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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the Month of August 2021

Commission File Number: 001-38746

**Taiwan Liposome Company, Ltd.**

(Translation of registrant's name into English)

Taiwan Liposome Company, Ltd.  
11F-1, No. 3 Yuanqu Street  
Nangang District,  
Taipei City, Taiwan 11503  
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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**Annual General Meeting Minutes**

On August 19, 2021, Taiwan Liposome Company, Ltd. (the “Company”) held its Annual General Meeting of 2021 (the “AGM Meeting”). At the AGM Meeting, the shareholders approved the following matters: (i) ratification of the Company’s proposed 2020 deficit offset, (ii) adoption of amendments to the Company’s Articles of Incorporation, (iii) ratification of the Company’s 2020 financial statements and business report, (iv) ratification of the amendments of the plan relating to the 2020 secondary public offering, (v) release of directors from certain non-competition restrictions, (vi) resolution to approve the issuance of new restricted employee shares, (vii) the issuance of up to 30,000,000 ordinary shares of the Company by public offering or private placement, (viii) adoption of amendments to the Company’s “Rules of Procedure for Shareholders Meetings”, and (ix) adoption of amendments to the Company’s “Rules and Procedures on Election of Directors”. On August 26, 2021, the Company made the minutes from the AGM Meeting (the “AGM Minutes”) available on the Taipei Exchange’s Market Observation Post System.

A copy of the AGM Minutes is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

**Extraordinary General Meeting Minutes**

On August 20, 2021, the Company held its First Extraordinary General Meeting of 2021 (the “EGM Meeting”). At the EGM Meeting, the shareholders approved the following matters: (i) resolution to approve the share swap with Woods Investment Company Ltd. and application for termination of trading from the Taipei Exchange (the “TPEX”) according to the Business Mergers and Acquisitions Act, (ii) approval to cease the Company’s status as a public company, and (iii) adoption of amendments to the Company’s Articles of Incorporation. On August 26, 2021, the Company made the minutes from the EGM Meeting (the “EGM Minutes”) available on the TPEX’s Market Observation Post System.

A copy of the EGM Minutes is attached hereto as Exhibit 99.2 and is incorporated by reference herein.

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## Exhibits

Exhibit Number	Exhibit Description
99.1	<a href="#">Taiwan Liposome Company, Ltd. Meeting Minutes for the 2021 Annual General Meeting.</a>
99.2	<a href="#">Taiwan Liposome Company, Ltd. Meeting Minutes for the 2021 First Extraordinary General Meeting.</a>

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**TAIWAN LIPOSOME COMPANY, LTD.**

Date: August 26, 2021

By: /s/ George Yeh  
Name: George Yeh  
Title: President



Taiwan Liposome Company, Ltd.  
2021 ANNUAL GENERAL MEETING MINUTES  
(Translation)

Time: August 19, 2021 (Thursday) at 9:00 a.m.

Venue: 7F, No. 3, Yuanqu St., Nangang Dist., Taipei City (Meeting room)

Attendance: Total shares represented by shareholders present in person or by proxy: 52,833,401 shares. Total outstanding TLC shares: 84,154,934 shares. Percentage of shares held by shareholders present in person or by proxy: 62.78%.

Directors present(2): Chang Shyang Enterprise Co., Ltd - Chan Yu Lee, May Kang

Directors present by proxy (1): Keelung Hong

Others (2): Chiahung Lin (C.P.A., PricewaterhouseCoopers,Taiwan), Jacqueline Fu (Attorney, K&L Gates)

Chairman : Chan Yu Lee



Recording Secretary : Carina Chen



Calling the meeting to order : A quorum was met in accordance with Article 174 of the Company Act, and the Chairman called the meeting order.  
Chairman's Remarks: (omitted)

**I. Items for Reporting**

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**Item No. 1:** The 2020 operational report and the implementation report for the sound operating plan.

Explanation:

1. The 2020 operational report can be found on Handbook under Exhibit 1.
2. The implementation report for the sound operating plan can be found on Handbook under Exhibit 2.

**Item No. 2:** The report on implementation status for the private placement of 2020.

Explanation:

The proposal for the private placement of 2020 was approved by the general meeting of 2020. However, the outbreak of the COVID-19 pandemic slowed down investment activities worldwide, and the Company failed to accomplish private placement within the stipulated period.

**Item No. 3:** The review audit report for 2020 prepared by the Audit Committee.

Explanation:

The audit committee's review report for 2020 can be found on Handbook under Exhibit 3.

**Item No. 4:** Amendments to the "Rules of Procedures for Board Meetings" and the "Codes of Ethics for Directors and Managerial Officers."

Explanation:

The comparison tables for the amendments to the Company's "Rules of Procedures for Board Meetings" and the "Codes of Ethics for Directors and Managerial Officers" can be found on Handbook under Exhibit 4.

## II. Items for Ratification

**Item No. 1:** Ratify the 2020 financial statements and the operational report. (Proposed by the Board of Directors)

Explanation:

1. The 2020 individual and consolidated financial statements have been audited by independent certified public accountants Lin Chia-Hung and Liang Hua-Ling of PricewaterhouseCoopers Taiwan, and an audit report has been issued without
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reservations.

2. The aforementioned financial statements and operational report have been approved by the Company's Audit Committee and the Board of Directors. Thus, the Board of Directors hereby submits the aforementioned financial statements and operational report to the shareholders' meeting for ratification.
3. Independent certified public accountant's reports and other financial statements can be found on pages 26 to 45 of this Handbook under Exhibit 5. The operational report can be found on pages 12 to 17 of this Handbook under Exhibit 1, and the Audit Committee's review report can be found on Handbook under Exhibit 3.

Resolution: The number of shares represented by shareholders attending the Meeting was 52,833,401 shares; the number of shares voting to approve the resolution was 52,708,989 shares (including 2,868,170 votes cast by electronic means), approximately 99.76% of voting shares; the number of shares voting against the resolution was 24,067 shares (including 24,067 votes cast by electronic means), 0.04% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 100,345 shares (including 70,442 votes cast by electronic means), approximately 0.18% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 2:** Ratify the 2020 deficit compensation proposal.  
(Proposed by the Board of Directors)

Explanation:

1. The Company's 2020 financial statements, after being audited by independent certified public accountants, showed a deficit for the period of NT\$981,516,757, and after adding this amount into the accumulated deficit as of the beginning of 2020 and making relevant adjustments, showed an accumulated deficit of NT\$2,699,973,887 in 2020, an amount that is no less than half of the Company's paid-in capital. It is proposed to compensate for the aforementioned deficit out of the realized capital reserve in an amount of NT\$2,167,953,950, and the accumulated deficit after the aforementioned compensation would be NT\$532,019,937. Please refer to the 2020 Deficit Offset Statement below for more details.
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2. Due to the lack of retained earnings, the Company does not intend to distribute dividends and bonuses this year.



Taiwan Liposome Company, Ltd.  
2020 Deficit Offset Statement

(In NTD)

Items	Amount	
	Subtotal	Total
Undistributed Earnings in the beginning of 2020	(\$1,717,774,746)	
2020 retained earnings adjustment	(682,384)	
Undistributed Earnings with adjustments	(1,718,457,130)	
2020 net income (deficit)	(981,516,757)	
Deficit to be offset at the end of 2020		(\$2,699,973,887)
Deficit Offset		
Capital reserve – common share premium	2,167,953,950	2,167,953,950
Accumulated deficit at the end of 2020		(\$532,019,937)

Chairman of the Board:



Officer:



Head of the Accounting Dept.:



Resolution: The number of shares represented by shareholders attending the Meeting was 52,833,401 shares; the number of shares voting to approve the resolution was 52,722,988 shares (including 2,882,169 votes cast by electronic means), approximately 99.79% of voting shares; the number of shares voting against the resolution was 25,068 shares (including 25,068 votes cast by electronic means), 0.04% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the



total number of abstentions and shares present but not voting was 85,345 shares (including 55,442 votes cast by electronic means), approximately 0.16% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 3:**

Ratify the amendments of the plan relating to the 2020 secondary public offering. (Proposed by the Board of Directors)

Explanation:

1. 2020 capital increase by cash contribution plan of the Company (with respect to the issuance of 10,000,000 ordinary shares, the “Plan”) was filed and effective on May 13, 2020 pursuant to the Financial Supervisory Commission’s letter No. 1090339701 (the integrated Plan comprises of 2018 overseas depositary receipts and 2019 secondary public offering).
2. The purpose of the revised plan is to maintain the Company’s ability to continue research and development and expand research for new forms/new formulas, and it is necessary to re-allocate the resources for these purposes. The revised Plan should not have a material effect on shareholders’ interests.
3. The changes to the Plan and the summary of opinion of original lead underwriter can be found on Handbook under Exhibit 6.
4. The changes to the Plan were approved by the Board of Directors of the Company on March 30, 2021, except that it will be announced pursuant to the competent authority’s related regulations.

Resolution: The number of shares represented by shareholders attending the Meeting was 52,833,401 shares; the number of shares voting to approve the resolution was 52,707,989 shares (including 2,867,170 votes cast by electronic means), approximately 99.76% of voting shares; the number of shares voting against the resolution was 25,067 shares (including 25,067 votes cast by electronic means), 0.04% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 100,345 shares (including 70,442 votes cast by electronic means), approximately 0.18% of voting shares. This agenda item was hereby approved as proposed.

**III. Items for Discussion**

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**Item No. 1:** Proposal on releasing directors from non-competition restrictions. (Proposed by the Board of Directors)

Explanation:

1. In order to meet the actual business needs of the Company, it is proposed to present to the general meeting for approval, pursuant to Article 209 of the Company Act, a proposal to release the directors from non-competition restrictions with regard to engaging in business that falls within the scope of the Company's business, either for the director himself/herself or on behalf of others, provided that such engagement shall not impair the Company's interests.
2. The details of competing activities engaged in by the directors are listed on Handbook under Exhibit 7.

Resolution: The number of shares represented by shareholders attending the Meeting was 52,833,401 shares; the number of shares voting to approve the resolution was 52,714,189 shares (including 2,873,370 votes cast by electronic means), approximately 99.77% of voting shares; the number of shares voting against the resolution was 39,067 shares (including 39,067 votes casted by electronic method), 0.07% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 80,145 shares (including 50,242 votes cast by electronic means), approximately 0.15% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 2:** Approval to issue new restricted employee shares.  
(Proposed by the Board of Directors)

Explanation:

1. To attract and retain the professional talents required by the Company, to enhance the coherence of employees, and to create benefits to the Company and its shareholders, the Company intends to issue 2021 Restricted Employee Stock, pursuant to Section 8 of Article 267 of the Company Act and related rules, including the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.
  2. The Company intends to issue 840,000 Restricted Employee Stock (the "Restricted Employee Stock"), representing 0.99% of an aggregate number of all shares issued by the Company, and in addition to the number of employees stock option certificates issued by the Company, representing no more than 15% of the aggregate number of all shares issued by the Company, in compliance with the limitation set in the Article of Incorporation.
  3. The content and items of the Restricted Employee Stock are as follows:
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(1) Aggregate Number and Amount of the Restricted Employee Stock: NTD8,400,000 divided into 840,000 ordinary shares with a par value of NTD10.

(2) Conditions of Issuance:

A. Issue Price: NTD10 per share.

B. Conditions of Vesting:

- Thirty percent of the Restricted Employee Stock shall be vested on the first anniversary of the subscription date if the employee is still employed and does not breach any provision of the labor contract between the Company and him/her during such first year.
- An additional thirty percent of the Restricted Employee Stock shall be vested on the second anniversary of the subscription date if the employee is still employed and does not breach any provision of labor contract between the Company and him/her during such second year.
- The remaining forty percent of the Restricted Employee Stock shall be vested on the third anniversary of the subscription date if the employee is still employed and does not breach any provision of labor contract between the Company and him/her during such third year.

