

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

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

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

Total outstanding TTY shares: 248,649,959 shares

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

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

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

**Attendance:** Tzeng, Kwo-Yang, CPA of KPMG

**Chairman:** Lin, Chuan, Chairman

**Recorder:** Huang, Ching-Yi

**Meeting procedures**

**I. Calling to the Meeting Order**

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

**II. Chairman's Address** (omitted)

**III. Report Items**

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

**IV. Ratification Items**

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

Ratification of 2018 Business Report and Financial Statements

**Description:**

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

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

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

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

Ratification of 2018 Profit Distribution

**Description:**

1. Allocation of cash dividend proposed by the Board is total of NT\$1,118,924,816 or NT\$ 4.5 per share based on the number of shares recorded in the Register of Shareholders on the ex-dividend date. All cash dividends are rounded down to the dollar after discount any cents. The remaining amount will be treated as the other revenue of the Company. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors shall be authorized to resolve the ex-dividend date, payment date and other relevant issues.
2. Please refer to the Attachment 4 for Distribution of 2018 Profits Table.

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

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

**V. Discussion Items**

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

Amendment to “Procedures for Acquisition or Disposal of Assets”

**Description:**

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

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

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

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

Amendment to “Regulations for Lending Funds to Other Parties”

**Description:**

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

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

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

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

Amendment to “Regulations on Endorsement and Guarantee”

**Description:**

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

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

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

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

Release of non-competition restrictions for Directors

**Description:**

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

Title	Name	Newly added concurrent positions at other companies
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

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

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

**VI. Extraordinary Motions:** None.

**VII. Adjournment:** The Chairman announced the meeting adjourned at 9:30 am on June 25, 2019.

## Attachment 1

### TTY BIOPHARM COMPANY LIMITED

#### Business Report

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

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

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

##### (2) Budget Implementation Status

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

##### (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

## **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

安侯建業聯合會計師事務所  
**KPMG**

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## Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited:

### Opinion

We have audited the accompanying financial statements of TTY Biopharm Company Limited (“the Company”), which comprise the balance sheets as of December 31, 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	Short-term borrowings (note 6(i) and (u))	\$ 1,150,000	14
1150 Notes receivable, net (note 6(d) and (u))	20,174	-	47,640	1	2130	Contract liabilities-current (note 6(q) and 7)	5,337	-
1170 Accounts receivable, net (note 6(d) and (u))	736,126	9	802,985	9	2150	Notes payable (note 6(u))	2,397	-
1180 Accounts receivable due from related parties, net (note 6(d), (u) and 7)	32,103	-	52,641	1	2170	Accounts payable (note 6(u))	139,940	2
1200 Other receivables, net (note 6(u) and 7)	81,401	1	82,383	1	2230	Current tax liabilities	129,544	2
130X Inventories (note 6 (e))	703,133	8	625,503	7	2200	Other payables (note 6(u))	412,992	5
1410 Prepayments	22,758	-	14,412	-	2300	Other current liabilities	30,082	1
1476 Other current financial assets (note 6(a) and (v))	17,888	-	-	-	2320	Long-term liabilities, current portion (note 6(u))	-	-
1470 Other current assets	<u>3,521</u>	-	<u>1,461</u>	-			<u>1,870,292</u>	<u>23</u>
	2,122,789	24	2,386,068	28				<u>2,652,362</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	Long-term borrowings (note 6(t) and (u))	350,000	4
1523 Investments accounted for using equity method, net (note 6(c) and (u))	-	-	47,200	1	2570	Deferred tax liabilities (note 6(t))	278,700	3
1550 Investments available-for-sale financial assets, net (note 6(c) and (u))	3,220,470	39	3,327,751	37	2640	Net defined benefit liability, non-current (note 6(m))	58,459	1
1600 Property, plant and equipment (note 6(g))	2,438,554	30	2,513,641	29	2645	Guarantee deposits received (note 6(u) and 7)	3,119	-
1760 Investment property, net (note (b))	77,289	1	77,644	1	2650	Credit balance of investments accounted for using equity method (note 6(f))	4,148	-
1780 Intangible assets (note 6(f))	32,472	-	9,189	-			<u>694,426</u>	<u>8</u>
1840 Deferred tax assets (note 6(n))	22,083	-	25,324	-			<u>2,564,718</u>	<u>31</u>
1915 Prepayments for business facilities	184,243	2	165,320	2				<u>3,269,903</u>
1920 Refundable deposits paid (note 6(u))	22,322	-	22,939	-	3100	Equity (note 6(o)):		
1981 Cash surrender value of life insurance (note 6(u))	13,357	-	7,275	-	3200	Capital stock	2,486,500	30
1984 Other non-current financial assets (note 6(a), (u) and 8)	143,086	2	124,007	1	3310	Capital surplus	348,819	4
1990 Other non-current assets	43,366	1	60,321	1	3320	Legal reserve	857,418	10
	<u>6,245,962</u>	<u>76</u>	<u>6,380,611</u>	<u>72</u>	3350	Special reserve	110,154	1
	<u>8,368,751</u>	<u>100</u>	<u>8,766,679</u>	<u>100</u>	3400	Unappropriated retained earnings	1,954,321	23
						Other equity interest	46,821	1
						Total equity	<u>5,804,033</u>	<u>69</u>
						Total liabilities and equity	<u>8,368,751</u>	<u>100</u>
								<u>8,766,679</u>
								<u>61</u>
								<u>61</u>

