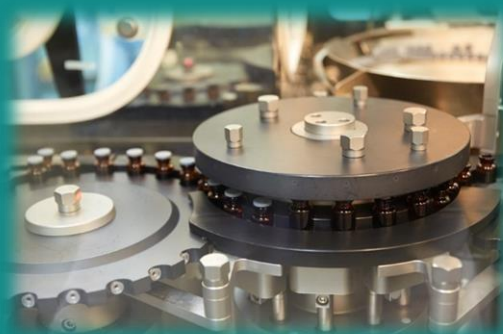


# Handbook for the 2019 Annual Meeting of Shareholders



Meeting Date: June 25, 2019

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

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2019 ANNUAL SHAREHOLDERS' MEETING (THE "AGENDA") OF TTY BIOPHARM COMPANY LIMITED (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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# I. Meeting Procedure

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

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

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

II. Chairman Address

III. Reporting Items

1. 2018 Business Report
2. Audit Committee's Review Report on the 2018 Financial Statements
3. Report on Employee and Directors Remuneration in 2018

IV. Ratification Items

1. Ratification of 2018 Business Report and Financial Statements
2. Ratification of 2018 Profit Distribution

V. Discussion Items

1. Amendment to "Procedures for Acquisition or Disposal of Assets".
2. Amendment to "Regulations for Lending Funds to Other Parties".
3. Amendment to "Regulations on Endorsement and Guarantee".
4. Release of non-competition restrictions for Directors.

VI. Extemporany Motions

VII. Adjournment

## II. Report Items

### Item One:

2018 Business Report

#### Description:

Please refer to Attachment 1 for detailed Business Reports (page 6-10).

### Item Two:

Audit Committee's Review Report on the 2018 Financial Statements

#### Description:

The Financial Statement, Business Report, and Distribution of 2018 Profits Table have been audited by Audit Committee. Please refer to Attachment 2 for Audit Committee's Review Report (page 27)

### Item Three:

Report on Employee and Directors Remuneration in 2018

#### Description:

The company earned profits (profit before tax before remuneration of employee and of directors) of NT\$ 1,706,654,805 in 2018. Pursuant to the regulations set forth in Article 21 of the Articles of Incorporation, NT\$ 23,893,000, 1.4% and NT\$ 14,950,000, 0.88% of these earnings shall be allocated as Employee and Directors remuneration, respectively and the total amount will be distributed in cash.

### III. Ratification Items

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

Ratification of 2018 Business Report and Financial Statements

**Description:**

1. The Company's 2018 Business Report and Financial Statements have been approved by the Board of Directors and reviewed by Audit Committee.
2. The Company's 2018 Financial Statements have been audited by KPMG Taiwan with audited "Unqualified Opinion"
3. Please refer to the Attachment 1 for 2018 Business Report and Financial Statements (page 6-26).

**Resolution:**

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

Ratification of 2018 Profit Distribution

**Description:**

1. Allocation of cash dividend proposed by the Board is total of NT\$1,118,924,816 or NT\$ 4.5 per share based on the number of shares recorded in the Register of Shareholders on the ex-dividend date. All cash dividends are rounded down to the dollar after discount any cents. The remaining amount will be treated as the other revenue of the Company. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors shall be authorized to resolve the ex-dividend date, payment date and other relevant issues.
2. Please refer to the Attachment 3 for Distribution of 2018 Profits Table (page 28).

**Resolution:**

## IV. Discussion Items

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

Amendment to “Procedures for Acquisition or Disposal of Assets”

**Description:**

1. The “Procedures for Acquisition or Disposal of Assets” is proposed to amend in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” pursuant to Ordinances No. 1070341072 issued by the Financial Supervisory Commission on November 26, 2018.
2. Please refer to the Attachment 4(page 29-51) for Procedures for Acquisition or Disposal of Assets Amendment Comparison Table

**Resolution:**

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

Amendment to “Regulations for Lending Funds to Other Parties”

**Description:**

1. The “Regulations for Lending Funds to Other Parties” is proposed to amend in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” pursuant to Ordinances No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.
2. Please refer to the Attachment 5(page 52-54) for Regulations for Lending Funds to Other Parties Amendment Comparison Table

**Resolution:**

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

Amendment to “Regulations on Endorsement and Guarantee”

**Description:**

1. The “Regulations on Endorsement and Guarantee” is proposed to amend in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” pursuant to Ordinances No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.
2. Please refer to the Attachment 6(page 55-57) for Regulations on Endorsement and Guarantee Amendment Comparison Table

**Resolution:**

**Item Four:**

(Proposed by the Board of Directors.)

Release of non-competition restrictions for Directors

**Description:**

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

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

**Resolution:**

## V. Extraordinary Motions

### Adjournment



## VI. Attachments

### Attachment 1

#### TTY BIOPHARM COMPANY LIMITED Business Report

#### I. The Company's Business Result for year 2018

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

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

##### (2) Budget Implementation Status

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

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

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

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

TTY Biopharm has accumulated professional capabilities in the development and manufacture of drugs and provides comprehensive solutions in the field of drug delivery systems. Dosage development includes development of formulations, analysis methodology and processes,

animal testing, functional formulation, GMP manufacturing, and CMC preparation. We are firmly committed to our core philosophy to benefit more patients and maximizing shareholder value.

We have established a subsidiary as a joint venture with our Dutch partner. This subsidiary specializes in the development of drugs for the treatment of brain diseases. The goal lies in the development of new drugs for the treatment of acute from Multiple Sclerosis by relying on the company's specialized liposome technology platform. In addition, the Company is also actively engaged in the research and development of long-acting microsphere products for the treatment of Acromegaly and functional gastric, intestinal, and pancreatic endocrine tumors. Overseas markets for two liposome products are developed in cooperation with large international companies. The company has achieved the milestone as "three-batch validation" and actively implements relevant procedures to accelerate access to overseas markets. The leading position in core competitive areas is constantly advanced based on a strategy of developing technology platforms of great width and depth.

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

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

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

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

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

In year 2019, the Company expects to sell 347,000 thousands tablets of oral products and 5,500 thousands vials of injection. The Company's projected sales volume has been established in accordance with IMS statistic report and under considerations of possible changes in market supply and demand going forward, new product development speed as well as national health insurance policy.

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

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

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

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

Corporate Vision: “Enhance Human Life Quality with Technology”

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

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

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

international quality requirements;

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

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

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

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

According to a report released by the Center for Economic Forecasting of the Chung-Hua Institution for Economic Research, the forecasted growth rate for the US economy in 2019 is 2.7%, which is lower than that of 2.9% in 2018. Growth rate of Euro Zone (UK not included) was expected to 1.6% in 2019, which is lower than that of 2.1% in 2018. Mainland China is expected to maintain a growth rate of around 6.1% in 2019, which is still 0.5% lower than that in 2018 and also represents a record low since 1990 (3.2%). The forecasted growth rate for Taiwan in 2019, on the other hand, is 2.18% which also marks a drop from the reported 2.62% in

2018. These statistics clearly shows that global economic recovery has lost momentum compared to 2018. In view of the weakening economic environment, enterprises will face serious challenges in the fields of business expansion and cost control efficiency in 2019. TTY Biopharm will continue to increase its revenues through expansion of sales channels and acquisition of new indications. At the same time, the company is firmly committed to controlling overhead budgets to maximize shareholder equity.

Chairman of the Board: Lin, Chuan

Responsible Management: Hsiao, Ying-Chun

Responsible Accountant: Wang, Shu-Wen



安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited:

### Opinion

We have audited the accompanying financial statements of TTY Biopharm Company Limited (“the Company”), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the financial statements are stated as follows:

#### 1. Revenue recognition

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

Key audit matters:

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

Auditing procedures performed:

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

2. Inventory valuation

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

Key audit matters:

The Company's primary operating items are manufacturing and processing various kinds of pharmaceuticals. The pharmaceutical industry in Taiwan is susceptible to the constant amendments of its law, resulting in an increase in the cost of pharmaceutical products, which will affect the carrying value of inventories to exceed its net value. Because of these uncertainties, the Company's revenue and income may be effected by the price fluctuations. If the assessment of the net realizable value of the inventory is not appropriate, it will lead to a material misstatement of the financial statements.

Auditing procedures performed:

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

**Other Matter**

We did not audit the financial statements of PharmaEngine, Inc. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, are based solely on the report of the other auditors. The amount of long-term investment in the investee company represented 6.85% and 8.13% of the related total assets as of December 31, 2018 and 2017, respectively, and the related investment gains represented 1.23% and 4.39% of the profit before tax for the years ended December 31, 2018 and 2017, respectively.

