

TTY BIOPHARM COMPANY LIMITED
Year 2021 Annual General Meeting Minutes
(Translation Version)

Time: August 25, 2021 (Wednesday) 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: 184,803,583 shares

Percentage of shares held by shareholder present in person or by proxy: 74.32%

Director Present: Lin, Chuan; Chang, Wen-Hwa; Carl Hsiao; 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: Shih, Chun-Liang, General Manager; Lin, Wen-Peng, Lawyer of Giant Era International
Law Office; Han, Yi-Lien, 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. Year 2020 Business Report (See Attachment 1)
2. Audit Committee's Review Report on the year 2020 Financial Statements (See Attachment 2)
3. Report on Employee and Directors Remuneration in year 2020 (See Meeting Handbook)

IV. Ratification Items

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

Year 2020 Business Report and Financial Statements

Description:

1. The Company's year 2020 Business Report and Financial Statements have been approved by the Board of Directors and reviewed by Audit Committee.
2. The Company's year 2020 Financial Statements have been audited by KPMG Taiwan with "Unqualified Opinion"

3. Please refer to the Attachment 1 and Attachment 3 for year 2020 Business Report and Financial Statements.

VOTING RESULTS: a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,269,685 votes for (incl. 46,251,004 voting rights cast by electronic method), 13,341 votes against (incl. 13,341 voting rights cast by electronic method), 0 invalid votes and 1,868,400 votes abstention /no votes (incl. 1,868,399 voting rights cast by electronic method).

RESOLVED, 98.97% of total represented voting rights present voted for and this proposal was approved as proposed.

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

Year 2020 Profit Distribution

Description:

1. Allocation of cash dividend proposed by the Board is total of NT\$ 994,599,836 or NT\$ 4.0 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 year 2020 Profits Distribution Table.

VOTING RESULTS: a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 181,330,617 votes for (incl. 45,311,936 voting rights cast by electronic method), 967,411 votes against (incl. 967,411 voting rights cast by electronic method), 0 invalid votes and 1,853,398 votes abstention /no votes (incl. 1,853,397 voting rights cast by electronic method).

RESOLVED, 98.46% 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.)

The Amendment of “Regulations for Election of Directors”

Description:

1. The “Regulations for Election of Directors” is proposed to amend in accordance with the amendment of applicable laws and actual operational needs.
2. Please refer to the Attachment 5 for Amendment Comparison Table of “Regulations for Election of Directors”.

VOTING RESULTS: a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,225,587 votes for (incl. 46,206,906 voting rights cast by electronic method), 41,616 votes against (incl. 41,616 voting rights cast by electronic method), 0 invalid votes and 1,884,223 votes abstention /no votes (incl. 1,884,222 voting rights cast by electronic method).

RESOLVED, 98.95% of total represented voting rights present voted for and this proposal was approved as proposed.

VI. Election Items

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

Reelection of Members of Board of Directors

Description:

1. The service terms of current Directors of the Company will be matured on November 21, 2021. According to Article 195 and Article 199-1 of the Company Act, members of Board of Directors are reelected beforehand in 2021 annual meeting of shareholders.
2. According to Article 14 of the Article of Incorporation, nine Directors (including three Independent Directors) will be elected for the Board. According to the announcement of “the Measures for Public Companies to Postpone Shareholders’ Meeting for Pandemic Prevention”, the Annual General Meeting of TTY has postponed to August 25. After the re-election on August 25, the term of service for newly elected Directors (including Independent Directors) shall be 3 years, starting from August 25, 2021 to August 24, 2024.
3. The Director and Independent Director candidates list was reviewed by the Board on April 23, 2021. Please refer to Meeting Handbook for detailed Director and Independent Director candidates list.

Voting Results :

List of Directors Elected

Title	Name	Votes Received
Director	Lin, Chuan	191,941,082
Director	Chang, Wen-Hwa	175,026,107
Director	DaWan Technology Co., Ltd. Representative : Carl Hsiao	166,859,667
Director	Yang, Tze-Kaing	160,281,871
Director	Chang, Hsiu-Chi	153,977,705
Director	Liao, Ying-Ying	149,853,043
Independent Director	Tsai, Duei	144,065,849
Independent Director	Hsueh, Ming-Ling	143,089,655
Independent Director	Lin, Tien-Fu	141,382,191

VII. Other Proposals

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

Release of Non-Competition Restrictions on New Directors and Its Representatives

Description:

1. According to Article 209 of the 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 general meeting on the essential contents of such an act and obtain its approval.

2. The Company's director has invested, managed or has been a director for companies of which business scope is similar to the Company's. It will be proposed to release such directors from non-competition restrictions for the actual operation need and no harm to the Company's interest.
3. Please refer to Meeting Handbook for Details of Directors' (including Independent Director) Current Positions at Other Companies.

VOTING RESULTS:

Release of non-competition restrictions for newly elected Director Lin, Chuan

a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,174,217 votes for (incl. 46,155,536 voting rights cast by electronic method), 78,138 votes against (incl. 78,138 voting rights cast by electronic method), 0 invalid votes and 1,899,071 votes abstention /no votes (incl. 1,899,070 voting rights cast by electronic method).

RESOLVED, 98.92% of total represented voting rights present voted for and this proposal was approved as proposed.

Release of non-competition restrictions for newly elected Director Chang, Wen-Hwa

a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,165,215 votes for (incl. 46,146,534 voting rights cast by electronic method), 66,138 votes against (incl. 66,138 voting rights cast by electronic method), 0 invalid votes and 1,920,073 votes abstention /no votes (incl. 1,920,072 voting rights cast by electronic method).

