	
(c) The cumulative transaction	acquisitions and disposals	
amount of real property	(cumulative acquisitions and	
acquisitions and disposals	disposals, respectively)	
(cumulative acquisitions and	within the same	
disposals, respectively)	development project within	
within the same	the preceding year.	
development project within	(d) The cumulative transaction	
the preceding year.	amount of acquisitions and	
(d) The cumulative transaction	disposals (cumulative	
amount of acquisitions and	acquisitions and disposals,	
disposals (cumulative	respectively) of the same	
acquisitions and disposals,	security within the preceding	
respectively) of the same	year.	
security within the preceding	(3) Within the preceding year" as	
year.	used in the preceding paragraph	
(3) "Within the preceding year" as	refers to the year preceding the	
used in the preceding paragraph	date of occurrence of the current	
refers to the year preceding the	transaction. Items duly	
date of occurrence of the current	announced in accordance with	
transaction. Items duly	these Procedures need not be	
announced in accordance with	counted toward the transaction	
these Procedures need not be	amount.	
counted toward the transaction	2. Nil.	
amount.	3. Nil.	
2. Nil	4. Nil.	
3. Nil	5. Nil.	
4. Nil		
5. Nil		
Article 15	Article 15	Adding the date of the latest
Supplements:	Supplements:	amendment
Matters not prescribed in these	Matters not prescribed in these	
Procedures hereto shall be processed	Procedures hereto shall be processed	
in accordance with related laws and	in accordance with related laws and	
the Company's related rules and	the Company's related rules and	
requirements.	requirements.	
These Procedures were enacted on	These Procedures were enacted on	
May 22, 1998.	May 22, 1998. The 1st amondment was made on	
The 1st amendment was made on	The 1st amendment was made on	

Before amendment	After amendment	Reason for amendment
March 24, 2000.	March 24, 2000.	
The 2nd amendment was made on	The 2nd amendment was made on	
May 13, 2002.	May 13, 2002.	
The 3rd amendment was made on May	The 3rd amendment was made on May	
19, 2003.	19, 2003.	
The 4th amendment was made on June	The 4th amendment was made on June	
21, 2007.	21, 2007.	
The 5th amendment was made on June	The 5th amendment was made on June	
22, 2012.	22, 2012.	
The 6th amendment was made on June	The 6th amendment was made on June	
24, 2014.	24, 2014.	
The 7th amendment was made on June	The 7th amendment was made on June	
16, 2017.	16, 2017.	
	The 8th amendment was made on June	
	<u>25, 2019</u> .	

TTY BIOPHARM COMPANY LIMITED

Regulations for Lending Funds to Other Parties Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
Article 2	Article 2	Amendment was made in
Legal basis:	Legal basis:	correspondence with
These operational procedures have	These operational procedures have	regulations
been formulated pursuant to relevant	been formulated pursuant to relevant	
provisions set forth in the Regulations	provisions set forth in the Regulations	
Governing Loaning of Funds and	Governing Loaning of Funds and	
Making of Endorsements/Guarantees	Making of Endorsements/Guarantees	
by Public Companies of the Financial	by Public Companies of the Financial	
Supervisory Commission (hereinafter	Supervisory Commission (hereinafter	
referred to as "FSC"). If other laws	referred to as "FSC").	
stipulate otherwise, the provisions of		
those laws shall govern.		
Article 5	Article 5	1. Amendment was made
Maximum loan amount:	Maximum loan amount:	in correspondence with
The aggregate amount of loans and the	The aggregate amount of loans and the	regulations and actual
maximum amount permitted to a	maximum amount permitted to a	operating need
single borrower:	single borrower:	2. Add paragraph 3 as
1. Nil	1. Nil	regulation and move to
2. Nil	2. Nil	paragraph 4 from
The foreign subsidiaries engaged in	Each inter-company loan of funds	original from 3.
short-term financing between each	between foreign companies in which	
other which the Company has held	the Company holds, directly or	
wholly owned voting shares directly or	•	
indirectly, the total financing amount	shall not exceed 100% of the net worth	
shall not exceed 100% of the net worth		
of the lender and set the amount limits	lending enterprise shall set the	
and the durations of loans in internal	maximum amount permitted to <u>a</u>	
procedures pursuant to relevant	single borrower and and the durations	
provisions set forth in the "Regulations	-	
Governing Loaning of Funds and	pursuant to relevant provisions set	
Making of Endorsements/Guarantees"	forth in the "Regulations Governing	
by FSC. The term "financing amount"	Loaning of Funds and Making of	
means the cumulative balance of the	Endorsements/Guarantees" by FSC.	
Company's short-term financing.	The term "financing amount" means	
For the Company and Subsidiary	the cumulative balance of the	
preparing consolidated report	Company's short-term financing.	
according to the International	The responsible person of the	
Financial Reporting Standards, "Net	Company who has violated the	
worth" as referred to in these	provisions of the preceding Paragraph	
Regulations means the balance sheet	shall be liable, jointly and severally	
	with the borrower, for the repayment	
	of the loan at issue and for the	
Governing the Preparation of Financial	damages, if any, to company resulted	