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

**Statements of Comprehensive Income**

For the years ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (note 6(q), (r) and 7)	\$ 3,555,620	100	3,672,040	100
5000	Operating costs (note 6(e) and 7)	<u>1,246,982</u>	<u>35</u>	<u>1,321,777</u>	<u>36</u>
	Gross profit	2,308,638	65	2,350,263	64
5910	Less: Unrealized profit (loss) from sales	10,400	-	10,004	-
5920	Add: Realized profit (loss) from sales	<u>10,004</u>	<u>-</u>	<u>7,550</u>	<u>-</u>
	Gross profit, net	<u>2,308,242</u>	<u>65</u>	<u>2,347,809</u>	<u>64</u>
6000	Operating expenses (note 6(m) and 12):				
6100	Selling expenses	760,967	21	689,514	19
6200	Administrative expenses	260,029	7	226,955	6
6300	Research and development expenses	<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>
	Net operating income	<u>1,056,651</u>	<u>31</u>	<u>1,212,214</u>	<u>33</u>
	Non-operating income and losses (note 6(t) and 7):				
7010	Other income	16,645	-	20,058	1
7020	Other gains and losses, net	527,982	15	225,646	6
7050	Finance costs, net	(17,202)	-	(25,191)	(1)
7070	Share of profit of subsidiaries and associates accounted for using equity 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>
	Profit before tax	1,667,812	48	1,563,698	43
7950	Less: Income tax expense (note 6(n))	<u>206,431</u>	<u>6</u>	<u>218,967</u>	<u>6</u>
	Profit for the year	<u>1,461,381</u>	<u>42</u>	<u>1,344,731</u>	<u>37</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(4,102)	-	(9,701)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,520	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(2,582)</u>	<u>-</u>	<u>(9,701)</u>	<u>-</u>
8360	Components of other comprehensive income that may be reclassified to profit or loss				
8361	Exchange differences on translation	49,343	1	(117,339)	(3)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(23,600)	(1)
8380	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	<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	Other comprehensive income for the year, net of tax	<u>20,306</u>	<u>-</u>	<u>(272,358)</u>	<u>(7)</u>
	Total comprehensive income for the year	<u>\$ 1,481,687</u>	<u>42</u>	<u>1,072,373</u>	<u>30</u>
	Earnings per share, net of tax (note 6(p))				
	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)	-	-	(262,657)	1,344,731
-	-	-	1,335,030	(97,372)	-	-	(165,285)	(262,657)	(272,358)
-	-	119,332	-	(119,332)	-	-	-	-	1,072,373
-	-	-	-	(944,870)	-	-	-	-	(944,870)
-	5,070	-	-	-	-	-	-	-	5,070
-	(14,325)	-	-	-	-	-	-	-	(14,325)
2,486,500	396,113	722,945	110,154	1,758,633	(99,734)	-	122,165	22,431	5,496,776
-	-	-	-	(43)	(99,734)	122,167	(122,165)	2	(41)
2,486,500	396,113	722,945	110,154	1,758,590	(99,734)	122,167	-	22,433	5,496,735
-	-	-	-	1,461,381	-	-	-	-	1,461,381
-	-	-	-	(4,102)	43,040	(18,632)	-	24,408	20,306
-	-	-	-	1,457,279	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)	-	-	(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.



安侯建業聯合會計師事務所  
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## Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited:

### Opinion

We have audited the consolidated financial statements of TTY Biopharm Company Limited 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(i))	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							
	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>Share capital</b>												
Ordinary shares												
\$	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	-	1,344,731	23,583	1,368,314	
Other comprehensive income	-	-	-	(9,701)	(97,372)	(97,372)	(165,285)	(262,657)	(272,358)	(108,702)	(381,060)	
Total comprehensive income	-	-	-	1,335,030	(97,372)	(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												
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	120,000	6,111,637	
Effects of retrospective application	-	-	-	(43)	(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)	(43,040)	(18,632)	(24,408)	20,306	(1,264)	19,042	
Total comprehensive income	-	-	-	1,457,279	(43,040)	(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												
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(8,170)	-	(20)	(20)	(20)	(8,170)	8,170	-	
<b>Balance on December 31, 2018</b>	<b>2,486,500</b>	<b>348,819</b>	<b>857,418</b>	<b>110,154</b>	<b>1,954,321</b>	<b>(56,694)</b>	<b>103,515</b>	<b>46,821</b>	<b>5,804,033</b>	<b>587,592</b>	<b>6,391,625</b>	

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>

## Attachment 4

### 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 5

### 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.</p> <p>"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</u> or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</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</u> transactions <u>involving</u> neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year</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 6

### 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 7

### 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.</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><u>They were amended for the seventh time on June 25, 2019.</u></p>	