RESOLVED, 98.92% of total represented voting rights present voted for and this proposal was approved as proposed.

Release of non-competition restrictions for newly elected Director DaWan Technology Co., Ltd. Representative : Carl Hsiao

a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,166,205 votes for (incl. 46,147,524 voting rights cast by electronic method), 67,138 votes against (incl. 67,138 voting rights cast by electronic method), 0 invalid votes and 1,918,083 votes abstention /no votes (incl. 1,918,082 voting rights cast by electronic method).

RESOLVED, 98.92% of total represented voting rights present voted for and this proposal was approved as proposed.

Release of non-competition restrictions for newly elected Director Yang, Tze-Kaing

a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,138,205 votes for (incl. 46,119,524 voting rights cast by electronic method), 64,138 votes against (incl. 64,138 voting rights cast by electronic method), 0 invalid votes and 1,949,083 votes abstention /no votes (incl. 1,949,082 voting rights cast by electronic method).

RESOLVED, 98.90% of total represented voting rights present voted for and this proposal was approved as proposed.

Release of non-competition restrictions for newly elected Director Chang, Hsiu-Chi

a total of 184,151,426 voting rights were represented by the presence of shareholders at the

time of voting; therein 182,156,214 votes for (incl. 46,137,533 voting rights cast by electronic method), 63,039 votes against (incl. 63,039 voting rights cast by electronic method), 0 invalid votes and 1,932,173 votes abstention /no votes (incl. 1,932,172 voting rights cast by electronic method).

RESOLVED, 98.91% of total represented voting rights present voted for and this proposal was approved as proposed.

Release of non-competition restrictions for newly elected Independent Director Tsai, Duei

a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,151,314 votes for (incl. 46,132,633 voting rights cast by electronic method), 68,039 votes against (incl. 68,039 voting rights cast by electronic method), 0 invalid votes and 1,932,073 votes abstention /no votes (incl. 1,932,072 voting rights cast by electronic method).

RESOLVED, 98.91% of total represented voting rights present voted for and this proposal was approved as proposed.

Release of non-competition restrictions for newly elected Independent Director Hsueh, Ming-Ling

a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,149,213 votes for (incl. 46,130,532 voting rights cast by electronic method), 64,140 votes against (incl. 64,140 voting rights cast by electronic method), 0 invalid votes and 1,938,073 votes abstention /no votes (incl. 1,938,072 voting rights cast by electronic method).

RESOLVED, 98.91% of total represented voting rights present voted for and this proposal was approved as proposed.

Release of non-competition restrictions for newly elected Independent Director Lin, Tien-Fu

a total of 184,151,426 voting rights were represented by the presence of shareholders at the time of voting; therein 182,150,876 votes for (incl. 46,132,195 voting rights cast by electronic method), 63,138 votes against (incl. 63,138 voting rights cast by electronic method), 0 invalid votes and 1,937,412 votes abstention /no votes (incl. 1,937,411 voting rights cast by electronic method).

RESOLVED, 98.91% of total represented voting rights present voted for and this proposal was approved as proposed.

VIII. Extraordinary Motions: None.

IX. Adjournment: The Chairman announced the meeting adjourned at 9:34 am on August 25, 2021.

Attachment 1

TTY BIOPHARM COMPANY LIMITED Business Report

I. The Company's Business Result for year 2020

(1) Business Plan Implementation Result

The Company's consolidated net business revenue for year 2020 reached NT\$4,221,836 thousands, which represents a decrease by NT\$244,472 thousands (-5.47%) compared to that of NT \$4,466,308 thousands for year 2019. The decrease was mainly caused by the decline of oversea sales resulted from COVID-19 and the drop of CDMO revenue. Net profit attributed to the parent company for year 2020 totaled NT\$924,178 thousands which represented addition by NT\$24,097 thousands (+2.68%) compared to that of NT\$900,081 thousands in year 2019. The increase was mainly caused by the recognition of milestones revenue from an affiliate and the Company recognized this investment profit in equity method.

(2) Budget Implementation Status

The Company's net business revenue for year 2020 is NT\$ 3,721,161 thousands, Pre-tax net profit is NT\$ 1,129,455 thousands, achieving 89.37% of the annual budget target.

(3) Income & Expenditure and Profitability Analysis

Item		Year	
		2020	2019
Income & Expenditure	Interest Income (in thousands)	1,126	2,495
	Interest Expenditure (in thousands)	17,358	14,717
Profitability Analysis	Return on Assets %	10.95	10.76
	Return on Equity %	16.77	15.83
	Net Profit Margin %	24.84	22.25
	Earnings Per Share (NTD)	3.72	3.62

(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.

The Company is 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. Besides, overseas markets for two liposome products are developed in cooperation with leading international companies. The Company also actively implements relevant procedures for the other products to accelerate access to overseas markets.

Looking forward, the Company shall continue to utilize innovation as its core value, develop strategies based on broad and enhanced technology platform and think strategically to maintain the Company's competitiveness leading position for the purpose of maximizing respective stakeholders' values.

II. Overview of the year 2021 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 and major countries in Asia in order to obtain stable growth for domestic and offshore businesses, we also proceed to expand primary markets and 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. Additionally, TTY Biopharm also emphasizes its performance of corporate social responsibility and shall endeavor its efforts on environment, society and corporate governance to fulfill its sustainability responsibility.