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

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

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

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

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

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

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

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



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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 26, 2019

#### Notes to Readers

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

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

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

Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017		December 31, 2018		December 31, 2017	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(a) and (v))	\$ 505,615	6	759,043	9	2100	1,150,000	14	1,650,000
1150 Notes receivable, net (note 6(d) and (u))	20,174	-	47,640	1	2130	5,337	-	-
1170 Accounts receivable, net (note 6(d) and (u))	736,126	9	802,985	9	2150	2,397	-	36,882
1180 Accounts receivable due from related parties, net (note 6(d), (u) and 7)	32,103	-	52,641	1	2170	139,940	2	58,555
1200 Other receivables, net (note 6(u) and 7)	81,401	1	82,383	1	2230	129,544	2	126,631
130X Inventories (note 6 (e))	703,133	8	625,503	7	2200	412,992	5	432,245
1410 Prepayments	22,758	-	14,412	-	2300	30,082	-	48,049
1476 Other current financial assets (note 6(a) and (v))	17,888	-	-	-	2320	-	-	300,000
1470 Other current assets	3,521	-	1,461	-		1,870,292	23	2,652,362
	<u>2,122,789</u>	<u>24</u>	<u>2,386,068</u>	<u>28</u>		<u>3,540,584</u>	<u>43</u>	<u>4,831,060</u>
<b>Non-current assets:</b>								
1517 Non-current financial assets at fair value through other comprehensive income (note 6(t) and (u))	48,720	1	-	-	2540	350,000	4	250,000
1523 Non-current available-for-sale financial assets, net (note 6(c) and (u))	-	-	47,200	1	2570	278,700	3	298,136
1550 Investments accounted for using equity method, net (note 6(f))	3,220,470	39	3,327,751	37	2640	58,459	1	54,310
1600 Property, plant and equipment (note 6(g))	2,438,554	30	2,513,641	29	2650	3,119	-	10,759
1760 Investment property, net (note (h))	77,289	1	77,644	1		4,148	-	4,336
1780 Intangible assets (note 6(i))	32,472	-	9,189	-		694,426	8	617,541
1840 Deferred tax assets (note 6(n))	22,083	-	25,324	-		2,564,718	31	3,269,903
1915 Prepayments for business facilities	184,243	2	165,320	2		2,486,500	30	2,486,500
1920 Refundable deposits paid (note 6(u))	22,322	-	22,939	-	3100	348,819	4	396,113
1981 Cash surrender value of life insurance (note 6(u))	13,357	-	7,275	-	3200	857,418	10	722,945
1984 Other non-current financial assets (note 6(a), (u) and 8)	143,086	2	124,007	1	3310	110,154	1	110,154
1990 Other non-current assets	43,366	1	60,321	1	3320	1,954,321	23	1,758,633
	<u>6,245,962</u>	<u>76</u>	<u>6,380,611</u>	<u>72</u>	3350	46,821	1	22,431
<b>Total assets</b>	<u>\$ 8,368,751</u>	<u>100</u>	<u>\$ 8,766,679</u>	<u>100</u>		<u>5,804,033</u>	<u>69</u>	<u>5,496,776</u>
						<u>\$ 8,368,751</u>	<u>100</u>	<u>\$ 8,766,679</u>
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Short-term borrowings (note 6(i) and (u))					2540			
Contract liabilities-current(note 6(q) and 7)					2570			
Notes payable (note 6(u))					2640			
Accounts payable (note 6(u))					2645			
Current tax liabilities					2650			
Other payables (note 6(u))								
Other current liabilities								
Long-term liabilities, current portion (note 6(u))								
<b>Non-Current liabilities:</b>								
Long-term borrowings (note 6(k) and (u))					2540			
Deferred tax liabilities (note 6(n))					2570			
Net defined benefit liability, non-current (note 6(m))					2640			
Guarantee deposits received (note 6(u) and 7)					2645			
Credit balance of investments accounted for using equity method (note 6(f))					2650			
<b>Equity (note 6(o)):</b>								
Capital stock					3100			
Capital surplus					3200			
Legal reserve					3310			
Special reserve					3320			
Unappropriated retained earnings					3350			
Other equity interest					3400			
<b>Total equity</b>								
<b>Total liabilities and equity</b>								

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

**Statements of Comprehensive Income**

For the years ended December 31, 2018 and 2017

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

	2018		2017	
	Amount	%	Amount	%
4000 <b>Operating revenue (note 6(q), (r) and 7)</b>	\$ 3,555,620	100	3,672,040	100
5000 <b>Operating costs (note 6(e) and 7)</b>	<u>1,246,982</u>	<u>35</u>	<u>1,321,777</u>	<u>36</u>
<b>Gross profit</b>	2,308,638	65	2,350,263	64
5910 Less: Unrealized profit (loss) from sales	10,400	-	10,004	-
5920 Add: Realized profit (loss) from sales	<u>10,004</u>	<u>-</u>	<u>7,550</u>	<u>-</u>
<b>Gross profit, net</b>	<u>2,308,242</u>	<u>65</u>	<u>2,347,809</u>	<u>64</u>
6000 <b>Operating expenses (note 6(m) and 12):</b>				
6100 Selling expenses	760,967	21	689,514	19
6200 Administrative expenses	260,029	7	226,955	6
6300 Research and development expenses	<u>230,595</u>	<u>6</u>	<u>219,126</u>	<u>6</u>
	<u>1,251,591</u>	<u>34</u>	<u>1,135,595</u>	<u>31</u>
<b>Net operating income</b>	<u>1,056,651</u>	<u>31</u>	<u>1,212,214</u>	<u>33</u>
<b>Non-operating income and losses (note 6(t) and 7):</b>				
7010 Other income	16,645	-	20,058	1
7020 Other gains and losses, net	527,982	15	225,646	6
7050 Finance costs, net	(17,202)	-	(25,191)	(1)
7070 Share of profit of subsidiaries and associates accounted for using equity method (note 6(f))	<u>83,736</u>	<u>2</u>	<u>130,971</u>	<u>4</u>
	<u>611,161</u>	<u>17</u>	<u>351,484</u>	<u>10</u>
<b>Profit before tax</b>	<u>1,667,812</u>	<u>48</u>	<u>1,563,698</u>	<u>43</u>
7950 Less: Income tax expense (note 6(n))	<u>206,431</u>	<u>6</u>	<u>218,967</u>	<u>6</u>
<b>Profit for the year</b>	<u>1,461,381</u>	<u>42</u>	<u>1,344,731</u>	<u>37</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	(4,102)	-	(9,701)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,520	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(2,582)</u>	<u>-</u>	<u>(9,701)</u>	<u>-</u>
8360 <b>Components of other comprehensive income that may be reclassified to profit or loss</b>				
8361 Exchange differences on translation	49,343	1	(117,339)	(3)
8362 Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(23,600)	(1)
8380 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	<u>(20,203)</u>	<u>(1)</u>	<u>(141,661)</u>	<u>(4)</u>
8399 Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>(6,252)</u>	<u>-</u>	<u>19,943</u>	<u>1</u>
Components of other comprehensive income that may be reclassified to profit or loss	<u>22,888</u>	<u>-</u>	<u>(262,657)</u>	<u>(7)</u>
8300 <b>Other comprehensive income for the year, net of tax</b>	<u>20,306</u>	<u>-</u>	<u>(272,358)</u>	<u>(7)</u>
<b>Total comprehensive income for the year</b>	<u>\$ 1,481,687</u>	<u>42</u>	<u>1,072,373</u>	<u>30</u>
<b>Earnings per share, net of tax (note 6(p))</b>				
Basic earnings per share	<u>\$ 5.88</u>		<u>5.41</u>	
Diluted earnings per share	<u>\$ 5.87</u>		<u>5.40</u>	

See accompanying notes to financial statements.

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

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017  
(Expressed in Thousands of New Taiwan Dollars)

Share capital	Retained earnings					Total other equity interest			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	
\$ 2,486,500	405,368	603,613	110,154	1,487,805	(2,362)	287,450	285,088	5,378,528	
-	-	-	1,344,731	(9,701)	(97,372)	(165,285)	(262,657)	1,344,731	
-	-	-	-	1,335,030	(97,372)	(165,285)	(262,657)	(272,358)	
-	-	-	-	(119,332)	-	-	-	(262,657)	
-	-	-	-	(944,870)	-	-	-	-	
-	5,070	-	-	-	-	-	-	(944,870)	
-	(14,325)	-	-	-	-	-	-	5,070	
2,486,500	396,113	722,945	110,154	1,758,633	(99,734)	122,165	22,431	(14,325)	
-	-	-	-	(43)	(99,734)	(122,167)	2	5,496,776	
2,486,500	396,113	722,945	110,154	1,758,590	(99,734)	122,167	22,433	(41)	
-	-	-	-	1,461,381	-	-	-	5,496,735	
-	-	-	-	(4,102)	43,040	(18,632)	24,408	1,461,381	
-	-	-	-	1,457,279	43,040	(18,632)	24,408	20,306	
-	-	-	-	(134,473)	43,040	(18,632)	24,408	1,481,687	
-	-	134,473	-	(134,473)	-	-	-	-	
-	-	-	-	(1,118,925)	-	-	-	(1,118,925)	
-	(10,703)	-	-	-	-	-	-	(10,703)	
-	(36,591)	-	-	-	-	-	-	(36,591)	
-	-	-	-	(8,170)	-	-	-	(8,170)	
-	-	-	-	20	-	(20)	-	-	
\$ 2,486,500	348,819	857,418	110,154	1,954,321	(56,694)	103,515	46,821	5,804,033	

Balance on January 1, 2017  
Profit for the year ended December 31, 2017  
Other comprehensive income for the year ended December 31, 2017  
Comprehensive income for the year ended December 31, 2017  
Appropriation and distribution of retained earnings:  
Legal reserve  
Cash dividends of ordinary share  
Other changes in capital surplus:  
Changes in equity of associates accounted for using equity method  
Disposal of subsidiaries or investments accounted for using equity method  
Balance on December 31, 2017  
Effects of retrospective application  
Equity at beginning of period after adjustments  
Profit for the year ended December 31, 2018  
Other comprehensive income for the year ended December 31, 2018  
Comprehensive income for the year ended December 31, 2018  
Appropriation and distribution of retained earnings:  
Legal reserve  
Cash dividends of ordinary share  
Other changes in capital surplus:  
Changes in equity of associates accounted for using equity method  
Disposal of subsidiaries or investments accounted for using equity method  
Changes in ownership interests in subsidiaries  
Disposal of investments in equity instruments designated at fair value through other comprehensive income  
Balance on December 31, 2018

See accompanying notes to financial statements.