C. Class of Restricted Employee Stock: New ordinary shares of the Company.

D. Lack of compliance with the Vesting Conditions or Occurrence of Inheritance:

In the event of a failure to comply with the vesting conditions or other events, the results will be as follows, and the Company authorizes the Board of Directors to establish rules governing the issuance of Restricted Employee Stock to supplement such matters:

- Voluntary resignation, other termination of employment (including termination of employment, dismissal and discharge which does not require prior notice), leave without pay and parental leave, death. The Company shall buy back the shares at the original issuing price and cancel the shares in accordance with applicable laws.
  - Retirement, disability or death caused by work injury. Unless otherwise approved by the Board of Directors, the Company shall buy back the shares at the original issuing price and cancel the shares in accordance with applicable laws.
  - Re-designation, vested ratio of unvested Restricted Employee Stock held by such employees shall be determined by the Chairman.
  - If change of control events occur due to merger or acquisition, all subscribed shares shall be deemed vested before the closing of
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aforesaid events.

E. The rights of distribution or allocation attached to the Restricted Employee Stock shall be the same as ordinary shares of the Company.

- (3) The Eligibility of Employees and Number of Restricted Employee Stock eligible for subscription: Eligible employees are full-time employees of the Company as of the actual issue date; the number of shares an employee can subscribe for will be determined after taking into consideration factors such as grade, readiness, overall contributions and development potential of the employee.
  - (4) The necessity to issue the Restricted Employee Stock: To attract, and retain the professional talents required by the Company, to enhance the coherence of employees, and to create benefits to the Company and the shareholders.
  - (5) Expected expense amount, dilution of EPS and other factors affecting shareholders' equity: Based on NTD73.11, the average closing price of a share of the Company, calculated by 30 business days prior to February 26, 2021, the total expected expense amount is NTD53,012 thousand, the annual amortized expense from 2021 to 2024 respectively will be NTD5,083 thousand, NTD28,309 thousand, NTD13,713 thousand, and NTD5,906 thousand, and the dilution to EPS from 2021 to 2024 respectively will be NTD0.06, NTD0.34, NTD0.16, and NTD0.07. Accordingly, this will not result in a material impact on the shareholders' equity.
4. Upon the approval of this agenda item by the general meeting, the Board will convene a meeting to adopt rules for the 2021 issuance of restricted employee stock.
  5. Upon approval of this plan, completion of the rules for the 2021 issuance of Restricted Employee Stock established by the Board, and preparation of the relevant documents, the Company will apply for approval from the authority, and issue the Restricted Employee Stock in accordance with applicable laws and regulations. In the period of such application, if the rules for the 2021 issuance of Restricted Employee Stock or the relevant documents are required by the authority to be amended, the Chairperson of the Board is authorized to amend and supplement the rules for the 2021 issuance of Restricted Employee Stock, provided that the Restricted Employee Stock shall be issued after the amended rules for the 2021 issuance of Restricted Employee Stock are submitted to and passed by the Board. If there is any matter not set forth in this plan, the Board of Directors or anyone authorized by the Board of Directors are fully authorized to revise and conduct such matter in accordance with applicable laws except as otherwise provided by law.

Resolution: The number of shares represented by shareholders attending the Meeting

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was 52,833,401 shares; the number of shares voting to approve the resolution was 52,631,358 shares (including 2,790,539 votes cast by electronic means), approximately 99.61% of voting shares; the number of shares voting against the resolution was 125,698 shares (including 125,698 votes cast by electronic means), 0.23% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 76,345 shares (including 46,442 votes cast by electronic means), approximately 0.14% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 3:** Proposal for issuance of securities by public offering or private placement. (Proposed by the Board of Directors)

Explanation:

1. It is proposed that in order to meet the Company's need for long term development and to raise long term capital, the Company will take one of the following approaches or a combination of the following approaches: issuance of ordinary shares for cash to issue overseas depositary receipts and/or issuance domestic ordinary shares and/or privately placement of ordinary shares once or at multiple times with appropriate timing, taking into account the condition of the capital market and the actual fiscal needs of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
2. The scope of this offering of securities (including the public offering and/or private placement) shall be within the limit of 30,000,000 shares.
3. The Board of Directors and/or the Chairperson are fully authorized to administer the main contents of this proposal, including but not limited to the number and amount of issuance, issue price, conditions of the issuance, manners of underwriting, rules for this issuance of securities, use of capital, expected progress, expected benefits, and any other matters related to this issuance, including where there is any change in the relevant laws and regulations or a request from the competent authority, based on operational assessments or enactment or amendments made in response to subjective environments afterwards.
4. The explanation regarding the manner and content of this issuance can be found on Handbook under Exhibit 8.

Resolution: The number of shares represented by shareholders attending the Meeting was 52,833,401 shares; the number of shares voting to approve the resolution was 52,731,212 shares (including 2,890,393 votes cast by electronic means), approximately 99.80% of voting shares; the number

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of shares voting against the resolution was 26,044 shares (including 26,044 votes cast by electronic means), 0.04% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 76,145 shares (including 46,242 votes cast by electronic means), approximately 0.14% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 4:** Discuss the proposed amendments to the Company's Articles of Incorporation.(Proposed by the Board of Directors)

Explanation:

1. It is proposed to amend the Company's Articles of Incorporation pursuant to Article 162 and 228-1 of the Company Act.
2. A Comparison Table for the amendments to the Company's Articles of Incorporation can be found on Handbook under Exhibit 9.

Resolution: The number of shares represented by shareholders attending the Meeting was 52,833,401 shares; the number of shares voting to approve the resolution was 52,717,989 shares (including 2,877,170 votes cast by electronic means), approximately 99.78% of voting shares; the number of shares voting against the resolution was 24,067 shares (including 24,067 votes cast by electronic means), 0.04% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 91,345 shares (including 61,442 votes cast by electronic means), approximately 0.17% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 5:** Discuss the proposed amendments to the Company's "Rules of Procedure for Shareholders Meetings."  
(Proposed by the Board of Directors)

Explanation:

1. It is proposed to amend the Company's "Rules of Procedure for Shareholders Meetings" pursuant to the official announcement from the Taipei Exchange dated February 9, 2021 (official letter number: 11000519041).
  2. A Comparison Table for the amendments to the Company's "Rules of Procedure for Shareholders Meetings" can be found on Handbook under Exhibit 10.
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Resolution: The number of shares represented by shareholders attending the Meeting was 52,833,401 shares; the number of shares voting to approve the resolution was 52,717,989 shares (including 2,877,170 votes cast by electronic means), approximately 99.78% of voting shares; the number of shares voting against the resolution was 24,067 shares (including 24,067 votes cast by electronic means), 0.04% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 91,345 shares (including 61,442 votes cast by electronic means), approximately 0.17% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 6:** Discuss the proposed amendments to the Company's "Rules and Procedures on Election of Directors."  
(Proposed by the Board of Directors)

Explanation:

1. It is proposed to amend the Company's "Rules and Procedures on Election of Directors" pursuant to the official announcement from Taipei Exchange dated June 12, 2020 (official letter number: 10900582661).
2. A Comparison Table for the amendments to the Company's "Rules and Procedures on Election of Directors" can be found on Handbook under Exhibit 11.

Resolution: The number of shares represented by shareholders attending the Meeting was 52,833,401 shares; the number of shares voting to approve the resolution was 52,717,989 shares (including 2,877,170 votes cast by electronic means), approximately 99.78% of voting shares; the number of shares voting against the resolution was 24,067 shares (including 24,067 votes cast by electronic means), 0.04% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 91,345 shares (including 61,442 votes cast by electronic means), approximately 0.17% of voting shares. This agenda item was hereby approved as proposed.

**IV. Ad Hoc Motions :** None.

**V. Adjournment:** 09:37 a.m., the Chairman adjourned the Meeting.

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## Operational Report

Dear Shareholders:

1.1 Business Result in 2020

The Company continues to grow at a steady pace this year. In accordance with our business plan, the Company has achieved its operational objectives with the help of your continuous support.

(1) Results of Execution of 2020 Business Plan

Taiwan Liposome Co., Ltd.'s revenue for fiscal 2020 was NT\$102 million, which is a decrease of NT\$107 million or 51%, from NT\$209 million in 2019. Total comprehensive loss of NT\$981 million for the period represented an increase of NT\$171 million (or 21%) from the NT\$810 million registered in 2019.

The Company continues to focus on projects in the three major areas of pain management, ophthalmology and oncology this year. The main achievements are summarized below.

- TLC599, a BioSeizer sustained release formulation of dexamethasone sodium phosphate (DSP) intended for the treatment of osteoarthritis (OA) pain, has completed patient enrollment in its Phase III clinical trial, EXCELLENCE. The dedication of the research site staff and trial participants and their commitment to EXCELLENCE facilitated the advancement, especially during the COVID-19 pandemic. We continue to monitor each patient in the trial closely as they receive the second injection.
- TLC590, a non-opioid BioSeizer sustained release formulation of ropivacaine for post-surgical pain management, completed patient enrollment in the Phase II clinical trial in bunionectomy. The results show that TLC590 demonstrated greater reductions in pain than both placebo and bupivacaine from 0 hours through the end of the study at 168 hours. TLC590 achieved statistically significant pain relief over both placebo and bupivacaine at 0-12, 0-24, 0-26 and 0-48 hours. TLC590 significantly delayed the median time to first post-operative opioid use, and the total post-operative opioid consumption was less than both placebo and bupivacaine at every time point through 168 hours. TLC590 was well-tolerated, with a safety profile comparable to bupivacaine and placebo. Most adverse events were mild and unrelated to the treatment. There were no serious adverse events in the TLC590 group.

In addition, we are developing TLC19 Liposome Inhalation Suspension for prophylaxis and treatment of severe lung diseases such as COVID-19. TLC19 utilizes TLC's existing proprietary liposome technology to encapsulate ~1/100 of the oral

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hydroxychloroquine (HCQ) dose into an inhalable formulation for direct deposit into the airways and lungs. Main achievements include:

- A manuscript which has been peer-reviewed and published by *Clinical and Translational Science (CTS)* journal. Comparing equivalent doses of inhalable liposomal HCQ to intravenous (to represent oral) unformulated HCQ, inhalable liposomal HCQ achieved increased exposure (~30-fold) and half-life (~2.5-fold) in the lungs while also achieving lower blood and heart exposure.
- Australian and Taiwan approval and initiation of a Phase I clinical trial, which is ongoing.

TLC also made great progress in Ampholipad®, a complex generic liposomal amphotericin B drug for the treatment of systemic fungal infections.

- The Taiwan Food and Drug Administration (TFDA) has approved the Scale-up & Post-approval Changes application for Ampholipad®. The approval comes after TLC successfully demonstrated bioequivalence of Ampholipad® to Gilead's AmBisome® in all three forms and in both large and small batches, making Ampholipad® the first and only drug to have achieved such a feat.
- The Marketing Authorization Application (MAA) for Ampholipad® has been accepted by the Center for Drug Evaluation (CDE) of the China National Medical Products Administration (NMPA).

With respect to corporate development,

- TLC is working in collaboration with MicroBase Technology Corporation, who specializes in the development of inhalation devices for the treatment of respiratory diseases with an ISO 17025 accredited laboratory capable of aerosol performance analysis, to expedite the development of TLC19's inhalation suspension formulation.
  - A new subsidiary, InspirMed™, which will focus on inhalable liposomal treatments in both acute and chronic lung diseases, was established. InspirMed's pipeline will include TLC19 and other severe acute as well as chronic lung disease programs, with potential indications including childhood interstitial lung disease (ILD), rheumatoid arthritis associated ILD, and idiopathic pulmonary fibrosis.
  - The successful approval of Scale-up & Post-approval Changes application for Ampholipad™ is achieved by working with Yung Shin Pharmaceutical Industrial Co. (YSP), making Ampholipad™ can now be manufactured at a capacity capable of meeting increasing global demands.
  - In conjunction with 3SBio, the application of MAA for Ampholipad™ in China was accepted by CDE of the NMPA. Under the terms of the partnership with 3SBio, TLC has received a milestone payment for achieving this regulatory landmark.
  - The Company has signed the first term sheet for a certain territory in Latin America, with options in other markets. More details regarding the collaboration will be disclosed following the execution of a formal agreement.
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On the operations side, for the sixth consecutive year, the Company has been ranked in the top 5% of all TWSE- and TPEX- listed companies in the annual Corporate Governance Evaluation. 901 TWSE-listed companies and 699 TPEX-listed companies were evaluated, with the top 5% being the highest ranking group. Among a total of 1,600 companies, TLC was the only biotech company to stay in the top 5% for the sixth consecutive year. These extraordinary achievements reflect the Company's unyielding efforts to improve corporate governance and information disclosure, as well as its high regard for the interests of all shareholders.