(2) Quantity and Basis for Projected Sales

In year 2021, the Company expects to sell 360 million tablets of oral products and 5.5 million vials of injection. The Company's projected sales volume has been established in accordance with IQVIA 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, global primary markets, and 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, new medical technology and new drugs; Enhancement of TTY product assortments; Continuous enhancement of high market-entrance obstacle drug development platform as well as uninterrupted 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 obtaining drugs approval to maximize 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 and investment over early/middle/final phase drug development targets for the purpose of enhancing product assortments and competency (specialty pharma, biopharma, new drug) and sustaining this organization’s short/long term growth momentum and integration of value chain;
- (2) Collaboration with international cooperation partners in order to speed up development for specialty pharma and 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 comply with international quality standards and requirements;
- (6) Enhance production capacity and supply chain management and complete optimal integration

and management encompassing from R&D to production through critical strategic events of M&As, strategic alliance and joint venture.

- (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 and competency;
- (8) Rapid acquisition and cultivation of local talents with “entrepreneurial spirit” and continued enhancement over product development, operation, and marketing talents possessing balanced developments in the fields of “science, regulation, business management;”
- (9) Accelerate expansion of overseas business footprints, enhance agency sales target management over existing collaborating partners and continue to establish powerful and preeminent overseas self-operated teams for the purpose of generating the Company’s mid-and-long term revenue growth potential and diversified development for internationalization.

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

Under the policy of stricter controlling drug expenditure conducted by governments and 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 cut-throat price war. In addition, Taiwanese drug manufacturers lack economies of scale, coupled with challenging export sales resulted from regulatory obstacles, has caused excessive domestic 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 manufacturing 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.

The year of 2020 operation environment was full of challenges due to COVID-19 pandemic. Geopolitical instability and US-China trade war caused impact to global economy. Looking into the year of 2021, trend for global economy has not exposed a silver lining. Economic growth for major countries is still weak, testing again corporate’s capability to respond to contingency and effectiveness in cost control. TTY Biopharm shall continue to exploit and develop suitable drugs, explore channels, acquire drugs approval or obtain applications of new drugs to boost revenue growth and expand corporate territory. At the meantime, the Company shall exert aggressive control over expenses for the purpose of maximizing shareholder’s equities.

Chairman of the Board: Lin, Chuan

Responsible Management: Shih Chun-Liang

Responsible Accountant: Wang, Shu-Wen

Attachment 2

TTY BIOPHARM COMPANY LIMITED **Audit Committee's Review Report on the year 2020 Financial Statements**

The Board of Directors presented the year 2020 Business Report and Financial Statement (including the consolidated financial statement). 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: Year 2021 Annual General Meeting of Shareholders of the Company

Hsueh, Ming-Ling

Chairman of the Audit Committee

March 19, 2021

TTY BIOPHARM COMPANY LIMITED

Audit Committee's Review Report on the year 2020 Profit Distribution

The Board of Directors presented the year 2020 profit distribution proposal. The aforementioned proposal was 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: Year 2021 Annual General Meeting of Shareholders of the Company

Hsueh, Ming-Ling

Chairman of the Audit Committee

April 23, 2021



安侯建業聯合會計師事務所

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, 2020 and 2019, 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 another auditor (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended 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. Based on our audits and the report of another auditor, 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. Occurrence of revenue from selling pharmaceuticals and chemical drugs

Please refer to Notes 4(q) of the financial statements for the accounting principles on revenue recognition. Revenues are recognized by net values of contract prices, less sales returns and allowances, after controls of the products are transferred to the customers.

Key audit matters:

The Company’s sales is mainly from the selling of pharmaceuticals and chemical drugs. Because the customers are diversity and numerous, it takes longer time to verify sales transactions. Therefore, the occurrence in sales transactions 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 reasonableness of revenue recognition.

2. Inventory valuation

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

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:

- Overlooking 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 another auditor, 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 another auditor. The amount of long-term investment in the investee company represented 10.25% and 9.12% of the related total assets as of December 31, 2020 and 2019, respectively, and the related investment gains represented 9.51% and 0.44% of the profit before tax for the years ended December 31, 2020 and 2019, 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 (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Yilien Han.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2021

Notes to Readers

The accompanying financial statements are intended only to present the 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 auditor's audit 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 auditor's audit report and financial statements, the Chinese version shall prevail.

