Stock Code: 4105



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

2016 Annual General Shareholders' Meeting Meeting Handbook

Meeting Date: June 24, 2016

Meetint Venue: Building E, 4th Floor, No.19-11, Sanchong Rd., Nangang Dist.,

Taipei City, Taiwan

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2016 ANNUAL SHAREHOLDERS' MEETING (THE "AGENDA") OF TTY BIOPHARM COMPANY LIMITED (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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I.Meeting Procedure

Time of Meeting: June 24, 2016(Friday) at 9:00 am

Location of Meeting: Room 423, Nangang Software Incubator

(Building E, 4th Floor, No.19-11, Sanchong Rd., Nangang

Dist., Taipei City ,Taiwan)

- I. Report the total number of shares represented at this AGM
- II. Meeting Commencement Announced
- III. Chairman's Address
- IV. Discussion Items
 - (1) To approve the amendment to the "Articles of Incorporation"
- V. Report Items
 - (1) To report the business of 2015
 - (2) Supervisor's review report on the 2015 Financial Statements
 - (3) To report 2015 compensation of Employee, Directors and Supervisors Status
 - (4) Report of Company's indirect investment in Mainland China
- VI. Ratification Items
 - (1) To ratify 2015 Business Report and Financial Statements
 - (2) To ratify the distribution of 2015 profits
- VII. Discussion and Election Items
 - (1) To approve the amendment to the "Regulations for Lending Funds to Other Parties"
 - (2) To approve the amendment to the "Regulations for Endorsement and Guarantee"
 - (3) To approve the amendment to the "Procedures for Financial Derivatives Transactions"
 - (4) To approve the amendment to the "Regulations for Election of Directors and Supervisors"
 - (5) To elect Directors
 - (6) To approve the release of non-competition restrictions for Directors
- VIII. Extraordinary Motions
- IX. Adjournment

II. Discussion Items

Item One: (Proposed by the Board of Directors)

To approve the amendment to the "Articles of Incorporation"

Description:

In accordance with the amendment of Company Act, setup of Audit Committee and actual operating need, the proposed amendments to the Company's "Articles of Incorporation" are shown in a comparison table on Attachment 1 (Pages 7-11).

Resolution:

III. Report Items

Item One:

To report the business of 2015

Description:

Please refer to Attachment 2 for detailed Business Reports (Pages 12-15).

Item Two:

Supervisor's review report on the 2015 Financial Statements

Description:

The Financial Statement, Business Report, and Distribution of 2015 Profits Table have been audited by Supervisors of the Company. Please refer to Attachment 3 for Supervisor's Review Report (Page 32)

Item Three:

To report 2015 compensation of Employee, Directors and Supervisors Status

Description:

The Company's 2015 net income was NT\$1,491,581,674. The Broad of Director approved that Compensation of Employee is NT\$22,373,000,1.5% of the Company's 2015 net income and Directors and Supervisors' compensation is NT\$ 21,468,000,1.44% of the Company's 2015 net income on March 30th, 2016 and the total amounts will be distributed in cash.

Item Four:

Report of Company's indirect investment in Mainland China

Description:

The share of profit of subsidiaries WORLDCO INTERNATIONAL LIMITED and its subsidiaries TTY BIOPHARM (BEIJING) COMPANY LIMITED and CHENGDU SHUYU PHARMACEUTICAL CO., LTD. amounted to NT\$ 8,555 thousand. The share of loss of associates TOT BIOPHARM CO. LTD amounted to NT\$ 89,018 thousand. The share of profit of associates SHANGHAI XUDONG HAIPU PHARMACEUTICAL CO., LTD. amounted to NT\$ 16,099 thousand. In December 2015, the Company sold all shares of TAIWAN TUNG YANG INTERNATIONAL COMPANY LTD. and TOT BIOPHARM INTERNATIONAL COMPANY LTD. and sold indirectly all shares of SHANGHAI XUDONG HAIPU PHARMACEUTICAL CO., LTD. TOT BIOPHARM CO. LTD. TOT SHANGHAI R AND D CENTER CO., LTD. JIANG SU TUNG YANG BIOPHARM TECH CO., LIMITED. The Company recognized an investment disposal gain of NT\$ 609,274 thousand.

IV. Ratification Items

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

To ratify 2015 Business Report and Financial Statements

Description:

- 1. The Company's 2015 Business Report and Financial Statements have been approved by the Board of Directors and reviewed by Supervisors of the Company.
- 2. The Company's 2015 Financial Statements have been audited by KPMG Taiwan with the auditing opinion "Modified Unqualified Opinion"
- 3. Please refer to the Attachment 2 for 2015 Business Report and Financial Statements (pages 12-31).

Resolution:

Item Two: (Proposed by the Board of Directors)

To ratify the distribution of 2015 profits

Description:

Allocation of cash dividend proposed by the Board is a total of NT\$870,274,857 or NT\$3.5 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 nearest 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.

Please refer to the Attachment 4 for Distribution of 2015 Profits Table (page 33).

Resolution:

V. Discussion and Election Items

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

To approve the amendment to the "Regulations for Lending Funds to Other Parties"

Description:

In accordance with the setup of Audit Committee and actual operating need, the proposed amendments to Regulations for Lending Funds to Other Parties are shown in a comparison table on Attachment 5 (Pages 34-41).

Resolution:

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

To approve the amendment to the "Regulations for Endorsement and Guarantee"

Description:

In accordance with the setup of Audit Committee and actual operating need, the proposed amendments to Regulations for Endorsement and Guarantee are shown in a comparison table on Attachment 6 (Pages 42-50).

Resolution:

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

To approve the amendment to the "Procedures for Financial Derivatives Transactions"

Description:

In accordance with the setup of Audit Committee and actual operating need, the proposed amendments to Procedures for Financial Derivatives Transactions are shown in a comparison table on Attachment 7 (Pages 51-59).

Resolution:

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

To approve the amendment to the "Regulations for Election of Directors and Supervisors"

Description:

In accordance with the setup of Audit Committee and actual operating need, the proposed amendments to Regulations for Election of Directors and Supervisors are shown in a comparison table on Attachment 8 (Pages 60-63).

Resolution:

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

To elect Directors

Description:

- 1. The current terms of Directors and Supervisors of the Company will be expired on June 23, 2017. In accordance with improvement of company governance and setup of Audit Committee, all the directors and supervisors shall be elected in advance at this shareholders' meeting.
- 2. Based on the Article of Incorporation, Nine directors will be considered for the Board, including three Independent Directors who shall be elected by shareholders from Independent Director

candidate name list through the candidate nomination system. The Independent Director candidate name list was reviewed at the Board meeting on May 10, 2016. Please refer to Attachment 9(Pages 64-65) for detailed Independent Director candidate name list.

3. The term for elected Directors is three years, starting from June 24th, 2016 to June 23rd, 2019.

Voting Result:

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

To approve the 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 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.

Resolution:

VI. Extraordinary Motions

Adjournment

VII. Attachments

Attachment 1

TTY BIOPHARM COMPANY LIMITED

Articles of Incorporation Amendment Comparison Table

Before amendment	After amendment	Reason for
		amendment
Chapter 4 Directors and	Chapter 4 Directors	Amendment was made
<u>supervisors</u>		in Correspondence
		with setup of Audit Committee
A 4' 1 14	A .' 1 14	1. Deletion the
Article 14 The Company shall appoint 5 to 11	Article 14 The Company shall appoint 7 to 11	Supervisor in
board directors and 3 supervisors.	board directors. The number of	compliance with the
The number of directors shall be	directors elected shall be	setup of Audit
determined in a board meeting.	determined in a board meeting.	Committee
Board directors and supervisors	And a candidate nomination	2. Directors shall be
shall serve for a term of three	system shall be adapted and the	elected by adopting
years. They shall be elected by a	shareholders meeting shall elect	the candidate
shareholders meeting from	directors from the list of	nomination system.
candidates with full legal capacity.	candidates. They shall serve for a	•
They may serve consecutive terms	term of three years. And They	
if reelected.	may serve consecutive terms if	
At least of the aforementioned 5 to	reelected.	
11 directors and 20% of the	At least of the aforementioned 5 to	
aforementioned quota shall be	11 directors and 20% of the	
independent directors. A candidate	aforementioned quota shall be	
nomination system shall be	independent directors. The	
employed and the shareholders	professional qualifications,	
meeting shall elect independent	shareholding ratios, concurrent	
directors from the list of	appointment restrictions,	
<u>candidates.</u> The professional qualifications, shareholding ratios,	nomination and election methods,	
concurrent appointment	and other matters for compliance shall be based on relevant	
restrictions, nomination and	regulations of the authorities in	
election methods, and other	charge of securities.	
matters for compliance shall be	charge of securities.	
based on relevant regulations of		
the authorities in charge of		
securities.		
Article 14.1	Article 14.1	1. Deletion the
When terms of directors or	When terms of directors expire	Supervisor in
supervisors expire prior to	prior to elections, terms may be	compliance with the
elections, terms may be extended	extended until the newly elected	setup of Audit
until the newly elected directors_	directors assume office. The total	Committee
and supervisors assume office. The	number of inscribed stocks held by	2. Spelling correction.
total number of inscribed stocks	the directors of the Company shall	
held by the directors and	conform to the standards	
supervisors of the Company shall	prescribed in the Rules and	
conform to the standards	Review Procedures for Director	
prescribed in the Rules and	and Supervisor Share Ownership	

		Reason for
Before amendment	After amendment	amendment
Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies made public by the competent authority.	Ratios at Public Companies made public by the competent authority.	
Article 14.2 When director vacancies account for 1/3 or all supervisors resign, the board shall convene a shareholders' meeting to hold a by-election in accordance with relevant laws. Elected directors/supervisors shall serve for the remainder of the original terms.	Article 14.2 When director vacancies account for 1/3, the board shall convene a shareholders' meeting to hold a by-election in accordance with relevant laws. Elected directors/supervisors shall serve for the remainder of the original terms.	Deletion the Supervisor in compliance with the setup of Audit Committee
Article 14.3 Board meetings shall be convened annually. Directors and supervisors shall be notified of the reasons for the scheduling of board meetings seven days in advance. Meetings may be convened on an ad-hoc basis in case of emergencies. Directors/supervisors shall be notified of scheduled meetings in writing, by fax, or by-e-mail.	Article 14.3 Board meetings shall be convened annually. Directors shall be notified of the reasons for the scheduling of board meetings seven days in advance. Meetings may be convened on an ad-hoc basis in case of emergencies. Directors shall be notified of scheduled meetings in writing, by fax, or by-e-mail.	Deletion the Supervisor in compliance with the setup of Audit Committee
Article 14.4 The board of directors may establish an Audit Committee, a remuneration committee, or other functional committees to meet the needs of business operations. The Audit Committee shall be composed of the independent directors. The Audit Committee shall replace the supervisors and the regulations pertaining to supervisors in these articles of Incorporation shall be repealed on the date of establishment of the committee. The responsibilities, organizational charter, exercise of authority, and other compliance items pertaining to the Audit Committee shall be based on relevant regulations of the authorities in charge of securities and the Company.	Article 14.4 The board of directors may establish an Audit Committee, a remuneration committee, or other functional committees to meet the needs of business operations. The Audit Committee shall be composed of the independent directors. The responsibilities, organizational charter, exercise of authority, and other compliance items pertaining to the Audit Committee shall be based on relevant regulations of the authorities in charge of securities and the Company.	Deletion the Supervisor in compliance with the setup of Audit Committee
Article 17.1 The Company may purchase	Article 18 The Company may purchase	1. Deletion the Supervisor in

D. C		Reason for
Before amendment	After amendment	amendment
liability insurance for its directors to reduce the risk of litigation initiated by shareholders or other stakeholders due to the exercise of their duties in accordance with relevant laws. This regulation shall also be applicable to supervisors.	liability insurance for its directors to reduce the risk of litigation initiated by shareholders or other stakeholders due to the exercise of their duties in accordance with relevant laws.	compliance with the setup of Audit Committee. 2. Change of article number
Article 18 Supervisors shall exercise their supervisory duties in accordance with relevant laws and may attend board meetings to state their opinions. They shall have no voting rights.	Deleted	Deletion the Supervisor in compliance with the setup of Audit Committee.
Article 20 The accounting year runs from January 1 to December 31. Accounts shall be settled at the end of every year. Upon settlement of accounts, the board of directors shall create the following documents and forms which shall be submitted to the supervisors for review 30 days prior to the Regular Shareholders Meeting. These documents and the review report shall be submitted to the shareholders meeting for ratification and forwarded to the competent authority for approval for future reference in accordance with relevant laws. 1. Business report 2. Financial statement 3. Surplus allocation or loss make-up proposal	Article 20 The accounting year runs from January 1 to December 31. Accounts shall be settled at the end of every year. Upon settlement of accounts, the board of directors shall create the following documents and forms which These documents and the review report shall be submitted to the shareholders meeting for ratification in accordance with relevant laws 1. Business report 2. Financial statement 3. Surplus allocation or loss make-up proposal	Deletion the Supervisor in compliance with the setup of Audit Committee
Added	Article 21 If there is profit in any given fiscal year, the Company shall set aside 1% to 8% as the compensation for employees, and no more than 2% as the compensation for Directors and Supervisors . Nevertheless, accumulated losses shall be offset in advance.	Amendment was made in correspondence with regulation and actual operating need

		Reason for
Before amendment	After amendment	amendment
	for offsetting losses.	- WATE - 10 - 11 - 11 - 11 - 11 - 11 - 11 - 1
	<u> </u>	
Article 21	Article 22	1.Amendment was
Where surpluses are recorded upon	Where surpluses are recorded upon	made in
annual settlement of accounts,	annual settlement of accounts,	correspondence
10% shall be appropriated as legal	10% shall be appropriated as legal	with regulation.
reserve upon payment of taxes and	reserve upon payment of taxes and	2. Change of article
making up for previous losses in	making up for previous losses in accordance with relevant laws	number
accordance with relevant laws. A special reserve may be set aside if	unless the Legal Reserve has	
deemed necessary. Distribution	reached the Company's total paid-	
ratios for the remainder shall be	in capital. The remaining profits	
defined as follows:	shall be set aside for special	
1.Rewards for directors and	reserve in accordance with the	
supervisors shall not exceed 2%.	laws, regulations, or the business	
2.Employee bonuses shall range	requirements. Any further	
from 2% to 8%.	remaining profits plus	
3.Proposals for allocation of all or	unappropriated earnings shall be	
part of the remainder as	distributed in accordance with the	
shareholder bonuses or retained	proposal submitted by the Board	
earnings shall be formulated by the board of directors and	for approval at a shareholders' meeting.	
implemented upon resolution of	meeting.	
the shareholders meeting.		
Article 21.1	Article 23	Change of article
In accordance with stock dividend	In accordance with stock dividend	number
allocation procedures, the board of	allocation procedures, the board of	
directors shall formulate surplus	directors shall formulate surplus	
distribution proposals in consideration of company profits,	distribution proposals in	
capital and financial structure,	consideration of company profits, capital and financial structure,	
future business demands,	future business demands,	
accumulated surplus, legal	accumulated surplus, legal	
reserves, and market competition	reserves, and market competition	
conditions at the end of every year.	conditions at the end of every year.	
These proposals shall be	These proposals shall be	
implemented upon resolution of	implemented upon resolution of	
the shareholders meeting	the shareholders meeting	
Article 21.2	Article 24	Change of article
The Company shall adopt a	The Company shall adopt a	number
dividend equalization policy to	dividend equalization policy to	
ensure a sound financial structure	ensure a sound financial structure	
and safeguard investor rights and interests. A minimum of 50% of	and safeguard investor rights and interests. A minimum of 50% of	
distributable surpluses in the	distributable surpluses in the	
aistributuble surpruses in the	distributuole surpruses III uie	<u> </u>

Before amendment	After amendment	Reason for
Before amendment	After amendment	amendment
respective year shall be distributed	respective year shall be distributed	
as stock dividends. A minimum of	as stock dividends. A minimum of	
10% of the allocated stock	10% of the allocated stock	
dividends in the respective year	dividends in the respective year	
shall be distributed in form of cash	shall be distributed in form of cash	
dividends.	dividends.	
Article 21.3	Article 25	1. Deletion the
The board of directors and	The board of directors shall be	Supervisor in
supervisors shall be authorized to	authorized to determine the	compliance with the
determine the compensation for	compensation for the execution of	setup of Audit
the execution of duties by board	duties by board directors and	Committee.
directors and supervisors based on	supervisors based on their level of	2. Change of article
their level of participation and the	participation and the value of their	number
value of their contributions to	contributions to company	
company operations regardless of	operations regardless of profits and	
profits and losses incurred by the	losses incurred by the company	
company with reference to	with reference to prevailing	
prevailing industry standards. In	industry standards. In case of	
case of surpluses, rewards shall be	surpluses, rewards shall be granted	
granted pursuant to the regulations	pursuant to the regulations set	
set forth in Article 21.	forth in Article 21.	
Article 22	Article 26	Change of article
The organizational charter and	The organizational charter and	number
detailed work rules shall be	detailed work rules shall be	
formulated elsewhere by the board	formulated elsewhere by the board	
of directors.	of directors.	
Article 23	Article 27	Change of article
Matters not specifically covered in	Matters not specifically covered in	number
these articles of Incorporation shall	these articles of Incorporation shall	
be handled pursuant to regulations	be handled pursuant to regulations	
set forth in the Company Act and	set forth in the Company Act and	
relevant laws.	relevant laws.	
Article 24	Article 28	1. Adding the
These articles of incorporation	These articles of incorporation	amendment
were formulated on June 23, 1960.	were formulated on June 23, 1960.	sequence number,
They were amended for the first	They were amended for the first	and the date of the
time on June 17, 1966.	time on June 17, 1966.	latest amendment.
:	They were amended for the	2. Change of article
They were amended for the	fifteenth time on June 7, 2015	number
fifteenth time on June 7, 2015	<u>:</u>	
	They were amended for the	
	sixteenth time on June 24, 2016	

Attachment 2

TTY BIOPHARM COMPANY LIMITED

Business Report

1. The Company's Business Result for 2015

(1) Business Plan Implementation Result

The Company's consolidated net business revenue for 2015 is NTD3,195,218,000, which constitutes an increase amount of NTD215,316,000 and a percentage of 7.23% over NTD2,979,902,000 for 2013. This is mainly because of increase in OEM for 2015. Net profit attributed to the parent company for 2015 is NTD1,211,018,000 which constitutes an increase amount of NTD431,373,000 and a percentage 55.33% over NTD779,645,000 for 2014. This is mainly because of increase in business profit from increases of OEM revenue and anti-infective medicine sales as well as enhanced cost/expense management.

(2) Budget Implementation Status

The Company's net business revenue for 2015 is NTD2,738,956,000, achieving 98.15% of annual budget target. Pre-tax net profit is NTD1,447,740,000, achieving 166.97% of annual budget target.

(3) Income & Expenditure and Profitability Analysis

Item	Year	2015	2014
Income &	Interest Income(in 000s)	2,767	2,190
Expenditure	Interest Expenditure (in 000s)	25,467	19,831
	Return of Asset %	16.14	11.63
Profitability	Return on Equity %	26.05	19.32
Analysis	Net Profit Margin %	44.21	32.70
	Earnings Per Share (NTD)	4.87	3.14

(4) Research & Development Status

The Company's medicine development result for 2015 is summarized as follows:

January, 2015	"Pexeda Injection" obtained Taiwan drug approval.
January, 2015	"Tynen Injection" obtained Malaysia drug approval.
August, 2015	"Folina Tablets 15MG" obtained Malaysia drug approval.
October, 2015	"Fupadine Injection 50mg/ml" obtained Taiwan drug approval.
December, 2015	"Tynen Injection" obtained Vietnam drug approval.

2. Business Plan Summary for This Year (2016)

(1) Operation Policy

Ever since its founding, 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 indepth exploration of Taiwan market, China and major countries in Asia in order to obtain stable growth for domestic and offshore businesses, we also continue to evaluate emerging markets across the world. TTY explores its self-developed product revenue and brand efficiency through regular chain 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 becoming a leading international biopharma company specialized in developing special preparation and biotechnological drugs, marketing and manufacturing.

(2) Quantity and Basis for Projected Sales

In 2016, the Company is expected to sell 374,000,000 tablets of oral preparation and 3,100,000 doses 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 last year, and shall utilize its previous achievements as a basis during its relentless dedication to self-challenge while marching towards 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 regular chain 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 advantages.

3. The Company's Future Development Strategy

Corporate Vision: "Enhance Human Life Quality with Technology"

Corporate Mission: "Commitment to development and manufacturing of specialty pharma (patented or high market-entrance obstacle), 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 biotechology company in drug development and international market promotion."

For future development, each year TTY shall, in addition to exploiting maximum efficiency over current R&D achievements, continue to explore 3 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 unsatisfied medical needs, high market-entrance obstacle (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 <u>R&D</u> to manufacturing;
- (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 in Taiwan;
- (10) Amortization of factory operation costs through international characteristic drug OEM/joint development revenue;
- (11) Introduction of R&D result into in global market and completion of offshore authorization; 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.