(2) Research and Development

Progress of the Company's drug R&D activities is summarized as follows:

- TLC599 has completed patient enrollment in its Phase III pivotal clinical trial. This clinical trial is a multi-center, randomized, double-blind, placebo- and active comparator-controlled pivotal study that has dosed 504 knee OA patients at 41 sites in the US and 5 sites in Australia and will evaluate the efficacy and safety of single as well as repeated doses of TLC599. The Phase III trial is based on the outstanding results of a Phase II clinical trial, a fruitful End-of-Phase II meeting with the U.S. Food and Drug Administration (FDA), and consensus with the FDA that, if successful, a single global pivotal Phase III trial would be sufficient to support a New Drug Application (NDA) submission.
  - TLC590 has completed a Phase II clinical trial in patients following bunionectomy. The trial compared TLC590 with normal saline placebo and the current standard of care for postsurgical pain relief, bupivacaine, in 150 patients randomized at the ratio of 1:1:1. The results show that TLC590 demonstrated greater reductions in pain than both placebo and bupivacaine through 168 hours. We are working on the discussions with regulatory bodies to efficiently bring TLC590 to market.
  - ProDex™/TLC399, a BioSeizer formulation of DSP intended as an intravitreal, or in-eye, injection for the treatment of macular edema due to RVO, continues its Phase II clinical trial in the U.S. Business partnership negotiations are underway to augment revenue and enhance the company's overall interests and long-term value.
  - The maximum tolerated dose of TLC178 with administration has been determined in the Phase I/IIa, open-label, dose-escalation study at sites in Taiwan and the U.S. Business partnership negotiations for TLC178 are underway to augment revenue and enhance the company's overall interests and long-term value.
  - TLC599 has been granted the patent of "Method of Treating Arthritis" in Canada, South Africa, and South Korea. Under the same patent family, a
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continuation application pursuing extended claims has been granted in the United States.

- ProDex™/TLC399 has been granted the patent of “Ophthalmic Drug Delivery System Containing Phospholipid and Cholesterol” in Brazil. Under the same patent family, a continuation application pursuing extended claims has been granted in the United States.
- ProDex™/TLC399 has been granted the patent of “Pharmaceutical Compositions To Reduce Complications of Ocular Steroid” in Brazil and China.
- TLC178 has been granted the patent “Controlled Drug Release Liposome Composition” by Canada and Russia.
- TLC178 has been granted the patent “Engineering a Control Drug Release Profile via Liposome Composition in Both Aqueous and Non-aqueous Compartments” by New Zealand and Japan.
- TLC388 (Lipotecan®), the radiation sensitizer for hepatocellular carcinoma (HCC), was granted the patent of “Pharmaceutical Compositions of Hydrophobic Camptothecin Derivatives” in South Africa. Under the same patent family, a continuation application pursuing extended claims has been granted in the United States.

(3) Results of Execution of 2020 Budget : NA

## 1.2 Annual Plan in 2021

(1) Business Strategies

The Company will continue to focus on its two main technology platforms of sustained release delivery and targeted delivery under LipAD™, or Lipid-Assembled Delivery, systemically expanding the application of the two platforms as well as their patent with the company’s experience and expertise.

The company’s know-how in platform modification and formulation optimization of various drugs to treat various diseases, coupled with continuous patent filings, will shorten the R&D process, reduce costs, mitigate risks, and ensure profitability after product approval.

In addition, the Company will continue to focus on the areas of pain management, ophthalmology and oncology by utilizing its own or incorporating others’ technologies or drugs and adopting the most appropriate regulatory pathway to fulfill unmet medical needs. The Company will steadily and strategically avail of its R&D findings towards commercialization of products.

(2) Key production and distribution strategies

A. Operation planning and production and distribution strategies

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- a. Create turnkey solutions to increase the scale of production and work in collaboration with domestic and foreign GMP manufacturers with respect to such production.
  - b. Enhance human resources management in each of the Company's subsidiaries. TLC has appointed Thomas H. Bliss Jr., prior head of business development at Amgen and Baxter and once independent board member at TLC, to lead the company its global corporate and business development efforts.
  - c. Make use of the resources available to the Company so as to allow the Company to become familiarized with local laws, regulations and medical needs, which will improve its position when submitting MAAs to local governments and applying for government subsidies. The subsidiaries should form a close relationship with its local business partners, from which the Company can better identify local market trends.
  - d. Expand production and distribution networks through different product distribution strategies in order to reduce operating risks.
- B. Research and product development strategies
- a. Focus on the development and commercialization of LipAD™.
  - b. Extend products into other indications by exploring market needs and trends.
  - c. Encourage pharmaceutical companies to enter into technical collaboration arrangements. More collaboration opportunities mean the Company can observe relevant markets more closely and, as a result, develop products that cater to each market. Through this collaboration scheme, costs can be shared with cooperating partners, and the access of the product to the relevant markets is also secured with such scheme, which will significantly reduce R&D costs and risks. By collaborating with international pharmaceutical companies, the Company can increase its R&D capacity.
  - d. Develop derivative drugs by combining the Company's know-how with that of other companies through technical collaboration.

### 1.3 Future Corporate Strategy

The Company strives to improve upon original drug properties to achieve less toxicity, fewer side effects, and better or longer efficacy through its drug delivery systems and formulation designs. The company will not only emphasize on developing products which address unmet medical needs, but also assist international pharmaceutical companies with problems they encounter in developing new drugs, providing

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assistance with research on particular drugs or technologies, and collaborating with them in developing new products. Through these technical collaborative relationships, the Company can bring good to patients suffering from related illnesses.

#### 1.4 External Impacts on Corporate Operating

By modifying existing drugs, New Formulation drugs came into the international spotlight in recent years for their relatively lower development risks, shorter time-to-market, existing markets, and most importantly, patentability. With its pipeline filled with New Formulation drugs, Taiwan Liposome Company is well positioned to take advantage of the trend.

Taiwan Liposome Company, Ltd.



Chairman of the Board: Keelung Hong



General Manager: George Yeh



Head of the Accounting Dept.: Carina Chen



## Taiwan Liposome Company, Ltd.

## Implementation Report of the Sound Operating Plan

Taiwan Liposome Company (“the Company” or “TLC”) insists on continuous research and development in technology platforms for their application to drug development. TLC attaches great importance on reviewing the research and development (R&D) milestones of each stage. From our base in Taiwan, we aim to expand our business globally. Because R&D is an ongoing process, under the premise of R&D first, operational performance can be improved in the following areas:

**1. Royalty income**

TLC formulates licensing strategies based on supply and demand and competition with respect to each drug in the market and in accordance with the Company’s resources. It negotiates patent licensing and cooperative business models at an appropriate time to enjoy profit-sharing from royalties once the drug is launched. The operating revenue was NT\$101,928 thousand in 2020, a decrease of 51.26% from NT\$209,140 thousand in 2019 and a decrease from the planned amount.

**2. R&D management**

The Company continuously researches and develops technology platforms to be applied to drug development. Under the premise of developing uniqueness and mastering key technologies and through prudent R&D management, checkpoints are set at the three R&D milestones: front-end molecular research, preclinical studies, and clinical trials, to effectively advance the R&D goals.

**(1) Preclinical studies**

The TLC animal facility performs tests pursuant to the GLP spirit. When external GLP testing is necessary, the Company performs preliminary trials in pharmacology-toxicology. This check point allows the Company to submit results to the Contracted Research Organization (CRO) for reference in order to reduce the chance of GLP failing.

**(2) Clinical trials (or bioequivalent studies)**

The recruitment of human subjects for testing of a drug is subject to the approval of the legal authority that recognizes the usage of such drugs in human therapeutic trials. Our performances in the last year (2020) included launching stage 3 pivotal clinical trials for

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TLC599, a new dosage and new formula long-term release arthritis drug, for which patient enrollment of the Phase III pivotal clinical trial has been completed. The clinical trials of non-opiate post-surgery long-term analgesic TLC590 in patients following bunionectomy were also completed. Results show that TLC590 demonstrated greater reductions in pain than both the placebo and bupivacaine. The budget of the program of TLC590 phase II clinical trial amounting to NT\$197,570 thousand had been approved by the Minister of Economic Affairs; the technology project subsidies amounting to NT\$19,757 thousand will be granted according to the R&D timeline.

### (3) Manufacturing and production

TLC adopts an organizational approach to master production process expansion technology. To ensure the success of R&D results and mass production, the Company works from tailor-made machinery and equipment for mass production and makes use of on-site technology transfers and process monitoring. TLC is continuing the manufacture of TLC599 in the United States.

In addition, TFDA has officially approved the company's Scale-up & Post-approval Changes application for Ampholipad™, a generic liposomal amphotericin B drug for the treatment of systemic fungal infections, making Ampholipad™ the first and only drug to have achieved such a feat. The CDE of the NMPA has accepted its MAA for Ampholipad™, a complex generic of Gilead's AmBisome®. AmBisome® is currently not available in mainland China.

The sum of R&D and administrative expenses amounted to NT\$1,113,272 thousand in 2020, an increase of 8.42% from NT\$1,026,796 thousand in 2019. However, this number is smaller than the planned amount.

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Taiwan Liposome Company, Ltd.  
Audit Committee's Review Report

To All Shareholders of Taiwan Liposome Company, Ltd.:

The Board of Directors has prepared and submitted the Company's 2020 Business Report, Standalone Financial Statements, Consolidated Financial Statements and Proposal to offset the deficit of 2020 to the Company's Audit committee for review, of which the Standalone Financial Statements and Consolidated Financial Statements were audited by independent certified public accountants, Lin, Chia-Hung and Liang, Hua-Ling, of PricewaterhouseCoopers Taiwan, pursuant to which an audit report has been prepared. According to such audit report, the abovementioned documents present fairly, in all material respects, the Company's financial position, financial performance and the cash flows. The audit committee has reviewed each of the aforementioned documents and has not found any inaccuracies. Therefore, I hereby submit this report in compliance with Article 14 of the Securities and Exchange Act and Article 219 of The Company Act.

Date: March 30, 2021

Taiwan Liposome Company, Ltd.

/s/ May Kang

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Name: May Kang  
Title: Chairman of the Audit Committee



## Taiwan Liposome Company, Ltd.

## Comparison Table for the Amendments to the Rules of Procedures for Board Meetings.

Article Number	After Amendment	Before Amendment	Explanation
Article 7	Chairman of the Board of Directors and the Acting Chairman	Chairman of the Board of Directors and the Acting Chairman	Proposed revisions pursuant to relevant laws and regulation and changes the sequences of provisions.
	<u>In the event that a Meeting is called by the chairman of the Board of Directors, the chairman shall</u> preside over the Meeting. However, the Director who receives votes representing the largest proportion of voting rights at the shareholders' meeting of the Company shall call and chair the first Meeting of each newly elected Board of Directors of the Company. If there are two (2) or more Directors who are entitled to convene the above-mentioned initial Meeting, these Directors shall elect one person by and from among themselves to call and preside over the first Meeting.	<u>The chairman of the Board of Directors of the Company shall call and</u> preside over the Meeting. However, the Director who receives votes representing the largest proportion of voting rights at the shareholders' meeting of the Company shall call and chair the first Meeting of each newly elected Board of Directors of the Company. If there are two (2) or more Directors who are entitled to convene the above-mentioned initial Meeting, these Directors shall elect one person by and from among themselves to call and preside over the first Meeting.	
	<u>In the event that a Meeting is called by a majority of the Directors pursuant to paragraph 4 of Article 203 or paragraph 3 of Article 203-1 of the Company Act, the Directors shall elect one Director from among themselves as the chairman of the Meeting.</u>	(newly added)	
	The chairman of the Board of Directors shall preside over the Meetings. In his/her absence, the chairman of the Board of Directors may designate a Director as the chairman of the Meeting. In the absence of such a designation, the Directors shall elect a Meeting chairman from among themselves.	The chairman of the Board of Directors shall preside over the Meetings. In his/her absence, the chairman of the Board of Directors may designate a Director as the chairman of the Meeting. In the absence of such a designation, the Directors shall elect a Meeting chairman from among themselves.	
Article 11	Agenda Discussions (omitted)	Agenda Discussions (omitted)	Changes the sequences of provisions.
	If at any time during the proceeding of a Meeting, the Directors sitting at the Meeting is less than half of the Directors present at the Meeting, then upon motion by the Directors sitting at the Meeting, the chairman shall declare a suspension of Meeting, in which case paragraph <u>5</u> of Article 8 shall apply mutatis mutandis.	If at any time during the proceeding of a Meeting, the Directors sitting at the Meeting is less than half of the Directors present at the Meeting, then upon motion by the Directors sitting at the Meeting, the chairman shall declare a suspension of Meeting, in which case paragraph <u>3</u> of Article 8 shall apply mutatis mutandis.	