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

**Statements of Cash Flows**

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,667,812	1,563,698
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	123,488	129,261
Amortization expense	5,790	5,447
Interest expense	17,202	25,191
Interest income	(2,406)	(3,408)
Share of profit of subsidiaries and associates accounted for using equity method	(83,736)	(130,971)
Loss on disposal of property, plant and equipment	1,100	1,938
Allocation of deferred income	(988)	(1,010)
Gain on disposal of investments accounted for using equity method	(495,569)	(222,174)
Decrease in current provisions	-	(3,805)
Unrealized profit (loss) from sales	10,400	10,004
Realized loss (profit) from sales	(10,004)	(7,550)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(434,723)</u>	<u>(197,077)</u>
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	27,466	(15,352)
Accounts receivable	87,397	(140,627)
Other receivable	(28,464)	(8,834)
Inventories	(77,630)	(100,497)
Other current assets	(10,476)	13,543
<b>Total changes in operating assets</b>	<u>(1,707)</u>	<u>(251,767)</u>
Current contract liabilities	(16,215)	-
Notes payable	(34,485)	20,783
Accounts payable	81,385	646
Other payable	(19,577)	18,395
Other current liabilities	3,585	2,027
Net defined benefit liability	47	(12)
<b>Total changes in operating liabilities</b>	<u>14,740</u>	<u>41,839</u>
<b>Total changes in operating assets and liabilities</b>	<u>13,033</u>	<u>(209,928)</u>
<b>Total adjustments</b>	<u>(421,690)</u>	<u>(407,005)</u>
Cash inflow generated from operations	1,246,122	1,156,693
Interest received	2,406	3,408
Dividends received	98,442	133,732
Interest paid	(17,342)	(25,074)
Income taxes paid	(225,965)	(271,775)
<b>Net cash flows from operating activities</b>	<u>1,103,663</u>	<u>996,984</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	-	(50,000)
Proceeds from disposal of investments accounted for using equity method	591,629	213,714
Acquisition of property, plant and equipment	(41,512)	(83,027)
Proceeds from disposal of property, plant and equipment	118	114
Decrease (increase) in refundable deposits	617	(2,994)
Acquisition of intangible assets	(12,117)	(700)
Decrease (increase) in other financial assets	(36,967)	7,390
Increase in prepayments for business facilities	(26,211)	(10,922)
Increase in other non-current assets	(6,083)	(49,962)
<b>Net cash flows from investing activities</b>	<u>469,474</u>	<u>23,613</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	6,257,500	8,719,000
Decrease in short-term loans	(6,757,500)	(8,318,010)
Proceeds from long-term loans	300,000	250,000
Repayments of long-term loans	(500,000)	(530,000)
(Decrease) increase in guarantee deposits received	(7,640)	152
Cash dividends paid	(1,118,925)	(944,870)
<b>Net cash flows used in financing activities</b>	<u>(1,826,565)</u>	<u>(823,728)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(253,428)</u>	<u>196,869</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>759,043</u>	<u>562,174</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 505,615</u>	<u>759,043</u>

See accompanying notes to financial statements.



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## Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited:

### Opinion

We have audited the consolidated financial statements of TTY Biopharm Company Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the consolidated financial statements are stated as follows:

#### 1. Revenue recognition

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

Key audit matters:

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

Auditing procedures performed

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

2. Inventory valuation

Please refer to Notes 4(h), 5 and Note6(g) of the consolidated financial statements for the accounting principles on the inventory valuation, significant accounting assumptions and judgments, and major sources of estimation uncertainty, and explanation of inventory.

Key audit matters:

The Group's primary operating items are manufacturing and processing various kinds of pharmaceuticals. The pharmaceutical industry in Taiwan is susceptible to the constant amendments of its law, resulting in an increase in the cost of pharmaceutical products, which will affect the carrying value of inventories to exceed its net value. Because of these uncertainties, the Group's revenue and income may be effected by the price fluctuations. If the assessment of the net realizable value of the inventory is not appropriate, it will lead to a material misstatement of the financial statements.

Auditing procedures performed:

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

**Other Matter**

We did not audit the financial statements of PharmaEngine, Inc. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, are based solely on the report of the other auditors. The amount of long-term investment in the investee company represented 6.33% and 7.50% of the related consolidated total assets as of December 31, 2018 and 2017, respectively, and the related investment gains represented 1.23% and 4.30% of the consolidated profit before tax for the years ended December 31, 2018 and 2017, respectively.

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

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

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

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

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

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

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

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



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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 26, 2019

#### Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017		December 31, 2018		December 31, 2017	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(a), (z) and 7)	\$ 2,372,294	27	1,441,374	15	2100	\$ 1,150,000	13	1,650,000
1120 Current financial assets at fair value through other comprehensive income (note 6(c) and (z))	132,560	1	-	-	2130	6,405	-	-
1150 Notes receivable, net (note 6(c), (z) and 7)	40,063	-	73,339	1	2150	3,761	-	37,403
1170 Accounts receivable, net (note 6(e) and (z))	837,003	9	915,846	10	2170	154,621	2	22,464
1180 Accounts receivable due from related parties, net (note 6(e), (z) and 7)	16,156	-	8,973	-	2180	14,382	-	95,055
1200 Other receivables, net (note 6(f), (z) and 7)	76,821	1	73,622	1	2230	132,286	1	131,881
130X Inventories (note 6 (g))	750,888	8	693,713	7	2200	469,037	5	496,623
1410 Prepayments	23,749	-	15,511	-	2300	41,391	-	49,472
1476 Other current financial assets (note 6(a), (m), and (z))	398,271	4	1,771,755	19	2320	-	-	300,000
1470 Other current assets (note 6(m))	6,796	-	2,457	-		1,971,883	21	2,782,898
	<u>4,654,601</u>	<u>50</u>	<u>4,996,590</u>	<u>53</u>		<u>350,000</u>	<u>4</u>	<u>250,000</u>
<b>Non-current assets:</b>								
1510 Non-current financial assets at fair value through profit or loss (note 6(b) and (z))	5,496	-	-	-	2540	278,723	3	298,136
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c) and (z))	322,276	4	-	-	2640	58,459	1	54,310
1523 Non-current available-for-sale financial assets, net (note 6(d) and (z))	-	-	286,586	3	2645	2,445	-	10,086
1550 Investments accounted for using equity method, net (note 6(h))	901,648	11	1,024,020	11		689,627	8	612,532
1600 Property, plant and equipment (note 6(j))	2,474,331	28	2,548,006	27		2,661,510	29	3,395,430
1760 Investment property, net (note 6(k))	88,150	1	89,023	1		2,486,500	28	2,486,500
1780 Intangible assets (note 6(l))	153,188	2	142,203	1	3100	348,819	4	396,113
1840 Deferred tax assets (note 6(r))	38,072	-	30,912	-	3200	857,418	9	722,945
1915 Prepayments for business facilities	188,633	2	169,161	2	3310	110,154	1	110,154
1920 Refundable deposits paid (note 6(z))	26,252	-	28,365	-	3320	1,954,321	22	1,738,633
1981 Cash surrender value of life insurance (note 6(z))	13,357	-	7,275	-	3350	46,821	1	22,431
1984 Other non-current financial assets (note 6(a), (m), (z) and 8)	143,678	2	124,326	1	3400	5,804,033	65	5,496,776
1990 Other non-current assets (note 6(m))	43,453	-	60,600	1	36XX	587,592	6	614,861
	<u>4,398,534</u>	<u>50</u>	<u>4,510,477</u>	<u>47</u>		6,391,625	71	6,111,637
<b>Total assets</b>	<u>\$ 9,053,135</u>	<u>100</u>	<u>9,507,067</u>	<u>100</u>		<u>\$ 9,053,135</u>	<u>100</u>	<u>9,507,067</u>
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Short-term borrowings (note 6(n) and (z))					2540			
Contract liabilities-current(note 6 (u))					2570			
Notes payable (note 6(z))					2640			
Accounts payable (note 6(z) and 7)					2645			
Accounts payable due to related parties (note 6(z) and 7)								
Current tax liabilities								
Other payables (note 6(z) and 7)								
Other current liabilities								
Long-term liabilities, current portion (note 6(o) and (z))								
<b>Non-Current liabilities:</b>								
Long-term borrowings (note 6(o) and (z))					2540			
Deferred tax liabilities (note 6(r))					2570			
Net defined benefit liability, non-current (note 6(q))					2640			
Guarantee deposits received (note 6(z))					2645			
<b>Total liabilities</b>								
<b>Equity attributable to owners of parent (note 6(s)):</b>								
Capital stock					3100			
Capital surplus					3200			
Legal reserve					3310			
Special reserve					3320			
Unappropriated retained earnings					3350			
Other equity interest					3400			
<b>Equity attributable to the parent company:</b>								
Non-controlling interests (note 6(s))					36XX			
<b>Total equity</b>								
<b>Total liabilities and equity</b>								