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

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

Additionally, Ministry of Health and Welfare intends to implement "Balance Billing Plan" in the future. This plan offers people an option of brand drug by paying differences over health insurance price. Although this is Ministry of Health and Welfare's goodwill to take care of people's rights on drugs, it is likely that this will lead to people's myth on taking drugs and cause harm to domestic pharma industry if appropriate supporting measures are not stipulated accordingly.

With respect to industry development, China, India and even countries across Southeast Asia have all been engaged in generic drug industry and price competition has therefore become even fiercer. Furthermore, scales of drug manufacturers as well as market in Taiwan are small. Difficulty for industry development will surely be incurred in the event of cut-throat competition among companies with the same nature. Drug price competition result will lead to difficulty in the development of Taiwan pharma market.

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

Chairman of the Board: Hsiao, Ying-Chun

Responsible Management: Hsiao, Ying-Chun

Responsible Accountant: Wang, Shu-Wen



安侯建業解合會計師重務的 KPMG

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(English Translation of Financial Report Originally Issued in Chinese) AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of TTY Biopharm Company Limited

We have audited the accompanying balance sheets of TTY Biopharm Company Limited (the "Company") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain investees accounted for using equity method, in which the Company's investments accounted for using the equity method represented 7.24% and 32.83% of total assets as of December 31, 2015 and 2014, respectively, and related share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method represented 5.26% and 3.86% of profit before tax for the years ended December 31, 2015 and 2014, respectively. The financial statements of these investees were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these investees, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall non-consolidated financial statement presentation. We believe that our audits and the reports issued by other auditors provide a reasonable basis for our opinion.



In our opinion, based on our audits and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, the results of its operations and its cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

KPMG

Taipei, Taiwan (the Republic of China)

March 30, 2016

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Note to Readers

The accompanying non-consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Financial Report Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED

NON-CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2015 AND 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	 December 31, 20	15	December 31, 20)14
	 Amount	%	Amount	%
ASSETS				
Current Assets:				
Cash and cash equivalents (Notes 6(1) and (20))	\$ 490,702	6	356,917	6
Notes receivable, net (Notes 6(4) and (20))	26,678	-	22,204	-
Notes receivable – related parties (Notes 6(4) and (20) and 7)	342	-	407	-
Accounts receivable, net (Notes 6(4) and (20))	796,759	9	477,103	7
Accounts receivable, net - related parties (Notes 6(4) and (20) and 7)	32,016	-	29,062	-
Other receivables (Notes 6(4) and (20) and 7)	35,637	-	61,392	1
Inventories (Note 6(5))	492,165	6	441,915	7
Prepayments	42,328	1	13,951	-
Other financial assets—current (Notes 6(1) and (20))	5,550	-	4,950	-
Other current assets	586	-	1,313	-
	 1,922,763	22	1,409,214	21
Non-current assets:				
Available-for-sale financial assets – noncurrent (Notes 6(2) and (20))	134,384	2	-	-
Financial assets carried at cost—noncurrent (Notes 6(3) and (20))	-	-	10,048	38
Investments accounted for using equity method (Note 6(6))	3,393,662	40	2,609,578	33
Property, plant and equipment, net (Note 6(7))	2,271,907	27	2,277,105	1
Investment property, net (Notes 6(8) and 8)	78,354	1	78,709	-
Intangible assets (Note 6(9))	22,935	-	28,443	6
Prepayments for equipment	443,012	6	384,341	1
Refundable deposits (Notes 6(20) and 7)	20,565	-	25,987	-
Cash surrender value of life insurance (Note 6(20))	8,505	-	8,484	-
Other financial assets – other – noncurrent (Notes 6(20) and 8)	125,346	2	5,109	-
Other noncurrent assets — other	6,340	-	-	-
	 6,505,010	78	5,427,804	79
TOTAL ASSETS	\$ 8,427,773	100	6,837,018	100

(English Translation of Financial Report Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED

NON-CONSOLIDATED BALANCE SHEETS (CONT'D) DECEMBER 31, 2015 AND 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	 December 31, 20	015	December 31, 20)14
	 Amount	%	Amount	%
LIABILITIES				
Current Liabilities:				
Short-term loans (Notes 6(10) and (20) and 7)	\$ 1,200,000	14	1,815,960	27
Notes payable (Note 6(20))	19,242	-	8,743	-
Accounts payable (Note 6(20))	125,665	1	100,962	1
Accounts payable – related parties (Notes 6(20) and 7)	4,814	-	4,960	-
Current income tax liabilities (Note 6(13))	112,537	1	49,114	1
Provisions – current	3,805	-	3,805	-
Other payables (Notes 6(12) and (20) and 7)	352,308	4	376,881	6
Other current liabilities (Notes 6(20) and 7)	466,736	6	31,888	-
	 2,285,107	26	2,392,313	35
Non-current liabilities:				
Long-term loans (Notes 6(11) and (20))	700,000	8	-	-
Deferred tax liabilities (Note 6(13))	296,259	4	209,062	3
Net defined benefit liability – noncurrent (Note 6(12))	42,475	1	38,769	1
Guarantee deposit received (Note 6(20))	2,631	-	1,996	-
	 1,041,365	13	249,827	4
Total Liabilities	3,326,472	39	2,642,140	39
EQUITY (Note 6(14))				
Share capital	 2,486,500	31	2,486,500	36
Capital surplus	373,985	4	378,007	5
Legal reserve	482,511	6	404,547	6
Special reserve	110,154	1	110,154	2
Unappropriated retained earnings	1,288,140	15	780,767	11
Other equity interest	360,011	4	34,903	1
Total Equity	 5,101,301	61	4,194,878	61
TOTAL LIABILITIES AND EQUITY	\$ 8,427,773	100	6,837,018	100

$(English\ Translation\ of\ Financial\ Report\ Originally\ Issued\ in\ Chinese)$

TTY BIOPHARM COMPANY LIMITED

NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the	Years en	ded December 31	l
	2015		2014	
	Amount	%	Amount	%
Operating revenues (Notes 6(16) and 7)	\$ 2,738,956	100	2,384,207	100
Cost of sales (Notes 6(5) and 7)	954,054	35	979,898	41
Gross profit	1,784,902	65	1,404,309	59
Unrealized profit on intercompany transactions	9,319	-	26,136	1
Realized profit on intercompany transactions	2,358	-	33,702	1
Gross profit, net	1,777,941	65	1,411,875	59
Operating expenses (Note 7)				
Selling expenses	578,606	21	632,567	26
General and administrative expenses	220,408	8	228,367	10
Research and development expenses	236,398	9	283,466	12
	1,035,412	38	1,144,400	48
Results from operating activities	742,529	27	267,475	11
Non-operating income and expenses (Notes 6(18) and 7)				
Other income	59,524	2	85,640	4
Other gains and losses	8,230	-	476,373	20
Finance costs	(25,467)	(1)	(19,831)	(1)
Share of profit (loss) of subsidiaries, associates and joint ventures				
accounted for using equity method (Note 6(6))	662,924	25	54,403	2
	705,211	26	596,585	25
Profit before tax	1,447,740	53	864,060	36
Income tax expense (Note 6(13))	236,722	9	84,415	3
Profit for the year	1,211,018	44	779,645	33
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Remeasurement effects on defined benefit plans	(4,056)	-	-	-
Less: Income tax relating to components of other comprehensive income				-
	(4,056)			
Items which may be reclassified to profit and loss in subsequent periods				
Foreign currency translation differences – foreign operations	(10,273)	-	19,282	1
Unrealized (loss) gain on available-for-sale financial assets	124,336	5	-	-
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method (Note 6(19))	204,990	7	3,220	_
Less: Income tax relating to components of other comprehensive income	(6,055)	-	5,665	-
	325,108	12	16,837	1
Other comprehensive income for the year, net of tax	321,052	12	16,837	1
Total comprehensive income for the year	\$ 1,532,070	56	796,482	34
Earnings per share, net of tax (Note 6(15))				
Basic earnings per share	\$	4.87	\$	3.14
Diluted earnings per share	\$	4.86	\$	3.13

The accompanying notes are an integral part of the non-consolidated financial statments.

(English Translations of Financial Statements Originally Issued in Chinese)
TTY BIOPHARM COMPANY LIMITED
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(All Amounts Expressed in Thousands of New Taiwan Dollars)

						•	Other adjustments to equity		
				Retained earnings		Foreign currency	Unrealized gains (losses)		
		Capital				translation	on available-for-sale		
	Share capital	surplus	Legal reserve	Special reserve	Unappropriated	differences	financial assets	Total	Total equity
Balance, January 1, 2014	\$ 2,330,365	390,153	345,803	110,154	682,073	18,066		18,066	3,876,614
Profit for the year					779,645				779,645
Other comprehensive income for the year						27,658	(10,821)	16,837	16,837
Total comprehensive income for the year					779,645	27,658	(10,821)	16,837	796,482
Appropriation and distribution of retained earnings (Note 1)									
Legal reserve			58,744		(58,744)				
Cash dividends of ordinary shares					(466,072)				(466,072)
Stock dividends of ordinary shares	156,135				(156,135)				
Changes in equity of associates and joint ventures accounted for under equity method		12,092							12,092
Disposal of investments accounted for using equity method		(24,238)							(24,238)
Balance, December 31, 2014	2,486,500	378,007	404,547	110,154	780,767	45,724	(10,821)	34,903	4,194,878
Profit for the year					1,211,018			1	1,211,018
Other comprehensive income for the year					(4,056)	(29,564)	354,672	325,108	321,052
Total comprehensive income for the year					1,206,962	(29,564)	354,672	325,108	1,532,070
Appropriation and distribution of retained earnings (Note 2)									
Legal reserve			77,964		(77,964)	,		ı	,
Cash dividends of ordinary shares					(621,625)				(621,625)
Changes in equity of associates and joint ventures accounted for under equity method		(4,022)							(4,022)
Balance, December 31, 2015	\$ 2,486,500	373,985	482,511	110,154	1,288,140	16,160	343,851	360,011	5,101,301

Note 1: The directors' and supervisors remuneration of \$10,574 and employees' bonuses of \$10,600 for the year ended December 31, 2014, had been deducted from comprehensice income for the year ended December 31, 2014.

Note 2: The directors' remuneration of \$14,034 and employees' bonuses of \$14,034 for the year ended December 31, 2015, had been deducted from comprehensice income for the year ended December 31, 2015.

$(English\ Translation\ of\ Financial\ Report\ Originally\ Issued\ in\ Chinese)\\ TTY\ BIOPHARM\ COMPANY\ LIMITED$

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December		December 31
		2015	2014
sh flows from operating activities:			
Profit before tax	\$	1,447,740	864,060
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation		93,871	94,298
Amortization		13,732	17,531
Allowance for uncollectable accounts		13,319	-
Interest expense		25,467	19,831
Interest income		(2,767)	(2,190
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method		(662,924)	(54,403
Gain on disposal of property, plant and equipment		(33)	(784
Allocation of deferred income		(1,010)	(1,031
Gain on disposal of investments		-	(483,809
Unrealized profits on intercompany transactions		9,319	26,136
Realized loss on intercompany transactions		(2,358)	(33,702
	<u> </u>	(513,384)	(418,123
Changes in operating assets and liabilities	<u> </u>		
Notes receivable, net		(4,409)	6,957
Accounts receivable, net		(335,929)	54,640
Other receivables		25,755	(4,503
Inventories		(50,250)	23,217
Other current assets		(27,650)	21,771
Notes payable		10,499	(30,179
Accounts payable		24,557	4,463
Other payables		76,335	(33,033
Other current liabilities		(20,962)	11,695
Decrease in net defined benefit liability		(350)	(292
Net changes in operating assets and liabilities	·	(302,404)	54,736
Total changes in operating assets and liabilities	·	(815,788)	(363,387
Cash provided by operating activities		631,952	500,673
Interest received		2,767	2,190
Dividend received		68,914	68,154
Interest paid		(25,373)	(19,888
Income taxes paid		(80,047)	(82,321
Net cash provided by operating activities	<u> </u>	598,213	468,808

$(English\ Translation\ of\ Financial\ Report\ Originally\ Issued\ in\ Chinese)$

TTY BIOPHARM COMPANY LIMITED

${\bf NON\text{-}CONSOLIDATED\ STATEMENTS\ OF\ CASH\ FLOWS\ (CONT'D)}$

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December 31		
	2015	2014	
Cash flows from investing activities			
Proceeds from disposal of financial assets carried at cost	-	150	
Acquisition of investments accounted for using equity method	(5,330)	(7,810)	
Proceeds from disposal of investments accounted for using equity method	-	1,039,415	
Acquisition of property, plant and equipment	(62,125)	(427,634)	
Proceeds from disposal of property, plant and equipment	143	3,616	
Decrease in refundable deposits	5,422	5,297	
Acquisition of intangible assets	(8,224)	(3,273)	
Decrease (increase) in other financial assets	(120,837)	600	
Increase in prepayments for equipment	(156,891)	(166,431)	
Decrease (increase) in other noncurrent assets	(6,361)	5,699	
Net cash provided by (used in) investing activities	(354,203)	449,629	
Cash flows from financing activities			
Increase in short-term loans	8,579,990	(386,101)	
Decrease in short-term loans	(9,195,950)	-	
Proceeds from long-term loans	1,000,000	-	
Repayments of long-term loans	(300,000)	-	
Increase in guarantee deposit received	635	866	
Increase in other current liabilities	426,725	-	
Cash dividends paid	(621,625)	(466,072)	
Net cash used in financing activities	(110,225)	(851,307)	
Net increase in cash and cash equivalents	133,785	67,130	
Cash and cash equivalents, beginning of year	356,917	289,787	
Cash and cash equivalents, end of year	\$ 490,702	356,917	



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

(English Translation of Financial Report Originally Issued in Chinese)

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of TTY Biopharm Company Limited

We have audited the accompanying consolidated balance sheets of TTY Biopharm Company Limited and its subsidiaries (the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries with total assets representing 15.06% and net sales representing 18.97% of the related consolidated total as of and for the year ended December 31, 2014. Also, we did not audit the investments in other companies accounted for using the equity method representing 6.93% and 23.62% of consolidated total assets as of December 31, 2015 and 2014, respectively, and the related share of profit (loss) of associates and joint ventures accounted for using the equity method representing 4.99% and (1.16)% of consolidated net income before tax for the years ended December 31, 2015 and 2014, respectively. The financial statements of these subsidiaries and investees accounted for under the equity method were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these companies, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.



In our opinion, based on our audits and the reports of the other auditors, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the "International Financial Reporting Standards, International Accounting Standards", IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission.

We have also audited the non-consolidated financial statements of TTY Biopharm Company Limited as of and for the years ended December 31, 2015 and 2014, and have issued a modified unqualified audit opinion thereon.

KPMG

Taipei, Taiwan (the Republic of China)

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March 30, 2016

Notes to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Financial Report Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	 December 31, 2015		December 31, 2014	
	 Amount	%	Amount	%
ASSETS				
Current Assets:				
Cash and cash equivalents (Notes 6(1) and (22))	\$ 1,710,524	19	854,228	11
Notes receivable, net (Notes 6(4) and (22))	48,669	1	48,261	1
Notes receivable – related parties (Notes 6(4) and (22) and 7)	461	-	2,141	-
Accounts receivable, net (Notes 6(4) and (22))	932,627	11	666,742	9
Accounts receivable, net – related parties (Notes 6(4) and (22) and 7)	22,839	-	18,200	-
Other receivables (Notes 6(4) and (22) and 7)	488,470	6	49,879	1
Inventories (Notes 6(5))	532,137	6	476,730	6
Prepayments	44,828	1	43,475	1
Non-current assets classified as held for sale, net (Note 6(6))	27,791	-	-	-
Other financial assets – current (Notes 6(1) and (22) and 8)	492,075	6	490,482	7
Other current assets	605	-	2,673	-
	 4,301,026	50	2,652,811	36
Non-current assets:				
Available-for-sale financial assets – noncurrent (Notes 6(2) and (22))	562,733	6	-	-
Financial assets carried at cost – noncurrent (Notes 6(3) and (22))	-	-	100,048	1
Investments accounted for using equity method (Note 6(7))	873,484	10	1,741,539	24
Property, plant and equipment, net (Note 6(9))	2,295,527	26	2,302,285	31
Investment property, net (Notes 6(10) and 8)	78,354	1	78,709	1
Intangible assets (Note 6(11))	50,780	1	64,550	1
Deferred tax assets (Note 6(15))	6,615	-	6,859	-
Prepayments for equipment (Note 7)	471,291	5	384,224	6
Refundable deposits (Notes 6(22) and 7)	23,985	-	28,808	-
Cash surrender value of life insurance (Note 6(22))	8,505	-	8,484	-
Other financial assets – other – noncurrent (Notes 6(22) and 8)	125,737	1	5,717	-
Other noncurrent assets — other	6,677	-	-	-
	 4,503,688	50	4,721,223	64
TOTAL ASSETS	\$ 8,804,714	100	7,374,034	100

(English Translation of Financial Report Originally Issued in Chinese) TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (CONT'D) DECEMBER 31, 2015 AND 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	December 31, 2015			December 31, 2014		
		Amount	%	Amount	%	
LIABILITIES	<u> </u>					
Current Liabilities:						
Short-term loans (Note 6(12) and (22))	\$	1,200,000	14	1,740,000	24	
Notes payable (Note 6(22))		20,768	-	15,118	-	
Accounts payable (Note 6(22))		148,498	2	136,894	2	
Accounts payable – related parties (Note 6(22) and 7)		4,814	-	4,987	-	
Current income tax liabilities (Note 6(15))		198,378	2	107,214	1	
Provisions – current		5,327	-	5,327	-	
Other payables (Note 6(14) and (22) and 7)		459,919	5	446,102	6	
Other current liabilities		31,230	-	36,660	-	
		2,068,934	23	2,492,302	33	
Non-current liabilities:						
Long-term loans (Notes 6(13) and (22))		700,000	8	-	-	
Deferred tax liabilities (Note 6(15))		296,259	3	209,062	3	
Net defined benefit liability – noncurrent (Note 6(14))		42,475	1	38,769	1	
Guarantee deposit received (Note 6(22))		2,096	-	1,461	-	
•		1,040,830	12	249,292	4	
Total Liabilities		3,109,764	35	2,741,594	37	
Equity Attributable to Owners of the Parent (Note 6(16))						
Share capital		2,486,500	28	2,486,500	34	
Capital surplus		373,985	4	378,007	5	
Legal reserve		482,511	6	404,547	5	
Special reserve		110,154	1	110,154	1	
Unappropriated retained earnings		1,288,140	15	780,767	12	
Other equity interest		360,011	4	34,903	-	
Total equity attributable to owners of parent	<u> </u>	5,101,301	58	4,194,878	57	
Non-controlling interests (Note 6(8) and (16))		593,649	7	437,562	6	
Total Equity		5,694,950	65	4,632,440	63	
TOTAL LIABILITIES AND EQUITY	\$	8,804,714	100	7,374,034	100	