Article Number	After Amendment	Before Amendment	Explanation
Article 12	<p>Matters Required for Discussion</p> <p>The following matters are required to be submitted to the Board of Directors for discussion :</p> <p>1.Business plans of the Company;</p> <p>2.Annual financial report and semi-annual financial report which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA);</p> <p>(omitted)</p>	<p>Matters Required for Discussion</p> <p>The following matters are required to be submitted to the Board of Directors for discussion :</p> <p>1.Business plans of the Company;</p> <p>2. Annual financial report and semi-annual financial report, <u>with the exception of semi-annual financial reports</u> which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA);</p> <p>(omitted)</p>	Proposed revisions pursuant to relevant laws and regulation.
Article 15	<p>Recusal of Directors</p> <p>At a Meeting in which a Director or a juristic person that the Director represents is an interested party and his or her participation is likely to prejudice the interest of the Company, the director shall state his or her opinions or answer to questions at the Meeting, but is prohibited from participating in discussion of or voting on a matter, and shall physically withdraw himself or herself from participating in the discussion or voting on such matter, and likewise is prohibited from voting on such matter as a proxy of another Director.</p> <p><u>Where a spouse, a blood relative within the second degree kinship of a Director, or any company which has a controlling or subordinate relationship with a Director has an interest in the matters under discussion in the Meeting, such Director shall be deemed to have a personal interest in the matter.</u></p>	<p>Recusal of Directors</p> <p>At a Meeting in which a Director or a juristic person that the Director represents is an interested party and his or her participation is likely to prejudice the interest of the Company, the director shall state his or her opinions or answer to questions at the Meeting, but is prohibited from participating in discussion of or voting on a matter, and shall physically withdraw himself or herself from participating in the discussion or voting on such matter, and likewise is prohibited from voting on such matter as a proxy of another Director.</p> <p>(newly added)</p>	Proposed revisions pursuant to relevant laws and regulation and changes the sequences of provisions.
	With respect to a resolution at a Board of directors meeting, the provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph <u>4</u> of the same Act, shall apply in cases where a Director is prohibited by the preceding paragraph from exercising voting rights.	With respect to a resolution at a Board of directors meeting, the provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph <u>3</u> of the same Act, shall apply in cases where a Director is prohibited by the preceding paragraph from exercising voting rights.	



Taiwan Liposome Company, Ltd.  
Comparison Table for the Amendments to the Codes of  
Ethics for Directors and Managerial Officers.

Article Number	After Amendment	Before Amendment	Explanation
Article 3	Content	Content s	Proposed revisions
	1.To prevent conflict of interest	1.To prevent conflict of interest	pursuant to relevant laws and regulation.
	<p>A “conflict of interest” can occur when a director’s or manager’s personal interest is adverse to - or may appear to be adverse to - the interests of the Company as a whole. Conflicts of interest also arise when a director or manager, or a member of his or her immediate family which refers to a person's spouse, and relatives within the <u>second</u> degree of kinship, receives improper personal benefits as a result of his or her position as a director or manager of the Company.</p> <p>While the Company involves in a loan to, providing a guarantee of the obligations of, conducting a material transaction with, selling products to or purchasing products from a director or manager (or a member of his or her immediate family), the Company shall be aware of any conflict of interests.</p> <p>The Company’s directors and managerial officer shall disclose promptly to the Company any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company.</p>	<p>A “conflict of interest” can occur when a director’s or manager’s personal interest is adverse to - or may appear to be adverse to - the interests of the Company as a whole. Conflicts of interest also arise when a director or manager, or a member of his or her immediate family which refers to a person's spouse, <u>parents, children</u>, and relatives within the <u>three</u> degree of kinship, receives improper personal benefits as a result of his or her position as a director or manager of the Company.</p> <p>While the Company involves in a loan to, providing a guarantee of the obligations of, conducting a material transaction with, selling products to or purchasing products from a director or manager (or a member of his or her immediate family), the Company shall be aware of any conflict of interests.</p> <p>The Company’s directors and managerial officer shall disclose promptly to the Company any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company.</p>	
	(omitted)	(omitted)	

Article Number	After Amendment	Before Amendment	Explanation
	7.Encouraging the whistleblowing of any illegal or unethical activities	7.Encouraging the whistleblowing of any illegal or unethical activities	
	Directors and managerial officer should promote ethical behavior and take steps to ensure the Company encourages employees to talk to managerial officer and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violations of laws, rules, regulations, the Company's internal rules, or the Employee Code of Conduct to appropriate personnel <u>on an anonymous basis; the Company will use its best efforts to ensure the safety of the whistleblower</u> ; and informs employees that the Company will not allow retaliation for reports made.	Directors and managerial officer should promote ethical behavior and take steps to ensure the Company encourages employees to talk to managerial officer and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violations of laws, rules, regulations, the Company's internal rules, or the Employee Code of Conduct to appropriate personnel; and informs employees that the Company will not allow retaliation for reports made <u>in good faith</u> .	
	(omitted)	(omitted)	

Independent Certified Public Accountant Report and Financial Statements  
(Consolidated Financial Statements)



INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM CHINESE

To Taiwan Liposome Company, Ltd.

**Opinion**

We have audited the accompanying consolidated balance sheets of Taiwan Liposome Company, Ltd. and its subsidiaries (the "Group") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

**Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Independent auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

**Indicators of impairment of property, plant and equipment and right-of-use assets**

Description

As of December 31, 2020, the Group's property, plant and equipment and right-of-use assets amounted to NT\$190,053 thousand, accounting for 11% of the consolidated total assets. As the Group engages in research and development for new drugs, its value is composed of the market value of patents obtained from research and development. As the property, plant and equipment and right-of-use assets are mainly used for the purposes of research and development and are highly relevant to the outcome of new drugs' development, the failure of meeting expectations in research and development of the new drugs might cause impairment of property, plant and equipment and right-of-use assets. Thus, we consider indicators of impairment of property, plant and equipment and right-of-use assets a key audit matter.

How our audit addressed the matter

The procedures performed in respect of this key audit matter included:

- Evaluating the reasonableness of identifying indicators of impairment by reviewing the assessment of impairment indicators provided by management and discussing main research and development progress and technology, and etc. with management and research and development supervisors.
- Performing physical observation of property, plant and equipment and right-of-use assets and assessing the working condition of major property, plant and equipment and right-of-use assets to determine whether there is any damaged or outdated item.

**Assessment of liquidity risk**

Description

The Group has reported a net loss in all fiscal periods since inception due to continuous cash outflows from research and development activities and execution of clinical programs, and expects to incur substantial and increased expenses to expand the said development activities. The Group expects to continue to generate operating losses in the foreseeable future. Based on the Group's business plans disclosed in Note 1, the Group may seek future funding based on the need of capital and exercise discretion and flexibility to deploy its capital resources in the progress of the research and development according to the schedule of fund raising to continue its operation in the future. Thus, we consider the assessment of liquidity risk a key audit matter.

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#### How our audit addressed the matter

The procedures performed in respect of this key audit matter included:

- Obtaining the cash flow forecast of the Group for the next twelve months, and discussing with management the feasibility of the cash flow forecast and its operations.
- Verifying the compliance of covenants associated with the debt agreement and management's responses.
- Assessing the appropriateness of the footnote disclosure to the financial statements.

#### ***Other matter – Parent company only financial reports***

We have audited and expressed an unmodified opinion on the parent company only financial statements of Taiwan Liposome Company, Ltd. as of and for the years ended December 31, 2020 and 2019.

#### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### ***Independent auditors' 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 a 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 generally accepted auditing standards 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 the generally accepted auditing standards 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 controls.
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2. Obtain an understanding of internal controls 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 controls.
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 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
1. 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.
2. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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.

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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 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.

/s/ Lin, Chia-Hung

/s/ Liang, Hua-Ling

Lin, Chia-Hung

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

February 5, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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TAIWAN LIPOSOME COMPANY, LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,342,667	77	\$ 1,023,874	74
1170	Accounts receivable, net	6(2)	9,287	1	15,120	1
1200	Other receivables		25,489	1	4,654	-
1220	Current income tax assets		571	-	982	-
1410	Prepayments	6(3)	53,963	3	50,984	4
11XX	<b>Total current assets</b>		<b>1,431,977</b>	<b>82</b>	<b>1,095,614</b>	<b>79</b>
<b>Non-current assets</b>						
1600	Property, plant and equipment	6(4) and 8	124,499	7	61,683	4
1755	Right-of-use assets	6(5)	65,554	4	107,611	8
1780	Intangible assets	6(6)	1,002	-	1,802	-
1840	Deferred income tax assets	6(24)	-	-	76	-
1900	Other non-current assets	6(7)	126,429	7	119,192	9
15XX	<b>Total non-current assets</b>		<b>317,484</b>	<b>18</b>	<b>290,364</b>	<b>21</b>
1XXX	<b>Total assets</b>		<b>\$ 1,749,461</b>	<b>100</b>	<b>\$ 1,385,978</b>	<b>100</b>

\_(Continued)

TAIWAN LIPOSOME COMPANY, LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(8)	\$ 16,000	1	\$ 46,000	3
2200	Other payables	6(9)	189,141	11	131,064	9
2230	Current income tax liabilities		31	-	-	-
2280	Current lease liabilities		25,097	1	63,435	5
2300	Other current liabilities	6(10)	117,858	7	316,198	23
21XX	<b>Total current liabilities</b>		<u>348,127</u>	<u>20</u>	<u>556,697</u>	<u>40</u>
	<b>Non-current liabilities</b>					
2527	Non-current contract liabilities	6(17)	10,286	1	10,760	1
2540	Long-term borrowings	6(10)	469,076	27	55,508	4
2550	Provisions for liabilities- non-current	6(13)	6,432	-	6,432	1
2580	Non-current lease liabilities		42,024	2	29,074	2
2600	Other non-current liabilities	6(11)	10,189	1	5,597	-
25XX	<b>Total non-current liabilities</b>		<u>538,007</u>	<u>31</u>	<u>107,371</u>	<u>8</u>
2XXX	<b>Total liabilities</b>		<u>886,134</u>	<u>51</u>	<u>664,068</u>	<u>48</u>
	<b>Equity</b>					
	<b>Equity attributable to owners of parent</b>					
	Share capital	6(14)				
3110	Common shares		841,549	48	741,939	54
	Capital surplus	6(15)				
3200	Capital surplus		2,300,541	131	1,705,324	122
	Retained earnings					
3350	Accumulated deficit	6(16)	( 2,699,974)	( 154)	( 1,717,775)	( 124)
	Other equity					
3400	Other equity interest		( 4,194)	-	( 7,578)	-
31XX	<b>Equity attributable to owners of parent</b>		<u>437,922</u>	<u>25</u>	<u>721,910</u>	<u>52</u>
36XX	<b>Non-controlling interests</b>	6(28)	425,405	24	-	-
3XXX	<b>Total equity</b>		<u>863,327</u>	<u>49</u>	<u>721,910</u>	<u>52</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,749,461</u>	<u>100</u>	<u>\$ 1,385,978</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**TAIWAN LIPOSOME COMPANY, LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2020 AND 2019**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNT)