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

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6(a) and (r))	\$ 194,591	3	481,515	6	2100 Short-term borrowings (note 6(t) and (r))	\$ 1,650,000	19	1,450,000	17
1150 Notes receivable, net (note 6(c) and (r))	17,652	-	15,070	-	2130 Contract liabilities-current(note 6(o) and 7)	15,495	-	12,177	-
1161 Notes receivable due from related parties (note 6(c), (r) and 7)	-	-	929	-	2150 Notes payable (note 6(r))	1,922	-	720	-
1170 Accounts receivable, net (note 6(c) and (r))	778,724	9	821,329	10	2170 Accounts payable (note 6(r))	150,648	2	173,265	2
1180 Accounts receivable due from related parties, net (note 6(c), (r) and 7)	86,155	1	50,558	1	2230 Current tax liabilities	94,049	1	179,287	2
1200 Other receivables, net (note 6(r) and 7)	91,464	1	51,926	1	2200 Other payables (note 6(p) and (r))	414,126	5	472,716	6
130X Inventories (note 6(d))	1,016,308	12	796,905	9	2300 Other current liabilities	20,256	-	24,323	-
1410 Prepayments	24,139	-	19,860	-	2320 Long-term liabilities, current portion (note 6(i) and (r))	-	-	350,000	4
1470 Other current assets (note 6(h))	4,465	-	730	-		2,346,496	27	2,662,488	31
	<u>2,213,498</u>	<u>26</u>	<u>2,238,822</u>	<u>27</u>					
Non-current assets:					Non-current liabilities:				
1517 Non-current financial assets at fair value through other comprehensive income (note 6(b) and (r))	-	-	55,040	1	2540 Long-term borrowings (note 6(j) and (r))	400,000	5	-	-
1550 Investments accounted for using equity method, net (note 6(e))	3,403,670	40	3,387,234	39	2570 Deferred tax liabilities (note 6(l))	271,826	3	282,077	3
1600 Property, plant and equipment (note 6(f))	2,558,085	30	2,365,773	28	2640 Net defined benefit liability, non-current (note 6(k))	45,500	1	56,109	1
1760 Investment property, net (note (g))	114,163	1	77,070	1	2645 Guarantee deposits received (note 6(r) and 7)	3,559	-	3,559	-
1780 Intangible assets	34,591	-	26,607	-	2650 Credit balance of investments accounted for using equity method (note 6(o))	35,332	-	4,206	-
1840 Deferred tax assets (note 6(l))	43,940	1	26,316	-	2670 Other non-current liabilities	2,268	-	1,148	-
1915 Prepayments for business facilities	4,975	-	201,259	2		758,485	9	347,099	4
1920 Refundable deposits paid (note 6(r))	19,696	-	28,089	-		<u>3,104,981</u>	<u>36</u>	<u>3,009,587</u>	<u>35</u>
1981 Cash surrender value of life insurance (note 6(r))	-	-	13,657	-	Total liabilities	2,486,500	29	2,486,500	29
1984 Other non-current financial assets (note 6(h), (r) and 8)	151,193	2	152,421	2	Equity (note 6(m)):	337,997	4	338,514	4
1990 Other non-current assets (note 6(h))	10,936	-	7,935	-	Capital stock	1,093,808	13	1,003,556	12
	6,341,249	74	6,341,401	73	Capital surplus (note 6(c))	110,154	2	110,154	1
					Legal reserve	1,555,016	18	1,591,777	19
					Special reserve	(133,709)	(2)	40,135	-
					Unappropriated retained earnings	5,449,766	64	5,570,636	65
					Other equity interest	8,554,747	100	8,580,223	100
					Total equity	8,554,747	100	8,580,223	100
					Total liabilities and equity	\$ 8,554,747	100	\$ 8,580,223	100

See accompanying notes to financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Operating revenue (note 6(o) and 7)	\$ 3,721,161	100	4,044,660	100
5000 Operating costs (note 6(d), (k) and 12)	<u>1,508,605</u>	<u>41</u>	<u>1,453,178</u>	<u>36</u>
Gross profit	2,212,556	59	2,591,482	64
5910 Less: Unrealized profit (loss) from sales	23,316	1	24,488	1
5920 Add: Realized profit (loss) from sales	<u>21,870</u>	<u>1</u>	<u>10,400</u>	<u>-</u>
Gross profit, net	<u>2,211,110</u>	<u>59</u>	<u>2,577,394</u>	<u>63</u>
6000 Operating expenses (note 6(k) and 12):				
6100 Selling expenses	799,945	21	850,894	21
6200 Administrative expenses (note 6(p))	287,363	7	285,133	7
6300 Research and development expenses	216,594	6	231,026	6
6450 Reversal of expected credit losses (note 6(c))	<u>-</u>	<u>-</u>	<u>(5,500)</u>	<u>-</u>
	<u>1,303,902</u>	<u>34</u>	<u>1,361,553</u>	<u>34</u>
Net operating income	<u>907,208</u>	<u>25</u>	<u>1,215,841</u>	<u>29</u>
Non-operating income and losses (note 6(q) and 7):				
7100 Interest income	1,126	-	2,495	-
7010 Other income	16,818	1	14,808	-
7020 Other gains and losses, net	17,842	1	(32,125)	(1)
7050 Finance costs, net	(17,358)	(1)	(14,717)	-
7070 Share of profit (loss) of subsidiaries and associates accounted for using equity method, net (note 6(e))	<u>203,819</u>	<u>5</u>	<u>(3,633)</u>	<u>-</u>
	<u>222,247</u>	<u>6</u>	<u>(33,172)</u>	<u>(1)</u>
Profit before tax	1,129,455	31	1,182,669	28
7950 Less: Income tax expenses (Note 6(l))	<u>205,277</u>	<u>6</u>	<u>282,588</u>	<u>7</u>
Profit for the period	<u>924,178</u>	<u>25</u>	<u>900,081</u>	<u>21</u>
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains on remeasurements of defined benefit plans (note 6(k))	7,920	-	2,438	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	15,132	-	6,320	-
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>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>23,052</u>	<u>-</u>	<u>8,758</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation	(82,635)	(2)	(29,894)	(1)
8380 Share of other comprehensive (loss) income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	<u>(6,829)</u>	<u>-</u>	<u>10,880</u>	<u>-</u>
8399 Income tax related to components of other comprehensive income that may be reclassified to profit or loss	16,480	1	6,008	-
Components of other comprehensive income that may be reclassified to profit or loss	<u>(72,984)</u>	<u>(1)</u>	<u>(13,006)</u>	<u>(1)</u>
8300 Other comprehensive loss for the period, net of tax	<u>(49,932)</u>	<u>(1)</u>	<u>(4,248)</u>	<u>(1)</u>
Total comprehensive loss for the period	<u>\$ 874,246</u>	<u>24</u>	<u>\$ 895,833</u>	<u>20</u>
Earnings per share, net of tax (note 6(n))				
Basic earnings per share	<u>\$ 3.72</u>		<u>\$ 3.62</u>	
Diluted earnings per share	<u>\$ 3.71</u>		<u>\$ 3.61</u>	

See accompanying notes to financial statements.