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

(English Translation of Financial Report Originally Issued in Chinese) TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Page		For the Years ended December 31			l
Properting revenues (Notes 6(18) and 7)		2015		2014	
Cist of sales (Notes 6/5) and 7/ 2,100,089 3.2 1,087,900 64 Gross profit 2,188,349 68 1,891,99 64 Curvalized profit on intercompany transactions 6,408 . 19,491 1 Gross profit, net 2,133,13 68 1,899,396 64 Cross profit, net 2,133,13 68 1,899,396 64 Operating expenses 771,557 24 900,106 30 General and administrative expenses 281,511 9 291,327 10 General and administrative expenses 340,238 11 30,008 3 Research and development expenses 340,238 11 30,008 13 Results rom operating activities 70 30,333,337 44 150,0341 5 Results rom operating activities 66,823,39 22 102,788 3 Other income 65,331 2 102,788 3 Other income 65,332 2 102,788 3 Oth		Amount	%	Amount	%
Cist of sales (Notes 6/5) and 7/ 2,100,089 3.2 1,087,900 64 Gross profit 2,188,349 68 1,891,99 64 Curvalized profit on intercompany transactions 6,408 . 19,491 1 Gross profit, net 2,133,13 68 1,899,396 64 Cross profit, net 2,133,13 68 1,899,396 64 Operating expenses 771,557 24 900,106 30 General and administrative expenses 281,511 9 291,327 10 General and administrative expenses 340,238 11 30,008 3 Research and development expenses 340,238 11 30,008 13 Results rom operating activities 70 30,333,337 44 150,0341 5 Results rom operating activities 66,823,39 22 102,788 3 Other income 65,331 2 102,788 3 Other income 65,332 2 102,788 3 Oth	0 (2 (40) 17)	¢ 2.105.210	100	2.070.002	100
Gross profit 2,188,349 68 1,891,999 64 Unrealized profit on intercompany transactions 6,048 1,243 2 26,2428 1 Gross profit, net 2,1283,144 68 1,898,936 64 Operating expenses (Note 7) 3 2,1283,144 68 1,898,936 64 Operating expenses (Note 7) Selling expenses (Note 7) 24 900,106 3 2 291,327 10 3 66 66,231 2 900,106 3 1 3 60,40 13 30,408 13 30,408 13 30,408 13 30,408 13 30,408 13 10 30,408 13 10 30,408 13 10 30,408 13 13 10 30,408 13 10 30,408 13 10 30,408 13 10 30,408 13 10 30,408 13 10 10 20,102,518 13 10 10 10 10 <td></td> <td></td> <td></td> <td></td> <td></td>					
Unrealized profit on intercompany transactions 6.08 1.949 1.948 1.94					
Relized profit on intercompany transactions Gross profit, net 1.00 2.18.3.14 6 2.64.28 1 Gross profit, net 2.18.3.14 6 1.89.3.50 6 Coperating expenses Selling expenses 771.5.57 2 0.001.00 3 General and administrative expenses 281.511 9 291.327 10 Research and development expenses 349.085 14 360.084 13 Research and development expenses 349.087 24 360.084 13 Research and development expenses 349.087 24 360.084 13 Research and development expenses 349.087 24 360.084 13 Research and development expenses 349.084 3 30.095 11 Toth of the company transaction of the profit and servers and ser	_		08		
Gross profit, net 2,183,144 68 1,898,936 64 Operating expenses 771,557 24 900,106 30 Selling expenses 281,511 9 929,1327 10 Research and development expenses 281,511 9 929,1327 10 Research and development expenses 340,289 11 369,408 13 Research and development expenses 183,933,77 44 1560,841 33 Results from operating activities 663,315 2 102,788 3 Results from operating income and expenses (Notes 6(20) and 7) 663,315 2 102,788 3 Other gains and losses 698,239 22 498,749 17 17 17 17 17 17 17 17 17 17 17 17 18 18 19 18 14 19 19,315 1 11 12 19 18 18 19 18 18 19 18 10 18 19 <td></td> <td></td> <td>-</td> <td></td> <td></td>			-		
Seling expenses Note 7 Seling expenses 771,557 24 900,106 30 30 30 30 31 30 30 30					
Selling expenses 771,557 24 900,106 30 General and administrative expenses 281,511 9 291,327 10 Research and development expenses 340,289 14 1560,841 53 Results from operating activities 789,787 24 1560,841 53 Non-operating income and expenses (Notes 6(20) and 7) 80 698,239 22 190,788 3 Other gins and losses 698,239 22 190,788 3 Other gins and losses 698,239 22 190,788 3 Other gins and losses 698,239 22 190,788 3 Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(7)) 233,808 23 571,745 19 Profit before tax 1,525,595 47 909,840 30 Remeasurement effects to 2,735,808 23 571,745 19 Profit before tax 1,246,509 3 81,659 2 Remeasurement effects on defined benefit plans 4,055	Gross pront, net	2,183,144		1,898,930	04
General and administrative expenses 281,511 9 291,327 10 Research and development expenses 340,289 11 560,488 13 Research and development expenses 1,303,337 44 1,50,084 23 Research and development expenses 789,787 24 338,095 11 Non-portating income and expenses (Note 6(20) and 7) 789,787 24 338,095 1 Other income 63,315 2 102,788 3 Other gains and losses 698,239 22 498,749 17 Finance costs 1,253,509 40 498,749 17 Finance costs 2,338 2 498,749 17 Finance costs 1,325,509 47 909,840 3 Remain for fit (loss) of associates and joint ventures accounted for using equity method (Note 6(15)) 2 909,840 3 Profit before tax 1,252,509 47 909,840 3 3 Remain tax petating to the forestit and season accounted for using equity method (Note comprehensive income 1,246,	Operating expenses (Note 7)				
Research and development expenses 340,288 11 369,408 13 Results from operating activities 789,787 24 338,095 11 Non-operating income and expenses (Notes 6(20) and 7) 789,787 24 338,095 11 Other income 63,315 2 102,788 3 Other gains and loses 6698,239 22 498,749 17 Finance costs (25,362) (1) (19,234) 10 Share of profit (loss) of associates and joint ventures accounted for using equir method (Note 6(7)) 38,808 23 571,745 19 Profit before tax 735,808 23 571,745 19 Income tax expense (Note 6(15)) 20 9,814 3 Profit for the year 1,246,592 38 811,695 2 Remeasurement effects on defined benefit plans (4,056) - - - Remeasurement effects on defined benefit plans (4,056) - - - - - - - - - - - <td>Selling expenses</td> <td>771,557</td> <td>24</td> <td>900,106</td> <td>30</td>	Selling expenses	771,557	24	900,106	30
Results from operating activities 1,393,357 44 1,560,841 53 Non-operating income and expenses (Notes 6(20) and 7) 789,787 24 338,095 11 Non-operating income and expenses (Notes 6(20) and 7) 63,315 2 102,788 3 Other gains and losses 698,239 22 498,749 17 Finance costs (25,362) (1) (19,234) (1) Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(7)) 738,808 2 (10,558) - Profit before tax 1,525,595 47 999,840 3 Items that will not be reclassified to profit and los 279,003 9 9,81,45 3 Remeasurement effects on defined benefit plans 4,40,559 - - - Less: Income tax relating to components of other comprehensive income (4,056) - - - Items which may be reclassified to profit and loss in subsequent periods (10,260) - 19,315 1 Unrealized (loss) gain on available-for-sale financial assets (Note 6(21)) 476,184	General and administrative expenses	281,511	9	291,327	10
Non-operating income and expenses (Notes 6(20) and 7) Non-operating income and expenses (Notes 6(20) and 7) Other income 63,315 2 102,788 3 75 779,648 2 102,788 3 102,788 3 103,789 103,789 103,7	Research and development expenses	340,289	11	369,408	13
Non-operating income and expenses (Notes 6(20) and 7) Other income		1,393,357	44	1,560,841	53
Other income 63,315 2 102,788 3 Other gains and losses 698,239 22 498,749 17 Finance costs (25,562) (1) (19,234) (1) Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(7)) 384 - (10,558) - Profit before tax 1,525,595 47 909,840 30 Income tax expense (Note 6(15)) 279,003 9 98,145 3 Profit for the year 1,246,592 38 811,695 27 Other comprehensive income (4,056) - - - Items that will not be reclassified to profit and loss (4,056) - - - - Ess: Income tax relating to components of other comprehensive income (4,056) - - - - Items which may be reclassified to profit and loss in subsequent periods (10,260) 19,315 1 Unrealized (loss) gain on available-for-sale financial assets (Note 6(21)) 476,184 15 - - Share o	Results from operating activities	789,787	24	338,095	11
Other gains and losses 698,239 22 498,749 17 Finance costs (25,362) (1) (19,234) (1) Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(7)) (384) - (10,558) - Profit before tax 1,525,595 47 909,840 30 Income tax expense (Note 6(15)) 279,003 9 98,145 3 Profit for the year 1,246,592 38 811,695 27 Other comprehensive income 4,246,592 3 811,695 27 Items that will not be reclassified to profit and loss 4,4056 -	Non-operating income and expenses (Notes 6(20) and 7)				
Finance costs	Other income	63,315	2	102,788	3
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(7)) (384) - (10,558) - Profit before tax 1,525,595 47 909,840 30 Income tax expense (Note 6(15)) 279,003 9 98,145 3 Profit for the year 1,246,592 38 811,695 27 Other comprehensive income Items that will not be reclassified to profit and loss Remeasurement effects on defined benefit plans (4,056) -	Other gains and losses	698,239	22	498,749	17
equity method (Note 6(7)) (384) - (10,558) - Profit before tax 735,808 23 571,745 19 Income tax expense (Note 6(15)) 279,003 9 99,846 3 Profit for the year 1,246,592 38 811,695 27 Term that will not be reclassified to profit and loss Remeasurement effects on defined benefit plans (4,056) -	Finance costs	(25,362)	(1)	(19,234)	(1)
Profit before tax	Share of profit (loss) of associates and joint ventures accounted for using				
Profit before tax 1,525,595 47 909,840 30 Income tax expense (Note 6(15)) 279,003 9 98,145 3 Profit for the year 1,246,592 38 811,095 27 Tother comprehensive income Items that will not be reclassified to profit and loss Remeasurement effects on defined benefit plans (4,056) - - - Less: Income tax relating to components of other comprehensive income - - - - Items which may be reclassified to profit and loss in subsequent periods (4,056) - - - - Foreign currency translation differences − foreign operations (10,260) - 19,315 1 Unrealized (loss) gain on available-for-sale financial assets (Note 6(21)) 476,184 15 - - Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note 6(21)) 6,266 - 3,220 - Less: Income tax relating to components of other comprehensive income 478,245 15 16,870 1 Other comprehensive income	equity method (Note 6(7))	(384)	-	(10,558)	-
Profit for the year		735,808	23	571,745	19
Profit for the year	Profit before tax	1,525,595	47	909,840	30
Profit for the year 1,246,592 38 811,695 27 Childre comprehensive income 1,246,592 38 811,695 37 Childre that will not be reclassified to profit and loss 1,486,581 1,48	Income tax expense (Note 6(15))	279,003	9	98,145	3
Other comprehensive income Items that will not be reclassified to profit and loss Remeasurement effects on defined benefit plans (4,056) - - Less: Income tax relating to components of other comprehensive income - - - Items which may be reclassified to profit and loss in subsequent periods (10,260) - 19,315 1 Unrealized (loss) gain on available-for-sale financial assets (Note 6(21)) 476,184 15 - - Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note 6(21)) 6,266 - 3,220 - Less: Income tax relating to components of other comprehensive income (6,055) - 5,665 - Less: Income tax relating to components of other comprehensive income (6,055) - 5,665 - Other comprehensive income for the year, net of tax 1,720,781 15 16,870 1 Total comprehensive income for the year, net of tax 1,720,781 53 828,565 28 Profit attributable to 1,211,018 37 779,645 26 Owners of the parent <		1,246,592	38	811,695	27
Remeasurement effects on defined benefit plans					
Less: Income tax relating to components of other comprehensive income					
Less: Income tax relating to components of other comprehensive income		(4,056)	-	-	-
Stems which may be reclassified to profit and loss in subsequent periods Foreign currency translation differences—foreign operations (10,260) - 19,315 1 1 1 1 1 1 1		-	-	-	-
Foreign currency translation differences—foreign operations (10,260) - 19,315 1		(4,056)	-	-	-
Foreign currency translation differences—foreign operations (10,260) - 19,315 1	Items which may be reclassified to profit and loss in subsequent periods				
Unrealized (loss) gain on available-for-sale financial assets (Note 6(21)) Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note 6(21)) Less: Income tax relating to components of other comprehensive income 6,266 -		(10,260)	-	19,315	1
Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note 6(21)) 6,266 3,220 3,220 Less: Income tax relating to components of other comprehensive income (6,055) - 5,665 - Other comprehensive income for the year, net of tax 474,189 15 16,870 1 Total comprehensive income for the year \$1,720,781 53 828,565 28 Profit attributable to Owners of the parent \$1,211,018 37 779,645 26 Non-controlling interests 35,574 1 32,050 1 Comprehensive income attributable to Owners of the parent \$1,532,070 47 796,482 27 Non-controlling interests 188,711 6 32,083 1 Non-controlling interests \$1,720,781 53 828,565 28 Earnings per share, net of tax (Note 6(17)) Basic earnings per share \$4,87 \$3,14			15	-	-
Less: Income tax relating to components of other comprehensive income (6,055) - 5,665 -		(266		2 220	
Other comprehensive income for the year, net of tax 478,245 15 16,870 1 Total comprehensive income for the year \$ 1,720,781 53 828,565 28 Profit attributable to Owners of the parent \$ 1,211,018 37 779,645 26 Non-controlling interests 35,574 1 32,050 1 Comprehensive income attributable to \$ 1,246,592 38 811,695 27 Comprehensive income attributable to \$ 1,532,070 47 796,482 27 Non-controlling interests 188,711 6 32,083 1 Earnings per share, net of tax (Note 6(17)) \$ 1,720,781 53 828,565 28 Earnings per share \$ 4.87 \$ 3.14		6,266	-	3,220	-
Other comprehensive income for the year, net of tax 474,189 15 16,870 1 Total comprehensive income for the year \$ 1,720,781 53 828,565 28 Profit attributable to Owners of the parent \$ 1,211,018 37 779,645 26 Non-controlling interests 35,574 1 32,050 1 \$ 1,246,592 38 811,695 27 Comprehensive income attributable to \$ 1,532,070 47 796,482 27 Non-controlling interests \$ 1,87,11 6 32,083 1 Non-controlling interests \$ 1,720,781 53 828,565 28 Earnings per share, net of tax (Note 6(17)) \$ 3,14 4.87 \$ 3,14	Less: Income tax relating to components of other comprehensive income	(6,055)		5,665	-
Profit attributable to \$ 1,720,781 53 828,565 28 Owners of the parent Non-controlling interests \$ 1,211,018 37 779,645 26 Non-controlling interests 35,574 1 32,050 1 Comprehensive income attributable to Owners of the parent Non-controlling interests \$ 1,532,070 47 796,482 27 Non-controlling interests 188,711 6 32,083 1 Earnings per share, net of tax (Note 6(17)) \$ 1,720,781 53 828,565 28 Basic earnings per share \$ 4.87 \$ 3.14					1
Profit attributable to Owners of the parent \$ 1,211,018 37 779,645 26 Non-controlling interests 35,574 1 32,050 1 \$ 1,246,592 38 811,695 27 Comprehensive income attributable to \$ 1,532,070 47 796,482 27 Non-controlling interests 188,711 6 32,083 1 Non-controlling interests 188,711 6 32,083 1 Earnings per share, net of tax (Note 6(17)) \$ 1,720,781 53 828,565 28 Earnings per share \$ 4.87 \$ 3.14		474,189		16,870	1
Owners of the parent Non-controlling interests \$ 1,211,018 37 379,645 26 779,645 32,050 1 26 Non-controlling interests 35,574 1 32,050 27 1 32,246,592 38 811,695 27 27 Comprehensive income attributable to Owners of the parent Non-controlling interests \$ 1,532,070 47 796,482 27 27 Non-controlling interests 188,711 6 32,083 1 32,083 1 1 Earnings per share, net of tax (Note 6(17)) 487 828,565 28 Basic earnings per share \$ 4.87 \$ 3.14	Total comprehensive income for the year	\$ 1,720,781	53	828,565	28
Owners of the parent Non-controlling interests \$ 1,211,018 37 379,645 26 779,645 32,050 1 26 Non-controlling interests 35,574 1 32,050 27 1 32,246,592 38 811,695 27 27 Comprehensive income attributable to Owners of the parent Non-controlling interests \$ 1,532,070 47 796,482 27 27 Non-controlling interests 188,711 6 32,083 1 32,083 1 1 Earnings per share, net of tax (Note 6(17)) 487 828,565 28 Basic earnings per share \$ 4.87 \$ 3.14	Profit attributable to				
Non-controlling interests 35,574 1 32,050 1 Comprehensive income attributable to Owners of the parent \$ 1,532,070 47 796,482 27 Non-controlling interests 188,711 6 32,083 1 Earnings per share, net of tax (Note 6(17)) \$ 1,720,781 53 828,565 28 Basic earnings per share \$ 4.87 \$ 3.14		\$ 1.211.018	37	779.645	26
Comprehensive income attributable to \$ 1,246,592 38 811,695 27 Comprehensive income attributable to	•			· · · · · · · · · · · · · · · · · · ·	
Comprehensive income attributable to Secondary 1,532,070 47 796,482 27 Non-controlling interests 188,711 6 32,083 1 Earnings per share, net of tax (Note 6(17)) 53 828,565 28 Basic earnings per share \$4.87 \$3.14	Tion comoning mercus				
Non-controlling interests 188,711 6 32,083 1 \$ 1,720,781 53 828,565 28 Earnings per share, net of tax (Note 6(17)) \$ 4.87 \$ 3.14	Comprehensive income attributable to	<u> </u>			
\$ 1,720,781 53 828,565 28	Owners of the parent	\$ 1,532,070	47	796,482	27
\$ 1,720,781 53 828,565 28	Non-controlling interests	188,711	6	32,083	1
Earnings per share, net of tax (Note 6(17)) Basic earnings per share \$ 4.87 \$ 3.14		\$ 1,720,781	53	828,565	28
	Earnings per share, net of tax (Note 6(17))				
Diluted earnings per share \$ 4.86 \$ 3.13	Basic earnings per share		4.87	\$	3.14
	Diluted earnings per share	\$	4.86	\$	3.13

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

(English Translations of Financial Statements Originally Issued in Chinese)
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(All Amounts Expressed in Thousands of New Taiwan Dollars)

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							Other adjustments to equity				
		!		Retained earnings		Foreign currency	Unrealized gains (losses)				
						translation	on available-for-sale				
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated	differences	financial assets	Total	Owners of the parent company	Non-controlling interests	Total equity
Balance, January 1, 2014	\$ 2,330,365	390,153	345,803	110,154	682,073	18,066		18,066	3,876,614	451,103	4,327,717
Profit for the year	1		1		779,645				779,645	32,050	811,695
Other comprehensive income for the year						27,658	(10,821)	16,837	16,837	33	16,870
Total comprehensive income for the year					779,645	27,658	(10,821)	16,837	796,482	32,083	828,565
Appropriation and distribution of retained earnings											
Legal reserve			58,744	•	(58,744)			,	1	•	•
Cash dividends of ordinary shares					(466,072)				(466,072)	(46,791)	(512,863)
Stock dividends of ordinary shares	156,135				(156,135)			,			•
Changes in equity of associates and joint ventures accounted for under equity method		12,092						ı	12,092		12,092
Disposal of investments accounted for using equity method	,	(24,238)	,		,			,	(24,238)		(24,238)
5 Changes in non-controlling interests				•				,	1	1,167	1,167
Balance, December 31, 2014	2,486,500	378,007	404,547	110,154	780,767	45,724	(10,821)	34,903	4,194,878	437,562	4,632,440
Profit for the year				•	1,211,018			ı	1,211,018	35,574	1,246,592
Other comprehensive income for the year					(4,056)	(29,564)	354,672	325,108	321,052	153,137	474,189
Total comprehensive income for the year	1		1		1,206,962	(29,564)	354,672	325,108	1,532,070	188,711	1,720,781
Appropriation and distribution of retained earnings											
Legal reserve			77,964	•	(77,964)			,	1	•	•
Cash dividends of ordinary shares	,		,		(621,625)			,	(621,625)	(33,422)	(655,047)
Changes in equity of associates and joint ventures accounted for under equity method		(4,022)							(4,022)	•	(4,022)
Changes in non-controlling interests	·			٠						198	798
Balance, December 31, 2015	\$ 2,486,500	373,985	482,511	110,154	1,288,140	16,160	343,851	360,011	5,101,301	593,649	5.694.950

(English Translation of Financial Report Originally Issued in Chinese) TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended	December 31
	2015	2014
ash flows from operating activities:		
Profit before tax	\$ 1,525,595	909,840
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	96,776	96,907
Amortization	21,853	27,053
Allowance for uncollectable accounts	13,319	-
Interest expense	25,362	19,234
Interest income	(9,660)	(10,237)
Share of profit (loss) of associates and joint ventures accounted for using equity method	384	10,558
Loss (gain) on disposal of property, plant and equipment	59	(673)
Allocation of deferred income	(1,010)	(1,031
Gain on disposal of investments	(655,796)	(483,809
Unrealized profits on intercompany transactions	6,408	19,491
Realized loss on intercompany transactions	 (1,203)	(26,428
	 (503,508)	(348,935
Changes in operating assets and liabilities		
Notes receivable	1,272	4,071
Accounts receivable	(284,464)	47,011
Other receivables	15,638	14,451
Inventories	(55,404)	67,247
Other current assets	291	(38
Other financial assets	(1,593)	(6,891
Notes payable	5,650	(23,972
Accounts payable	11,519	16,772
Other payables	14,181	(6,611
Other current liabilities	(5,257)	8,984
Decrease in net defined benefit liability	(350)	(292
Net changes in operating assets and liabilities	 (298,517)	120,732
Total changes in operating assets and liabilities	 (802,025)	(228,203
Cash provided by operating activities	 723,570	681,637
Interest received	9,721	10,783
Dividend received	25,540	7,430
Interest paid	(25,268)	(18,876
Income taxes paid	 (94,361)	(103,028
Net cash provided by operating activities	 639,202	577,946

(English Translation of Financial Report Originally Issued in Chinese) TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D) FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December 31		
	2015	2014	
Cash flows from investing activities			
Proceeds from disposal of available-for-sale financial assets	60,022	-	
Proceeds from disposal of financial assets carried at cost	-	150	
Acquisition of investments accounted for using equity method	-	(144,348)	
Proceeds from disposal of investments accounted for using equity method	959,598	516,705	
Acquisition of property, plant and equipment	(63,571)	(431,063)	
Proceeds from disposal of property, plant and equipment	143	3,780	
Decrease in refundable deposits	4,823	7,340	
Acquisition of intangible assets	(8,224)	(3,469)	
Increase in other financial assets	(120,020)	-	
Increase in prepayments for equipment	(113,370)	(252,593)	
Decrease (increase) in other noncurrent assets	(6,698)	8,060	
Net cash provided by (used in) investing activities	712,703	(295,438)	
Cash flows from financing activities			
Increase in short-term loans	8,655,950	140,000	
Decrease in short-term loans	(9,195,950)	-	
Proceeds from long-term loans	1,000,000	-	
Repayments of long-term loans	(300,000)	-	
Increase in guarantee deposit received	635	331	
Cash dividends paid	(621,625)	(466,072)	
Change in non-controlling interests	(32,624)	(45,624)	
Net cash used in financing activities	(493,614)	(371,365)	
Effect of exchange rate fluctuations on cash held	(1,995)	5,639	
Net increase in cash and cash equivalents	856,296	(83,218)	
Cash and cash equivalents, beginning of year	854,228	937,446	
Cash and cash equivalents, end of year	\$ 1,710,524	854,228	

Attachment 3

TTY BIOPHARM COMPANY LIMITED

Supervisor's Review Report

The Board reports the financial statements which have been audited by KPMG Taiwan, business report, and earnings distribution proposal of 2015 have been audited by us as Supervisors of the Company. We deem no inappropriateness on these documents. Pursuant to Article 219 of the Company Act, we hereby present the audited report. Please review.