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

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2018 and 2017

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

	2018		2017	
	Amount	%	Amount	%
4000 Operating revenue (note 6(u), (v) and 7)	\$ 4,036,196	100	4,078,760	100
5000 Operating costs (note 6(g) and 7)	1,372,317	35	1,407,701	35
Gross profit	2,663,879	65	2,671,059	65
5910 Less: Unrealized profit (loss) from sales	7,046	-	6,346	-
5920 Add: Realized profit (loss) from sales	6,346	-	4,132	-
Gross profit, net	2,663,179	65	2,668,845	65
6000 Operating expenses (note 6(q), and 12):				
6100 Selling expenses	903,799	22	824,571	20
6200 Administrative expenses	344,496	9	291,609	7
6300 Research and development expenses	361,063	9	295,675	7
6450 Reversal of provision for bad debt expense	(5,856)	-	-	-
Total operating expenses	1,603,502	40	1,411,855	34
Net operating income	1,059,677	25	1,256,990	31
Non-operating income and losses (note 6(x) and 7):				
7010 Other income	42,634	1	35,135	1
7020 Other gains and losses, net	530,118	13	214,440	5
7050 Finance costs, net	(17,287)	-	(25,191)	(1)
7070 Share of profit of associates accounted for using equity method, net (note 6(h))	52,926	1	113,693	3
Total non-operating income and losses	608,391	15	338,077	8
Profit before tax	1,668,068	40	1,595,067	39
7950 Less: Income tax expense (note 6(r))	205,769	5	226,753	6
Profit for the year	1,462,299	35	1,368,314	33
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(4,102)	-	(9,701)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,368)	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	(5,470)	-	(9,701)	-
8360 Components of other comprehensive income that may be reclassified to profit or loss				
8361 Exchange differences on translation	49,336	1	(117,382)	(3)
8362 Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(273,278)	(7)
8370 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	(18,572)	-	(642)	-
8399 Income tax related to components of other comprehensive income that may be reclassified to profit or loss	(6,252)	-	19,943	-
Components of other comprehensive income that may be reclassified to profit or loss	24,512	1	(371,359)	(10)
8300 Other comprehensive income, net	19,042	1	(381,060)	(10)
Total comprehensive income for the year	\$ 1,481,341	36	987,254	23
Profit attributable to:				
Owners of parent	\$ 1,461,381	35	1,344,731	32
Non-controlling interests	918	-	23,583	1
	\$ 1,462,299	35	1,368,314	33
Comprehensive income attributable to:				
Owners of parent	\$ 1,481,687	36	1,072,373	25
Non-controlling interests	(346)	-	(85,119)	(2)
	\$ 1,481,341	36	987,254	23
Earnings per share, net of tax (note 6(t))				
Basic earnings per share	\$ 5.88		5.41	
Diluted earnings per share	\$ 5.87		5.40	

See accompanying notes to financial statements.

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

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
	Retained earnings					Total other equity interest						
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance on January 1, 2017</b>	\$ 2,486,500	405,368	603,613	110,154	1,487,805	(2,362)	-	287,450	285,088	5,378,528	631,784	6,010,312
Profit for the year	-	-	-	-	1,344,731	-	-	-	-	1,344,731	23,583	1,368,314
Other comprehensive income	-	-	-	-	(9,701)	(97,372)	-	(165,285)	(262,657)	(272,358)	(108,702)	(381,060)
Total comprehensive income	-	-	-	-	1,335,030	(97,372)	-	(165,285)	(262,657)	1,072,373	(85,119)	987,254
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	119,332	-	(119,332)	-	-	-	-	-	-	-
Cash dividends of ordinary share distributed	-	-	-	-	(944,870)	-	-	-	-	(944,870)	(51,804)	(996,674)
Other changes in capital surplus:												
Changes in equity of associates accounted for using equity method	-	5,070	-	-	-	-	-	-	-	5,070	-	5,070
Disposal of subsidiaries or investments accounted for using equity method	-	(14,325)	-	-	-	-	-	-	-	(14,325)	-	(14,325)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	120,000	120,000
Balance on December 31, 2017	2,486,500	396,113	722,945	110,154	1,758,633	(99,734)	-	122,165	22,431	5,496,776	614,861	6,111,637
Effects of retrospective application	-	-	-	-	(43)	-	-	(122,165)	2	(41)	-	(41)
Equity at beginning of period after adjustments	2,486,500	396,113	722,945	110,154	1,758,590	(99,734)	-	122,167	22,433	5,496,735	614,861	6,111,596
Profit for the year	-	-	-	-	1,461,381	-	-	-	-	1,461,381	918	1,462,299
Other comprehensive income	-	-	-	-	(4,102)	43,040	-	(18,632)	24,408	20,306	(1,264)	19,042
Total comprehensive income	-	-	-	-	1,457,279	43,040	-	(18,632)	24,408	1,481,687	(346)	1,481,341
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	134,473	-	(134,473)	-	-	-	-	-	-	-
Cash dividends of ordinary share distributed	-	-	-	-	(1,118,925)	-	-	-	-	(1,118,925)	(35,093)	(1,154,018)
Other changes in capital surplus:												
Changes in equity of associates accounted for using equity method	-	(10,703)	-	-	-	-	-	-	-	(10,703)	-	(10,703)
Disposal of subsidiaries or investments accounted for using equity method	-	(36,591)	-	-	-	-	-	-	-	(36,591)	-	(36,591)
Changes in ownership interests in subsidiaries	-	-	-	-	(8,170)	-	-	-	(20)	(8,170)	8,170	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	20	-	(20)	-	-	-	-	-
<b>Balance on December 31, 2018</b>	\$ 2,486,500	348,819	857,418	110,154	1,954,321	(56,694)	103,515	-	46,821	5,804,033	587,592	6,391,625

See accompanying notes to financial statements.

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

**Consolidated Statements of Cash Flows**

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,668,068	1,595,067
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	127,376	133,246
Amortization expense	18,180	8,143
Reversal of provision for bad debt expense	(5,856)	-
Net loss on financial assets or liabilities at fair value through profit or loss	406	-
Interest expense	17,287	25,191
Interest income	(32,111)	(22,273)
Dividend income	(373)	-
Share of profit of associates accounted for using equity method	(52,926)	(113,693)
Loss on disposal of property, plant and equipment	1,113	1,967
Gain on disposal of investments accounted for using equity method	(495,569)	(222,174)
Unrealized profit (loss) from sales	7,046	6,346
Realized loss (profit) from sales	(6,346)	(4,132)
Allocation of deferred income	(988)	(1,010)
Decrease in provisions	-	(5,327)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(422,761)</u>	<u>(193,716)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	33,276	(11,061)
Accounts receivable	77,556	(128,037)
Other receivable	(32,506)	3,264
Inventories	(57,214)	(128,256)
Prepayments	(11,369)	13,019
<b>Total changes in operating assets</b>	<u>9,743</u>	<u>(251,071)</u>
<b>Changes in operating liabilities:</b>		
Current contract liabilities	(15,147)	-
Notes payable	(56,106)	43,295
Accounts payable	73,964	11,427
Other payable	(26,978)	14,394
Other current liabilities	13,284	932
Net defined benefit liability	47	(12)
<b>Total changes in operating liabilities</b>	<u>(10,936)</u>	<u>70,036</u>
<b>Total changes in operating assets and liabilities</b>	<u>(1,193)</u>	<u>(181,035)</u>
<b>Total adjustments</b>	<u>(423,954)</u>	<u>(374,751)</u>
Cash inflow generated from operations	1,244,114	1,220,316
Interest received	32,076	20,974
Dividends received	53,272	66,502
Interest paid	(17,427)	(25,074)
Income taxes paid	(238,237)	(286,198)
<b>Net cash flows from operating activities</b>	<u>1,073,798</u>	<u>996,520</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(170,063)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	50	-
Acquisition of financial assets at fair value through profit or loss	(5,507)	-
Acquisition of available-for-sale financial assets	-	(20,659)
Proceeds from disposal of investments accounted for using equity method	591,629	213,714
Acquisition of property, plant and equipment	(46,871)	(83,787)
Proceeds from disposal of property, plant and equipment	158	114
Decrease (increase) in refundable deposits paid	2,116	(4,367)
Acquisition of intangible assets	(12,210)	(700)
Decrease (increase) in other financial assets	1,370,220	(771,268)
Increase in prepayments for business facilities	(27,224)	(13,004)
Increase in other non-current assets	(5,899)	(50,110)
<b>Net cash flows from investing activities</b>	<u>1,696,399</u>	<u>(730,067)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	6,272,730	8,719,000
Decrease in short-term loans	(6,772,730)	(8,318,010)
Proceeds from long-term debt	300,000	250,000
Repayments of long-term debt	(500,000)	(530,000)
Decrease in guarantee deposits received	(7,640)	101
Cash dividends paid	(1,118,925)	(944,870)
Change in non-controlling interests	(35,093)	(51,804)
<b>Net cash flows used in financing activities</b>	<u>(1,861,658)</u>	<u>(875,583)</u>
Effect of exchange rate changes on cash and cash equivalents	22,381	(58,209)
Net increase (decrease) in cash and cash equivalents	930,920	(667,339)
Cash and cash equivalents at beginning of year	1,441,374	2,108,713
Cash and cash equivalents at end of year	<u>\$ 2,372,294</u>	<u>1,441,374</u>

See accompanying notes to financial statements.