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

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollar)

	Share capital				Retained earnings			Total other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity	
Balance on January 1, 2019	\$ 2,486,500	348,819	857,418	110,154	1,954,321	(56,694)	103,515	46,821	5,804,033	
Profit for the period	-	-	-	-	900,081	-	-	-	900,081	
Other comprehensive income	-	-	-	-	2,438	(24,030)	17,344	(6,686)	(4,248)	
Total comprehensive income	-	-	-	-	902,519	(24,030)	17,344	(6,686)	895,833	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	146,138	-	(146,138)	-	-	-	-	
Cash dividends of ordinary share distributed	-	-	-	-	(1,118,925)	-	-	-	(1,118,925)	
Other changes in capital surplus:										
Changes in equity of investments accounted for using equity method	-	(10,305)	-	-	-	-	-	-	(10,305)	
Balance on December 31, 2019	2,486,500	338,514	1,003,556	110,154	1,591,777	(80,724)	120,859	40,135	5,570,636	
Profit for the period	-	-	-	-	924,178	-	-	-	924,178	
Other comprehensive income	-	-	-	-	7,920	(65,887)	8,035	(57,852)	(49,932)	
Total comprehensive income	-	-	-	-	932,098	(65,887)	8,035	(57,852)	874,246	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	90,252	-	(90,252)	-	-	-	-	
Cash dividends of ordinary share distributed	-	-	-	-	(994,599)	-	-	-	(994,599)	
Other changes in capital surplus:										
Changes in equity of investments accounted for using equity method	-	(517)	-	-	-	-	-	-	(517)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	115,992	-	(115,992)	(115,992)	-	
Balance on December 31, 2020	\$ 2,486,500	337,997	1,093,808	110,154	1,555,016	(146,611)	12,902	(133,709)	5,449,766	

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) from operating activities:		
Profit before tax	\$ 1,129,455	1,182,669
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	132,489	129,693
Amortization expense	5,226	6,505
Reversal of allowance for expected credit losses	-	(5,500)
Interest expense	17,358	14,717
Interest income	(1,126)	(2,495)
Share of (profit) loss of investments accounted for using equity method	(203,819)	3,633
Loss on disposal of property, plant and equipment	321	535
Impairment loss and remeasurement profit on non-financial assets	-	58,349
Unrealized profit from sales	23,316	24,488
Realized profit from sales	(21,870)	(10,400)
Gain from lease modification	(7)	-
Amortization of deferred profit	(2,917)	-
Total adjustments to reconcile profit (loss)	<u>(51,029)</u>	<u>219,525</u>
Changes in operating assets and liabilities:		
Notes receivable	(1,653)	4,175
Accounts receivable	7,008	(87,158)
Other receivable	30,462	29,475
Inventories	(219,403)	(93,772)
Other current assets	(8,014)	5,759
Total changes in operating assets	<u>(191,600)</u>	<u>(141,521)</u>
Current contract liabilities	3,318	6,840
Notes payable	1,202	(1,677)
Accounts payable	(22,617)	33,325
Other payable	(61,023)	66,698
Other current liabilities	(4,675)	(8,752)
Net defined benefit liability	(2,689)	88
Total changes in operating liabilities	<u>(86,484)</u>	<u>96,522</u>
Total changes in operating assets and liabilities	<u>(278,084)</u>	<u>(44,999)</u>
Total adjustments	<u>(329,113)</u>	<u>174,526</u>
Cash inflow generated from operations	800,342	1,357,195
Interest received	1,126	2,495
Dividends received	59,964	65,002
Interest paid	(17,495)	(14,902)
Income taxes paid	(301,910)	(239,252)
Net cash flows from operating activities	<u>542,027</u>	<u>1,170,538</u>
Cash flows from (used in) from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	70,172	-
Acquisition of investments accounted for using equity method	-	(336,353)
Acquisition of property, plant and equipment	(155,962)	(44,934)
Proceeds from disposal of property, plant and equipment	13	18
Decrease (increase) in refundable deposits	8,393	(5,767)
Acquisition of intangible assets	(13,210)	(640)
Acquisition of investment properties	-	(140)
Decrease in other financial assets	1,228	8,553
Increase in prepayments for business facilities	(789)	(28,425)
Decrease in other non-current assets	10,656	35,131
Net cash flows used in investing activities	<u>(79,499)</u>	<u>(372,557)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	5,400,000	7,700,000
Decrease in short-term loans	(5,200,000)	(7,400,000)
Proceeds from long-term debt	700,000	-
Repayments of long-term debt	(650,000)	-
Increase in guarantee deposits received	-	440
Payment of lease liabilities	(4,888)	(3,596)
Cash dividends paid	(994,599)	(1,118,925)
Net cash flows used in financing activities	<u>(749,487)</u>	<u>(822,081)</u>
Effect of exchange rate changes on cash and cash equivalents	35	-
Net decrease in cash and cash equivalents	<u>(286,924)</u>	<u>(24,100)</u>
Cash and cash equivalents at beginning of period	<u>481,515</u>	<u>505,615</u>
Cash and cash equivalents at end of period	<u>\$ 194,591</u>	<u>481,515</u>

See accompanying notes to financial statements.



安侯建業聯合會計師事務所

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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 (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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 another auditor (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of another auditor, 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. Occurrence of revenue from selling pharmaceuticals and chemical drugs

Please refer to Notes 4(q) of the consolidated financial statements for the accounting principles on revenue recognition. Revenues are recognized by net values of contract prices, less sales returns and allowances, after controls of the products are transferred to the customers.