Submitted to: 2016 Annual General Shareholders' Meeting of the Company.

Supervisor: CHANG, HSIU-CHI

Supervisor: LIAO, YING-YING

On the Date of May 30, 2016

Attachment 4

TTY BIOPHARM COMPANY LIMITED

Distribution of 2015 Profit Table

Unit: NTD

Item	Amount	Note
Unappropriated retained earnings of previous years	81,177,962	
Less: 2015 retained earnings adjustment	4,056,273	
Unappropriated retained earnings after adjustments	77,121,689	
Add: 2015 Net profits after taxes for the year	1,211,018,341	
Less: Appropriated as legal capital reserve (10%)	121,101,834	
Retained earnings available for distribution as of December 31, 2015	1,167,038,196	
Allocation Items		
Cash Dividends to Shareholders	870,274,857	Cash dividends of NT\$3.5 per share
Unappropriated retained earnings as of December 31, 2015	296,763,339	

Note: Total shares issued 248,649,959 Common Shares.

Chairman of the Board: Hsiao, Ying-Chun

Responsible Management: Hsiao, Ying-Chun

Responsible Accountant: Wang, Shu-Wen

TTY BIOPHARM COMPANY LIMITED

Regulations for Lending Funds to Other Parties Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
Article 1 Purpose:	Article 1 Purpose:	Word Modification
If the Company deems it	If the Company deems it	
necessary to loan funds to others	necessary to loan funds to others	
for business needs, these	for business needs, these	
operational procedures shall be	operational procedures shall be	
strictly observed. For matters not	strictly observed. For matters not	
specifically covered in these	specifically covered in these	
procedures, <u>regulation</u> set forth in	procedures, regulations set forth in	
relevant laws shall apply.	relevant laws shall apply.	
Article 2 Legal basis:	Article 2 Legal basis:	Correction of the title
These operational procedures have	These operational procedures have	of the regulation
been formulated pursuant to	been formulated pursuant to	
relevant provisions set forth in the	relevant provisions set forth in the	
Regulations Governing the	Regulations Governing Loaning of	
Loaning of Funds by Public	Funds and Making of	
Companies (hereinafter referred to	Endorsements/Guarantees by	
as "these Regulations") of the	Public Companies of the Financial	
Financial Supervisory	Supervisory Commission	
Commission (hereinafter referred	(hereinafter referred to as "FSC").	
to as "FSC"). If other laws	If other laws stipulate otherwise,	
stipulate otherwise, the provisions	the provisions of those laws shall	
of those laws shall govern.	govern.	
Article 3 Loan beneficiaries:	Article 3 Loan beneficiaries:	Amendment was made
Loans granted by the Company to	The Company shall not loan funds	in correspondence with
others shall meet the following	to any of its shareholders or any	regulations and actual
criteria (these restrictions shall not	other person except under the	operating need.
apply to foreign investment of	following criteria	
loaned funds for business needs as	1. Omitted	
stipulated in the provisions set	2. Omitted.	
forth in Article 3, Paragraph 2 of		
the MoEA Regulations Governing		
the Review of Foreign		
Investments and Technical		
<u>Cooperation</u>)		
1. Omitted.		
2. Omitted.		
Article 4 Reason and necessity of	Article 4 Reason and necessity of	1. Amendment was
loans to others:	loans to others:	made in
Where the Company engages in the	Where the Company engages in the	correspondence

Before amendment loaning of funds as a result of business dealings, such dealings shall have already occurred and the loan amount shall be equivalent to the order or sales amount (whichever is higher) in the most recent fiscal year or in the current year until the time the loan is granted. And The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Word Modification 1. Omitted. 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
business dealings, such dealings shall have already occurred and the loan amount shall be equivalent to the order or sales amount (whichever is higher) in the most recent fiscal year or in the current year until the time the loan is granted. And The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Word Modification of the current year until the time the loan is granted. The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
have already occurred and the loan amount shall be equivalent to the order or sales amount (whichever is higher) in the most recent fiscal year or in the current year until the time the loan is granted. The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Word Modification of the current year until the time time the loan is granted. The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
amount shall be equivalent to the order or sales amount (whichever is higher) in the most recent fiscal year or in the current year until the time the loan is granted. And The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Word Modification of the loan is granted. The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
order or sales amount (whichever is higher) in the most recent fiscal year or in the current year until the time the loan is granted. And The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
higher) in the most recent fiscal year or in the current year until the time the loan is granted. And The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
or in the current year until the time the loan is granted. And The following restrictions shall apply for loans to meet short-term financing needs: needs: 1. Omitted. 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
the loan is granted. And The following restrictions shall apply for loans to meet short-term financing needs: 1. Omitted. 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
following restrictions shall apply for loans to meet short-term financing needs: 2. Businesses in which the Company directly or indirectly holds over 50% of all shares
loans to meet short-term financing needs: Company <u>directly or indirectly holds over 50% of all shares</u>
needs: holds over 50% of all shares
1. Omitted. have financing needs generated
2. Businesses in which the by return of bank loans,
Company indirectly holds over purchase of equipment, or
50% of all shares have working capital demands.
financing needs generated by 3.Omitted.
return of bank loans, purchase
of equipment, or working
capital demands.
3.Omitted.
Article 5 Maximum loan amount: Article 5 Maximum loan amount: 1. Amendment was
1. The total loan amount shall not
exceed 20% of the net worth of exceed 20% of the net worth of correspondence w
the Company as stated in the the Company as stated in the regulations and
most recent financial statement. most recent financial statement actual operating
2. Individual loans to companies including: need. •
or businesses that have business (1) <u>For companies or firms</u> 2. The definition of
dealings with the Company which have a business "Subsidiary" and
shall not exceed the total <u>relationship with the</u> "parent company"
amount of mutual business <u>Company, the total loan</u> moved to Article 5
dealings. <u>Financing amounts</u> <u>amount shall not exceed</u> <u>Item 3 from Articles</u>
shall not exceed 10% of the net 10% of the net worth of the 6 Item2.
worth of the Company as stated <u>Company as stated in the</u>
in the most recent financial <u>most recent financial</u>
statement <u>as well as 40%</u> of the <u>statement.</u>
net worth of the <u>loan recipient</u> . (2) <u>For companies or firms in</u>
The term "total amount of need of short-term
mutual business dealings" shall <u>financing, the total loan</u>
refer to mutual order or sales <u>amount shall not exceed</u>
amounts (whichever is higher). 20% of the net worth of the
The term "financing amounts" Company as stated in the
shall refer to cumulative most recent financial
<u>balances of short-term</u> <u>statement.</u>
<u>financing capital.</u> 2. In the case of lending funds to
The restriction that total financing companies or firms who have a

Before amendment	After amendment	Reason for amendment
amounts shall not exceed 40% of the	business relationship with the	
net worth of <u>loan recipients</u> shall not	Company, the total lending	
apply to foreign companies with	amount of an individual	
short-term financing needs in which	borrower shall not exceed the	
the Company directly or indirectly	total amount of the business	
holds 100% of the voting shares.	transactions between the	
	Company and the borrower and	
	10% of the net worth of the	
	Company as stated in the most	
	recent financial statement.	
	In the case of lending funds to the	
	companies or firms in need of	
	short-term financing, the total	
	lending amount to an individual	
	borrower shall not exceed 20% of	
	the net worth of the Company as	
	stated in the most recent financial	
	statement.	
	The "total amount of the business	
	transactions" refers the amount of	
	purchases or sales during the	
	recent year or the present year	
	until the time of lending funds,	
	whichever is higher	
	The foreign subsidiaries engaged	
	in lending funds between each	
	other which the Company has held	
	wholly owned voting shares	
	directly or indirectly, the total	
	amount shall not exceed 100% of	
	the net worth of the Company and	
	set the amount limits and the	
	durations of loans in internal	
	procedures pursuant to relevant	
	provisions set forth in the	
	Regulations Governing Loaning of	
	Funds and Making of	
	Endorsements/Guarantees by	
	Public Companies of the Financial	
	Supervisory Commission (Commission)	
	(hereinafter referred to as "FSC").	
	The term "financing amount"	
	means the cumulative balance of	
	the public company's short-term	
	financing.	

Before amendment	After amendment	Reason for amendment
	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 6 Detailed handling and	Article 6 Detailed handling and	1.Amendment was
review procedures for loaning of	review procedures for loaning of	made in
funds:	funds:	correspondence with
1. Application procedures:	Before loaning fund to	regulations and
(1) Omitted	others, company should carefully	actual operating
(2) Omitted	evaluate and execute in	need. °
(3) Omitted	accordance with below procedure,	2.The definition of
(4) Omitted	1.Application procedures:	"Subsidiary" and
(5) Omitted	(1)Omitted	"parent company" is
(6) Omitted	(2)Omitted	moved to Article 5
(7) If the company decides to	(3)Omitted	Item 3 from Article
appoint independent directors	(4)Omitted	6 Item2.
in the future, the opinions of	(5)Omitted	3.Word Modification
these independent directors	(6)Omitted	
shall be taken into full	(7) when loaning funds to others.	
consideration when loaning	Specific assenting or dissenting	
funds to others. Specific	opinions of independent directors	
assenting or dissenting	and the reasons for their dissent	
opinions of independent	shall be included in the board	
directors and the reasons for	meeting minutes.	
their dissent shall be included	2. Loan beneficiary credit checks	
in the board meeting minutes.	and risk assessment: omitted	
The terms "subsidiary" and	3. Assessment of collateral value	
"parent company" as used in these	and definition of rights: omitted	
operational procedures shall be		
defined in accordance with the		
provisions set forth in the		
Regulations Governing the		

Before amendment	After amendment	Reason for amendment
Preparation of Financial Reports		
by Security Issuers.		
2. Loan beneficiary credit checks		
and risk assessment: omitted		
3. Assessment of collateral value		
and definition of rights: omitted		
Article 7 Time limit and interest	Article 7 Time limit and interest	Amendment was made
calculation method for granted	calculation method for granted	in correspondence with
loans:	loans:	regulations and actual
1. The time limit for financing	When granting loan to others, the	operating need. •
loans shall not exceed one year.	Company should specify duration	operating need.
One extension of six months	of loans and calculation of interest	
may be granted upon approval	in accordance with below:	
by resolution of the board. The	1. The time limit for financing	
repayment date shall be clearly	loans shall not exceed one year.	
stated when the loan is granted.	One extension of six months	
2. Omitted.	may be granted for companies	
2. Offitted.	or firms which have a business	
	relationship with the Company	
	upon approval by resolution of	
	the board <u>and</u> the repayment	
	date shall be clearly stated when	
	the loan is granted. 2. Omitted.	
Antials 9. Fallow, we control and		1 Amondanout vivos
Article 8 Follow-up control and	Article 8 Follow-up control and	1. Amendment was made in
management measures for granted	management measures for granted	
loans and handling of delinquent	loans and handling of delinquent	correspondence with
creditor's rights: 1. Omitted.	creditor's rights:	setup of Audit Committee.
2. Omitted.	After granting loan to others,	2. Amendment was
	measures for control and	made in
3. The borrower shall pay back the	management of loans is as	
principal and interest when the	follows:	correspondence with
loan is due or upon expiry of	1.Omitted.	regulations and
the six-month extension	2.Omitted.	actual operating
specified in Article 7, Clause 1.	3. The borrower shall pay back the	need.
In case of violations, the	principal and interest when the	
Company shall be authorized to	loan is due or upon expiry of	
dispose of provided collateral as	the six-month extension due to	
seen fit and take recourse	the loan which have business	
against the debtor or guarantor	relationship with the Company	
in accordance with relevant	specified in Article 7, Item 1. In	
laws.	case of violations, the Company	
4. Omitted	shall be authorized to dispose of	
5. Internal auditors of the	provided collateral as seen fit	
Company shall review these	and take recourse against the	

Before amendment	After amendment	Reason for amendment
		Reason for amendment
operational procedures and the	debtor or guarantor in accordance with relevant laws.	
implementation conditions	4. Omitted	
thereof at least on a quarterly basis and create written records.	5.Internal auditors of the	
Where serious infractions are	Company shall review these	
detected, the supervisors shall	operational procedures and the	
be notified in a prompt manner.	implementation conditions	
	thereof at least on a quarterly	
	basis and create written records.	
	Where serious infractions are	
	detected, Audit Committee shall	
A :: 1 0 P 1!!	be notified in a prompt manner.	
Article 9 Public announcement	Article 9 Public announcement	Amendment was made
and declaration procedures:	and declaration procedures:	in correspondence with
1. Omitted.	Company should public announce	regulations and actual
2. Omitted.	and declare after granting loan to	operating need.
3. Omitted.	others in accordance with below	
4. Omitted.	procedure.	
The term "occurrence date" as	1.Omitted.	
used in these operational	2.Omitted.	
procedures shall refer to the	3.Omitted.	
contract signature date for	4.Omitted.	
transactions, the payment date, the	The term "occurrence date" as	
board resolution date, or other	used in these operational	
dates that can confirm the	procedures shall refer to the	
counterparty and monetary	contract signature date for	
amount of the transaction,	transactions, the payment date, the	
whichever date is earlier.	board resolution date, or other	
	dates that can confirm the	
	counterparty and monetary	
	amount of the transaction,	
	whichever date is earlier.	
Article 11 Procedures for control	Article 11 Procedures for control	Amendment was made
and management of loans	and management of loans	in correspondence with
extended by subsidiaries:	extended by subsidiaries:	regulations and actual
1. Subsidiaries shall also	Where a subsidiary of the	operating need.
formulate and abide by their	Company intends to make loans to	
own Operational Procedures for	others, the subsidiary shall	
Loaning Funds to Others	formulate and abide by their own	
pursuant to the provisions set	Operational Procedures for	
forth herein.	Loaning Funds to Others pursuant	
2. Subsidiaries shall submit data	to the provisions set forth herein.	
on loans extended in the	1. When subsidiaries grant loans	
previous month to the financial	to others based on their own	
unit of the Company by the <u>fifth</u>	Operational Procedures, the	

		,
Before amendment	After amendment	Reason for amendment
of every month.	term worth mean the worth of	
3. Internal auditors of subsidiaries	the subsidiary which is the	
shall <u>also</u> review the	calculation base.	
Operational Procedures for	2. Subsidiaries shall submit data	
Loaning Funds to Others and	on loans extended in the	
the implementation conditions	previous month to the financial	
thereof at least on a quarterly	unit of the Company by the	
basis and create written records.	tenth of every month.	
Where serious infractions are	3.Internal auditors of subsidiaries	
detected, the audit unit of the	shall also review the	
Company shall be notified in	Operational Procedures for	
writing in a <u>prompt</u> manner.	Loaning Funds to Others and	
The audit unit of the Company	the implementation conditions	
shall submit relevant data to the	thereof at least on a quarterly	
supervisors <u>in writing.</u>	basis and create written records.	
4. Omitted.	Where serious infractions are	
	detected, the supervisor of	
	subsidiaries shall be notified in	
	writing in a prompt manner. <u>If</u>	
	Audit Committee set up, shall	
	comply mutatis mutandis with	
	these Regulations set forth for	
	the supervisor.	
	4. Omitted.	
Article 12 Transitional provisions:	Article 12 Transitional provisions:	1. Amendment was
Where loan recipients do not	Where loan recipients do not	made in
conform to the regulations set	conform to the regulations set	correspondence
forth in these procedures or	forth in these <u>operational</u>	with regulations and
balances exceed the authorized	procedures or balances exceed the	actual operating
limit due to a change in	authorized limit due to a change in	need.
circumstances, the auditors shall	circumstances, the auditors shall	2. Word Modification
urge the financial unit to devise	urge the financial unit to devise	
improvement plans and submit	improvement plans and submit	
these plans to the supervisors.	these plans to <u>Audit Committee</u> .	
Improvements shall be	Improvements shall be	
implemented in accordance with	implemented in accordance with	
these plans.	these plans.	
Article 13	Article 13	Amendment was made
These operational procedures and	These operational procedures and	in correspondence with
all amendments thereof shall be	all amendments will implement	setup of Audit
submitted to the supervisors and	after ratification by Audit	Committee.
reported to the Shareholders	Committee and the board and	
Meeting for approval upon	report to the Shareholders Meeting	
ratification by the board. Any	for approval. the opinions of these	
objection by a Director recorded	independent directors shall be	

Before amendment	After amendment	Reason for amendment
or made in writing shall be	taken into full consideration when	Reason for amenament
submitted to the supervisors and	these procedures are submitted to	
reported to the Shareholders	the board for deliberation Specific	
Meeting for deliberation.	assenting or dissenting opinions of	
If the company decides to appoint	independent directors and the	
independent directors in the	reasons for their dissent shall be	
future, the opinions of these		
independent directors shall be	included in the board meeting minutes.	
taken into full consideration when	minutes.	
these procedures are submitted to		
the board for deliberation in		
accordance with the regulations		
set forth in the preceding		
paragraph. Specific assenting or		
dissenting opinions of		
independent directors and the		
reasons for their dissent shall be		
included in the board meeting minutes.		
Article 14	Article 14	Adding the amendment
These operational procedures	These operational procedures were	sequence number, and
were formulated on May 22, 1998.	formulated on May 22, 1998.	the date of the latest
They were amended for the first	They were amended for the first	amendment.
time on March 24, 2000.	time on March 24, 2000.	amenument.
They were amended for the second time on May 13, 2002.	They were amended for the second time on May 13, 2002.	
They were amended for the third	They were amended for the third	
time on May 19, 2003.	time 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	They were amended for the fifth	
time on June 25, 2010.	time on June 25, 2010.	
They were amended for the sixth	They were amended for the sixth	
time on June 25, 2013.	time on June 25, 2013.	
unic on June 23, 2013.	They were amended for the	
	seventh time on June 24, 2016.	
	seventii tiille on julie 24, 2010.	