Items	Notes	2020		2019	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)	\$ 101,928	100	\$ 209,140	100
Operating expenses	6(11)(12)(22)(23)				
6200 General and administrative expenses		( 145,769)	( 143)	( 166,377)	( 80)
6300 Research and development expenses		( 967,503)	( 949)	( 860,419)	( 411)
6000 Total operating expenses		( 1,113,272)	( 1092)	( 1,026,796)	( 491)
6900 Operating loss		( 1,011,344)	( 992)	( 817,656)	( 391)
Non-operating income and expenses					
7100 Interest income	6(18)	1,193	1	7,399	4
7010 Other income	6(19)	27,897	28	15,561	7
7020 Other gains and losses	6(20)	17,128	17	14,950	7
7050 Finance costs	6(21)	( 17,051)	( 17)	( 23,656)	( 11)
7000 Total non-operating income and expenses		29,167	29	14,254	7
7900 <b>Loss before income tax</b>		( 982,177)	( 963)	( 803,402)	( 384)
7950 Income tax expense	6(24)	( 1,132)	( 1)	( 4,120)	( 2)
8200 <b>Net loss</b>		<u>( \$ 983,047)</u>	<u>( 964)</u>	<u>( \$ 807,522)</u>	<u>( 386)</u>
<b>Other comprehensive income (loss)</b>					
<b>Items that will not be reclassified to profit or loss</b>					
8311 Remeasurement arising on defined benefit plans	6(11)	( \$ 682)	( 1)	( \$ 211)	-
<b>Items that may be subsequently reclassified to profit or loss</b>					
8361 Financial statement translation differences of foreign operations		944	1	( 2,571)	( 1)
8300 <b>Total other comprehensive income (loss)</b>		<u>262</u>	<u>-</u>	<u>( \$ 2,782)</u>	<u>( 1)</u>
8500 <b>Total comprehensive loss</b>		<u>( \$ 983,047)</u>	<u>( 964)</u>	<u>( \$ 810,304)</u>	<u>( 387)</u>
Loss attributable to:					
8610 Owners of the parent		( \$ 981,517)	( 962)	( \$ 807,522)	( 386)
8620 Non-controlling interests		( \$ 1,792)	( 2)	\$ -	-
Total comprehensive loss attributable to:					
8710 Owners of the parent		( \$ 981,255)	( 962)	( \$ 810,304)	( 387)
8720 Non-controlling interests		( \$ 1,792)	( 2)	\$ -	-
Loss per common share	6(25)				
9750 Basic loss per share (in dollars)		( \$ 12.42)	12.42	( \$ 12.32)	12.32
9850 Diluted loss per share (in dollars)		( \$ 12.42)	12.42	( \$ 12.32)	12.32

The accompanying notes are an integral part of these consolidated financial statements.

TAIWAN LIPOSOME COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent						Other equity interest			Non-controlling interests	Total equity	
	Capital surplus						Exchange difference on translation of foreign financial statements	Unearned compensation	Total			
	Common shares	Additional paid-in capital	Treasury stock	Share options	Restricted stocks	Accumulated deficit						
<b>2019</b>												
Balance at January 1, 2019	\$640,451	\$732,816	\$7,009	\$186,849	\$25,690	( \$910,042 )	( \$2,439 )	( \$11,138 )	\$669,196	\$-	\$669,196	
Net loss	-	-	-	-	-	( 807,522 )	-	-	( 807,522 )	-	( 807,522 )	
Other comprehensive loss	-	-	-	-	-	( 211 )	( 2,571 )	-	( 2,782 )	-	( 2,782 )	
Total comprehensive loss	-	-	-	-	-	( 807,733 )	( 2,571 )	-	( 810,304 )	-	( 810,304 )	
Issuance of new share capital	6(14)	102,000	734,400	-	-	-	-	-	836,400	-	836,400	
Share-based payments	6(12)	-	-	-	18,223	-	-	8,570	26,793	-	26,793	
Share options forfeited	-	-	-	( 36,216 )	-	-	-	-	-	-	-	
Cancellation of restricted stocks	6(12)(14)	( 512 )	-	-	-	337	-	-	( 175 )	-	( 175 )	
Restricted stocks vested	6(12)	-	9,006	-	-	( 9,006 )	-	-	-	-	-	
Balance at December 31, 2019		<u>\$741,939</u>	<u>\$1,512,438</u>	<u>\$7,009</u>	<u>\$168,856</u>	<u>\$17,021</u>	<u>( \$1,717,775 )</u>	<u>( \$5,010 )</u>	<u>\$2,568</u>	<u>\$721,910</u>	<u>\$-</u>	<u>\$721,910</u>
<b>2020</b>												
Balance at January 1, 2020		\$741,939	\$1,512,438	\$7,009	\$168,856	\$17,021	( \$1,717,775 )	( \$5,010 )	( \$2,568 )	\$721,910	\$-	\$721,910
Net loss		-	-	-	-	-	( 981,517 )	-	( 981,517 )	( 1,792 )	( 983,309 )	
Other comprehensive (loss) income		-	-	-	-	-	( 682 )	944	262	-	262	
Total comprehensive (loss) income		-	-	-	-	-	( 982,199 )	944	( 981,255 )	( 1,792 )	( 983,047 )	
Issuance of new share capital	6(14)	100,000	580,000	-	-	-	-	-	680,000	-	680,000	
Share-based payments	6(12)	-	-	-	15,217	-	-	-	17,657	-	17,657	
Share options forfeited	-	-	63,930	-	( 63,930 )	-	-	2,440	-	-	-	
Cancellation of restricted stocks	6(12)(14)	( 390 )	-	-	-	-	-	-	( 390 )	-	( 390 )	
Restricted stocks vested	6(12)	-	11,586	-	-	( 11,586 )	-	-	-	-	-	
Non-controlling interests	6(28)	-	-	-	-	-	-	-	-	427,197	427,197	
Balance at December 31, 2020		<u>\$841,549</u>	<u>\$2,167,954</u>	<u>\$7,009</u>	<u>\$120,143</u>	<u>\$5,435</u>	<u>( \$2,699,974 )</u>	<u>( \$4,066 )</u>	<u>\$128</u>	<u>\$437,922</u>	<u>\$425,405</u>	<u>\$863,327</u>

The accompanying notes are an integral part of these consolidated financial statements.

TAIWAN LIPOSOME COMPANY, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		( \$ 982,177 )	( \$ 803,402 )
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(12)	17,657	26,793
Depreciation	6(4)(5)(22)	52,960	64,754
Amortization	6(6)(22)	3,207	6,648
Interest expense	6(21)	17,051	23,656
Interest income	6(18)	( 1,193 )	( 7,399 )
Gain on disposal of property, plant and equipment	6(20)	( 337 )	( 488 )
Unrealized foreign exchange gain		( 10,915 )	( 9,034 )
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		-	2,283
Accounts receivable, net		5,833	( 5,777 )
Other receivables		( 20,445 )	839
Prepayments		( 2,980 )	3,789
Changes in operating liabilities			
Other payables		59,330	( 72,744 )
Other current liabilities		1,619	( 222 )
Other non-current contract liabilities		( 474 )	10,760
Other non-current liabilities		3,913	( 118 )
Cash outflow generated from operations		( 856,951 )	( 759,662 )
Interest received		1,255	7,717
Interest paid		( 18,322 )	( 22,366 )
Income tax paid		( 1,172 )	( 4,120 )
Tax refund received		-	869
Net cash flows used in operating activities		( 875,190 )	( 777,562 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of financial assets at amortized cost		-	308,505
Acquisition of property, plant and equipment	6(26)	( 32,503 )	( 55,592 )
Proceeds from disposal of property, plant and equipment		348	1,584
Acquisition of intangible assets	6(26)	( 1,876 )	( 4,477 )
Increase in refundable deposits		( 1,412 )	2,171
Net cash flows (used in) from investing activities		( 35,443 )	252,191
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term borrowings	6(27)	30,000	30,000
Payments of short-term borrowings	6(27)	( 60,000 )	( 30,000 )
Proceeds from long-term borrowings	6(27)	599,880	-
Payments of long-term borrowings	6(27)	( 375,356 )	( 56,425 )
Proceeds from finance lease liabilities		-	30,000
Payments of lease liabilities	6(27)	( 73,194 )	( 65,455 )
Proceeds from issuance of new share capital	6(14)	680,000	836,400
Cancellation of restricted stocks		( 390 )	( 512 )
Proceeds from non-controlling interests' investment in subsidiary	6(28)	427,197	-
Net cash flows from financing activities		1,228,137	744,008
Effect from foreign currency exchange		1,289	( 2,247 )
Net increase in cash and cash equivalents		318,793	216,390
Cash and cash equivalents at beginning of year		1,023,874	807,484
Cash and cash equivalents at end of year		\$ 1,342,667	\$ 1,023,874

The accompanying notes are an integral part of these consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM CHINESE

To Taiwan Liposome Company, Ltd.

**Opinion**

We have audited the accompanying parent company only balance sheets of Taiwan Liposome Company, Ltd. (the "Company") as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Independent auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Key audit matters for the parent company only financial statements for the year ended December 31, 2020 are stated as follows:

**Indicators of impairment of property, plant and equipment and right-of-use assets**

Description

As of December 31, 2020, the Company's property, plant and equipment and right-of-use assets amounted to NT\$177,158 thousand, accounting for 13% of total assets. As the Company engages in research and development for new drugs, its value is composed of the market value of patents obtained from research and development. As the property, plant and equipment and right-of-use assets are mainly used for the purposes of research and development and are highly relevant to the outcome of new drugs' development, the failure of meeting expectations in the research and development of new drugs may cause impairment of property, plant and equipment and right-of-use assets. Thus, we consider indicators of impairment of property, plant and equipment and right-of-use assets a key audit matter.

How our audit addressed the matter

The procedures performed in respect of this key audit matter included:

- Evaluating the reasonableness of identifying indicators of impairment by reviewing the assessment of impairment indicators provided by management and discussing main research and development progress and technology, and etc. with management and research and development supervisors.
- Performing physical observation of property, plant and equipment and right-of-use assets and assessing the working condition of major property, plant and equipment and right-of-use assets to determine whether there is any damaged or outdated item.

**Assessment of liquidity risk**

Description

The Company has reported a net loss in all fiscal periods since inception due to continuous cash outflows from research and development activities and execution of clinical programs, and expects to incur substantial and increased expenses to expand the said development activities. The Company expects to continue to generate operating losses in the foreseeable future. Based on the Company's business plans disclosed in Note 1, the Company may seek future funding based on the need of capital and exercise discretion and flexibility to deploy its capital resources in the progress of the research and development according to the schedule of fund raising to continue its operation in the future. Thus, we consider the

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assessment of liquidity risk a key audit matter.