Before amendment	After amendment	Reason for amendment
Reports by Securities Issuers. The terms "subsidiary" and "parent company" as used shall be defined in accordance with the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Security Issuers.	there-from. For the Company and Subsidiary preparing consolidated report according to the International Financial Reporting Standards, "Net worth" as referred to in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The terms "subsidiary" and "parent company" as used shall be defined in accordance with the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Security Issuers.	
Article 9	Article 9	1. Amendment was made
Public announcement and	Public announcement and	in correspondence with
declaration procedures:	declaration procedures:	regulations
Company should public announce and declare after granting loan to others in accordance with below procedure. 1. Nil ° 2. Nil ° 3. Nil ° 4. Nil ° The term "occurrence date" as used in these operational procedures shall refer to the contract signature date for transactions, the payment date, the board resolution date, or other dates that can confirm the <u>counterparty</u> and monetary amount of the transaction, whichever date is earlier.	The Company should public announce and declare after granting loan to others in accordance with below procedure. 1.Nil 2.Nil 3.Nil 4.Nil The term "occurrence date" as used in	2. Word Modification
Article 13	Article 13	Amendment was made in
These operational procedures and all amendments will implement after ratification by Audit Committee and the board and report to the Shareholders Meeting for approval. <u>The opinions of these independent</u> <u>directors shall be taken into full</u> <u>consideration when these procedures</u> <u>are submitted to the board for</u> <u>deliberation Specific assenting or</u> <u>dissenting opinions of independent</u> <u>directors and the reasons for their</u>	These operational procedures and all amendments <u>shall be approved by a</u> <u>majority of the members of the Audit</u> <u>Committee and by board resolution</u> <u>and enforced upon reporting to a</u> <u>Shareholders Meeting for approval.</u> <u>If approval of more than half of all</u> <u>audit committee members as required</u> <u>in the preceding paragraph is not</u> <u>obtained, the procedures may be</u> <u>implemented if approved by more than</u> two-thirds of all directors, and the	correspondence with regulations

Before amendment	After amendment	Reason for amendment
dissent shall be included in the board	resolution of the audit committee shall	
meeting minutes.	be recorded in the minutes of the board	
	of directors meeting.	
	The terms "all audit committee	
	members" in paragraph 1 and "all	
	directors" in the preceding paragraph	
	shall be counted as the actual number	
	of persons currently holding those	
	positions.	
Article 14	Article 14	Adding the date of the latest
These operational procedures were	These operational procedures were	amendment
formulated on May 22, 1998.	formulated on May 22, 1998.	
They were amended for the first time	They were amended for the first time	
on March 24, 2000.	on March 24, 2000.	
They were amended for the second	They were amended for the second	
time on May 13, 2002.	time on May 13, 2002.	
They were amended for the third time	They were amended for the third time	
on May 19, 2003.	on May 19, 2003.	
They were amended for the fourth	They were amended for the fourth	
time on June 19, 2009.	time on June 19, 2009.	
They were amended for the fifth time	They were amended for the fifth time	
on June 25, 2010.	on June 25, 2010.	
They were amended for the sixth time	They were amended for the sixth time	
on June 25, 2013.	on June 25, 2013.	
They were amended for the seventh	They were amended for the seventh	
time on June 24, 2016.	time on June 24, 2016.	
	They were amended for the eighth	
	<u>time on June 25, 2019</u> .	