Key audit matters:

The Group's sales is mainly from the selling of pharmaceuticals and chemical drugs. Because the customers are diversity and numerous, it takes longer time to verify sales transactions. Therefore, the occurrence in sales transactions 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 reasonableness of revenue recognition.

2. Inventory valuation

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

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:

- Overlooking 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 Group.

Other Matter

We did not audit the financial statements of PharmaEngine Inc. Those statements were audited by another auditor, 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 another auditor. The amount of long-term investment in the investee company represented 9.37% and 8.20% of the related consolidated total assets as of December 31, 2020 and 2019, respectively, and the related investment gains represented 8.94% and 0.43% of the consolidated profit before tax for the years ended December 31, 2020 and 2019, respectively.

We also audited the financial statements of the Company as of and for the years ended December 31, 2020 and 2019 and have issued unqualified audit reports, respectively, thereon.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 Yilien Han.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2021

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' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

(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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
4000 Operating revenue (note 6(h), (t) and 12)	\$ 4,221,836	100	4,466,308	100
5000 Operating costs (note 6(f), (h), (l), (p), 7 and 12)	<u>1,617,062</u>	38	<u>1,559,067</u>	35
Gross profit	2,604,774	62	2,907,241	65
5910 Less: Unrealized profit (loss) from sales	6,734	-	9,012	-
5920 Add: Realized profit (loss) from sales	<u>9,012</u>	-	<u>4,155</u>	-
Gross profit, net	<u>2,607,052</u>	62	<u>2,902,384</u>	65
6000 Operating expenses (note 6(p), (u) and 12):				
6100 Selling expenses	983,415	23	1,002,748	22
6200 Administrative expenses	404,758	10	377,970	8
6300 Research and development expenses	261,597	6	298,552	7
6450 Reversal of expected credit losses (note 6(d))	<u>(97)</u>	-	<u>(5,495)</u>	-
Total operating expenses	<u>1,649,673</u>	39	<u>1,673,775</u>	37
Net operating income	<u>957,379</u>	23	<u>1,228,609</u>	28
Non-operating income and expenses:				
7100 Interest income (note 6(v))	14,981	-	40,445	1
7010 Other income (note 6(h), (v) and 7)	91,412	2	12,104	-
7020 Other gains and losses, net (note 6(v) and 7)	(5,699)	-	(16,850)	-
7050 Finance costs, net (note 6(v))	(19,413)	-	(14,810)	-
7060 Share of profit (loss) of associates accounted for using the equity method, net (note 6(g))	<u>162,865</u>	4	<u>(46,844)</u>	(1)
7055 Total non-operating income and expenses	<u>244,146</u>	6	<u>(25,955)</u>	-
Profit before tax	1,201,525	29	1,202,654	28
7950 Less: Income tax expenses (note 6(q))	<u>222,848</u>	5	<u>294,949</u>	7
Profit for the period	<u>978,677</u>	24	<u>907,705</u>	21
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains on remeasurements of defined benefit plans	7,920	-	2,438	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	12,507	-	24,931	1
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>20,427</u>	-	<u>27,369</u>	1
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation	(82,652)	(2)	(29,980)	(1)
8370 Share of other comprehensive loss of associates accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	(5,333)	-	(140)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>16,480</u>	-	<u>6,008</u>	-
Components of other comprehensive loss that will be reclassified to profit or loss	<u>(71,505)</u>	(2)	<u>(24,112)</u>	(1)
8300 Other comprehensive (loss) income	<u>(51,078)</u>	(2)	<u>3,257</u>	-
Total comprehensive income for the period	<u>\$ 927,599</u>	<u>22</u>	<u>\$ 910,962</u>	<u>21</u>
Profit attributable to:				
8610 Owners of parent	\$ 924,178	23	900,081	21
8620 Non-controlling interests	<u>54,499</u>	1	<u>7,624</u>	-
	<u>\$ 978,677</u>	<u>24</u>	<u>\$ 907,705</u>	<u>21</u>
Comprehensive income attributable to:				
Owners of parent	\$ 874,246	21	895,833	21
Non-controlling interests	<u>53,353</u>	1	<u>15,129</u>	-
	<u>\$ 927,599</u>	<u>22</u>	<u>\$ 910,962</u>	<u>21</u>
Earnings per share, net of tax (note 6(s))				
9750 Basic earnings per share	\$ <u>3.72</u>		\$ <u>3.62</u>	
9850 Diluted earnings per share	<u>\$ 3.71</u>		<u>\$ 3.61</u>	

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 Changes in Equity

For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent							Total equity attributable to parent	Non-controlling interests	Total equity
	Share capital	Retained earnings			Total other equity interest	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Non-controlling interests	Total equity
Balance on January 1, 2019	\$ 2,486,500	348,819	857,418	110,154	1,954,321	(56,694)	103,515	46,821	587,592	6,391,625
Net income	-	-	-	-	900,081	-	-	-	7,624	907,705
Other comprehensive income	-	-	-	-	2,438	(24,030)	17,344	(6,686)	7,505	3,257
Total comprehensive income	-	-	-	-	902,519	(24,030)	17,344	(6,686)	15,129	910,962
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	146,138	-	(146,138)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,118,925)	-	-	-	(26,737)	(1,145,662)
Other changes in capital surplus:										
Due to business combination	-	-	-	-	-	-	-	-	22,444	22,444
Changes in equity of associates accounted for using equity method	-	(10,305)	-	-	-	-	-	-	-	(10,305)
Balance at December 31, 2019	2,486,500	338,514	1,003,556	110,154	1,591,777	(80,724)	120,859	40,135	598,428	6,169,064
Net income	-	-	-	-	924,178	-	-	-	54,499	978,677
Other comprehensive income	-	-	-	-	7,920	(65,887)	8,035	(57,852)	(1,146)	(51,078)
Total comprehensive income	-	-	-	-	932,098	(65,887)	8,035	(57,852)	53,353	927,599
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	90,252	-	(90,252)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(994,599)	-	-	-	(30,079)	(1,024,678)
Other changes in capital surplus:										
Changes in equity of associates accounted for using equity method	-	(517)	-	-	-	-	-	-	(517)	(517)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(115,992)	(115,992)	6,600	6,600
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	115,992	-	-	-	-	-
Balance on December 31, 2020	\$ 2,486,500	337,997	1,093,808	110,154	1,555,016	(146,611)	12,902	(133,709)	628,302	6,078,068