How our audit addressed the matter

The procedures performed in respect of this key audit matter included:

- Obtaining the cash flow forecast of the Company for the next twelve months, and discussing with management the feasibility of the cash flow forecast and its operations.
- Verifying the compliance of covenants associated with the debt agreement and management's responses.
- Assessing the appropriateness of the footnote disclosure to the parent company only financial statements.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

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

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

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

***Independent auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 generally accepted auditing standards in the Republic of

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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 parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards 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 parent company only 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 controls.
  2. Obtain an understanding of internal controls 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 controls.
  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 report to the related disclosures in the parent company only 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 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit.
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We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

/s/ Lin, Chia-Hung

/s/ Liang, Hua-Ling

Lin, Chia-Hung

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

February 5, 2021

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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TAIWAN LIPOSOME COMPANY, LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 896,428	65	\$ 997,332	70
1170	Accounts receivable, net	6(2)	9,287	-	15,120	1
1200	Other receivables		25,377	2	4,654	-
1210	Other receivables-related parties		657	-	-	-
1220	Current income tax assets		568	-	529	-
1410	Prepayments	6(3)	52,847	4	50,452	4
11XX	<b>Total current assets</b>		<b>985,164</b>	<b>71</b>	<b>1,068,087</b>	<b>75</b>
<b>Non-current assets</b>						
1550	Investments accounted for under equity method	6(4)	96,943	7	93,830	7
1600	Property, plant and equipment	6(5) and 8	121,176	9	56,851	4
1755	Right-of-use assets	6(6)	55,982	4	93,223	6
1780	Intangible assets		1,002	-	1,802	-
1900	Other non-current assets	6(7)	125,617	9	118,103	8
15XX	<b>Total non-current assets</b>		<b>400,720</b>	<b>29</b>	<b>363,809</b>	<b>25</b>
1XXX	<b>Total assets</b>		<b>\$ 1,385,884</b>	<b>100</b>	<b>\$ 1,431,896</b>	<b>100</b>

(Continued)

TAIWAN LIPOSOME COMPANY, LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(8)	\$ 16,000	1	\$ 46,000	3
2200	Other payables	6(9) and 7(2)	266,987	19	191,825	14
2280	Current lease liabilities		21,062	2	59,337	4
2300	Other current liabilities	6(10)	117,851	8	316,198	22
21XX	<b>Total current liabilities</b>		<u>421,900</u>	<u>30</u>	<u>613,360</u>	<u>43</u>
	<b>Non-current liabilities</b>					
2527	Non-current contract liabilities	6(17)	10,286	1	10,760	1
2540	Long-term borrowings	6(10)	469,076	34	55,508	4
2550	Provisions for liabilities - non-current	6(13)	6,432	-	6,432	1
2580	Non-current lease liabilities		35,833	3	18,329	1
2600	Other non-current liabilities	6(11)	4,435	-	5,597	-
25XX	<b>Total non-current liabilities</b>		<u>526,062</u>	<u>38</u>	<u>96,626</u>	<u>7</u>
2XXX	<b>Total liabilities</b>		<u>947,962</u>	<u>68</u>	<u>709,986</u>	<u>50</u>
	<b>Equity</b>					
	Share capital	6(14)				
3110	Common share		841,549	61	741,939	52
	Capital surplus	6(15)				
3200	Capital surplus		2,300,541	166	1,705,324	118
	Retained earnings					
3350	Accumulated deficit	6(16)	( 2,699,974)	( 195)	( 1,717,775)	( 120)
	Other equity					
3400	Other equity interest		( 4,194)	-	( 7,578)	-
3XXX	<b>Total equity</b>		<u>437,922</u>	<u>32</u>	<u>721,910</u>	<u>50</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,385,884</u>	<u>100</u>	<u>\$ 1,431,896</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN LIPOSOME COMPANY, LTD.  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)

Items	Notes	2020		2019	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)	\$ 101,928	100	\$ 209,140	100
Operating expenses	6(11)(12)(22)(23)				
6200 General and administrative expenses		( 140,057)	( 137)	( 166,659)	( 79)
6300 Research and development expenses	7(2)	( 974,269)	( 956)	( 867,360)	( 415)
6000 Total operating expenses		( 1,114,326)	( 1093)	( 1,034,019)	( 494)
6900 Operating loss		( 1,012,398)	( 993)	( 824,879)	( 394)
Non-operating income and expenses					
7100 Interest income	6(18)	1,186	1	7,389	4
7010 Other income	6(19)	27,856	27	15,537	7
7020 Other gains and losses	6(20)	16,791	16	14,808	7
7050 Finance costs	6(21)	( 16,544)	( 16)	( 23,024)	( 11)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	1,592	2	2,647	1
7000 Total non-operating income and expenses		30,881	30	17,357	8
8200 <b>Net loss</b>		<b>( \$ 981,517)</b>	<b>( 963)</b>	<b>( \$ 807,522)</b>	<b>( 386)</b>
<b>Other comprehensive income (loss)</b>					
<b>Items that will not be reclassified to profit or loss</b>					
8311 Remeasurement arising on defined benefit plan	6(11)	( \$ 682)	( 1)	( \$ 211)	-
<b>Items that may be subsequently reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations	6(4)	944	1	( 2,571)	( 1)
8300 <b>Total other comprehensive income (loss)</b>		<b>\$ 262</b>	<b>-</b>	<b>( \$ 2,782)</b>	<b>( 1)</b>
8500 <b>Total comprehensive loss</b>		<b>( \$ 981,255)</b>	<b>( 963)</b>	<b>( \$ 810,304)</b>	<b>( 387)</b>
Loss per common share	6(25)				
9750 Basic loss per share (in dollars)		( \$ 12.42)		( \$ 12.32)	
9850 Diluted loss per share (in dollars)		( \$ 12.42)		( \$ 12.32)	

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN LIPOSOME COMPANY, LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Share capital	Capital surplus				Other equity interest			Total equity
		Common shares	Additional paid-in capital	Treasury stocks	Share options	Restricted stocks	Accumulated deficit	Exchange difference on translation of foreign financial statements	Unearned compensation	
<b>2019</b>										
Balance at January 1, 2019		\$640,451	\$732,816	\$7,009	\$186,849	\$25,690	(\$910,042)	(\$2,439)	(\$11,138)	\$669,196
Net loss		-	-	-	-	-	(807,522)	-	-	(807,522)
Other comprehensive loss		-	-	-	-	-	(211)	(2,571)	-	(2,782)
Total comprehensive loss		-	-	-	-	-	(807,733)	(2,571)	-	(810,304)
Issuance of new share capital	6(14)	102,000	734,400	-	-	-	-	-	-	836,400
Share-based payments	6(12)	-	-	-	18,223	-	-	-	8,570	26,793
Share options forfeited		-	36,216	-	(36,216)	-	-	-	-	-
Cancellation of restricted stocks	6(12)(14)	(512)	-	-	-	337	-	-	-	(175)
Restricted stocks vested	6(12)	-	9,006	-	-	(9,006)	-	-	-	-
Balance at December 31, 2019		\$741,939	\$1,512,438	\$7,009	\$168,856	\$17,021	(\$1,717,775)	(\$5,010)	(\$2,568)	\$721,910
<b>2020</b>										
Balance at January 1, 2020		\$741,939	\$1,512,438	\$7,009	\$168,856	\$17,021	(\$1,717,775)	(\$5,010)	(\$2,568)	\$721,910
Net loss		-	-	-	-	-	(981,517)	-	-	(981,517)
Other comprehensive (loss) income		-	-	-	-	-	(682)	944	-	262
Total comprehensive (loss) income		-	-	-	-	-	(982,199)	944	-	(981,255)
Issuance of new share capital	6(14)	100,000	580,000	-	-	-	-	-	-	680,000
Share-based payments	6(12)	-	-	-	15,217	-	-	-	2,440	17,657
Share options forfeited		-	63,930	-	(63,930)	-	-	-	-	-
Cancellation of restricted stocks	6(12)(14)	(390)	-	-	-	-	-	-	-	(390)
Restricted stocks vested	6(12)	-	11,586	-	-	(11,586)	-	-	-	-
Balance at December 31, 2020		\$841,549	\$2,167,954	\$7,009	\$120,143	\$5,435	(\$2,699,974)	(\$4,066)	(\$128)	\$437,922

The accompanying notes are an integral part of these parent company only financial statements.



**TAIWAN LIPOSOME COMPANY, LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	Notes	Year ended December 31	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		( \$ 981,517 )	( \$ 807,522 )
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(12)	17,657	26,793
Depreciation	6(5)(6)(22)	47,324	58,023
Amortization	6(22)	3,207	6,648
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	( 1,592 )	( 2,647 )
Interest expense	6(21)	16,544	23,024
Interest income	6(18)	( 1,186 )	( 7,389 )
Gain on disposal of property, plant and equipment	6(20)	-	( 346 )
Unrealized foreign exchange gain		( 10,915 )	( 9,034 )
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		-	2,283
Accounts receivable, net		5,833	( 5,777 )
Other receivables		( 20,824 )	( 1,920 )
Other receivables-related parties		( 657 )	-
Prepayments		( 2,395 )	5,614
Changes in operating liabilities			
Contract liabilities		( 474 )	10,760
Other payables		75,700	( 73,114 )
Other current liabilities		1,612	( 183 )
Other non-current liabilities		( 1,162 )	( 118 )
Cash outflow generated from operations		( 852,845 )	( 774,905 )
Interest received		1,248	7,292
Interest paid		( 17,815 )	( 21,734 )
Net cash flows used in operating activities		( 869,412 )	( 789,347 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of investments accounted for under equity method	6(4)	( 576 )	-
Proceeds from disposal of current financial assets at amortized cost		-	308,505
Acquisition of property, plant and equipment	6(26)	( 32,447 )	( 55,492 )
Proceeds from disposal of property, plant and equipment		-	857
Acquisition of intangible assets	6(26)	( 1,876 )	( 4,477 )
Decrease in refundable deposits		( 1,637 )	( 2,072 )
Net cash flows (used in) from investing activities		( 36,536 )	( 251,465 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term borrowings	6(27)	30,000	30,000
Payments of short-term borrowings	6(27)	( 60,000 )	( 30,000 )
Proceeds from long-term borrowings	6(27)	599,880	-
Payments of long-term borrowings	6(27)	( 375,356 )	( 56,425 )
Proceeds from finance lease liabilities	6(27)	-	30,000
Payments of lease liabilities	6(27)	( 69,090 )	( 61,092 )
Proceeds from issuance of new share capital	6(14)	680,000	836,400
Cancellation of restricted stocks		( 390 )	( 512 )
Net cash flows from financing activities		805,044	748,371
Net (decrease) increase in cash and cash equivalents		( 100,904 )	210,489
Cash and cash equivalents at beginning of year		997,332	786,843
Cash and cash equivalents at end of year		<u> \$ 896,428 </u>	<u> \$ 997,332 </u>

The accompanying notes are an integral part of these parent company only financial statements.

Taiwan Liposome Company, Ltd.  
Changes of 2020 Capital Increase Plan by Cash Contribution Plan Sheet

\$: NTD

Items		Contents
Date of approval by the Board		March 30, 2021
Cause of Change		R&D expenses are critical resources to conduct new form/formulation development. Currently there are many famous in contribute to co-develop TLC178, or buy TLC178. Therefore, we defer the trial of TLC178. After discussion with regula and development progress into consideration, we revise our plan. We re-evaluate feasibility and development progress an benefit the execution of plan and bargain for better licensing conditions. The royalty of partnership and through sales spli beneficial to increase shareholders' equity.
Plan Items and Amount	Before Plan Change (Note 1)	(1)R&D costs of new dosage form/formulation amounts to NT\$2,116,274 thousand (including ADR issuance in 2018, dc (2)Working capital amounts to NT\$79,200 thousand supporting daily R&D expenditures
	After plan Change (Note 2)	(1)R&D costs of new dosage form/formulation amounts to NT\$1,976,386 thousand (including ADR issuance in 2018, dc (2)Working capital amounts to NT\$219,088 thousand supporting daily R&D expenditures
	Difference	(1)The R&D expenditures of TLC590 (hard tissue) project amount was changed from NT\$783,580 thousand to NT\$72 (2) The R&D expenditures of TLC590 (soft tissue) project amount was changed from NT\$184,497 thousand to NT\$12 (3) The R&D expenditures of TLC178 project amount was changed from NT\$656,420 thousand to NT\$388,144 thousand (4) The R&D expenditures of TLC599 project amount was changed from NT\$491,777 thousand to NT\$736,183 thousand (5) Working capital requirements used to meet daily research increase amount was NT \$139,888 thousand.