TTY BIOPHARM COMPANY LIMITED

Regulations for Endorsement and Guarantee Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
Article 2 Legal basis:	Article 2 Legal basis:	Correction of the title
These operational procedures have	These operational procedures have	of the regulation
been formulated pursuant to	been formulated pursuant to	_
relevant provisions set forth in the	relevant provisions set forth in the	
Regulations Governing the	Regulations Governing Loaning of	
Making of	Funds and Making of	
Endorsements/Guarantees by	Endorsements/Guarantees by	
Public Companies (hereinafter	Public Companies of the Financial	
referred to as "these Regulations")	Supervisory Commission. If other	
of the Financial Supervisory	laws stipulate otherwise, the	
Commission (hereinafter referred	provisions of those laws shall	
to as "FSC"). If other laws	govern.	
stipulate otherwise, the provisions		
of those laws shall govern.		
Article 3 Application scope:	Article 3 Application scope:	Word modification in
The term endorsement/guarantee	The term endorsement/guarantee	correspondence with
as used in these regulations shall	as used in these regulations shall	regulations
refer to the following:	refer to the following:	
1. Omitted.	1. Omitted.	
2. Omitted.	2. Omitted.	
3. Other	3. Other	
endorsements/guarantees:	endorsements/guarantees:	
Endorsements or guarantees	Endorsements or guarantees	
beyond the scope of the	beyond the scope of the	
preceding two clauses. Any	preceding two clauses.	
creation of a pledge or	Any creation by the Company of a	
mortgage on its chattel or real	pledge or mortgage on its chattel	
property as security for the	or real property as security for the	
loans of another company.	loans of another company shall	
	also comply with these	
	Regulations.	
Article 5 Ceilings on the amount	Article 5 Ceilings on the amount	1. Amendment was
of endorsements/guarantees:	of endorsements/guarantees:	made in
Aggregate endorsement/guarantee	Aggregate endorsement/guarantee	correspondence with
amounts permitted for the	amounts permitted for the	regulations and
Company and its subsidiaries as a	Company and its subsidiaries as a	actual operating
whole as well as the permitted	whole as well as the permitted	need.
amount for single entities are	amount for single entities are	2. Word
defined as follows:	defined as follows:	modification °

Before amendment	After amendment	Reason for amendment
1. The ceiling on	1. The ceiling on	
endorsement/guarantee amounts	endorsement/guarantee amounts	
for single entities shall be set at	for single entities shall not	
20% of the net worth of the	exceed 20% of the net worth	
Company as stated in the most	of the Company as stated in the	
recent financial statement	most recent financial statement	
2. The aggregate	2.The aggregate	
endorsement/guarantee amount	endorsement/guarantee amount	
shall not exceed 50% of the net	shall not exceed 50% of the net	
worth as stated in the most	worth as stated in the	
recent financial statement	company's most recent financial	
3. Where the company engages in	statement	
endorsements/guarantees due to	3.The balance of endorsements/	
business dealings, the aggregate	guarantees by the company and	
transaction amount with the	its subsidiaries for a single	
Company in the most recent	enterprise shall not exceed 20	
fiscal year shall not be exceeded	percent or more of the	
(order or sales amount	company's net worth as stated in	
whichever is higher)	its latest financial statement.	
The term "Most Recent Financial	4. The aggregate of endorsements/	
Statement" as used in these	guarantees by the company and	
regulations shall refer to financial	its subsidiaries shall not exceed	
statements for the most recent	50 percent or more of the	
period composed in accordance	company's net worth as stated in	
with the International Financial	its latest financial statement.	
Reporting Standards and certified	5. Where the company engages in	
by a CPA. The term "Net Worth"	endorsements/guarantees due to	
shall refer to balance sheet equity	business dealings, the aggregate	
attributable to the owners of the	transaction amount with the	
parent company under the	Company in the most recent	
Regulations Governing the	fiscal year shall not be	
Preparation of Financial Reports	exceeded . <u>"Transaction</u>	
by Securities Issuers.	amount" means order or sales	
	amount whichever is higher.	
	The term "Most Recent Financial	
	Statement" as used in these	
	regulations shall refer to financial	
	statements for the most recent	
	period composed in accordance	
	with the International Financial	
	Reporting Standards and certified	
	by a CPA. The term "Net Worth"	
	shall refer to balance sheet equity	
	attributable to the owners of the	
	parent company under the	

Before amendment	After amendment	Reason for amendment
Before amendment	Regulations Governing the	Reason for amenament
	Preparation of Financial Reports	
	by Securities Issuers.	
Article 6 Hierarchy levels:	Article 6 Hierarchy levels:	1. Amendment was
1. Endorsements/guarantees shall	When make Endorsements/	made in
be <u>approved</u> by resolution of	guarantees, Hierarchy levels is as	
the board of directors prior to	below,	correspondence with regulations and
	1. The Company shall <u>carefully</u>	
issuance. The board may	assess based on this regulation	actual operating need.
authorize the chairman to give	prior to	2. Word
preliminary approval to	Endorsements/guarantees, and	modification •
endorsements/guarantees not exceeding 20% of the current	submit the analysis report of	inounication •
	Article 7, Item 1, Clause 2 to	
net worth subject to subsequent	resolution of the board of	
ratification by the board. 2. Omitted.	directors for approval, The	
	board may authorize the	
3. If the company decides to	chairman to give preliminary	
appoint independent directors in	approval to	
the future, the opinions of these	endorsements/guarantees not	
independent directors shall be	exceeding 20% of the current	
taken into full consideration		
when making	net worth subject to subsequent	
endorsements/guarantees for	ratification by the <u>next</u> board.	
others. Specific assenting or	2. Omitted.	
dissenting opinions of	3. The opinions of these	
independent directors and the	independent directors shall be	
reasons for their dissent shall be	taken into full consideration	
included in the board meeting	when making	
minutes.	endorsements/guarantees for	
	others. Specific assenting or	
	dissenting opinions of	
	independent directors and the	
	reasons for their dissent shall be	
	included in the board meeting	
A (1 7 D () 11 11 11	minutes.	1 1 1
Article 7 Detailed handling and	Article 7 Detailed handling and	1. Amendment was
review procedures for	review procedures for	made in
endorsements/guarantees:	endorsements/guarantees:	correspondence with
1. resolution(s).	When endorsements/guarantees	regulations and
2. Omitted.	issuing, the Company shall hand	actual operating
3. The financial unit shall also be	and detailed review in accordance	need.
in charge of tracking and	with below:	2. Word modification
evaluation of the financial	1. Omitted.	
status and use of funds by the	2. Omitted.	
company for which an	3. The chairman shall be	
endorsement is issued. In case	authorized to approve	

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Before amendment	After amendment	Reason for amendment
of major changes, the chairman	endorsements/guarantees for	
shall be notified immediately	companies within a ceiling of	
and the matter shall be handled	20% of the current net worth of	
in an appropriate manner.	the Company. The financial unit	
4. Omitted	shall be in charge of execution	
5. Intern The financial unit shall	subject to subsequent	
also be in charge of tracking	ratification by the next board	
and evaluation of the financial	meeting. If the accumulated	
status and use of funds by the	balance of	
company for which an	endorsements/guarantees	
endorsement is issued. In case	exceeds 20% of the current net	
of major changes, the chairman	worth, approval by the board	
shall be notified immediately	shall be required and the matter	
and the matter shall be handled	shall be handled in accordance	
in an appropriate manner.	with board	
6. Omitted	4. Omitted.	
7. Omitted	5. Intern The financial unit shall	
8. Internal auditors of the	also be in charge of tracking	
Company shall review the	and evaluation of the financial	
operational procedures	status and use of funds by the	
governing	company for which an	
endorsements/guarantees and	endorsement is issued. In case	
the implementation conditions	of major changes, the chairman	
thereof at least on a quarterly	shall be notified immediately	
basis and create written records.	and the matter shall be handled	
Where serious infractions are	in an appropriate manner.	
detected, the supervisors shall	6.Omitted.	
be notified in a prompt manner.	7.Omitted.	
9. Omitted	8.Internal auditors of the Company	
	shall review the operational	
	procedures governing	
	endorsements/guarantees and	
	the implementation conditions	
	thereof at least on a quarterly	
	basis and create written records.	
	Where serious infractions are	
	detected, Audit Committee shall	
	be notified in a prompt manner.	
	9. Omitted.	
Article 8 Follow-up control and	Article 8 Follow-up control and	1.Amendment was
management measures for	management measures for	made in
endorsements/guarantees issued	endorsements/guarantees issued	correspondence with
by subsidiaries:	by subsidiaries:	regulations and
1. Subsidiaries s <u>hall also</u>	Subsidiaries intend to issue	actual operating
formulate and abide by their	endorsements/guarantees to others	need.

Before amendment

own Regulations Governing

Endorsements/Guarantees

pursuant to the provisions set

forth herein. Net worth

calculations shall be based on

the net worth of the subsidiary.

Subsidiaries shall submit data

on endorsements/guarantees

issued in the previous month to

the financial unit of the

Company by the fifth of every

month for future reference.

- 2. Omitted
- 3. Internal auditors of subsidiaries shall also review the Operational Procedures for Loaning Funds to Others and the implementation conditions thereof at least on a quarterly basis and create written records. Where serious infractions are detected, the audit unit of the Company shall be notified in writing in a prompt manner. The audit unit of the Company shall submit relevant data to the supervisors in writing.
- 4. Omitted
- 5. Subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit reports to the board of directors of the Company for resolution prior to making endorsements/guarantees pursuant to Article 4, Clause 6. The amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. This restriction shall not apply to endorsements/guarantees made between companies in which the public company holds,

After amendment
shall also formulate and abide by
their own Operational Procedures
pursuant to the provisions set forth
herein.

- 1. Subsidiaries shall also formulate and abide by their own Regulations Governing Endorsements/Guarantees pursuant to the provisions set forth herein. Net worth calculations shall be based on the net worth of the subsidiary. Subsidiaries shall submit data on endorsements/guarantees issued in the previous month to the financial unit of the Company by the tenth of every month for future reference.
- 2. Omitted.
- 3. internal auditors of subsidiaries shall also review the Operational Procedures for Loaning Funds to Others and the implementation conditions thereof at least on a quarterly basis and create written records. Where serious infractions are detected, the supervisor of subsidiaries shall be notified in writing in a prompt manner.if audit committee set up,. shall comply mutatis mutandis with these Regulations set forth for the supervisor.
- 4. Omitted.
- 5.Subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit reports to the board of directors of the Company for resolution prior to making endorsements/guarantees pursuant to Article 4, Clause 5. The amount of

Reason for amendment

2. Word modification

Before amendment	After amendment	Reason for amendment
directly or indirectly, 100% of	endorsements/guarantees may	
the voting shares.	not exceed 10% of the net worth	
	of the Company. This restriction	
	shall not apply to	
	endorsements/guarantees made	
	between companies in which	
	the public company holds,	
	directly or indirectly, 100% of	
	the voting shares.	
Article 9 Public announcement	Article 9 Public announcement	Word modification
and declaration procedures time	and declaration procedures time	
limit and standards:	limit and standards:	
The Company shall publicly	The Company shall publicly	
announce and declare the balance	announce and declare the balance	
of endorsements/guarantees of its	of endorsements/guarantees of its	
HQ and subsidiaries for the	HQ and subsidiaries for the	
previous month on the Market	previous month on the Market	
Post Observation System by the	Post Observation System by the	
10 of each month. In addition,	10^{th} of each month. In addition,	
endorsement/guarantee balances	endorsement/guarantee balances	
of the Company shall be publicly	of the Company shall be publicly	
announced and declared on the	announced and declared on the	
Market Post Observation System	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. Omitted.	1. Omitted.	
2. Omitted.	2. Omitted.	
3. The balance of	3. The balance of	
endorsements/guarantees issued	endorsements/guarantees issued	
by the Company and its	by the Company and its	
subsidiaries to a single entity	subsidiaries to a single entity	
exceeds NT\$ 10 million and the	exceeds NT\$ 10 million and the	
aggregate amount of all	aggregate amount of all	
endorsements/guarantees for,	endorsements/guarantees for_	
investment of a long-term	that single entity, investment of	
nature in, and balance of loans	a long-term nature in, and	
to, such enterprise reaches 30	balance of loans to, such	
percent or more of the net worth	enterprise reaches 30 percent or more of the net worth of the	
of the Company as stated in its most recent financial statement.		
4. Newly added	Company as stated in its most recent financial statement.	
endorsement/guarantee amounts	4. Newly added	
of the Company and its	endorsement/guarantee amounts	
subsidiaries exceed NT\$30	of the Company and its	
Substitutios exceed in 1 \$30	of the Company and its	

	T	Ι
Before amendment	After amendment	Reason for amendment
million and 5% of the net worth	subsidiaries exceed NT\$ 30	
of the Company as stated in the	million and 5% of the net worth	
most recent financial statement.	of the Company as stated in the	
The Company shall make public	most recent financial statement.	
announcements and declarations	The Company shall make public	
on behalf of subsidiaries that are	announcements and declarations	
not public companies of the	on behalf of subsidiaries that are	
Republic of China for matters	not public companies of the	
requiring announcement and	Republic of China for matters	
declaration pursuant to Clause 4	requiring announcement and	
of the preceding paragraph. •	declaration pursuant to Clause 4 of	
The term "occurrence date" as	the preceding paragraph. •	
used in these operational	The term "occurrence date" as	
procedures shall refer to the	used in these operational	
contract signature date for	procedures shall refer to the	
transactions, the payment date, the	contract signature date for	
board resolution date, or other	transactions, the payment date, the	
dates that can confirm the	board resolution date, or other	
counterparty and monetary	dates that can confirm the	
amount of the transaction,	counterparty and monetary amount	
whichever date is earlier.	of the transaction, whichever date	
	is earlier.	
Article 10 Seal safekeeping and	Article 10 Seal safekeeping and	Word modification
usage procedures:	usage procedures:	
The company seal registered with	The company seal registered with	
the Ministry of Economic Affairs	the Ministry of Economic Affairs	
is the official seal for	is the official seal for	
endorsements/guarantees. This	endorsements/guarantees. This	
seal shall be kept in custody of	seal shall be kept in custody of	
designated personnel and shall	designated personnel and shall be	
beused or affixed to promissory	used or affixed to promissory	
notes in accordance with these	notes in accordance with these	
regulations and the Operational	regulations and the Operational	
Regulations Governing Seal	Regulations Governing Seal	
Management.	Management. Designated	
Designated personnel in charge of	personnel in charge of safekeeping	
safekeeping of the official seal for	of the official seal for	
endorsements/guarantees and	endorsements/guarantees and	
changes thereof shall be reported	changes thereof shall be reported	
to the board of directors for	to the board of directors for	
approval.	approval.	
Where the Company issues	Where the Company issues	
	Where the Company issues	
endorsements/guarantees for	endorsements/guarantees for	
foreign companies, the letter of		

Defe	A.C.,	Dancar f 1
Before amendment	After amendment	Reason for amendment
person authorized by the board of	person authorized by the board of	
directors.	directors.	
Article 11 Transitional provisions:	Article 11 Transitional provisions:	Amendment was made
Where endorsement/guarantee	Where endorsement/guarantee	in correspondence with
recipients originally conform to	recipients originally conform to	setup of Audit
the regulations set forth in Article	the regulations set forth in Article	Committee.
4 but fail to conform to the	4 but fail to conform to the	
provisions set forth in these	provisions set forth in these	
regulations or	regulations or	
endorsement/guarantee amounts	endorsement/guarantee amounts	
exceed the authorized limit due to	exceed the authorized limit due to	
a change in ceiling calculation	a change in ceiling calculation	
standards, improvement plans	standards, improvement plans	
shall be devised and submitted to	shall be devised and submitted to	
the supervisors. Improvements	Audit Committee. Improvements	
shall be implemented in	shall be implemented in	
accordance with these plans	accordance with these plans within	
within the prescribed time limit.	the prescribed time limit.	
Article13 These regulations and	Article13 These operational	1. Amendment was
all amendments thereof shall be	procedures will <u>implement</u> after	made in
submitted to the supervisors and	ratification by <u>audit committee</u>	correspondence with
reported to the Shareholders	and_the board. And report to the	setup of Audit
Meeting for approval upon	Shareholders Meeting for	Committee.
ratification by the board. Any	approval. the opinions of these	2. Adding the
objection by a Director recorded	independent directors shall be	amendment
or made in writing shall be	taken into full consideration when	sequence number,
submitted to the supervisors and	these procedures are submitted to	and the date of the
reported to the Shareholders	the board for deliberation Specific	latest amendment.
Meeting for deliberation.	assenting or dissenting opinions of	
If the company decides to appoint	independent directors and the	
independent directors in the	reasons for their dissent shall be	
future, the opinions of these	included in the board meeting	
independent directors shall be	minutes.	
taken into full consideration when	These regulations were formulated	
these regulations are submitted to	on May 22, 1998.	
the board for deliberation in	They were amended for the first	
accordance with the regulations	time on March 24, 2000.	
set forth in the preceding	They were amended for the second	
paragraph. Specific assenting or	time on May 19, 2003.	
dissenting opinions of	They were amended for the third	
independent directors and the	time on June 19, 2009.	
reasons for their dissent shall be	They were amended for the fourth	
included in the board meeting	time on June 25, 2010.	
minutes.	They were amended for the fifth	
These regulations were formulated	time on June 25, 2013.	

Before amendment	After amendment	Reason for amendment
on May 22, 1998.	They were amended for the sixth	
They were amended for the first	time on June 24, 2016.	
time on March 24, 2000.		
They were amended for the		
second time on May 19, 2003.		
They were amended for the third		
time on June 19, 2009.		
They were amended for the fourth		
time on June 25, 2010.		
They were amended for the fifth		
time on June 25, 2013.		

TTY BIOPHARM COMPANY LIMITED

Procedures for Financial Derivatives Transactions Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
Article 2 Legal basis:	Article 2 Legal basis:	Word Modification
These procedures have been	These procedures have been	Word Wodinedion
amended pursuant to the	amended pursuant to the	
regulations set forth in Article 36.1	regulations set forth in Article 36.1	
of the Securities Exchange Act and	of the Securities Exchange Act and	
Ordinance No. 0960001463 (titled	"Regulations Governing the	
"Regulations Governing the	Acquisition and Disposal of Assets	
Acquisition and Disposal of Assets	by Public Companies"	
by Public Companies") issued by	by Fubile Companies	
the Financial Supervisory		
Commission on January 19, 2007.		
Article 3 Transaction Principles	Article 3 Transaction Principles	1. Amendment was
and Guidelines:	and Guidelines:	made in
1. Transaction types: omitted	1. Transaction types: omitted	correspondence with
2. Business and hedging strategies:	2. Business and hedging strategies:	regulations and
Company profits shall be	Company profits shall be	actual operating
derived from regular operations.	derived from regular operations.	need.
Transactions of financial	Transactions of financial	2.Word Modification
derivatives engaged in by the	derivatives engaged in by the	2. Word Wiodiffication
company shall be based on the	company shall be based on the	
principle of reduction of interest	principle of reduction of interest	
and exchange rate risks faced by	and exchange rate risks faced by	
the company with the goal of	the company with the goal of	
decreasing financial costs. This	decreasing financial costs. This	
company shall generally only	company shall generally only	
engage in transactions for	engage in transactions for	
hedging purposes. Transactions	hedging purposes. Transactions	
for other specific purposes shall	for other specific purposes shall	
be carefully assessed and shall	be carefully assessed and shall	
be subject to approval by the	be subject to approval by the	
president prior to execution.	board of directors prior to	
3. Division of Authority and	execution.	
Responsibility:	3. Division of Authority and	
(1) Financial unit: omitted	Responsibility:	
(2) Accounting unit: This unit	(1)Financial unit: omitted	
shall be in charge of	(2)Accounting unit: This unit	
confirmation of transactions	shall be in charge of	
and handling of accounting	confirmation and calculation	
matters	of realized or unrealized	
(3) Audit unit: This unit	gain and loss and handling	

Before amendment	After amendment	Reason for amendment
shallschedule audit cycles	of accounting matters based	
and conduct spot checks to	on delivery evidence and	
determine compliance with	other related transaction	
these procedures in the	documents	
transactions °	(3)Audit unit: This unit shall	
4. Performance assessment:	schedule audit cycles to	
(1) Hedging transactions:	determine compliance with	
(i) Omitted.	these procedures in the	
(ii) Omitted.	execution of transactions •	
(iii)The financial unit shall	4. Performance assessment:	
provide foreign exchange	(1) Hedging transactions:	
position evaluations,	(i) Omitted.	
foreign exchange market	(ii) Omitted.	
trends, and market	(iii)The financial unit shall	
analysis for top	provide foreign exchange	
executives and general	position evaluations,	
manager as references and	foreign exchange market	
indicators for	trends, and market	
management.	analysis for <u>top</u>	
(2) Non-hedging transactions:	executives which	
Actual gains and losses shall	authorized by board of	
constitute the basis for	<u>directors</u> , general	
performance assessment.	manager and the president	
Accounting personnel shall	as references and	
compile regular reports on	indicators for	
positions as a reference for	management.	
the management level.	(2) Non-hedging transactions:	
5. Limits on transaction contract	Actual gains and losses shall	
values and loss ceilings:	constitute the basis for	
(1) Limits on transaction	performance assessment.	
contract values:	<u>financial personnel</u> shall	
(i) Hedging transaction	compile regular reports on	
volume:	positions as a reference for	
The financial unit shall gain a	the top executives which	
firm grasp of foreign	authorized by board of	
exchange transaction	<u>directors</u> , <u>general manager</u>	
conditions of the company	and the president as	
and exchange rate	references and indicators for	
fluctuations and conduct	management.	
hedging transactions in a	5. Limits on transaction contract	
timely manner to avoid	values and loss ceilings:	
exchange rate risks based on	(1) Limits on transaction	
actual demand for foreign	contract values:	
currency payables and	(i) Hedging transaction	
receivables.	volume:	

Before amendment	After amendment	Reason for amendment
(ii) Non-hedging transaction	The total amount shall not	Treason for amenament
volume:	exceed the accounts	
The financial unit shall	receivables/payables or the	
conduct transactions upon	net asset/liablities balance	
submission of plans based	which is higher in the next 6	
on future demands for	months. For individual	
foreign exchange to the	contract, the ceiling is two	
general manager or	hundred US dollars or other	
<u>chairman</u> for approval.	foreign currency of equal	
(2) Loss ceiling:	value.	
(i) Hedging transactions: 5%	(ii) Non-hedging transaction	
of the total transaction	volume:	
contract value	The financial unit shall	
(ii) Non-hedging transactions:	conduct transactions upon	
5% of the total transaction	submission of reports, based	
contract value	on future demands for foreign	
If losses exceed the	exchange, effective by	
aforementioned ceilings, a	approval of the Audit	
report shall be submitted to	Committee and further	
the chairman, appropriate	submitted to the board of	
<u>response measures</u> shall be	directors for resolution.	
determined upon deliberation,	(2) Loss ceiling:	
and the matter shall be	(i) Hedging transactions: 5%	
reported to the board of	of the total transaction	
directors. If independent	contract value	
directors have been	For individual hedging	
appointed, these directors	transaction: 5% of the	
shall attend related board	transaction contract value	
meetings and express their	or one hundred thousand	
opinions.	<u>US dollars (or other</u>	
	foreign currency of equal	
	value) which is lower.	
	(ii) Non-hedging transactions:5% of the total transaction	
	contract value	
	For individual hedging	
	transaction: 5% of the	
	transaction contract value	
	or one hundred thousand	
	US dollars (or other	
	foreign currency of equal	
	value) which is lower.	
	If losses exceed the	
	aforementioned ceilings, an	
	appropriate response	
	appropriate response	