## **Attachment 2**

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

The Board of Directors presented the year 2018 Business Report, Financial Statement (including the consolidated financial statement), and the profit distribution proposal. The Financial Statement (including the consolidated financial statement) was audited by KPMG Taiwan and the results were compiled into a report. The aforementioned reports and statements were audited and found satisfactory by the Company's audit committee. They are hereby submitted respectfully for examination pursuant to the regulations set forth in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to: 2019 Annual Meeting of Shareholders of the Company

Hsueh, Ming-Ling

Chairman of the Audit Committee

March 26, 2019

### Attachment 3

## TTY BIOPHARM COMPANY LIMITED

### Distribution of 2018 Profits Table

Unit: NTD

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

Note :

1. Total 248,649,959 outstanding common shares
2. The year 2018 profit after tax will be subject to this distribution of profits

Chairman of the Board: Lin, Chuan

Responsible Management: Hsiao, Ying-Chun

Responsible Accountant: Wang, Shu-Wen

## Attachment 4

### TTY BIOPHARM COMPANY LIMITED

#### Procedures for Acquisition or Disposal of Assets Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
<p><b>Article 2</b> <b>Scope of Assets:</b> The term "assets" as used in these Procedures includes the following:</p> <ol style="list-style-type: none"> <li>1. Nil.</li> <li>2. Real property (including land, houses and buildings, investment property, <u>rights to use land</u>, and construction enterprise inventory) and equipment.</li> <li>3. Nil.</li> <li>4. Nil.</li> <li>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>6. Derivatives.</li> <li>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>8. Other major assets: Related matters of acquisition and disposal of such assets shall be processed in accordance with these Procedures hereto.</li> </ol>	<p><b>Article 2</b> <b>Scope of Assets:</b> The term "assets" as used in these Procedures includes the following:</p> <ol style="list-style-type: none"> <li>1. Nil.</li> <li>2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.</li> <li>3. Nil.</li> <li>4. Nil.</li> <li>5. <u>Right-of-use assets</u></li> <li>6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>7. Derivatives.</li> <li>8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>9. Other major assets: Related matters of acquisition and disposal of such assets shall be processed in accordance with these Procedures hereto.</li> </ol>	<ol style="list-style-type: none"> <li>1. To add paragraph 5 to correspond to regulation. Also move original paragraph 5 (usage right of land) to paragraph 5 as regulated.</li> <li>2. Original paragraph 5 to 8 move to paragraph 6 to 9.</li> </ol>
<p><b>Article 3</b> <b>Definition of Terms:</b> Terms used in these Procedures are defined as follows:</p> <ol style="list-style-type: none"> <li>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>and swap contracts, and compound contracts combining the above products,</u> whose value is derived from <u>assets, interest rates, foreign exchange rates, indexes</u> or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing</li> </ol>	<p><b>Article 3</b> <b>Definition of Terms:</b> Terms used in these Procedures are defined as follows:</p> <ol style="list-style-type: none"> <li>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured</u></li> </ol>	<ol style="list-style-type: none"> <li>1. Amendment was made in correspondence with regulations</li> <li>2. Word Modification</li> </ol>



Before amendment	After amendment	Reason for amendment
<p>contracts, or long-term purchase (sales) <u>agreements</u>.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph <u>8</u> of the Company Act.</p> <p>3. Nil.</p> <p>4. Nil.</p> <p>5. Nil.</p> <p>6. Nil.</p>	<p><u>products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts</u>.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph <u>3</u> of the Company Act.</p> <p>3. Nil.</p> <p>4. Nil.</p> <p>5. Nil.</p> <p>6. Nil.</p> <p>7. <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>8. <u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct</u></p>	

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

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

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

Before amendment	After amendment	Reason for amendment
<p><b>Article 6</b> <b>Acquisition of Expert Report:</b></p> <p>1. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the <u>same</u> procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the</p>	<p><b>Article 6</b> <b>Acquisition of Expert Report:</b></p> <p>1. In acquiring or disposing of real property, equipment <u>or right-of-use assets</u> where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the <u>above</u> procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be</p>	<ol style="list-style-type: none"> <li>1. Amendment was made in correspondence with regulations</li> <li>2. Add content in paragraph 5 and 6 and move original paragraph 5 to paragraph 7.</li> <li>3. Word Modification</li> </ol>

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

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

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



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

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

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

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

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

Before amendment	After amendment	Reason for amendment
<p>related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(c) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>(5) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 8.1 to 8.4 and 8. 7 to 8.8 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(a) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. °</p> <p>(b) Independent director members of the Audit Committee shall comply with Article 218 of the Company Act.</p> <p>(c) Actions taken pursuant to</p>	<p>(4) Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with <u>the preceding article</u>, and the preceding three paragraphs do not apply:</p> <p>(a) The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>(b) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>(c) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p><u>(d)The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>(5) Where the Company acquires real property <u>or right-of-use assets</u> from a related party and the results of appraisals conducted in accordance with Article 8.1 to 8.4 and 8. 7 to 8.8 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(a) A special reserve shall be set aside in accordance with</p>	

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

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



Before amendment	After amendment	Reason for amendment
<p><u>reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>(b) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions <u>completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</u></p> <p>(8) Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>4. Nil</p>	<p>period as announced by the Ministry of Finance, whichever is lower.</p> <p>(ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing practices.</u></p> <p>(b) Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing,</u> from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year</u></p> <p>(8) Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50</p>	

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

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

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

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

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

## Attachment 5

### TTY BIOPHARM COMPANY LIMITED

#### Regulations for Lending Funds to Other Parties Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
<p><b>Article 2</b> <b>Legal basis:</b> These operational procedures have been formulated 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 (hereinafter referred to as "FSC"). <u>If other laws stipulate otherwise, the provisions of those laws shall govern.</u></p>	<p><b>Article 2</b> <b>Legal basis:</b> These operational procedures have been formulated 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 (hereinafter referred to as "FSC").</p>	<p>Amendment was made in correspondence with regulations</p>
<p><b>Article 5</b> <b>Maximum loan amount:</b> The aggregate amount of loans and the maximum amount permitted to a single borrower: 1. Nil 2. Nil The foreign subsidiaries engaged in <u>short-term financing</u> between each other which the Company has held wholly owned voting shares directly or indirectly, the total financing amount shall not exceed 100% of the net worth of the lender and set the amount limits <u>and</u> 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 FSC. The term "financing amount" means the cumulative balance of the Company's short-term financing. 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</p>	<p><b>Article 5</b> <b>Maximum loan amount:</b> The aggregate amount of loans and the maximum amount permitted to a single borrower: 1. Nil 2. Nil Each <u>inter-company loan of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares</u> shall not exceed 100% of the net worth of the lending enterprise, and <u>the lending enterprise shall set the maximum amount permitted to a single borrower and and the durations of loans in internal procedures</u> pursuant to relevant provisions set forth in the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" by FSC. The term "financing amount" means the cumulative balance of the Company's short-term financing. <u>The responsible person of the Company who has violated the provisions of the preceding Paragraph shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted</u></p>	<ol style="list-style-type: none"> <li>1. Amendment was made in correspondence with regulations and actual operating need</li> <li>2. Add paragraph 3 as regulation and move to paragraph 4 from original from 3.</li> </ol>

Before amendment	After amendment	Reason for amendment
<p>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.</p>	<p><u>there-from.</u> 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.</p>	
<p><b>Article 9</b> <b>Public announcement and declaration procedures:</b> Company should public announce and declare after granting loan to others in accordance with below procedure.</p> <ol style="list-style-type: none"> <li>1. Nil ◦</li> <li>2. Nil ◦</li> <li>3. Nil ◦</li> <li>4. Nil ◦</li> </ol> <p>The term “occurrence date” as used in these operational procedures shall refer to the contract signature date for transactions, the payment date, the board resolution date, or other dates that can confirm the <u>counterparty</u> and monetary amount of the transaction, whichever date is earlier.</p>	<p><b>Article 9</b> <b>Public announcement and declaration procedures:</b> The Company should public announce and declare after granting loan to others in accordance with below procedure.</p> <ol style="list-style-type: none"> <li>1. Nil</li> <li>2. Nil</li> <li>3. Nil</li> <li>4. Nil</li> </ol> <p>The term “occurrence date” as used in these operational procedures shall refer to the contract signature date for transactions, the payment date, the board resolution date, or other dates that can confirm the <u>borrower</u> and monetary amount of the transaction, whichever date is earlier.</p>	<ol style="list-style-type: none"> <li>1. Amendment was made in correspondence with regulations</li> <li>2. Word Modification</li> </ol>
<p><b>Article 13</b> These operational procedures and all amendments will implement after ratification by Audit Committee and the board and report to the Shareholders Meeting for approval. <u>The opinions of these independent directors shall be taken into full consideration when these procedures are submitted to the board for deliberation Specific assenting or dissenting opinions of independent directors and the reasons for their</u></p>	<p><b>Article 13</b> These operational procedures and all amendments <u>shall be approved by a majority of the members of the Audit Committee and by board resolution and enforced upon reporting to a Shareholders Meeting for approval. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the</u></p>	<p>Amendment was made in correspondence with regulations</p>



Before amendment	After amendment	Reason for amendment
<u>dissent shall be included in the board meeting minutes.</u>	<u>resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u> <u>The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u>	
<b>Article 14</b> 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. They were amended for the seventh time on June 24, 2016.	<b>Article 14</b> 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. They were amended for the seventh time on June 24, 2016. <u>They were amended for the eighth time on June 25, 2019.</u>	Adding the date of the latest amendment