Items	Contents	
Expected Benefit	Before Changes (Note 3)	R&D milestones of each new dosage form/formulation: 1.TLC590 (hard tissue), new dosage form/formulation of non-opioid anesthetic for post-surgical pain management 2.TLC590 (soft tissue), new dosage form/formulation of non-opioid anesthetic for post-surgical pain management anesthesia for soft tissue surgery (hernia surgery) 3.TLC178, new dosage form/formulation of cancer treatment : Complete phase I and II clinical trial of rhabdo 4.TLC599, new dosage form/formulation of osteoarthritis pain management : Evaluation of efficacy and safety
	After Changes (Note 4)	R&D milestones of each new dosage form/formulation: 1.TLC590 (hard tissue), new dosage form/formulation of non-opioid anesthetic for post-surgical pain management of local anesthesia 2.TLC590 (soft tissue), new dosage form/formulation of non-opioid anesthetic for post-surgical pain management of local anesthesia / preparation for pivotal clinical trial of local anesthesia for soft tissue surgery (hernia sur 3.TLC178, new dosage form/formulation of cancer treatment : Complete the scale-up development of manufa 4.TLC599, new dosage form/formulation of osteoarthritis pain management : Procure initial results of pivotal c
	Difference	1.TLC590 (hard tissue) : add “Comprehensive consultation with FDA on pivotal trial design of local anesthesia hard tissue surgery”/ remove “complete commercial launch and scale production”/ remove “apply for ANDA 2.TLC590 (soft tissue) : add “preparation for pivotal clinical trial of local anesthesia for soft tissue surgery (her pivotal clinical trial”/ remove “Initiate pivotal clinical trial of local anesthesia for soft tissue surgery (hernia of local anesthesia for soft tissue surgery (hernia surgery)” 3.TLC178 : remove “Complete phase I and II clinical trial of rhabdomyosarcoma pediatric disease” 4.TLC599 : add “procure initial results of pivotal clinical trial”/ add “complete enrollment pivotal clinical trial (           clinical pivotal trial”/ remove “complete enrollment pivotal clinical trial”
Effect of the current change on shareholder equity	New dosage/formulation drugs belong to the market with medical urgent demand but not satisfied, among others, TLC599 potential demand. The clinical results showed the expected base and it could be further expand to other indications to include soft tissue sarcoma and cutaneous T-cell lymphoma. TLC590 aims to achieve longer effect so as to increase the number of patients. The company will discuss with FDA regarding comprehensive consultation of pivotal trial. Many international drug companies are conducting clinical trials. The progress of pivotal trial of TLC599 meets expectation and will increase the budget. In the short run, though the TLC178 and TLC599 did not meet expected predetermined schedule of clinical trial or application with FDA at the end of the year. However, in light of the current development progress, acquired feedback from relevant regulatory authorities and data on clinical trial value, and the uncertainty of earlier development stage has been significantly reduced. In the long run, the company will continue to develop TLC590 soft tissues and TLC599. If these three projects could enter into licensing or commercial stage, it will compensate the budget change is to gradually adjust capital allocation to be in line with development timeline and results of clinical trial, so as to increase shareholder equity. It is necessary to adjust contribution of resources in development stage, therefore, the change will have a positive effect on shareholder equity.	

Items	Contents
Expected Timeline After Change	(1)R&D expenditures: estimated to complete in 2021 Q4 (2)Working capital: estimated to complete in 2021 Q4
Abstract of the original lead underwriter's appraisal opinion	The company issued ADR in 2018 and SPO in 2019 and 2020 respectively, the predetermined plan was influenced by the not to executed in line with the predetermined schedule in every aspect. In order to maximize overall shareholder equity, and approved by board of directors to change the plan. As at March 20,2021, the remaining unused capital amounting to capital sector, to give more financial flexibility to the company, to save more interests expenses and to improve equity ra shall be re-allocated to TLC590 hard tissues, TLC590 soft tissues and TLC599, to sustain the R&D expenditures, to raise companies, and so as to reduce R&D and operational risks. As to TLC178, further trials are deferred with potential partn and TLC599, the company anticipates vast marketability of these projects and the contribution to the profits these project reasonable.

Note 1 : Planning schedules before changes

NTD in 1,000

Items		Projected completion date	Amount	2018		2019				2020				2021	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
R&D	TLC590 (hard tissue)	2021 Q2	783,580	59,460	65,460	71,583	66,400	76,155	64,988	75,366	70,877	69,918	57,382	55,846	50,145
	TLC590 (soft tissue)	2021 Q2	184,497	0	0	0	0	1,294	18,357	28,848	23,903	24,727	25,551	32,969	28,848
	TLC178	2021 Q2	656,420	59,952	57,001	51,470	47,616	45,470	55,804	58,439	66,629	58,467	56,915	49,364	49,293
	TLC599	2021 Q2	491,777	0	0	0	0	62,206	67,982	62,225	60,577	61,005	61,104	58,434	58,244
	Total		2,116,274	119,412	122,461	123,053	114,016	185,125	207,131	224,878	221,986	214,117	200,952	196,613	186,530
Working capital		2020 Q4	79,200	-	-	-	-	-	-	-	-	39,600	39,600	-	-

Note 2 : Planning schedules after changes

NTD in 1,000

Items		Projected completion date	Amount	2018		2019				2020				2021			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
R&D	TLC590 (hard tissue)	2021 Q4	729,265	0	44,195	67,455	123,769	52,612	47,518	121,240	134,144	19,627	51,569	38,526	10,440	10,090	8,080
	TLC590 (soft tissue)	2021 Q4	122,794	0	0	0	0	373	18,498	18,326	5,254	19,847	20,500	16,556	8,453	8,905	6,082
	TLC178	2021 Q1	388,144	0	60,099	59,725	80,905	39,546	30,207	14,598	34,551	39,057	19,277	10,179	0	0	0
	TLC599	2021 Q4	736,183	0	0	0	0	57,865	101,106	117,616	13,436	37,935	143,006	95,951	115,509	46,051	7,708
	Total		1,976,386	0	104,294	127,180	204,674	150,396	197,329	271,780	187,385	116,466	234,352	161,212	134,402	65,046	21,870
Working capital		2021 Q4	219,088	0	0	0	0	0	0	0	0	34,924	44,276	0	62,408	62,906	14,574

Note 3 : Anticipated benefits before changes (including ADR issuance in 2018, domestic secondary public offering in 2019)

The original plan is to devote all resources into R&D of the product. The achievement of R&D milestone will be leveraged to negotiate better licensing terms with international drug companies, and the proceeds from licensing and share split from commercial launch of products will increase revenues. The company will license out at proper stage, and the proposed plan schedule please refer to Table 3-1, and the expected proceeds from licensing please refer to Table 3-2.

Table 3-1 : Proposed plan schedule

Project / FYE	2018	2019	2020	2021
TLC590 (hard tissue) new dosage form/formulation of non-opioid anesthetic for post-surgical pain management	1. Completed the second batch manufacturing drug for the second clinical study 2. Completing the toxicological study in animal model for hard-tissue resection	1. Study on process magnification 2. Complete phase I and II clinical trial of Local anesthesia for hard tissue surgery	1. Complete pivotal clinical trial of local anesthesia for hard tissue surgery 2. Complete commercial launch and scale production	1. Apply for ANDA (local anesthesia for hard tissue surgery)
TLC590 (soft tissue) new dosage form/formulation of non-opioid anesthetic for post-surgical pain management		Comprehensive consultation with FDA on pivotal trial design of local anesthesia	1. Complete the batch manufacturing drug for pivotal clinical trial 2. Initiate pivotal clinical trial of local anesthesia for soft tissue surgery (hernia surgery)	1. Continuous enrollment of pivotal clinical trial of local anesthesia for soft tissue surgery (hernia surgery)
TLC178 new dosage form/formulation of cancer treatment	1. Complete the second batch manufacturing drug for the second clinical study 2. Initiate phase I and II clinical trial of rhabdomyosarcoma pediatric disease	1. Complete clinical trial drug stability test	1. Complete development on process magnification	1. Complete phase I and II clinical trial of rhabdomyosarcoma pediatric disease
TLC599 new dosage form/formulation of osteoarthritis pain management		1. Completed the batch manufacturing drug for the pivotal clinical study 2. Initiate pivotal clinical trial	Complete enrollment pivotal clinical trial	Evaluation of efficacy and safety of clinical pivotal trial

Table 3-2 : Expected proceeds from licensing

Unit: NT\$ thousands

	2022	2023	Total
<b>TLC590</b> Subtotal	<b>600,000</b>	<b>1,500,000</b>	<b>2,100,000</b>
Milestone	600,000	1,500,000	2,100,000
Royalty	0	0	0
<b>TLC599</b> Subtotal	<b>600,000</b>	<b>1,500,000</b>	<b>2,100,000</b>
Milestone	600,000	1,500,000	2,100,000
Royalty	0	0	0
<b>Total</b>	<b>1,200,000</b>	<b>3,000,000</b>	<b>4,200,000</b>

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Note 4 : Anticipated benefits after changes (including ADR issuance in 2018, domestic secondary public offering in 2019)

After change of plan, the resources will be devoted in R&D plan of products in 2021, and the proposed plan schedule please refer to Table 4-1. In addition, the working capital to sustain daily R&D expenditures is NT\$ 219,088 thousand, and NT\$ 79,200 was used till the end of December of 2020. The remaining NT\$ 139,888 thousand was planned to be split to NT\$ 62,408 thousand, NT\$ 62,906 thousand and NT\$ 14,574 thousand respectively in the second, third and fourth quarter of 2021 to sustain daily R&D expenditures. If calculated based on short-term long interest rate, 1.95%, the interest saving will be NT\$ 2,728 thousand onwards, so as to improve equity ratio.

Table 4-1 : Proposed plan schedule

Project / FYE	2018	2019	2020	2021
TLC590 (hard tissue) new dosage form/formulation of non-opioid anesthetic for post-surgical pain management	1.Completed the second batch manufacturing drug for the second clinical study (completed) 2.Completing the toxicological study in animal model for hard-tissue resection (completed)	1.Study on process magnification (achieved) 2.Complete phase I and II clinical trial of Local anesthesia for hard tissue surgery (complete pharmacokinetic safety assessment) (achieved)		Comprehensive consultation with FDA on pivotal trial design of local anesthesia (New)
TLC590 (soft tissue) new dosage form/formulation of non-opioid anesthetic for post-surgical pain management				1.Comprehensive consultation with FDA on pivotal trial design of local anesthesia (New) 2.Preparation for pivotal clinical trial of local anesthesia for soft tissue surgery (hernia surgery)



Project / FYE	2018	2019	2020	2021
TLC178 new dosage form/formulation of cancer treatment	1.Complete the second batch manufacturing drug for the second clinical study (achieved) 2.Initiate phase I and II clinical trial of rhabdomyosarcoma pediatric disease (approved)	1.Complete the clinical trial drug stability test (achieved)	1. Complete the scale-up development of manufacturing process (achieved)	
TLC599 new dosage form/formulation of osteoarthritis pain management		1.Completed the batch manufacturing drug for the pivotal clinical study (achieved) 2.Initiate pivotal clinical trial(achieved)	1.Complete enrollment pivotal clinical trial (first injection) (new)	Procure initial results of pivotal clinical trial (new)

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Taiwan Liposome Company, Ltd.  
List of other positions held by the Directors

The Company		Position
Title	Name	
Director	Keelung Hong	Director of InspirMed Inc.
Director	Moun-Rong Lin	Director of InspirMed Inc.
Director	Chang Shyang Enterprise Co., Ltd. (representative Chan Yu Lee)	1. Director of UBI Pharma Inc. 2. Director of InspirMed Inc.
Independent Director	Horng-Dar Lin	Director of Cho Pharma, Inc.