	<u> </u>			A C. 1		D C 1
В	Before amendment			After amend	Reason for amendment	
					e determined	
					and report	
				e top execut		
				orized by bo		
				ctors, genera		
				rman and bo		
				ctors. If inde	-	
				ctors have be		
				ointed, these		
				attend relat		
				tings and exp	oress their	
				ions.		
	Operating pr			Operating p		1. Authorized and
	ized amount	and		ized amount	and	management level
managem	ent level:		managem	ent level:		Modification.
	Hedging	Non-hedging		Hedging	Non-hedging	2. Word Modification.
		transactions			transactions	
	Net	Net			Net	
Level	cumulative	cumulative	Level	cumulative		
	position	position			position	
	transaction	transaction		transaction	-	
	amount	amount			amount	
GI :	USD	USD	CI :	USD	USD	
Chairman	6 million	3 million	Chairman	n 6 million	3 million	
D	USD	USD	D	USD	USD	
President	4 million	1 million	President	4 million	1 million	
Senior	LICD		The head	TICD		
Hinance	USD	_	of finance	USD 2 million	_	
AVP	2 million		departme	2 million <u>1</u>		
Finance	USD		Authoriz			
<u>AVP</u>	1 million	_	ed traders	3		
Finance	USD 0	_	<u>of</u>	USD	_	
<u>Manager</u>	USD 0	_	finance	1 million	_	
		_	departme			
2. Omitted.		<u>nt</u>				
3. descrip	3. description of relevant					
procedures:		2. Omitted.				
		3.description of relevant				
			procedure	es:		

Before amendment	After amendment	Reason for amendment
Description /	Description /	
Responsible department	Responsible department	
Responsible department	Responsible department	
*Description:	*Description:	
(1) Order placement with	(1) Prior to Order placement with	
financial institutions in	financial institutions, company	
accordance with authorized	shall make confirmation of	
<u>scope</u>	trading position and concrete	
* Responsible department:	measures, fill in Forex evaluation	
Omitted	form for get approval	
*Description:	* Responsible department:	
(2) Filling out of foreign	Omitted.	
exchange assessment form	*Description:	
prior to carrying out of	(2) After transaction completion,	
transactions; submission to	submission to personnel in	
personnel in charge of	charge of settlement and banks;	
settlement and banks;	notification of accounting unit	
notification of accounting	upon verification of foreign	
unit upon verification of	exchange forward contracts	
foreign exchange forward	* Responsible department:	
contracts	Omitted.	
* Responsible department:	*Description:	
Omitted.	(3) Confirmation of review of	
*Description:	aforementioned transaction	
(3) Confirmation of review of	documents by relevant personnel;	
aforementioned transaction	checking of accounts on a	
documents by relevant	monthly basis according to lists	
personnel; checking of	of unsettled forward exchange	
accounts on a monthly basis	transactions provided by the	
according to lists of	financial unit	
unsettled forward exchange	* Responsible department:	
transactions provided by the	Omitted.	
financial unit.	*Description:	
* Responsible department:	(4) Responsible personnel shall	
Omitted.	carry out settlement upon	
*Description:	document which is confirmed by	
(4) Responsible personnel shall	relevant personnel when contract	
carry out settlement upon	expires and submit an	
confirmation of documents	Assessment Form on Unrealized	
when contract expires and	Gains or Losses to the	
submit an Assessment Form	accounting unit at the end of	
on Unrealized Gains or	every month for <u>acknowledge</u> .	
Losses to the accounting unit	* Responsible department:	

Before amendment	After amendment	Reason for amendment
at the end of every month.	Omitted.	
* Responsible department:	*Description:	
Omitted.		
*Description:	(5) Account entry in accordance with relevant accounting	
(5) Account entry in accordance	procedures and public	
with relevant accounting	announcement	
procedures and public	* Responsible department:	
announcement pursuant to	Omitted.	
the regulations of FSC on a		
monthly basis.	*Description:	
* Responsible department:	(6) Monthly compilation of a	
Omitted.	Memorandum Book on	
*Description:	Financial Derivative	
	Transactions to be forwarded	
(6) Monthly compilation of a Memorandum Book on	to the accounting unit for	
Financial Derivative	scrutiny * Page and ible department.	
Transactions to be forwarded to	* Responsible department: Omitted.	
the accounting unit for scrutiny.		
* Responsible department:	*Description:	
Omitted.	(7) Declaration in accordance	
Omitted.	with the provisions of Finance	
	Supervisory Commission R.O.C.	
	* Responsible department:	
A .: 1 . 5 . D . 1 .:	Accounting Unit	
Article 5 Public announcement	Article 5 Public announcement	Amendment was made
and declaration procedures:	and declaration procedures:	in correspondence with
The accounting unit shall enter	1. The accounting unit shall enter	regulations.
relevant data pertaining to	relevant data pertaining to	
derivative transactions engaged in	derivative transactions engaged	
by this company and subsidiaries	in by this company and	
that are not public companies of	subsidiaries that are not public	
the Republic of China until the end of the previous month together	companies of the Republic of China until the end of the	
with monthly business conditions		
on the information reporting	previous month together with monthly business conditions on	
	the information reporting	
website designated by FSC in the prescribed format by the 10 th of	1 0	
every month.	website designated by FSC in the prescribed format by the 10 th	
every monun.	of every month.	
	2. Once upon the loss of derivative	
	transactions reach to the ceiling	
	in accordance with 3 rd article 5 th	
	clause, company shall upload	
	information to website	
	designated by FSC in the	
	designated by 15C III the	L

Before amendment	After amendment	Reason for amendment
	prescribed format within two	
	days from the date of	
	occurrence of the event.	
Article 7 Internal control systems	Article 7 Internal control system:	1.Word Modification
Article 7 Internal control system: 1. Internal control of operating	1. Internal control of operating	2. Amendment was
procedures:	procedures:	made in
(1) Omitted	(1)Omitted	correspondence with
(2) Omitted	(2)Omitted	regulations and
(3) The accounting unit shall	(3)The accounting unit shall	actual operating
upload lists of unsettled	upload lists of unsettled	need
foreign exchange forward	foreign exchange forward	neca
transactions provided by the	transactions provided by the	
financial unit on a monthly	financial unit on a monthly	
basis to the Market Post	basis to the Market Post	
Observation System by the	Observation System by the	
tenth of the following month	tenth of the following month,	
(4) Omitted.	Once upon the ceiling loss	
(5) The financial unit shall	refer to in the 3rd article 5th	
conduct evaluations of	clause of this article ,company	
unsettled foreign exchange	shall declare within two days.	
balances twice a month	(4)Omitted	
(6) When the financial unit	(5) The financial unit shall conduct	
engages in derivative	evaluations of unsettled	
transactions, it shall create a	foreign exchange balances by	
detailed record of the	category conformity with the	
transaction type, amount, date	cycle regulated in the law, and	
of board approval, and items	the report shall be submitted to	
requiring careful assessment in	the top management authorized	
a memorandum book.	by board of directors.	
2. Omitted	(6) When the financial unit	
3.Regular assessment and handling	engages in derivative	
of irregularities:	transactions, it shall create a	
(1) Omitted.	detailed record of the	
(2)Top executives authorized by	transaction type, amount, date	
the board of directors shall	of board approval, items, etc.	
manage derivative transactions	careful assessment in a	
in accordance with the	memorandum book.	
following principles:	2.Omitted	
(i) Omitted.	3.Regular assessment and handling	
(ii) Gains and losses incurred	of irregularities:	
by transactions shall be	(1) Omitted.	
constantly monitored. If	(2) the top management authorized	
irregularities are detected,	by board of directors shall	
appropriate response	manage derivative transactions	
measures shall be adopted	based on below principle	

Before amendment	After amendment	Reason for amendment
and reports shall be	(i) Omitted.	
submitted to the board of	(ii) Gains and losses incurred	
directors in a prompt	by transactions shall be	
manner. If independent	constantly monitored. If	
directors have been	irregularities are detected,	
appointed, these directors	appropriate response	
shall attend related board	measures shall be adopted	
meetings and express	and reports shall be	
their opinions.	submitted to the board of	
(3) Personnel in charge of risk	directors in a prompt	
measurement, monitoring, and	manner. these directors	
control and the personnel	shall attend related board	
referred to in Paragraph 1,	meetings and express	
Clause 1 of this article shall	their opinions.	
belong to different	(3) Personnel in charge of risk	
departments.	measurement, monitoring, and	
departments.	control and the personnel	
	referred to in Paragraph 1.	
	Clause 1 of this article shall	
	belong to different	
	departments.	
Article 8 Internal audit:	Article 8 Internal audit:	Amendment was made
Internal auditors shall conduct	Internal auditors shall conduct	in correspondence with
regular reviews of the suitability of	regular reviews of the suitability of	setup of Audit
internal controls of derivative	internal controls of derivative	Committee.
		Committee.
transactions and inspect monthly	transactions and inspect monthly	
the compliance of the trading	the compliance of the trading	
departments with the "Procedures	departments with the "Procedures	
Governing the Handling of	Governing the Handling of	
Derivative Transactions" and	Derivative Transactions" and	
compile their findings into an	compile their findings into an	
auditing report. Serious violations	auditing report. Serious violations	
shall be reported to the supervisors	shall be reported to Audit	
in writing.	Committee in writing.	
Article 9 Other matters:	Article 9 Other matters:	1.Amendment was
These handling procedures and all	These handling procedures and all	made in
amendments thereof shall be submitted to a shareholders	amendments thereof shall be effective by a majority of all	correspondence with
meeting for ratification upon	members of the Audit Committee,	regulation and setup
approval by the board.	further submitted to the board of	of Audit Committee.
These handling procedures were	directors for resolution and further	2.Adding the
formulated on May 22, 1998.	submitted to the shareholders	amendment
They were amended for the first	meeting for approval.	sequence number,
time on March 24, 2000.	If Procedures and any revision is	and the date of the
They were amended for the second	not approved by a majority of all	latest amendment.

Before amendment	After amendment	Reason for amendment
time on May 13, 2002.	members of the Audit Committee,	
They were amended for the third	alternatively, such may be	
time on May 19, 2003.	approved by two-thirds of all	
They were amended for the fourth	directors, provided that in such	
time on June 21, 2007.	case, the resolutions adopted by	
They were amended for the fifth	the Audit Committee shall be	
time on June 22, 2012.	recorded in the minutes of the	
, , , , , , , , , , , , , , , , , , , ,	meeting of the board of directors.	
	When submit to the board of	
	directors for deliberation,	
	company shall fully put all	
	independent directors' opinions	
	into consideration, if any	
	opposition or qualified opinion	
	occurs, which shall be recorded in	
	the meeting minutes.	
	The term "entire membership of	
	Audit Committee and Directors"	
	as used in the Procedure shall be	
	calculated as the number of	
	members actually in office.	
	These handling procedures were	
	formulated on May 22, 1998.	
	They were amended for the first	
	time on March 24, 2000.	
	They were amended for the	
	second time on May 13, 2002.	
	They were amended for the third	
	time on May 19, 2003.	
	They were amended for the fourth	
	time on June 21, 2007.	
	They were amended for the fifth	
	time on June 22, 2012.	
	They were amended for the sixth	
	time on June 24, 2016.	

TTY BIOPHARM COMPANY LIMITED

Regulations for Election of Directors and Supervisors Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
Regulations for Election of	Regulations for Election of	Correction of the title
Directors and Supervisors	Directors	of the regulation in
		compliance with the
		setup of Audit
		Committee.
Article 1	Article 1	Deletion the
Election of directors and	Election of directors shall be acted	Supervisor in
supervisors shall be acted upon in	upon in accordance with these	compliance with the
accordance with these regulations.	regulations.	setup of Audit
		Committee.
Article 2	Article 2	1.Deletion the
Election of directors and	The Company's directors shall be	Supervisor in
supervisors shall be held at the	elected from those who have	compliance with the
shareholders' meeting. The	capacity to make juridical acts by	setup of Audit
Company's directors shall be	shareholders' meeting.	Committee.
elected from those who have		2. Word Modification
capacity to make juridical acts by		
shareholders' meeting.		
Article 3	Article 3	1.Deletion the
Election of directors and	Election of directors and	Supervisor in
supervisors shall proceed	supervisors shall proceed	compliance with the
according to cumulativee voting	according to cumulative voting	setup of Audit
<u>principless</u> . For voters'	<u>principles</u> . For voters' registration,	Committee.
registration, shareholder attendee	shareholder attendee card numbers	2. Word Modification
card numbers may be substituted	may be substituted for voters'	
for voters' names.	names.	
Article 4	Article 4	1. Deletion the
In the election for the directors	In the election for the directors,	Supervisor in
and supervisors, unless otherwise	unless otherwise provided by the	compliance with the
provided by the Company Act or	Company Act or the Articles of	setup of Audit
the Articles of Incorporation of the	Incorporation of the Company,	Committee.
Company, each common share is	each common share is entitled to	2. Word Modification
entitled to the number of voting	the number of voting rights	
rights equivalent to the numbers of	equivalent to the numbers of	
directors (or supervisors) to be	directors to be elected; election	
elected; election ballots of the	ballots of the number equal to the	
number equal to the number of the	number of the director(s). Votes	
director(s) or supervisor(s) that	may be cast for only one candidate	
shall be elected is prepared by the	or a few candidates.	
board of directors and dispatched		

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Before amendment	After amendment	Reason for amendment
public before the voting.	public before the voting.	Treason for amenament
Article 9	Article 9	Word Modification
If the candidate is a shareholder,	If the candidate is a shareholder,	TOTA MOUITICATION
the voter must fill in the	the voter must fill in the	
candidate's shareholder account	candidate's shareholder account	
name and account number in	name and account number in the	
the"Candidate" box on the ballot	"Candidate" box on the ballot and	
and throw in the ballot box. If the	throw in the ballot box. If the	
candidate is not a shareholder, the	candidate is not a shareholder, the	
voter shall fill in the candidate's	voter shall fill in the candidate's	
name and identification number in	name and identification number in	
the "Candidate" box on the ballot.	the "Candidate" box on the ballot.	
However, if a candidate is a	However, if a candidate is a	
government department or a	government department or a	
corporate shareholder, the voter	corporate shareholder, the voter	
shall fill in the candidate's full	shall fill in the candidate's full	
government or corporate name	government or corporate name	
and the full name of its	and the full name of its	
representative. When there is more	representative. When there is more	
than one representative, their	than one representative, their	
names should be separately	names should be separately	
indicated	indicated	
Article 10	Article 10	Word Modification
A ballot is invalid under any of the	A ballot is invalid under any of the	vv ora relation
circumstances listed below.	circumstances listed below.	
1. A ballot is not prepared	1. A ballot is not prepared	
according this regulation.	according this regulation.	
2. The blank ballot was cast in the	2. The blank ballot was cast in the	
ballot <u>box</u> .	ballot <u>box</u> .	
3. Illegible handwriting or	3. Illegible handwriting or	
corrections without regulation	corrections without regulation	
compliance after erased or	compliance after erased or	
changed.	changed.	
4. If the write-in candidate is a	4. If the write-in candidate is a	
shareholder, the account or	shareholder, the account name	
account number written on the	or account number written on	
ballot is inconsistent with the	the ballot is inconsistent with	
shareholder list.	the shareholder list.	
If the write-in candidate is not a	If the write-in candidate is not a	
shareholder, the candidate's	shareholder, the candidate's	
name, <u>ID number</u> or	name, <u>ID</u> or government	
government uniform invoice	uniform invoice (GUI) number	
(GUI) number written on the	written on the ballot cannot be	
ballot cannot be validated or is	validated or is inconsistent.	
inconsistent.	5. The number of write-in	
(GUI) number written on the ballot cannot be validated or is	written on the ballot cannot be validated or is inconsistent.	

Before amendment	After amendment	Reason for amendment
5. The number of write-in	candidates is two or more than	
candidates is two or more than	two candidate.	
two candidate.	6. Other words or marks are	
6. Other words or marks are	written in addition to the	
written in addition to the	candidate <u>name</u> , shareholder	
candidate, shareholder account	account number, or ID card or	
number, or ID card or	government uniform invoice	
government uniform invoice	(GUI) number.	
(GUI) number.	7. The write-in candidate's name	
7. The write-in candidate's name	is same as another shareholder	
is same as another shareholder	but does not provide account	
but does not provide account	number or ID number to verify.	
number or ID number to verify.		
Article 11	Article 11	1. Deletion the
The ballot box should be set up for	The ballot box should be opened	Supervisor in
the election of directors and	by scrutinizer at the spot and	compliance with the
supervisors separately. After	calculated by ballot counter right	setup of Audit
separate voting, the ballotbox	after the vote casting	Committee. •
should be opened with scrutinizer.		2. Word Modification
Article 12	Article 12	Word Modification
The ballots shall be <u>counted</u>	The ballots shall be <u>counted</u>	
immediately under the supervision	immediately under the supervision	
of the scrutinizer(s). The chairman	of the scrutinizer(s). The chairman	
shall announce the results of the	shall announce the results of the	
election at the spot.	election at the spot.	

TTY BIOPHARM COMPANY LIMITED

List of Independent Director Candidate (Nominated by Broad of Director)

Name	Education	Career and Experience	Shares Held (shares)
TSAI, DUEI	Ph.D., Graduate Institute of Electrical Engineering, National Taiwan University	 Independent Director, Compal Electronics, INC(present) Independent Director, Taiwan Taxi Co., Ltd(present) Adjunct Professor, Department of Electronic and Computer Engineering, National Taiwan University of Science and Technology (present) Minister, Ministry of Transportation and Communications R.O.C. Director General, Civil Aeronautics Administration, Ministry of Transportation and Communications R.O.C. 6. 6.Deputy Director General, Directorate General of Telecommunications, Ministry of Transportation and Communications R.O.C. 7. Communications, Ministry of Transportation and Communications R.O.C. 	0
HSUEH, MING- LING	MS., Graduate Institute of Accounting, Soochow University MBA,Bloomsburg University, Pennsylvania, USA	 CPA, Pu Hwa Accounting Firm (present) Adjunct Professor, School of Management, National Taiwan University of Science and Technology (present) Independent Director, Walsin Lihwa Corporation (present) Chairman, PricewaterhouseCoopers Taiwan Adjunct Associate Professor, College of Technology Management, National Tsing Hua University Member of the Committee in charge of the examination affairs and qualification screening for 	0

Name	Education	Career and Experience	Shares Held (shares)
		professional and technologies, Examination Yuan 7. Director, Corporate Governance Association in Taiwan	
LIN, TIEN- FU	General Program, Yu Da Institute of Business Intermediate Accounting Group, Center for Public Administration and Business Management Education, National Chengchi University, Accounting Training Session 52 Common Accounting Group and Session 57	 Chairman, Yuanta Futures Co., Ltd. (present) Director, Yuanta Foundation (present) Executive Vice President ,President, Yuanta Securities Executive Vice President, Yuanta Financial Holdings Vice Chairman, Yuanta Securities Finance President, Fuhwa Securities Executive Vice President, Yuanta Core Pacific Securities 	0

The qualification of above independent director candidate was reviewed at the Board meeting on May 10, 2016

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VIII · Appendices

Appendices 1

(Before amendment of 2016 General Shareholder's Meeting)

TTY BIOPHARM COMPANY LIMITED

Articles of Incorporation

Chapter 1 General Provisions

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

Article 6 Public announcements of the Company shall be handled in accordance with the regulations set forth in Article 28 of the Company Act.

Chapter 2 Shares

- Article 7 The total capital of the Company is NT\$ 3.5 billion divided into 350 million shares. The par value of each share is NT\$ 10. The board of directors shall be authorized to issue these shares in subsequent offerings.
- Article 8 All stocks of the Company shall be inscribed and a minimum of three board directors shall affix their signatures and seals. Stocks shall be issued upon certification in accordance with relevant laws.
- Article 8.1 It shall not be required to print stocks for shares issued by the Company, but shares shall be registered upon negotiation with centralized securities depository enterprises
- Article 9 Transfer, inheritance, grants, pledge, loss, or other stock related services shall be handled pursuant to the Regulations Governing the Administration of Stock Affairs by Public Companies and other relevant laws and regulations.
- Article 10 Stock name change and transfer shall be suspended within 60 days prior to the convening of Regular Shareholders Meetings, thirty days prior to Extraordinary Shareholders Meetings, and five days prior to the distribution of stock dividends by the company or the record date of other benefits.