## Attachment 6

### TTY BIOPHARM COMPANY LIMITED

#### Regulations on Endorsement and Guarantee Amendment Comparison Table

Before amendment	After amendment	Reason for amendment
<p><b>Article 2</b> <b>Legal basis:</b> These operational procedures have been formulated 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. <u>If other laws stipulate otherwise, the provisions of those laws shall govern.</u></p>	<p><b>Article 2</b> <b>Legal basis:</b> These operational procedures have been formulated 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”.</p>	<p>Amendment was made in correspondence with regulations</p>
<p><b>Article 9</b> <b>Public announcement and declaration procedures time limit and standards:</b> 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<sup>th</sup> 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: 1. Nil 2. Nil 3. The balance of endorsements/guarantees issued by the Company and its subsidiaries to a single entity exceeds NT\$ 10 million and the aggregate amount of all endorsements/guarantees for that single entity, investment of <u>a long-term</u> 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. Nil</p>	<p><b>Article 9</b> <b>Public announcement and declaration procedures time limit and standards:</b> 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<sup>th</sup> of each month. In addition, endorsement/guarantee balances of this 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: 1. Nil 2. Nil 3. The balance of endorsements/guarantees issued by the Company and its subsidiaries to a single entity exceeds NT\$ 10 million, and the <u>book value of equity-method investment</u> in such single entity, and the aggregate amount of all endorsements/guarantees for that single entity, and balance of loans to, such enterprise reaches 30 percent or more of the net worth of the Company as stated in its most</p>	<ol style="list-style-type: none"> <li>1. Amendment was made in correspondence with regulations</li> <li>2. Word Modification</li> </ol>

Before amendment	After amendment	Reason for amendment
<p>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. °</p> <p>The term “occurrence date” as used in these operational procedures shall refer to the contract signature date <u>for transactions</u>, the payment date, the board resolution date, or other dates that can confirm the <u>counterparty</u> and monetary amount <u>of the transaction</u>, whichever date is earlier.</p>	<p>recent financial statement.</p> <p>4.Nil</p> <p>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. °</p> <p>The term “occurrence date” as used in these operational procedures shall refer to the contract signature date, the payment date, the board resolution date, or other dates that can confirm the Endorsement/guarantee beneficiaries and monetary amount, whichever date is earlier.</p>	
<p>Article 13</p> <p>These operational procedures will implement after ratification by audit committee and the board. And report to the Shareholders Meeting for approval.</p> <p><u>The opinions of these independent directors shall be taken into full consideration when these procedures are submitted to the board for deliberation Specific assenting or dissenting opinions of independent directors and the reasons for their dissent shall be included in the board meeting minutes.</u></p> <p>These regulations were formulated on May 22, 1998.</p> <p>They were amended for the first time on March 24, 2000.</p> <p>They were amended for the second time on May 19, 2003.</p> <p>They were amended for the third time on June 19, 2009.</p> <p>They were amended for the fourth time on June 25, 2010.</p> <p>They were amended for the fifth time on June 19, 2013.</p> <p>They were amended for the sixth time on June 24, 2016.</p>	<p>Article 13</p> <p>These operational procedures and all amendments <u>shall be approved by a majority of the members of the Audit Committee and by board resolution and enforced upon reporting to a Shareholders Meeting for approval. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p> <p>These regulations were formulated on May 22, 1998.</p> <p>They were amended for the first time on March 24, 2000.</p> <p>They were amended for the second time on May 19, 2003.</p> <p>They were amended for the third time</p>	<ol style="list-style-type: none"> <li>1. To revise paragraph 1 to correspond to regulation. Also delete original paragraph 1 and 2 and add paragraph 2 and 3 simultaneously.</li> <li>2. Adding the date of the latest amendment</li> </ol>

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

## VII. Appendices

### Appendices 1

#### **Procedures for Acquisition or Disposal of Assets**

(Before amendment of 2019 General Shareholder's Meeting)

**Article 1**      **Legal Basis:**

These Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.

**Article 2**      **Scope of Assets:**

The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights (including drug permit license), and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets: Related matters of acquisition and disposal of such assets shall be processed in accordance with these Procedures hereto.

**Article 3**      **Definition of Terms:**

Terms used in these Procedures are defined as follows:

1. Derivatives: 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" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3. Related party or subsidiary: As defined in the Procedures Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors

resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Procedures Governing Permission for Investment or Technical Cooperation in the Mainland Area.

**Article 4**      ***Operation Procedures for Acquisition or Disposal of Assets:***

1. The Company's "Internal Approval Authority Guidelines" shall prepare asset acquisition or disposal approval authority in accordance with authorized amounts and levels prescribed in these Procedures hereto. Acquisition or disposal of various assets shall only be conducted after being approved in accordance with "Internal Approval Authority Guidelines."
2. Authorization Amounts and Levels:
  - (1) Acquisition or disposal of long term equities investment shall be submitted to the Board of Directors' Meeting for approval. Contents for other securities and investment amount limits shall be submitted to the Board of Directors' Meeting for approval before being executed by the Board Director within approved limits.
  - (2) For acquisition or disposal of real property, equipment or intangible asset, approval from the Board of Directors' Meeting shall be obtained after acquisition or disposal is made for amount exceeding NTD5 million. As for amounts exceeding NTD10 million, prior approval from the Board of Directors' Meeting shall be obtained before being executed.
  - (3) In principle, the Company will not be engaged in acquisition or disposal of membership card or financial institution's claim trading. In the event of necessity of such trading from business needs, such trading will be submitted to the Board of Directors' Meeting for approval before related operation procedures are drafted.
3. Assessment, Operation Procedures and Implementation Unit:
  - (1) For acquisition or disposal of long term equities investment, supervisors of related departments shall form an investment assessment team to conduct feasibility assessment. Acquisition or disposal of other securities shall be assessed by financial and accounting units. Financial and accounting units shall be responsible for execution after aforementioned investments have been approved in accordance with approval authority.
  - (2) With respect to acquisition of real property and equipment, demanding unit shall first prepare a capital expenditure plan and feasibility assessment, compile capital expenditure budget, and submit for approval in accordance with approval authority before executing accordingly. As for disposal of real property and equipment, utilizing unit shall fill in application form or submit for project approval, explain disposal reason and method, and forward to administration units for assessment. Disposal shall be proceeded accordingly in accordance with approval obtained.
  - (3) With respect to intangible asset, feasibility assessment shall be conducted by intellectual property units which shall then submit for approval in accordance with approval authority. Intellectual property units shall be responsible for execution after approval is obtained.

4. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to Audit Committee.
5. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
6. Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 14.4 and 14.5. The so-called major asset transaction shall mean and refer to transaction amount reaches 20 percent of the Company's paid-in capital, 10% of total asset, or exceeds NTD300 million.

**Article 5** *Price determination methods and reference basis for acquisition or disposal of assets shall be as follows:*

1. With respect to the acquisition or disposal of real property or equipment and except for transaction with government institutions, commissioned building on self-owned land, commissioned building on rented land, or acquisition or disposal for business utilization purpose, appraisal report from a professional appraisal company shall be obtained in accordance with Paragraph 1 of Article 6 hereto, and appraisal result shall serve as basis for price determination. Price determination level shall be in line with authorization from the Board of Directors' Meeting.
2. Price determination for securities acquired or disposed through Centralized Securities Exchange Market or Taipei Exchange shall be based on market transaction price.
3. With respect to securities acquired or disposed from non-centralized securities exchange market, investment assessment team shall comply with Paragraph 2 of Article 6 hereto and assess reasonable prices which shall serve as references for price negotiation. Price will then be determined through both parties' negotiation.

**Article 6** *Acquisition of Expert Report:*

1. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
  - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
  - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
  - (3) Where any one of the following circumstances applies with respect to the

professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- (a) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (b) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
2. Where the Company acquires or disposes of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
  3. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government institution, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
  4. With respect to appraisal report or opinions from accountant, lawyer or securities broker prescribed in the preceding three paragraphs, the professional appraisers hereto and their appraisal staff, accountant, lawyer or securities broker or transaction parties shall not serve as interested parties. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 11.1.(2) 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
  5. Where the Company acquires or disposes of assets through court auction



procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

**Article 7** *The Company and its subsidiaries may acquire non-business purpose real property or securities with total amount and limits for respective securities as follows:*

1. Total amount for the Company's purchase of non-business real property or securities shall not exceed 150% of the Company's paid-in capital or 100% of parent company's owner's equities from the latest financial statement, whichever is higher. Investment in individual securities shall not exceed 100% of the Company's paid-in capital. Total amount from the holding of short term investment and undisposed idle asset or real property shall not exceed the 70% of parent company's owner's equities from the Company's latest financial statement.
2. Total amount for respective subsidiary's purchase of non-business real property or securities shall not exceed 150% of respective subsidiary's paid-in capital, or 100% of parent company's owner's equities from the latest financial statement, whichever is higher. Investment in individual securities shall not exceed 100% of the respective company's paid-in capital. Total amount from the holding of short term investment and undisposed idle asset or real property shall not exceed the 70% of parent company's owner's equities from respective company's latest financial statement.

**Article 8** *Related Party Transactions:*

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6-4 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. Assessment and Operation Procedures:
  - (1) When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by a domestic securities investment trust enterprise (SITE), the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and board of directors.
    - (a) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
    - (b) The reason for choosing the related party as a trading counterparty.
    - (c) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the

- preliminary transaction terms in accordance with Article 15 and Article 16.
- (d) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
  - (e) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
  - (f) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
  - (g) Restrictive covenants and other important stipulations associated with the transaction
- (2) The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 11.1.(2) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and board of directors need not be counted toward the transaction amount.
  - (3) With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, the Company's board of directors may pursuant to Article 4.2 and 4.3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.
  - (4) When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
  - (5) The matters for which paragraph 1 requires recognition by the Audit Committee shall first be approved by more than half of all Audit Committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 14.4 and 14.5.
3. Reasonableness evaluation of the transaction costs
- (1) The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:
    - (a) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
    - (b) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the

period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

- (2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2 and the preceding three paragraphs do not apply:
  - (a) The related party acquired the real property through inheritance or as a gift.
  - (b) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
  - (c) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land
- (5) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 8.1 to 8.4 and 8. 7 to 8.8 are uniformly lower than the transaction price, the following steps shall be taken:
  - (a) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
  - (b) Independent director members of the Audit Committee shall comply with Article 218 of the Company Act.
  - (c) Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (6) The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- (7) When the Company obtains real property from a related party, it shall

also comply with the Article 8.5 and 8.6 if there is other evidence indicating that the acquisition was not an arm's length transaction. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- (a) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (i) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - (ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
  - (iii) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- (b) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
- (8) Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
4. For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by the Company shall be used.