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,201,525	1,202,654
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	137,130	133,497
Amortization expense	19,869	18,841
Reversal of allowance for expected credit losses	(97)	(5,495)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,558	(378)
Interest expense	19,413	14,810
Interest income	(14,981)	(40,445)
Dividend income	(6,420)	(6,315)
Share of profit (loss) of associates accounted for using the equity method	(162,865)	46,844
Loss on disposal of property, plant and equipment	321	581
Gain on disposal of investments	(1,715)	-
Impairment loss and remeasurement profit on non-financial assets	4,583	82,686
Unrealized profit from sales	6,734	9,012
Realized profit from sales	(9,012)	(4,155)
Total adjustments to reconcile profit (loss)	<u>(5,482)</u>	<u>249,483</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	953	5,357
Accounts receivable	(36,422)	(83,200)
Other receivables	103,277	42,420
Inventories	(251,804)	(96,331)
Prepayments and other current assets	16,808	(19,690)
Total changes in operating assets	<u>(167,188)</u>	<u>(151,444)</u>
Changes in operating liabilities:		
Contract liabilities	(393)	8,255
Notes payable	4,410	(3,475)
Accounts payable	(26,354)	9,271
Other payable	(77,511)	81,362
Other current liabilities	(111,225)	(11,839)
Net defined benefit liability	(2,689)	88
Total changes in operating liabilities	<u>(213,762)</u>	<u>83,662</u>
Total changes in operating assets and liabilities	<u>(380,950)</u>	<u>(67,782)</u>
Total adjustments	<u>(386,432)</u>	<u>181,701</u>
Cash inflow generated from operations	815,093	1,384,355
Interest received	14,981	40,445
Dividends received	27,347	36,617
Interest paid	(19,596)	(14,996)
Income taxes paid	(311,474)	(236,566)
Net cash flows from operating activities	<u>526,351</u>	<u>1,209,855</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(50,316)
Proceeds from disposal of financial assets at fair value through other comprehensive income	252,956	-
Proceeds from disposal of financial assets at fair value through profit or loss	4,316	-
Acquisition of investments accounted for using the equity method	-	(237,461)
Acquisition of property, plant and equipment	(167,317)	(48,223)
Proceeds from disposal of property, plant and equipment	13	19
Decrease (increase) in refundable deposits	9,108	(4,121)
Acquisition of intangible assets	(13,754)	(780)
Net cash inflows from business combination (note 6(h))	-	(24,894)
Acquisition of investment properties	-	(140)
Decrease in other financial assets	51,552	79,822
Increase in prepayments for business facilities	(789)	(21,640)
Increase in other non-current assets	11,151	34,584
Net cash flows from (used in) investing activities	<u>147,236</u>	<u>(273,150)</u>
Cash flows from (used in) used in financing activities:		
Increase in short-term loans	5,400,000	7,700,000
Decrease in short-term loans	(5,246,000)	(7,400,000)
Proceeds from long-term borrowings	720,000	-
Repayments of long-term borrowings	(663,650)	-
Decrease in guarantee deposits received	-	(13)
Payment of lease liabilities	-	(3,596)
Increase in other non-current liabilities	1,120	-
Cash dividends paid	(994,599)	(1,118,925)
Cash dividends paid to non-controlling interests	(30,079)	(26,737)
Change in non-controlling interests	6,600	-
Net cash flows used in financing activities	<u>(806,608)</u>	<u>(849,271)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(65,407)</u>	<u>(37,570)</u>
Net (decrease) increase in cash and cash equivalents	<u>(198,428)</u>	<u>49,864</u>
Cash and cash equivalents at beginning of period	<u>2,422,158</u>	<u>2,372,294</u>
Cash and cash equivalents at end of period	<u>\$ 2,223,730</u>	<u>2,422,158</u>

See accompanying notes to financial statements.

Attachment 4

TTY BIOPHARM COMPANY LIMITED Year 2020 Profits Distribution Table

Unit: NTD

Item	Amount	Note	
Unappropriated retained earnings of previous year	506,925,428	Re-measurement effects of defined benefit plans and realized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	
Add: Year 2020 retained earnings adjustment	123,912,146		
Add: Year 2020 net profit after tax for the year	924,178,586		
Less: Appropriated as legal capital reserve (10%)	104,809,073		
Less: Appropriated as special reserve	23,555,889		
Retained earnings available for distribution as of December 31, 2020	1,426,651,198		
Allocation Items			
Cash Dividends to Shareholders	994,599,836		Cash dividend of NT\$4.0 per share
Unappropriated retained earnings as of December 31, 2020	432,051,362		

Note:

1. Total 248,649,959 outstanding common shares
2. Earnings distribution this time would be paid from earnings for year 2020 as priority.