Chapter 3 Shareholders Meeting

- Article 11 Annual Shareholders Meetings shall be convened by the board of directors within 6 months upon the end of the accounting year. Extraordinary Shareholders Meetings may be convened when deemed necessary in accordance with relevant laws.
- Article 12 Shareholders shall be entitled to one vote per share unless relevant laws stipulate otherwise.
- Article 12.1 Where shareholders are for any reason unable to personally attend shareholders meetings, they may assign a proxy by presenting a power of attorney printed and issued by the company. Relevant matters shall be handled in accordance with the regulations set forth in Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 13 Board resolutions require the attendance of shareholders representing a majority of the issued voting shares unless relevant laws stipulate otherwise as well as the approval of the majority of the voting rights represented at the meeting.
- Article 13.1 Resolution items of the shareholders meeting shall be compiled into meeting minutes with the affixed signature and seal of the chairperson. These minutes shall be distributed or made known to the shareholders per public notice within 20 days after the meeting. The meeting minutes shall specify the date, location, name of chair, resolution methods, main agenda items, and results. The minutes shall be preserved permanently. The shareholder attendance book and the powers of attorney for proxies

shall be preserved for a minimum of one year. Where litigation is initiated by shareholders pursuant to Article 189 of the Company Act, said documents shall be preserved until the conclusion of litigation.

Chapter 4 Directors and supervisors

e-mail.

- Article 14 The Company shall appoint 5 to 11 board directors and 3 supervisors. The number of directors shall be determined in a board meeting. Board directors shall serve for a term of three years. They shall be elected by a shareholders meeting from candidates with full legal capacity. They may serve consecutive terms if reelected.

 At least of the aforementioned 5 to 11 directors and 20% of the aforementioned quota shall be independent directors. A candidate nomination system shall be employed and the shareholders meeting shall elect independent directors from the list of candidates. The professional qualifications, shareholding ratios, concurrent appointment restrictions, nomination and election methods, and other matters for compliance shall be based on relevant regulations of the authorities in charge of securities.
- Article 14.1 When terms of directors or supervisors expire prior to elections, terms may be extended until the newly elected directors and supervisors assume office. The total number of inscribed stocks held by the directors and supervisors of the Company shall conform to the standards prescribed in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies made public by the competent authority.
- Article 14.2 When director vacancies account for 1/3 or all supervisors resign, the board shall convene a shareholders' meeting to hold a by-election in accordance with relevant laws. Elected directors/supervisors shall serve for the remainder of the original terms.
- Article 14.3 Board meetings shall be convened annually.

 Directors and supervisors shall be notified of the reasons for the scheduling of board meetings seven days in advance. Meetings may be convened on an ad-hoc basis in case of emergencies.

 Directors/supervisors shall be notified of scheduled meetings in writing, by fax, or by-
- Article 14.4 The board of directors may establish an Audit Committee, a remuneration committee, or other functional committees to meet the needs of business operations. The Audit Committee shall be composed of the independent directors. The Audit Committee shall replace the supervisors and the regulations pertaining to supervisors in these articles of incorporation shall be repealed on the date of establishment of the committee.

The responsibilities, organizational charter, exercise of authority, and other compliance items pertaining to the Audit Committee shall be based on relevant regulations of the authorities in charge of securities and the Company.

- Article 15 The board is composed of directors who shall elect a chairperson and vice chairperson from among their ranks. The chairperson and vice chairperson shall be elected by a majority of the board directors in attendance with and attendance rate of at least 2/3.
- Article 16 Where the chairperson is on leave or for any reason unable to exercise his/her powers, an acting chairperson shall be appointed pursuant to the regulations set forth in Article 208 of the Company Act.
- Article 16.1 Board directors shall personally attend board meetings. The assignment of proxies shall conform to the regulations set forth in Article 205 of the Company Act. Where board meetings are conducted by video conference, participation in the conference shall be viewed as personal attendance.
- Article 17 All business policies and key items of the Company shall be handled in accordance with board resolutions. All board resolutions require the attendance of a majority of board directors and approval by a majority of the directors in attendance unless relevant regulations set forth in the Company Act stipulate otherwise.
- Article 17.1 The Company may purchase liability insurance for its directors to reduce the risk of litigation initiated by shareholders or other stakeholders due to the exercise of their duties in accordance with relevant laws. This regulation shall also be applicable to supervisors.
- Article 18 Supervisors shall exercise their supervisory duties in accordance with relevant laws and may attend board meetings to state their opinions. They shall have no voting rights.

Chapter 5 Managers

Article 19 The Company shall appoint a president and one registered manager each for branches. Appointment, dismissal, and remuneration related matters shall be handled pursuant to the regulations set forth in Article 29 of the Company Act.

Chapter 6 Accounting

- Article 20 The accounting year runs from January 1 to December 31. Accounts shall be settled at the end of every year. Upon settlement of accounts, the board of directors shall create the following documents and forms which shall be submitted to the supervisors for review 30 days prior to the Regular Shareholders Meeting. These documents and the review report shall be submitted to the shareholders meeting for ratification and forwarded to the competent authority for approval for future reference in accordance with relevant laws.
 - 1. Business report
 - 2. Financial statement
 - 3. Surplus allocation or loss make-up proposal
- Article 21 Where surpluses are recorded upon annual settlement of accounts, 10% shall be

appropriated as legal reserve upon payment of taxes and making up for previous losses in accordance with relevant laws. A special reserve may be set aside if deemed necessary. Distribution ratios for the remainder shall be defined as follows:

- 1. Rewards for directors and supervisors shall not exceed 2%.
- 2. Employee bonuses shall range from 2% to 8%.
- 3. Proposals for allocation of all or part of the remainder as shareholder bonuses or retained earnings shall be formulated by the board of directors and implemented upon resolution of the shareholders meeting.
- Article 21.1 In accordance with stock dividend allocation procedures, the board of directors shall formulate surplus distribution proposals in consideration of company profits, capital and financial structure, future business demands, accumulated surplus, legal reserves, and market competition conditions at the end of every year. These proposals shall be implemented upon resolution of the shareholders meeting
- Article 21.2 The Company shall adopt a dividend equalization policy to ensure a sound financial structure and safeguard investor rights and interests. A minimum of 50% of distributable surpluses in the respective year shall be distributed as stock dividends. A minimum of 10% of the allocated stock dividends in the respective year shall be distributed in form of cash dividends.
- Article 21.3 The board of directors shall be authorized to determine the compensation for the execution of duties by board directors and supervisors based on their level of participation and the value of their contributions to company operations regardless of profits and losses incurred by the company with reference to prevailing industry standards. In case of surpluses, rewards shall be granted pursuant to the regulations set forth in Article 21.

Chapter 7 Supplementary provisions

- Article 22 The organizational charter and detailed work rules shall be formulated elsewhere by the board of directors.
- Article 23 Matters not specifically covered in these articles of incorporation shall be handled pursuant to regulations set forth in the Company Act and relevant laws.
- Article 24 These articles of incorporation were formulated on June 23, 1960.

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

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

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

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

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

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

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

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

They were amended for the ninth time on February 2, 1989. They were amended for the tenth time on May 10, 1990. They were amended for the eleventh time on October 12, 1991. They were amended for the twelfth time on December 2, 1993. They were amended for the thirteenth time on July 24, 1995. They were amended for the fourteenth time on July 25, 1997. They were amended for the fifteenth time on October 7, 1997. They were amended for the sixteenth time on November 27, 1997. They were amended for the seventeenth time on May 22, 1998. They were amended for the eighteenth time on June 25, 1999. They were amended for the nineteenth time on March 24, 2000. They were amended for the twentieth time on December 22, 2000. They were amended for the twenty-first time on June 8, 2001. They were amended for the twenty-second time on June 8, 2001. They were amended for the twenty-third time on May 13, 2002. They were amended for the twenty-fourth time on May 13, 2002. They were amended for the twenty-fifth time on May 19, 2003. They were amended for the twenty-sixth time on May 19, 2003. They were amended for the twenty-seventh time on June 1, 2004. They were amended for the twenty-eighth time on June 1, 2004. They were amended for the twenty-ninth time on June 10, 2005. They were amended for the thirtieth time on June 14, 2006. They were amended for the thirty-first time on June 19, 2009. They were amended for the thirty-second time on June 25, 2010. They were amended for the thirty-third time on June 22, 2012. They were amended for the thirty-fourth time on June 25, 2013. They were amended for the thirty-fifth time on June 16, 2015.

(Before amendment of 2016 General Shareholder's Meeting)

TTY BIOPHARM COMPANY LIMITED

Regulations for Lending Funds to Other Parties

Article 1 Purpose:

If the Company deems it necessary to loan funds to others for business needs, these operational procedures shall be strictly observed. For matters not specifically covered in these procedures, regulations set forth in relevant laws shall apply.

Article 2 Legal basis:

These operational procedures have been formulated pursuant to relevant provisions set forth in the Regulations Governing the Loaning of Funds by Public Companies (hereinafter referred to as "these Regulations") of the Financial Supervisory Commission (hereinafter referred to as "FSC"). If other laws stipulate otherwise, the provisions of those laws shall govern.

Article 3 Loan beneficiaries:

Loans granted by the Company to others shall meet the following criteria (these restrictions shall not apply to foreign investment of loaned funds for business needs as stipulated in the provisions set forth in Article 3, Paragraph 2 of the MoEA Regulations Governing the Review of Foreign Investments and Technical Cooperation):

- 1. Loans to companies or businesses that have business dealings with the Company. The term "business dealings shall refer to orders from or sales to the Company.
- 2. Loans to companies or businesses with short-term financing needs. The term "short-term" shall refer to a period of a one-year or one operating cycle (whichever is longer)

Article 4 Reason and necessity of loans to others:

Where the Company engages in the loaning of funds as a result of business dealings, such dealings shall have already occurred and the loan amount shall be equivalent to the order or sales amount (whichever is higher) in the most recent fiscal year or in the current year until the time the loan is granted. The following restrictions shall apply for loans to meet short-term financing needs:

- 1. The Company adopts an equity method to determine the needs of invested companies generated by return of bank loans, purchase of equipment, or working capital demands.
- 2. Businesses in which the Company indirectly holds over 50% of all shares have financing needs generated by return of bank loans, purchase of equipment, or working capital demands.
- 3. Businesses in which the Company directly or indirectly holds over 50% of all shares have reinvestment needs and such reinvestments are related to the business operations and benefit the business development of the Company

Article 5 Maximum loan amount:

- 1. The total loan amount shall not exceed 20% of the net worth of the Company as stated in the most recent financial statement.
- 2. Individual loans to companies or businesses that have business dealings with the Company shall not exceed the total amount of mutual business dealings. Financing

amounts shall not exceed 10% of the net worth of the Company as stated in the most recent financial statement as well as 40% of the net worth of the loan recipient. The term "total amount of mutual business dealings" shall refer to mutual order or sales amounts (whichever is higher). The term "financing amounts" shall refer to cumulative balances of short-term financing capital.

The restriction that total financing amounts shall not exceed 40% of the net worth of loan recipients shall not apply to foreign companies with short-term financing needs in which the Company directly or indirectly holds 100% of the voting shares.

Article 6 Detailed handling and review procedures for loaning of funds:

- 1. Application procedures:
 - (1) Issuance of a letter of request.
 - (2) Where the company engages in the loaning of funds due to business dealings, the financial unit shall first assess whether the loan amount is equivalent to the amount of the business dealings.
 - (3) Where the company engages in the loaning of funds due to short-term financing needs, the necessity of financing capital shall be determined and credit checks shall be carried out.
 - (4) Assessment results shall be approved by the chairman of the board and loans shall be subject to approval by resolution of the board.
 - (5) Loaning of funds to subsidiaries or between subsidiaries shall be reported to the board for resolution pursuant to the regulations set forth in the preceding clause. The chairman may be authorized to give loans in installments or make a revolving credit line available to the same loan recipient within a certain monetary limit resolved by the board of directors and within a period of no more than one year.
 - (6) The "monetary limit" as stated in the preceding clause shall conform to the regulations set forth in Article 5. In addition, the authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth of the lending company as stated in the most recent financial statement.
 - (7) If the company decides to appoint independent directors in the future, the opinions of these independent directors shall be taken into full consideration when loaning funds to others. Specific assenting or dissenting opinions of independent directors and the reasons for their dissent shall be included in the board meeting minutes.

The terms "subsidiary" and "parent company" as used in these operational procedures shall be defined in accordance with the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Security Issuers.

- 2. Loan beneficiary credit checks and risk assessment:
 - (1) First-time borrowers shall provide basic personal and financial information to facilitate credit check operations
 - (2) Follow-up credit checks shall be carried out when first-time borrowers apply for successive loans. In case of serious incidents or emergencies, the matter may be handled as required in accordance with actual needs.
 - (3) Where the company conducts credit checks and risk assessments for borrowers, it

shall also assess operational risks and impacts on the financial status and shareholders' equity of the company itself generated by the loan.

3. Assessment of collateral value and definition of rights:

Borrowers shall pledge real estate or negotiable securities of equal value or submit promissory notes (with the repayment date as the due date of the note) for safekeeping by the Company for loans granted. Borrowers may also create a pledge or mortgage. The Company shall assess the value of the provided collateral to safeguard its creditor's rights.

- Article 7 Time limit and interest calculation method for granted loans:
 - 1. The time limit for financing loans shall not exceed one year. One extension of six months may be granted upon approval by resolution of the board. The repayment date shall be clearly stated when the loan is granted.
 - 2. The interest rate for granted loans shall not be lower than the prime rate charged by Bank of Taiwan plus two percent. Interest shall be calculated for every loan according to the daily rate and settled and charged at the end of each month.
- Article 8 Follow-up control and management measures for granted loans and handling of delinquent creditor's rights:
 - 1. Financial units shall closely monitor the financial, business, and credit conditions after loans have been granted. Where collateral has been provided, changes in the value of such collateral shall also be closely monitored. In case of significant changes, the chairman shall be notified immediately and the matter shall be handled according to directions in an appropriate manner.
 - 2. Where buyers repay loans on or prior to the due date, the principal shall be paid back together with the payable interest before the promissory note is returned to the borrower or the lien is cancelled after the loan is settled.
 - 3. The borrower shall pay back the principal and interest when the loan is due or upon expiry of the six-month extension specified in Article 7, Clause 1. In case of violations, the Company shall be authorized to dispose of provided collateral as seen fit and take recourse against the debtor or guarantor in accordance with relevant laws.
 - 4. The Company shall immediately prepare a memorandum book to truthfully record the following information in a detailed manner: beneficiaries, amounts, board approval dates, lending/borrowing dates, and assessments carried out pursuant to the regulations set forth in Article 6
 - 5. Internal auditors of the Company shall review these operational procedures and the implementation conditions thereof at least on a quarterly basis and create written records. Where serious infractions are detected, the supervisors shall be notified in a prompt manner.
- Article 9 Public announcement and declaration procedures:
 - 1. The Company shall publicly announce and declare the loan balances of its HQ and subsidiaries for the previous month on the Market Post Observation System by the 10th of each month.
 - 2. Loan balances of the Company shall be publicly announced and declared within two days upon the date of occurrence if one of the following criteria is met:
 - (1) The balance of funds loaned to others by the Company and its subsidiaries exceeds 20% of the net worth of the Company as stated in the most recent

financial statement.

- (2) The balance of funds loaned to a single entity by the Company and its subsidiaries exceeds 10% of the net worth of the Company as stated in the most recent financial statement.
- (3) Newly added loan amounts of the Company and its subsidiaries exceeds NT\$ 10 million and 2% of the net worth of the Company as stated in the most recent financial statement.
- 3. The Company shall make public announcements and declarations on behalf of subsidiaries that are not public companies of the Republic of China for matters requiring announcement and declaration pursuant to Clause 3 of the preceding paragraph.
- 4. The Company shall assess the status of its loans and reserve sufficient allowance for bad debts. It shall also adequately disclose relevant information in its financial reports and provide CPAs with relevant information for implementation of necessary auditing procedures.

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 counterparty and monetary amount of the transaction, whichever date is earlier.

Article 10 Penalties for violations of these operational procedures by managers and personnel in charge:

Where managers and personnel in charge violate these operational procedures, penalties shall be imposed in accordance with the severity of the violation and the matter shall be reported for consideration during performance evaluations in accordance with the employee manual.

- Article 11 Procedures for control and management of loans extended by subsidiaries:
 - 1. Subsidiaries shall also formulate and abide by their own Operational Procedures for Loaning Funds to Others pursuant to the provisions set forth herein.
 - 2. Subsidiaries shall submit data on loans extended in the previous month to the financial unit of the Company by the fifth of every month.
 - 3. Internal auditors of subsidiaries shall also review the Operational Procedures for Loaning Funds to Others and the implementation conditions thereof at least on a quarterly basis and create written records. Where serious infractions are detected, the audit unit of the Company shall be notified in writing in a prompt manner. The audit unit of the Company shall submit relevant data to the supervisors in writing.
 - 4. When auditors of the Company conduct reviews in subsidiaries in accordance with annual audit plans, they shall also examine the implementation conditions of the Operational Procedures for Loaning Funds to Others. Where deficiencies are detected, improvements shall be tracked constantly and tracking reports shall be compiled and submitted to the chairman.

Article 12 Transitional provisions:

Where loan recipients do not conform to the regulations set forth in these operational procedures or balances exceed the authorized limit due to a change in circumstances, the auditors shall urge the financial unit to devise improvement plans and submit these plans to the supervisors. Improvements shall be implemented in accordance with these plans.

Article 13 These operational procedures and all amendments thereof shall be submitted to the supervisors and reported to the Shareholders Meeting for approval upon ratification by the board. Any objection by a Director recorded or made in writing shall be submitted to the supervisors and reported to the Shareholders Meeting for deliberation.

If the company decides to appoint independent directors in the future, the opinions of these independent directors shall be taken into full consideration when these procedures are submitted to the board for deliberation in accordance with the regulations set forth in the preceding paragraph. Specific assenting or dissenting opinions of independent directors and the reasons for their dissent shall be included in the board meeting minutes.

Article 14 These operational procedures were formulated on May 22, 1998.

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

They were amended for the second time on May 13, 2002.

They were amended for the third time on May 19, 2003.

They were amended for the fourth time on June 19, 2009.

They were amended for the fifth time on June 25, 2010.

They were amended for the sixth time on June 25, 2013.

(Before amendment of 2016 General Shareholder's Meeting)

TTY BIOPHARM COMPANY LIMITED.

Regulations for Endorsement and Guarantee

Article 1 Purpose:

These regulations have been formulated to safeguard the company's shareholder equity and ensure sound financial management of endorsements/guarantees with low operational risks. For matters not specifically covered in these regulations, regulations set forth in relevant laws shall apply.

Article 2 Legal basis:

These operational procedures have been formulated pursuant to relevant provisions set forth in the Regulations Governing the Making of Endorsements/Guarantees by Public Companies (hereinafter referred to as "these Regulations") of the Financial Supervisory Commission (hereinafter referred to as "FSC"). If other laws stipulate otherwise, the provisions of those laws shall govern.

Article 3 Application scope:

The term endorsement/guarantee as used in these regulations shall refer to the following:

- 1. Financial endorsement/guarantee:
 - (1) Discounted bill financing
 - (2) Endorsement or guarantee made for the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
- 2. Customs duty endorsement/guarantee: Endorsement or guarantee for the company itself or another company with respect to customs duty matters.
- 3. Other endorsements/guarantees: Endorsements or guarantees beyond the scope of the preceding two clauses. Any creation of a pledge or mortgage on its chattel or real property as security for the loans of another company.

Article 4 Endorsement/guarantee beneficiaries:

The Company may make endorsements/guarantees for the following companies:

- 1. A company with which it has business dealings
- 2. A company in which it directly and indirectly holds more than 50 percent of the voting shares.
- 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company
- 4. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry for hospital or government procurement needs, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the company holds 100% of the voting shares.

5. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other. The amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. This restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

The terms "subsidiary" and "parent company" as used in these regulations shall be defined in accordance with the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Security Issuers.

Article 5 Ceilings on the amount of endorsements/guarantees:

Aggregate endorsement/guarantee amounts permitted for the Company and its subsidiaries as a whole as well as the permitted amount for single entities are defined as follows:

- 1. The ceiling on endorsement/guarantee amounts for single entities shall be set at 20% of the net worth of the Company as stated in the most recent financial statement
- 2. The aggregate endorsement/guarantee amount shall not exceed 50% of the net worth as stated in the most recent financial statement
- 3. Where the company engages in endorsements/guarantees due to business dealings, the aggregate transaction amount with the Company in the most recent fiscal year shall not be exceeded (order or sales amount whichever is higher)

The term "Most Recent Financial Statement" as used in these regulations shall refer to financial statements for the most recent period composed in accordance with the International Financial Reporting Standards and certified by a CPA. The term "Net Worth" shall refer to balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 6 Hierarchy levels:

- 1. Endorsements/guarantees shall be approved by resolution of the board of directors prior to issuance. The board may authorize the chairman to give preliminary approval to endorsements/guarantees not exceeding 20% of the current net worth subject to subsequent ratification by the board.
- 2. If it is deemed necessary by the company to exceed the ceiling stipulated in Article 5 for business needs, approval by the board shall be required and a majority of the board members shall serve as joint guarantors for potential losses caused by exceeding the permitted limit. In addition, these regulations shall be amended subject to ratification by the shareholders meeting. If the shareholders meeting disapproves excess endorsements/guarantees, plans shall be formulated to remove the excess amount within a specified time limit.
- 3. If the company decides to appoint independent directors in the future, the opinions of these independent directors shall be taken into full consideration when making endorsements/guarantees for others. Specific assenting or dissenting opinions of independent directors and the reasons for their dissent shall be included in the board meeting minutes.