**Article 9 Handling Procedures for Acquisition or Disposal of Derivative Products:**

The Company has prepared separate derivative product transaction handling procedures with which shall be complied during handling of derivative products

acquisition or disposal.

**Article 10 Handling Procedures for Merger, Demerger, Purchase and Transfer of Shares:**

1. When conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. Nevertheless, obtainment of aforementioned expert's rationality comments may be waived in the event of the Company's merger with a subsidiary of which 100% of shares issued or total capital amount are directly or indirectly held by the Company, or merger between subsidiaries of which 100% of shares issued or total capital amount are directly or indirectly held by the Company. When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
2. When participating in a merger, demerger, or acquisition, the Company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
3. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
4. When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  - (2) An action, such as a disposal of major assets, that affects the Company's

- financial operations.
- (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
5. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- (1) Handling of breach of contract.
  - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - (4) The manner of handling changes in the number of participating entities or companies.
  - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
  - (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
6. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
7. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 2, Article 3, Article 6 and Article 8.
8. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:
- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
  - (2) Dates of material events: Including the signing of any letter of intent or

memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

- (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
9. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
10. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 8 and Article 9.

**Article 11 Public Announcement Procedures:**

1. Matters for the Company's Public Announcement:
  - (1) Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
    - (a) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by a domestic securities investment trust enterprise (SITE).
    - (b) Merger, demerger, acquisition, or transfer of shares.
    - (c) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
    - (d) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.
    - (e) Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
      - (i) Trading of government bonds.
      - (ii) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds

issued by a domestic securities investment trust enterprise (SITE).

- (2) The amount of transactions above shall be calculated as follows:
  - (a) The amount of any individual transaction.
  - (b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
  - (c) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
  - (d) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- (3) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.
2. Information required to be publicly announced and reported - subsidiary
  - (1) For a subsidiary which is not a domestic public company and acquisition or disposal of asset meeting mandatory announcement or report standards prescribed in these Procedures, matters of announcement or report shall be conducted by parent company.
  - (2) "Meeting twenty percent of company's paid-in capital or ten percent of total asset" prescribed in subsidiary company's announcement & report standards shall be based on the Company's paid-in capital or total asset.
3. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:
  - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (3) Change to the originally publicly announced and reported information.
4. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days after becoming aware of that fact.
5. Where the Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

## **Article 12**

### ***Control Procedures for Subsidiaries' Acquisition or Disposal of Assets:***

1. Subsidiaries hereto shall stipulate asset acquisition or disposal procedures in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."
2. In the event that the Company's subsidiary is not a domestic public company and public announcement on asset acquisition or disposal shall be made in accordance with related regulations, the Company shall make public



announcement hereto accordingly.

**Article 13** *Violation Punishment for Manager and Responsible Person:*

In the event of the Company's manager and responsible person's violation of handling procedures hereto, performance review shall be conducted in accordance with the Company's employee manual and punishment shall be imposed accordingly depending on the seriousness of situations.

**Article 14** *Enforcement and Amendment:*

1. After the procedures have been approved by the Audit Committee and then by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to Audit Committee.
2. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
3. When the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all Audit Committee members and submitted to the board of directors for a resolution.
4. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.
5. The terms "all Audit Committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

**Article 15** *Supplements:*

Matters not prescribed in these Procedures hereto shall be processed in accordance with related laws and the Company's related rules and requirements.

These Procedures were enacted on May 22, 1998.

The 1st amendment was made on March 24, 2000.

The 2nd amendment was made on May 13, 2002.

The 3rd amendment was made on May 19, 2003.

The 4th amendment was made on June 21, 2007.

The 5th amendment was made on June 22, 2012.

The 6th amendment was made on June 24, 2014.

The 7th amendment was made on June 16, 2017.

## Appendices 2

### Regulations for Lending Funds to Other Parties

(Before amendment of 2019 General Shareholder's Meeting)

**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 Loaning of Funds and Making of Endorsements/Guarantees by Public Companies 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:**

The Company shall not loan funds to any of its shareholders or any other person except under the following criteria

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 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 directly or 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 including:
  - (1) For companies or firms which have a business relationship with the Company, the total loan amount shall not exceed 10% of the net worth of the Company as stated in the most recent financial statement.
  - (2) For companies or firms in need of short-term financing, the total loan amount shall not exceed 20% of the net worth of the Company as stated in the most recent financial statement.
2. In the case of lending funds to companies or firms who have a business relationship with the Company, the total lending amount of an individual borrower shall not exceed the total amount of the business 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 (hereinafter referred to as “FSC” ). The term "financing amount" means the cumulative balance of the public company's short-term financing.

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 review procedures for loaning of funds:*

Before loaning fund to others, company should carefully evaluate and execute in accordance with below procedure,

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) 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.
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:*

When granting loan to others, the Company should specify duration of loans and calculation of interest in accordance with below:

1. The time limit for financing loans shall not exceed one year. One extension of six months may be granted for companies or firms which have a business relationship with the Company upon approval by resolution of the board and 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:*

After granting loan to others, measures for control and management of loans is as follows:

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 due to the loan which have business relationship

with the Company specified in Article 7, Item 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, Audit Committee shall be notified in a prompt manner.

**Article 9 Public announcement and declaration procedures:**

Company should public announce and declare after granting loan to others in accordance with below procedure.

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:***

Where a subsidiary of the Company intends to make loans to others, the subsidiary shall formulate and abide by their own Operational Procedures for Loaning Funds to Others pursuant to the provisions set forth herein.

1. When subsidiaries grant loans to others based on their own Operational Procedures, the term worth mean the worth of the subsidiary which is the calculation base.
2. Subsidiaries shall submit data on loans extended in the previous month to the financial unit of the Company by the tenth 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 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. 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 Audit Committee. Improvements shall be implemented in accordance with these plans.

**Article 13** These operational procedures and all amendments will implement after ratification by Audit Committee and the board and report to the Shareholders Meeting for approval. The opinions of these independent directors shall be taken into full consideration when these procedures are submitted to the board for deliberation 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.  
They were amended for the seventh time on June 24, 2016.

## Appendices 3

### Regulations on Endorsement and Guarantee

(Before amendment of 2019 General Shareholder's Meeting)

**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 Loaning of Funds and Making of Endorsements/Guarantees by Public Companies of the Financial Supervisory Commission. 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 by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.

**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 not exceed 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. The balance of endorsements/ guarantees by the company and its subsidiaries for a single enterprise shall not exceed 20 percent or more of the company's net worth as stated in its latest financial statement.
4. The aggregate of endorsements/ guarantees by the company and its subsidiaries shall not exceed 50 percent or more of the company's net worth as stated in its latest financial statement.
5. 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.” Transaction 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Article 6** *Hierarchy levels:*

When make Endorsements/ guarantees, Hierarchy levels is as below,

1. The Company shall carefully assess based on this regulation prior to Endorsements/guarantees, and submit the analysis report of Article 7, Item 1, Clause 2 to resolution of the board of directors for approval, 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 next 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. 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:*

When endorsements/guarantees issuing, the Company shall hand and detailed review in accordance with below:

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.
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. Intern 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 create written records. Where serious infractions are detected, Audit Committee 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:*

Subsidiaries intend to issue endorsements/guarantees to others 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. 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 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. 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 5.

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<sup>th</sup> 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:

1. 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 and the aggregate amount of all endorsements/guarantees for that single entity, 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 Audit Committee. 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 operational procedures will implement after ratification by audit committee and the board. And report to the Shareholders Meeting for approval. The opinions of these independent directors shall be taken into full consideration when these procedures are submitted to the board for deliberation 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.

They were amended for the sixth time on June 24, 2016.

## Appendices 4

### Articles of Incorporation

#### **Chapter 1**    **General Provisions**

- Article 1    The Company has been named TTY Biopharm Co., Ltd. pursuant to relevant regulations set forth in the Company Act.
- Article 2    Business areas of the Company are as follows:
1. C801010 Basic Industrial Chemical Manufacturing
  2. C802041 Western Medicine Manufacturing
  3. F108021 Wholesale of Western Medicine
  4. F208021 Retail Sale of Western Medicine
  5. F108031 Wholesale of Medical Equipments
  6. F208031 Retail Sale of Medical Equipments
  7. C802060 Animal Use Medicine Manufacturing
  8. C802070 Pesticide Manufacturing
  9. C802080 Environmental Agents Manufacturing
  10. C802100 Cosmetics Manufacturing
  11. C804020 Industrial Rubber Products Manufacturing
  12. C804990 Other Rubber Products Manufacturing
  13. C901020 Glass and Glass Made Products Manufacturing
  14. CF01011 Medical Materials and Equipment Manufacturing
  15. F102170 Wholesale of Food and Grocery
  16. F203010 Retail Sale of Food, Grocery, and Beverages
  17. IG01010 Biotechnology Services
  18. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
- Article 3    The Company may formulate regulations governing external endorsements/ guarantees pursuant to relevant government regulations subject to ratification by the shareholder meeting. All guarantees shall be approved by the board of directors and included in the meeting minutes of board meetings before coming into effect.
- Article 4    The total reinvestment amount may exceed 40% of the paid-in capital. Reinvestment related matters shall be approved by the board of directors and included in the meeting minutes of board meetings before coming into effect.
- Article 5    The Company has its domicile in Taipei City and may establish branches in other suitable locations if deemed necessary.
- Article 6    Public announcements of the Company shall be handled in accordance with the regulations set forth in Article 28 of the Company Act.
- #### **Chapter 2**    **Shares**
- Article 7    The total capital of the Company is NT\$ 3.5 billion divided into 350 million shares. The par value of each share is NT\$ 10. The board of directors shall be authorized to issue these shares in subsequent offerings.
- Article 8    All stocks of the Company shall be inscribed and a minimum of three board directors shall affix their signatures and seals. Stocks shall be issued upon certification in accordance with relevant laws.
- Article 8.1    It shall not be required to print stocks for shares issued by the Company, but shares

shall be registered upon negotiation with centralized securities depository enterprises

Article 9 Transfer, inheritance, grants, pledge, loss, or other stock related services shall be handled pursuant to the Regulations Governing the Administration of Stock Affairs by Public Companies and other relevant laws and regulations.