TTY BIOPHARM COMPANY LIMITED

Regulations on Endorsement and Guarantee Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
Article 2	Article 2	Amendment was made in
Legal basis:	Legal basis:	correspondence with
These operational procedures have	These operational procedures have	regulations
been formulated pursuant to relevant	been formulated pursuant to relevant	
provisions set forth in the Regulations	provisions set forth in the "Regulations	
Governing Loaning of Funds and	Governing Loaning of Funds and	
Making of Endorsements/Guarantees	Making of Endorsements/Guarantees	
by Public Companies of the Financial	by Public Companies of the Financial	
Supervisory Commission. If other laws	Supervisory Commission".	
stipulate otherwise, the provisions of		
those laws shall govern.		
Article 9	Article 9	1. Amendment was made
Public announcement and	Public announcement and	in correspondence with
declaration procedures time limit and	declaration procedures time limit and	regulations
standards:	standards:	2. Word Modification
The Company shall publicly announce	The company shall publicly announce	
and declare the balance of	and declare the balance of	
endorsements /guarantees of its HQ	endorsements/guarantees of its HQ	
and subsidiaries for the previous	and subsidiaries for the previous	
month on the Market Post Observation	month on the Market Post Observation	
System by the 10 th of each month. In	System by the 10th of each month. In	
addition, endorsement/guarantee	addition, endorsement/guarantee	
balances of the Company shall be	balances of this company shall be	
publicly announced and declared on	publicly announced and declared on	
the Market Post Observation System	the Market Post Observation System	
within two days upon the date of	within two days upon the date of	
occurrence if one of the following	occurrence if one of the following	
criteria is met:	criteria is met:	
1. Nil	1. Nil	
2. Nil	2. Nil	
3. The balance of	3. The balance of	
endorsements/guarantees issued by	endorsements/guarantees issued by	
the Company and its subsidiaries to	the Company and its subsidiaries to	
a single entity exceeds NT\$ 10	a single entity exceeds NT\$ 10	
million and the aggregate amount of	million, and the book value of	
all endorsements/guarantees for that		
single entity, investment of <u>a long-</u>	single entity, and the aggregate	
term nature in, and balance of loans	amount of all	
to, such enterprise reaches 30	endorsements/guarantees for that	
percent or more of the net worth of	single entity, and balance of loans	
the Company as stated in its most	to, such enterprise reaches 30	
recent financial statement.	percent or more of the net worth of	
4. Nil	the Company as stated in its most	

Before amendment	After amendment		Reason for amendment
The Company shall make public	recent financial statement.		
announcements and declarations on	4.Nil		
behalf of subsidiaries that are not	The Company shall make public		
public companies of the Republic of	announcements and declarations on		
China for matters requiring	behalf of subsidiaries that are not		
announcement and declaration	public companies of the Republic of		
	China for matters requiring		
pursuant to Clause 4 of the preceding	announcement and declaration		
paragraph. • The term "occurrence date" as used in	pursuant to Clause 4 of the preceding		
these operational procedures shall			
refer to the contract signature date <u>for</u>	paragraph. • The term "occurrence date" as used in		
transactions, the payment date, the	these operational procedures shall		
board resolution date, or other dates	refer to the contract signature date, the		
that can confirm the <u>counterparty</u> and	payment date, the board resolution		
monetary amount <u>of the transaction</u> ,	date, or other dates that can confirm		
whichever date is earlier.	the Endorsement/guarantee		
	beneficiaries and monetary amount,		
	whichever date is earlier.		
Article 13	Article 13	1.	To revise paragraph 1 to
These operational procedures will	These operational procedures and all		correspond to regulation.
implement after ratification by audit	amendments shall be approved by a		Also delete original
committee and the board. And report	majority of the members of the Audit		paragraph 1 and 2 and
to the Shareholders Meeting for	Committee and by board resolution		add paragraph 2 and 3
approval.	and enforced upon reporting to a		simultaneously.
The opinions of these independent	<u> </u>	2.	e
directors shall be taken into full	If approval of more than half of all		latest amendment
consideration when these procedures	audit committee members as required		
are submitted to the board for	in the preceding paragraph is not		
deliberation Specific assenting or	obtained, the procedures may be		
dissenting opinions of independent	implemented if approved by more than		
directors and the reasons for their	two-thirds of all directors, and the		
dissent shall be included in the board meeting minutes.	resolution of the audit committee shall		
These regulations were formulated on	be recorded in the minutes of the board of directors meeting.		
May 22, 1998.	The terms "all audit committee		
They were amended for the first time	members" in paragraph 1 and "all		
on March 24, 2000.	directors" in the preceding paragraph		
They were amended for the second	shall be counted as the actual number		
time on May 19, 2003.	of persons currently holding those		
They were amended for the third time	positions.		
on June 19, 2009.	These regulations were formulated on		
They were amended for the fourth	May 22, 1998.		
time on June 25, 2010.	They were amended for the first time		
They were amended for the fifth time	on March 24, 2000.		
on June 19, 2013.	They were amended for the second		
They were amended for the sixth time	time on May 19, 2003.		
on June 24, 2016.	They were amended for the third time		

Before amendment	After amendment	Reason for amendment
	on June 19, 2009.	
	They were amended for the fourth	
	time on June 25, 2010.	
	They were amended for the fifth time	
	on June 19, 2013.	
	They were amended for the sixth time	
	on June 24, 2016.	
	They were amended for the seventh	
	time on June 25, 2019.	