Article 7 Detailed handling and review procedures for endorsements/guarantees:

1. The company requesting an endorsement/guarantee shall submit detailed financial information to the financial unit of the Company. Prior to the handling of endorsements/guarantees, the financial unit shall conduct credit checks and

assessments of the operational risks and impacts on the financial status and shareholders' equity of the company itself generated by the guarantee/endorsement. This unit shall also review the qualifications of the company requesting an endorsement/guarantee and the reasons thereof and determine whether or not the endorsement/guarantee amount is equivalent to the amount of mutual business dealings if endorsements/guarantees are issued due to such dealings. The financial unit shall compile this information into an analysis report.

- 2. The Company shall immediately prepare a memorandum book to truthfully record the following information in a detailed manner: endorsement/guarantee beneficiaries, amounts, pledges and warranties, dates of board approval or authorized decisions by the chairman, endorsement/guarantee dates, description of collateral and assessment of its value as well as terms and dates of discharge of liability.
- 3. The chairman shall be authorized to approve endorsements/guarantees for companies within a ceiling of 20% of the current net worth of the Company. The financial unit shall be in charge of execution subject to subsequent ratification by the next board meeting. If the accumulated balance of endorsements/guarantees exceeds 20% of the current net worth, approval by the board shall be required and the matter shall be handled in accordance with board resolution(s).
- 4. The financial unit shall obtain a promissory note of an equivalent value and the same time limit from the company for which an endorsement or guarantee is issued and request collateral if deemed necessary.
- 5. The financial unit shall also be in charge of tracking and evaluation of the financial status and use of funds by the company for which an endorsement is issued. In case of major changes, the chairman shall be notified immediately and the matter shall be handled in an appropriate manner.
- 6. When the company for which an endorsement/guarantee has been issued pays back its loan, it shall submit relevant data to the Company so that the liability incurred through the guarantee can be discharged and a record can be made in the memorandum book.
- 7. The company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial statements and provide certified public accountants with relevant information for implementation of necessary audit procedures.
- 8. Internal auditors of the Company shall review the operational procedures governing endorsements/guarantees and the implementation conditions thereof at least on a quarterly basis and creates written records. Where serious infractions are detected, the supervisors shall be notified in a prompt manner.
- 9. For circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the financial unit shall regularly assess the financial status and capital flow of said company, submit reports to the chairman, and handle relevant matters in and appropriate manner.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

- Article 8 Follow-up control and management measures for endorsements/guarantees issued by subsidiaries:
 - 1. Subsidiaries shall also formulate and abide by their own Regulations Governing Endorsements/Guarantees pursuant to the provisions set forth herein. Net worth calculations shall be based on the net worth of the subsidiary. Subsidiaries shall submit data on endorsements/guarantees issued in the previous month to the financial unit of the Company by the fifth of every month for future reference.
 - 2. The financial unit shall submit detailed lists of the balance of endorsements/guarantees issued by subsidiaries of the Company or with an equity investment of over 50% in the previous month to the chairman for review and approval.
 - 3. Internal auditors of subsidiaries shall also review the Operational Procedures for Loaning Funds to Others and the implementation conditions thereof at least on a quarterly basis and create written records. Where serious infractions are detected, the audit unit of the Company shall be notified in writing in a prompt manner. The audit unit of the Company shall submit relevant data to the supervisors in writing.
 - 4. When auditors of the Company conduct reviews in subsidiaries in accordance with annual audit plans, they shall also examine the implementation conditions of the Operational Procedures Governing Endorsements/Guarantees. Where deficiencies are detected, improvements shall be tracked constantly and tracking reports shall be compiled and submitted to the chairman.
 - 5. Subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit reports to the board of directors of the Company for resolution prior to making endorsements/guarantees pursuant to Article 4, Clause 6. The amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. This restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.
- Article 9 Public announcement and declaration procedures time limit and standards:

The Company shall publicly announce and declare the balance of endorsements /guarantees of its HQ and subsidiaries for the previous month on the Market Post Observation System by the 10^{th} of each month. In addition, endorsement/guarantee balances of the Company shall be publicly announced and declared on the Market Post Observation System within two days upon the date of occurrence if one of the following criteria is met:

- The balance of endorsements/guarantees issued by the Company and its subsidiaries exceeds 50% of the net worth of the Company as stated in the most recent financial statement.
- 2. The balance of endorsements/guarantees issued by the Company and its subsidiaries to a single entity exceeds 20% of the net worth of the Company as stated in the most recent financial statement.
- 3. The balance of endorsements/guarantees issued by the Company and its subsidiaries to a single entity exceeds NT\$ 10 million or and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the net worth of the Company as stated in its most recent financial statement.
- 4. Newly added endorsement/guarantee amounts of the Company and its subsidiaries

exceed NT\$ 30 million and 5% of the net worth of the Company as stated in the most recent financial statement.

The Company shall make public announcements and declarations on behalf of subsidiaries that are not public companies of the Republic of China for matters requiring announcement and declaration pursuant to Clause 4 of the preceding paragraph.

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 counterparty and monetary amount of the transaction, whichever date is earlier.

Article 10 Seal safekeeping and usage procedures:

The company seal registered with the Ministry of Economic Affairs is the official seal for endorsements/guarantees. This seal shall be kept in custody of designated personnel and shall be used or affixed to promissory notes in accordance with these regulations and the Operational Regulations Governing Seal Management. Designated personnel in charge of safekeeping of the official seal for endorsements/guarantees and changes thereof shall be reported to the board of directors for approval.

Where the Company issues endorsements/guarantees for foreign companies, the letter of guarantee shall be signed by a person authorized by the board of directors.

Article 11 Transitional provisions:

Where endorsement/guarantee recipients originally conform to the regulations set forth in Article 4 but fails to conform to the provisions set forth in these regulations or endorsement/guarantee amounts exceed the authorized limit due to a change in ceiling calculation standards, improvement plans shall be devised and submitted to the supervisors. Improvements shall be implemented in accordance with these plans within the prescribed time limit.

Article 12 Penalties for violations by managers and personnel in charge:

Where managers and personnel in charge violate these regulations, penalties shall be imposed in accordance with the severity of the violation and the matter shall be reported for consideration during performance evaluations in accordance with the employee manual.

Article 13 These regulations and all amendments thereof shall be submitted to the supervisors and reported to the Shareholders Meeting for approval upon ratification by the board. Any objection by a Director recorded or made in writing shall be submitted to the supervisors and reported to the Shareholders Meeting for deliberation.

If the company decides to appoint independent directors in the future, the opinions of these independent directors shall be taken into full consideration when these regulations are submitted to the board for deliberation in accordance with the regulations set forth in the preceding paragraph. Specific assenting or dissenting opinions of independent directors and the reasons for their dissent shall be included in the board meeting minutes.

These regulations were formulated on May 22, 1998.

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

They were amended for the second time on May 19, 2003.

They were amended for the third time on June 19, 2009.

They were amended for the fourth time on June 25, 2010.

They were amended for the fifth time on June 25, 2013.

(Before amendment of 2016 General Shareholder's Meeting)

TTY BIOPHARM COMPANY LIMITED

Procedures for Financial Derivative Transactions

Article 1 Purpose:

Establishment of a risk management and internal control system for derivative transactions to implement information transparency and safeguard investments.

Article 2 Legal basis:

These procedures have been amended pursuant to the regulations set forth in Article 36.1 of the Securities Exchange Act and Ordinance No. 0960001463 (titled "Regulations Governing the Acquisition and Disposal of Assets by Public Companies") issued by the Financial Supervisory Commission on January 19, 2007.

Article 3 Transaction Principles and Guidelines:

- 1. Transaction types:
 - (1) The term financial derivatives shall refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" as used in these procedures shall not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
 - (2) Matters pertaining to bond margin transactions shall be handled in accordance with relevant regulations set forth in these procedures.
- 2. Business and hedging strategies:

Company profits shall be derived from regular operations. Transactions of financial derivatives engaged in by the company shall be based on the principle of reduction of interest and exchange rate risks faced by the company with the goal of decreasing financial costs. The Company shall generally only engage in transactions for hedging purposes. Transactions for other specific purposes shall be carefully assessed and shall be subject to approval by the president prior to execution.

- 3. Division of Authority and Responsibility:
 - (1) Financial unit:
 - This unit shall only be authorized to conduct transactions to hedge against interest or exchange rate risks associated with deposits, accounts receivable, loans, or accounts payable generated by business or investment activities. In addition, it shall also be in charge of transaction settlement and regular assessment of outstanding gains and losses based on the balance of held financial derivative positions.
 - (2) Accounting unit: This unit shall be in charge of confirmation of transactions and handling of accounting matters
 - (3) Audit unit: This unit shall schedule audit cycles and conduct spot checks to determine compliance with these procedures in the execution of transactions •
- 4. Performance assessment:
 - (1) Hedging transactions:
 - (i) Gains and losses generated by transactions of financial derivatives engaged in due to exchange and interest rate costs associated with accounts shall constitute the basis of performance assessments.
 - (ii) Every transaction shall be recorded in detail on relevant lists for future

reference and gains and losses shall be assessed on a monthly basis.

- (iii) The financial unit shall provide foreign exchange position evaluations, foreign exchange market trends, and market analysis for top executives and general manager as references and indicators for management.
- (2) Non-hedging transactions:

Actual gains and losses shall constitute the basis for performance assessment. Accounting personnel shall compile regular reports on positions as a reference for the management level.

- 5. Limits on transaction contract values and loss ceilings:
 - (1) Limits on transaction contract values:
 - (i) Hedging transaction volume:

The financial unit shall gain a firm grasp of foreign exchange transaction conditions of the company and exchange rate fluctuations and conduct hedging transactions in a timely manner to avoid exchange rate risks based on actual demand for foreign currency payables and receivables.

(ii) Non-hedging transaction volume:

The financial unit shall conduct transactions upon submission of plans based on future demands for foreign exchange to the general manager or chairman for approval.

- (2) Loss ceiling:
 - (i) Hedging transactions: 5% of the total transaction contract value
 - (ii) Non-hedging transactions: 5% of the total transaction contract value If losses exceed the aforementioned ceilings, a report shall be submitted to the chairman, appropriate response measures shall be determined upon deliberation, and the matter shall be reported to the board of directors. If independent directors have been appointed, these directors shall attend related board meetings and express their opinions.

Article 4 Operating procedures:

1. Authorized amount and management level:

	TT 1		
	Hedging transactions	Non-hedging transactions	
Level	Net cumulative position	Net cumulative position	
	transaction amount	transaction amount	
Chairman	USD 6 million	USD 3 million	
President	USD 4 million	USD 1 million	
Senior Finance	USD 2 million		
AVP	USD 2 million	_	
Finance AVP	USD 1 million	_	
Finance Manager	USD 0	_	

2. Implementing unit:

Derivative transactions shall be carried out by the financial unit in accordance with the aforementioned regulations on authorized amounts.

3. Description of relevant procedures:

Description	Responsible department
(1) Order placement with financial institutions in accordance with authorized scope	Financial unit
(2) Filling out of foreign exchange assessment form prior to carrying out of transactions; submission to personnel in	Accounting unit

Description	Responsible department
charge of settlement and banks; notification of accounting unit upon verification of foreign exchange forward contracts	
(3) Confirmation of review of aforementioned transaction documents by relevant personnel; checking of accounts on a monthly basis according to lists of unsettled forward exchange transactions provided by the financial unit	Accounting unit
(4) Responsible personnel shall carry out settlement upon confirmation of documents when contract expires and submit an Assessment Form on Unrealized Gains or Losses to the accounting unit at the end of every month.	Financial unit
(5) Account entry in accordance with relevant accounting procedures and public announcement pursuant to the regulations of FSC on a monthly basis	Accounting unit
(6) Monthly compilation of a Memorandum Book on Financial Derivative Transactions to be forwarded to the accounting unit for scrutiny	Financial unit

Article 5 Public announcement and declaration procedures:

The accounting unit shall enter relevant data pertaining to derivative transactions engaged in by the Company and subsidiaries that are not public companies of the Republic of China until the end of the previous month together with monthly business conditions on the information reporting website designated by FSC in the prescribed format by the 15th of every month.

Article 6 Accounting procedures:

Accounting procedures for financial derivative transactions shall be handled pursuant to relevant regulations pertaining to accounting systems prescribed in Statement 14, 34, and 36 of the financial accounting standards as well as relevant regulations of FSC.

Article 7 Internal control system:

- 1. Internal control of operating procedures:
 - (1) Derivative transactions, confirmation, and settlement shall not be handled concurrently by the same personnel
 - (2) Financial institutions shall submit foreign exchange forward contracts to the financial unit for verification and the accounting unit for confirmation
 - (3) The accounting unit shall upload lists of unsettled foreign exchange forward transactions provided by the financial unit on a monthly basis to the Market Post Observation System by the tenth of the following month
 - (4) Personnel in charge of transactions shall closely monitor whether or not transaction amounts exceed the contract value ceilings prescribed in these procedures
 - (5) The financial unit shall conduct evaluations of unsettled foreign exchange balances twice a month
 - (6) When the financial unit engages in derivative transactions, it shall create a detailed record of the transaction type, amount, date of board approval, and items requiring careful assessment in a memorandum book.
- 2. Risk management measures:
 - (1) Credit risk management:

Market fluctuations tend to cause operational risks for financial derivatives. Market

risk management shall therefore be based on the following principles:

- (i) The Company shall place orders with renowned domestic and international financial institutions.
- (ii) Traded products shall be confined to those provided by renowned domestic and international financial institutions.
- (2) Market risk management:

When the company engages in derivative transactions, financial risks caused by unfavorable market price levels or price fluctuations shall be closely monitored.

(3) Liquidity risk management:

Preference shall be given to highly liquid products which can be squared up on the market at any time to ensure market liquidity. Entrusted financial institutions shall have sufficient resources and the capability to conduct transactions on any market at any time.

(4) Operational risk management:

Relevant units shall strictly comply with authorized levels and ceilings and operating procedures prescribed by the company to avoid the generation of risks due to human error, inadequate procedures, or insufficient control.

(5) Legal risk management:

All contracts and documents pertaining to transaction counterparties shall only be officially signed upon confirmation that company rights and interests are not harmed in order to prevent legal risks.

(6) Cash flow risk management

Capital used for derivative transactions by the Company shall be confined to selfowned funds and capital demands within the next three months shall be taken into consideration to ensure stable working capital turnover.

(7) Product risk management

Internal personnel in charge of transactions shall have comprehensive and accurate knowledge of financial products and banks shall be required to fully disclose risks to prevent risks associated with financial products.

- 3. Regular assessment and handling of irregularities:
 - (1) The board of directors shall carry out supervision and management in accordance with the following principles:
 - (i) Designate top executives shall constantly monitor and control derivate transaction risks
 - (ii) It shall be regularly assessed whether performance in the field of derivative transactions conforms to existing business strategies of the company and whether risks are within the tolerated and acceptable scope.
 - (2) Top executives authorized by the board of directors shall manage derivative transactions in accordance with the following principles:
 - (i) It shall be regularly assessed whether currently adopted risk management measures are appropriate and conform to these handling procedures.
 - (ii) Gains and losses incurred by transactions shall be constantly monitored. If irregularities are detected, appropriate response measures shall be adopted and reports shall be submitted to the board of directors in a prompt manner. If independent directors have been appointed, these directors shall attend related board meetings and express their opinions.
 - (3) Personnel in charge of risk measurement, monitoring, and control and the personnel referred to in Paragraph 1, Clause 1 of this article shall belong to different departments.

Article 8 Internal audit:

Internal auditors shall conduct regular reviews of the suitability of internal controls of derivative transactions and inspect monthly the compliance of the trading departments with the "Procedures Governing the Handling of Derivative Transactions" and compile their findings into an auditing report. Serious violations shall be reported to the supervisors in writing.

Article 9 Other matters:

These handling procedures and all amendments thereof shall be submitted to a shareholders meeting for ratification upon approval by the board.

These handling procedures were formulated on May 22, 1998.

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

They were amended for the second time on May 13, 2002.

They were amended for the third time on May 19, 2003.

They were amended for the fourth time on June 21, 2007.

They were amended for the fifth time on June 22, 2012.

(Before amendment of 2016 General Shareholder's Meeting)

TTY BIOPHARM COMPANY LIMITED

Regulations for Election of Directors and Supervisors

- Article 1: Election of directors and supervisors shall be acted upon in accordance with these regulations
- Article 2: Election of directors and supervisors shall be held at the shareholders' meeting.

 The Company's directors shall be elected from those who have capacity to make juridical acts by shareholders' meeting.
- Article 3: Election of directors and supervisors shall proceed according to cumulative voting principles. For voters' registration, shareholder attendee card numbers may be substituted for voters' names.
- Article 4: In the election for the directors and supervisors, 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 (or supervisors) to be elected; election ballots of the number equal to the number of the director(s) or supervisor(s) that shall be elected is prepared by the board of directors and dispatched to the shareholder. Votes may be cast for only one candidate or a few candidates.
- Article 5: In the election of directors and supervisors of the Company, candidates who acquire more votes should win the seats of directors or supervisors separately. A candidate simultaneously elected as a director and supervisor shall, at the candidate's own discretion, decide to serve as either director or supervisor. 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.
- Article 6: The board of directors prepares election ballots of the number equal to the number of the director(s) or supervisor(s) that shall be elected, bearing the number of voting rights. The election ballots shall be distributed to the common shareholders who are present at the shareholders' meeting.
- Article 7: When voting commences, the chairperson shall appoint scrutinizer and ballot counter to check and record the ballots.
- Article 8: The Board of Directors shall set up the ballot box and have such box checked by scrutinizer in public before the voting.
- 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
- Article 10: A ballot is invalid under any of the circumstances listed below.
 - 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 or ID number written on the ballot cannot be validated or is inconsistent.
- 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, shareholder account number, or ID card or government uniform invoice (GUI) number.
- 7. The write-in candidate's name is same as another shareholder but does not provide account number or ID number to verify.
- Article 11: The ballot box should be set up for the election of directors and supervisors separately. After separate voting, the ballot box should be opened with scrutinizer.
- 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.
- Article 13: The matters not provided in this rule shall be subject to the Company Act and related regulations.
- Article 14: These Rules and any revision thereof shall be effective once approved by a shareholders' meeting.

TTY BIOPHARM COMPANY LIMITED Shareholders' Meeting Rules

- 1. Shareholders Meetings of the Company shall be handled in accordance with these rules unless regulations set forth in relevant laws stipulate otherwise.
- 2. Shareholders Meetings shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated based on the attendance book or handed in sign-in cards.
- 3. Attendance and voting rights at shareholders meetings shall be calculated based on numbers of shares.
- 4. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- 5. Where a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise his/her powers, the vice chairperson shall act in place of the chairperson; if the vice chairperson also is on leave or for any reason unable to exercise his/her powers, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. Where a shareholders' meeting is convened by a person with the power to convene other than the directors, the convener shall serve as chair.
- 6. The Company may dispatch its attorneys, certified public accountants, or related persons to attend a shareholders' meeting. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- 7. The shareholders meeting proceedings shall be audio or video recorded. These records shall be preserved for a minimum of one year.
- 8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement. No more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act. When the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- 9. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda as specified in the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. Upon adjournment of meetings, shareholders shall not elect another chair to resume the meeting at the original location or a different venue.
- 10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken.

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

Shareholdings of Directors and Supervisors

1. All directors and supervisors minimum shareholding number and actually registered holding shares.

Title	Minimum number of shares to be held	Shares actually held in share register
Directors	15,000,000	25,622,964
Supervisors	1,500,000	2,143,686

Note: Book closure date: April 26th, 2016.

2. Table of shares held by all directors and supervisors

Title	Name	Shares held in share register	Note
Chairman	HSIAO YING-CHUN, Legal Representative of DaWan Technology Co., LTD.	20,624,732	
Vice Chairman	CHANG, WEN-HWA	3,660,941	
Director	TSENG, TIEN-SZU	3,346	
Director	LIN, JUNG-CHIN , Legal Representative of Oushi Foods Co., Ltd.	1,333,945	
Director	LIN, CHUAN	_	Resigned on 05/13/2016
Supervisor	CHANG, HSIU-CHI	2,143,686	
Supervisor	LIAO, YING-YING	_	

Note: Book closure date: April 26th, 2016.