Chairman of the Board: Lin, Chuan

Responsible Management: Shih Chun-Liang

Responsible Accountant: Wang, Shu-Wen

Attachment 5

TTY BIOPHARM COMPANY LIMITED

Amendment Comparison Table of “Regulations for Election of Directors”

Before amendment	After amendment	Reason for amendment
<p>Article 2 The Company’s directors shall be elected from those who have capacity to make juridical acts by shareholders’ meeting.</p>	<p>Article 2 The Company’s directors shall be elected by adopting the candidate nomination system. The shareholders shall elect the directors from the nominees listed of director candidates.</p>	<p>Amendment was made in correspondence with the candidate nomination system adopted for the election of the Company’s directors.</p>
<p>Article 4 In the election for the directors, unless otherwise provided by the Company Act or the Articles of Incorporation of the Company, each common share is entitled to the number of voting rights equivalent to the numbers of directors to be elected; election ballots of the number equal to the number of the director(s). Votes may be cast for only one candidate or a few candidates.</p>	<p>Article 4 In the election for the directors, each common share is entitled to the number of voting rights equivalent to the numbers of directors to be elected. Votes may be cast for only one candidate or a few candidates.</p>	<p>Amendment was made in correspondence with the Article 198 of the Company Act.</p>
<p>Article 5 In the election of directors of the Company, votes of independent directors and non-independent directors elected shall be calculated separately. Candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.</p>	<p>Article 5 In the election of directors of the Company, votes of independent directors and non-independent directors elected shall be calculated separately. Candidates who acquire more shares should win the seats of directors in numbers of received votes order. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.</p>	<p>Word Modification.</p>

Before amendment	After amendment	Reason for amendment
<p>Article 8 The Board of Directors shall set up the ballot box and have such box checked by scrutinizer in public before the voting.</p>	<p>Article 8 The ballot box shall be set up by the Board of Directors and such box shall be checked by scrutinizer in public before the voting.</p>	<p>Word Modification.</p>
<p>Article 9 If the candidate is a shareholder, the voter must fill in the candidate's shareholder account name and account number in the "Candidate" box on the ballot and throw in the ballot box. If the candidate is not a shareholder, the voter shall fill in the candidate's name and identification number in the "Candidate" box on the ballot. However, if a candidate is a government department or a corporate shareholder, the voter shall fill in the candidate's full government or corporate name and the full name of its representative. When there is more than one representative, their names should be separately indicated.</p>	<p>Article 9 The voter must fill in the candidate's name or shareholder's account name in the "Candidate" box on the ballot. However, if a candidate is a government department or a corporate shareholder, the voter shall fill in the candidate's full government or corporate name alone; or fill in both the candidate's full government or corporate name and the full name of its representative. When there is more than one representative, their names should be separately indicated.</p>	<ol style="list-style-type: none"> 1. Amendment was made in correspondence with the candidate nomination system adopted for the election of the Company's directors. The nominated list of director, including names, background and past work experience, will be released before shareholders' meeting, hence it is unnecessary for shareholders to fill in candidates' account number or identification number when voting. 2. Word Modification.
<p>Article 10 A ballot is invalid under any of the circumstances listed below.</p> <ol style="list-style-type: none"> 1. A ballot is not prepared according this regulation. 2. The blank ballot was cast in the ballot box. 3. Illegible handwriting or corrections without regulation compliance after erased or changed. 4. If the write-in candidate is a shareholder, the account name or account number written on the ballot is inconsistent with the shareholder list. If the write-in candidate is not a shareholder, the candidate's name, ID or government uniform invoice (GUI) number written on the ballot cannot be validated or is inconsistent. 	<p>Article 10 A ballot is invalid under any of the circumstances listed below.</p> <ol style="list-style-type: none"> 1. A ballot not prepared by meeting convener. 2. The blank ballot was cast in the ballot box. 3. Illegible handwriting or being erased or altered. 4. If the write-in candidate written on the ballot is inconsistent with the nomination list. 5. The number of write-in candidates is two or more than two candidate. 6. Other words or marks are written in addition to the candidate name or shareholder account name. 	<ol style="list-style-type: none"> 1. Amendment was made in correspondence with Article 173 of the Company Act - If the board of directors fails to give a notice for convening a meeting, shareholder may, after obtaining an approval from the competent authority, convene a meeting on his/their own. 2. The candidate nomination system is adopted for the election of the Company's directors. The nominated list of director candidates, including names,

Before amendment	After amendment	Reason for amendment
<p>5. The number of write-in candidates is two or more than two candidate.</p> <p>6. Other words or marks are written in addition to the candidate name, shareholder account number, or ID card or government uniform invoice (GUI) number.</p> <p>7. The write-in candidate's name is same as another shareholder but does not provide account number or ID number to verify.</p>		<p>background and past work experience, will be released before shareholders' meeting; hence it is unnecessary for shareholders to fill in candidates' account number or identification number when voting. The original Paragraph 4 and 6 were altered and Paragraph 7 was deleted.</p> <p>3. Word Modification.</p>
<p>Article 12 The ballots shall be counted immediately under the supervision of the scrutinizer(s). The chairman shall announce the results of the election at the spot.</p>	<p>Article 12 The ballots shall be counted immediately under the supervision of the scrutinizer(s). The results of election, including the list of elected directors and unelected directors, and their corresponding received votes, shall be announced by the Chairman at the spot.</p>	<p>Amendment was made in correspondence with actual needs of the Company, adding the contents of announcement, including the list of elected directors and unelected directors, and their corresponding received votes.</p>
<p>Article 14 These Rules and any revision thereof shall be effective once approved by a shareholders' meeting.</p>	<p>Article 14 These Rules and any alteration thereof shall be effective once approved by a shareholders' meeting.</p>	<p>Word Modification.</p>