Article 10 Stock name change and transfer shall be suspended within 60 days prior to the convening of Regular Shareholders Meetings, thirty days prior to Extraordinary Shareholders Meetings, and five days prior to the distribution of stock dividends by the Company or the record date of other benefits.

**Chapter 3 Shareholders Meeting**

Article 11 Annual Shareholders Meetings shall be convened by the board of directors within 6 months upon the end of the accounting year. Extraordinary Shareholders Meetings may be convened when deemed necessary in accordance with relevant laws.

Article 12 Shareholders shall be entitled to one vote per share unless relevant laws stipulate otherwise.

Article 12.1 Where shareholders are for any reason unable to personally attend shareholders meetings, they may assign a proxy by presenting a power of attorney printed and issued by the Company. Relevant matters shall be handled in accordance with the regulations set forth in Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 13 Board resolutions require the attendance of shareholders representing a majority of the issued voting shares unless relevant laws stipulate otherwise as well as the approval of the majority of the voting rights represented at the meeting.

Article 13.1 Resolution items of the shareholders meeting shall be compiled into meeting minutes with the affixed signature and seal of the chairperson. These minutes shall be distributed or made known to the shareholders per public notice within 20 days after the meeting. The meeting minutes shall specify the date, location, name of chair, resolution methods, main agenda items, and results. The minutes shall be preserved permanently. The shareholder attendance book and the powers of attorney for proxies shall be preserved for a minimum of one year. Where litigation is initiated by shareholders pursuant to Article 189 of the Company Act, said documents shall be preserved until the conclusion of litigation.

**Chapter 4 Directors**

Article 14 The Company shall appoint 7 to 11 board directors. The number of directors elected shall be determined in a board meeting. And a candidate nomination system shall be adapted and the shareholders meeting shall elect directors from the list of candidates. They shall serve for a term of three years. And They may serve consecutive terms if reelected.

At least of the aforementioned 5 to 11 directors and 20% of the aforementioned quota shall be independent directors. The professional qualifications, shareholding ratios, concurrent appointment restrictions, nomination and election methods, and other matters for compliance shall be based on relevant regulations of the authorities in charge of securities.

- Article 14.1 When terms of directors expire prior to elections, terms may be extended until the newly elected directors assume office. The total number of inscribed stocks held by the directors of the Company shall conform to the standards prescribed in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies made public by the competent authority.
- Article 14.2 When director vacancies account for 1/3, the board shall convene a shareholders' meeting to hold a by-election in accordance with relevant laws. Elected directors shall serve for the remainder of the original terms.
- Article 14.3 Board meetings shall be convened annually.  
Directors shall be notified of the reasons for the scheduling of board meetings seven days in advance. Meetings may be convened on an ad-hoc basis in case of emergencies.  
Directors shall be notified of scheduled meetings in writing, by fax, or by e-mail.
- Article 14.4 The board of directors may establish an Audit Committee, a remuneration committee, or other functional committees to meet the needs of business operations. The Audit Committee shall be composed of the independent directors. The responsibilities, organizational charter, exercise of authority, and other compliance items pertaining to the Audit Committee shall be based on relevant regulations of the authorities in charge of securities and the Company.
- Article 15 The board is composed of directors who shall elect a chairperson and vice chairperson from among their ranks. The chairperson and vice chairperson shall be elected by a majority of the board directors in attendance with an attendance rate of at least 2/3.
- Article 16 Where the chairperson is on leave or for any reason unable to exercise his/her powers, an acting chairperson shall be appointed pursuant to the regulations set forth in Article 208 of the Company Act.
- Article 16.1 Board directors shall personally attend board meetings. The assignment of proxies shall conform to the regulations set forth in Article 205 of the Company Act. Where board meetings are conducted by video conference, participation in the conference shall be viewed as personal attendance.
- Article 17 All business policies and key items of the Company shall be handled in accordance with board resolutions. All board resolutions require the attendance of a majority of board directors and approval by a majority of the directors in attendance unless relevant regulations set forth in the Company Act stipulate otherwise.
- Article 18 The Company may purchase liability insurance for its directors to reduce the risk of litigation initiated by shareholders or other stakeholders due to the exercise of their duties in accordance with relevant laws.
- Chapter 5** **Managers**
- Article 19 The Company shall appoint managers. The appointment, dismissal, and remuneration thereof shall be handled pursuant to Article 29 of the Company Act.
- Chapter 6** **Accounting**
- Article 20 The accounting year runs from January 1 to December 31. Accounts shall be settled at the end of every year. Upon settlement of accounts, the board of directors shall create the following documents and forms which These documents and the review report shall be submitted to the shareholders meeting for ratification in accordance

with relevant laws.

1. Business report.
2. Financial statement.
3. Surplus allocation or loss make-up proposal.

Article 21 Where the Company earns annual profits, 0.5% to 10% shall be allocated as employee compensations and a maximum of 2% shall be allocated as director and supervisor compensations. Where the Company still has accumulated losses, profits shall be retained to make of for such losses.

Article 22 Where surpluses are recorded upon annual settlement of accounts, 10% shall be appropriated as legal reserve upon payment of taxes and making up for previous losses in accordance with relevant laws unless the Legal Reserve has reached the Company's total paid-in capital. The remaining profits shall be set aside for special reserve in accordance with the laws, regulations, or the business requirements. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board for approval at a shareholders' meeting.

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

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

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

#### ***Chapter 7 Supplementary provisions***

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

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

Article 28 These articles of incorporation were formulated on June 23, 1960.  
They were amended for the first time on June 17, 1966.  
They were amended for the second time on June 17, 1967.  
They were amended for the third time on January 22, 1968.  
They were amended for the fourth time on September 20, 1969.  
They were amended for the fifth time on September 11, 1978.  
They were amended for the sixth time on September 30, 1980.



They were amended for the seventh time on November 25, 1982.  
They were amended for the eighth time on March 28, 1986.  
They were amended for the ninth time on February 2, 1989.  
They were amended for the tenth time on May 10, 1990.  
They were amended for the eleventh time on October 12, 1991.  
They were amended for the twelfth time on December 2, 1993.  
They were amended for the thirteenth time on July 24, 1995.  
They were amended for the fourteenth time on July 25, 1997.  
They were amended for the fifteenth time on October 7, 1997.  
They were amended for the sixteenth time on November 27, 1997.  
They were amended for the seventeenth time on May 22, 1998.  
They were amended for the eighteenth time on June 25, 1999.  
They were amended for the nineteenth time on March 24, 2000.  
They were amended for the twentieth time on December 22, 2000.  
They were amended for the twenty-first time on June 8, 2001.  
They were amended for the twenty-second time on June 8, 2001.  
They were amended for the twenty-third time on May 13, 2002.  
They were amended for the twenty-fourth time on May 13, 2002.  
They were amended for the twenty-fifth time on May 19, 2003.  
They were amended for the twenty-sixth time on May 19, 2003.  
They were amended for the twenty-seventh time on June 1, 2004.  
They were amended for the twenty-eighth time on June 1, 2004.  
They were amended for the twenty-ninth time on June 10, 2005.  
They were amended for the thirtieth time on June 14, 2006.  
They were amended for the thirty-first time on June 19, 2009.  
They were amended for the thirty-second time on June 25, 2010.  
They were amended for the thirty-third time on June 22, 2012.  
They were amended for the thirty-fourth time on June 25, 2013.  
They were amended for the thirty-fifth time on June 16, 2015.  
They were amended for the thirty-sixteenth time on June 24, 2016.  
They were amended for the thirty- seventh time on June 16, 2017.  
The thirty-eight amendment was made on November 22, 2018

## Appendices 5

### Shareholders' Meeting Rules

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

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

## Appendices 6

### TTY BIOPHARM COMPANY LIMITED Shareholdings of Directors

Date: April 27, 2019

Title	Name	Shares held in share register
Chairman	LIN, CHUAN,	62,000
Vice Chairman	CHANG, WEN-HWA	4,308,800
Director	Dawan Technology Company Limited. Representative: CARL HSIAO	22,590,732
Director	YANG, TZE-KAING	—
Director	CHANG, HSIU-CHI	1,943,686
Director	LIAO, YING-YING	—
Independent Director	TSAI, DUEI	—
Independent Director	HSUEH, MING-LING	—
Independent Director	LIN, TIEN-FU	—

Note:

1. 248,649,959 Common Shares issued on April 27, 2019.
2. Statutory minimum shareholding requirement for all directors is 12,000,000 shares and Shares held in share register is 28,905,218 shares
3. Since the Company has established an audit committee, statutory shareholding requirements for supervisors are not applicable.



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