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## Explanation for the Means and Contents of the Offering of Securities

1. In order to meet the Company's needs for long term development, raise long-term capital, increase the Company's avenue for and flexibility with respect to raising funds, and increase the competitiveness of the Company, the Company proposes to take one of the following approaches or a combination of the following approaches to conduct an increase in capital by cash: issuance of ordinary shares to sponsor overseas depositary receipts and/or issuance of ordinary shares domestically and/or private placement of ordinary shares, with such actions to be taken once or multiple times at the proper time, taking into account the conditions of the capital market and the actual needs of the Company in accordance with applicable laws and regulations and the Company's Articles of Incorporation. The total number of ordinary shares to be issued by the Company to sponsor the overseas depositary receipts and/or issuance of ordinary shares domestically and/or private placement of ordinary shares shall not exceed 30,000,000 shares.
  2. Issuance of ordinary shares for cash to issue overseas depositary receipts:
    - (1) The issue price for the issuance of ordinary shares for cash to issue overseas depositary receipts, according to the "Voluntary Code of Practice of Taiwan Securities Association Sales Agency Members Advising Issuing Company with Respect to the Raising and Issuing Securities" (the "Voluntary Code of Practice"), shall be no less than 80% of either (i) the closing price of the pricing date after adjustment for the share dividends, cash dividends, and shares cancelled for the capital reduction, or (ii) the average price of the simple arithmetical average of the closing prices for any of the 1, 3, or 5 business days before the pricing date after adjustment for the share dividends, cash dividends, and shares cancelled for the capital reduction. However, if related domestic laws and regulations are amended in the future, the Board of Directors can adjust the method and percentage of pricing in accordance with such amended laws and regulations. In order to gain the acceptance of foreign investors, the Chairman of the Board of Directors is authorized to set the actual issue price within the aforementioned range in collaboration with the securities underwriter according to customary international practice and related book-building situations, provided always that the method for setting the actual issue price is reasonable. In addition, the method for determining the issue price of the overseas depositary receipts should be based on the fair trading market price of ordinary shares traded by domestic securities firms, and the shareholders can still purchase the Company's ordinary shares at a price close to the issue price of the overseas depositary receipts without having to bear the risks of foreign exchange and liquidity. If the Company issues ordinary shares for sponsoring overseas depositary receipts up to a maximum number of 30,000,000 shares, the highest rate of dilution is 26.28%. However, when the benefits from this capital increase emerge, the Company's competitiveness can
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be increased and all shareholders can share such benefits, so there should be no material adverse effect on the existing shareholders' interests.

- (2) For the purpose of issuance of ordinary shares to sponsor the issuance of overseas depositary receipts, the Company will reserve 15% of the new shares for subscription by the employees of the Company in accordance with Article 267 of the Company Act. With respect to the remaining 85% of the new shares, it will be proposed to the shareholders' meeting in accordance with Article 28-1 of the Securities Exchange Act for their approval to offer all the remaining 85% as the underlying securities for sponsoring the overseas depositary receipts, and to waive their pre-emptive rights. With respect to the shares that the employees waive their rights to subscribe to or that they do not subscribe to, the Chairman of the Board of Directors shall be authorized to seek specific person(s) to subscribe to these shares, or to add such shares as the underlying securities to sponsor the overseas depositary receipts in consideration of the market needs.
  - (3) With respect to the issuance of ordinary shares for sponsoring overseas depositary receipts, the Chairman of the Board of Directors, the General Manager or person(s) designated by the Chairman or the General Manager are authorized to approve and execute all documents regarding the issuance of ordinary shares for sponsoring overseas depositary receipts, and administer matters related to the issuance of new ordinary shares sponsoring the overseas depositary receipt on behalf of the Company.
3. To execute the plan to issue ordinary shares domestically, it is proposed that the Chairman of the Board of Directors be authorized to choose one of the following methods to underwrite the ordinary shares:
- (1) If conducting allocation of ordinary shares by book building
    - A. 15% of the new ordinary shares shall be reserved for the subscription by the employees of the Company in accordance with Article 267 of the Company Act and the remaining 85% of the new ordinary shares shall be allocated for book building for private placement, with the existing shareholders waiving their pre-emptive rights in accordance with Article 28-1 of the Taiwan Securities Exchange Act. With respect to shares that the employees waive their rights to subscribe to or that they do not subscribed to, the Chairman of the Board of Directors shall be authorized to seek specific person(s) to subscribe such unsubscribed shares.
    - B. It is proposed to grant the Chairman of the Company the power and authority to decide the actual issue price for the new ordinary shares to be issued with the lead securities underwriter in accordance with the situation of the placement, the status of the issuing market and applicable laws and regulations after the expiry of the period for book building allocation. The issue price, according to the Voluntary Code of Practice, shall be no less than 90% of the average price of the simple arithmetical average of the closing prices for any of the 1, 3, or 5 business days before the pricing date after adjustment for the share dividends, cash dividends, and shares cancelled for
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the capital reduction. The issue price shall be reported to the Financial Supervisory Commission, and the book building placement agreement and the underwriting contract shall be submitted to the Taiwan Securities Association. However, if Taiwan's relevant laws and regulations are amended in the future, the Board of Directors can adjust the method and percentage of pricing in accordance with then applicable laws and regulations.

(2) If conducting allocation of ordinary shares by public subscription

- A. The Company shall reserve 15% of the new ordinary shares for subscription by employees of the Company in accordance with Article 267 of the Company Act, and allocate 10% of the new ordinary shares to be publicly underwritten in accordance with Article 28-1 of Taiwan Securities Exchange Act. The remaining 75% shall be severally subscribed by the existing shareholders according to the names and percentage of shares written in the shareholders' roster on the record date of the subscription. In the case of fractional shares where the existing shareholder subscribed to less than 1 share, the shareholder may directly combine these into 1 share through the shareholder service provider of the Company within 5 days of the record date for subscription. It is proposed to grant the Chairman of the Company the power and authority to seek specific person(s) for subscription at the issuing price of fractional shares remaining after combination, shares that the existing shareholders, employees and public did not subscribe to, or undersubscribed and fractional shares that the shareholder fails to report to the Company during the above specified period.
  - B. It is proposed to grant the Chairman of the Company the power and authority to determine the actual issue price with the underwriter in accordance with Paragraph 1 of Article 6 of the Voluntary Code of Practice and market conditions. The price range shall be 70%-100% of the average price of the simple arithmetical average of the closing price during any of the 1, 3, or 5 business days before the pricing date after adjustment for share dividends, cash dividends, and shares cancelled for the capital reduction. However, if relevant domestic laws and regulations are amended in the future, the Board of Directors can adjust the means and percentage of pricing in accordance with then applicable laws and regulations.
4. Principles for issuance of ordinary shares by private placement:

According to paragraph 6 of Article 43-6 of the Securities Exchange Act and Directions for Public Companies Conducting Private Placements of Securities, the private placement shall be conducted once within 1 year from the date of the shareholder's resolution.

(1) The basis and rationale for the determination of the price for private placement of ordinary shares:

- A. The reference price is determined to be the higher of the results from the following methods of calculation:
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- (A) The average price of the simple arithmetical average of the closing prices during any of the 1, 3, or 5 business days before the pricing date, after adjustment for any distribution of share dividends, cash dividends and shares cancelled for the capital reduction.
  - (B) The average price of the simple arithmetical average of the closing price during the 30 business days before the price determination date, after adjustment for any distribution of share dividends, cash dividends and shares cancelled for the capital reduction.
  - B. The issue price for the ordinary shares should be no less than 80% of the reference price. Upon the Board of Directors being authorized by the shareholders' meeting after resolving to proceed with the private placement of ordinary shares, the actual issue price per share for the ordinary shares should be no less than 80% of the reference price.
  - C. Subject to the Board of Directors being authorized by a resolution of the shareholders' to conduct the private placement of ordinary shares, the aforementioned issue price should be determined in accordance with applicable regulations and the closing price for ordinary shares. Such determination should be reasonable.
  - D. The pricing date is to be determined by the Board of Directors after the relevant resolutions have been approved at the shareholders' meeting based on the situation of seeking specific person(s) for the private placement.
- (2) The manner, purpose and necessity for the determination of specific person(s) for private placement of new ordinary shares:
- According to Article 43-6 of the Securities Exchange Act, the election of specific persons is limited to natural persons, legal persons and funds that fit the conditions set by the competent authority. Because of the business characteristic that the time to develop drugs is long and the expense is high, it is necessary to acquire funds from natural persons, legal persons and funds that fit the conditions.
- If the specific person(s) are strategic investors, additional information is set forth below:
- A. Selection method and purposes of specific person(s): they should be individuals or companies which may enable the Company to enlarge the Company's drug portfolio or platform, improve or upgrade the Company's research and development, manufacturing and/or sales capabilities, reduce costs, improve the Company's efficiency or expand the Company's market by taking advantage of such persons' technology, knowledge, branding or channels.
  - B. Necessity: introducing strategic investor(s) can enhance the Company's competitiveness in both local and international markets, and therefore, it is necessary from the Company's long-term development perspective to bring in
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strategic investor(s).

C. Expected benefits: To enlarge the Company's drug portfolio or platform, improve or upgrade the Company's research and development, manufacturing and/or sales capabilities, reduce costs, improve efficiency or expand the market.

If the specific person(s) are insiders or related parties, additional information is set forth below:

A. List of insiders or related parties:

Individual

Name	Relationship with the Company
Keelung Hong	Director of the Company
Moun-Rong Lin	Director of the Company

Corporate

Name	Relationship with the Company
Chang Shyang Enterprise Co., Ltd.	Director of the Company

B. Selection method and purposes of specific person(s): they should be individuals or companies which are familiar with the business, operations, strategies and development goals of the Company so they may assist the Company to fully realize its potential.

(3) The necessity for implementation of private placement of ordinary shares

A. The reasons for not conducting a public offering: private placement of securities is comparatively more efficient and convenient, and the qualified subscribers are subject to a 3-year lock-up period, so the Company considers conducting a private placement of ordinary shares to be preferable.

B. The maximum number of shares to be issued in connection with this private placement is 30,000,000 shares.

C. The use of the funds and expected benefits: The funds raised from this offering will be used to invest in the clinical development of our product candidates, new and other ongoing research and development activities, working capital, acquiring machinery equipment and other general corporate purposes. This is

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expected to enhance the Company's technical platform, the competitiveness in foreign market and the Company's financial structure.

D. The Independent Director's opinion regarding this private placement of new ordinary shares: Nil.

There has been no substantial change in control of the Company in the year before the implementation of this private placement of ordinary shares. The private placement of ordinary shares will not cause a substantial change in control of the Company. In order to ensure the Company's long-term operational development, the Company will be evaluating the shareholding percentage, the nature of the subscribers, purposes of the private placement carefully to introduce qualified and stable individual, judicial person or fund, provided always that such investors shall not affect the management rights of the Company.

- (4) The rights and obligations of the ordinary shares would be the same as those of the currently issued ordinary shares of the Company; however, according to the relevant regulations of the Taiwan Securities Exchange Act, unless the transfer conditions set forth in Article 43-8 of the Taiwan Securities Exchange Act are met, the ordinary shares cannot be resold within 3 years of the closing date. After the expiration of the aforementioned 3-years period, the Board of Directors may apply for approvals for listing the ordinary shares and for the supplemental public offering of such ordinary shares.
  - (5) It is proposed that the Board of Directors of the Company be authorized to determine the main content of this private placement of ordinary shares, except the percentage of private placement pricing, including but not limited to the number of shares issued, issuing price (which shall be no lower than 80% of the reference price), amount raised, conditions of the issuance, pricing date and other matters related to the issuance, be based on the market conditions at the time and the operational needs of the Company according to relevant regulations of the competent authority. It is also proposed that the Board of Directors be authorized to determine matters related to any subsequent change in laws and regulations, requests from the competent authority, operational assessments or enactment of amendments in response to subjective environments.
5. The funds raised from the issuance of ordinary shares sponsoring the overseas depositary receipts and/or domestic public offering of ordinary shares and/or private placement of ordinary shares will be continued to invest in the clinical development of our product candidates, new and other ongoing research and development activities, working capital, purchase or acquire machinery equipment and other general corporate purposes. It is expected that the plan will be implemented within 5 years after the closing of offering. The proposed capital increase plan can enhance the Company's competitiveness, the synergy of the research and developments and have a positive effect on the shareholders'
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interests.

6. The ordinary shares to be issued for sponsoring overseas depositary receipts and issued domestically will be listed on the Taipei Exchange. After issuance, the rights and obligations of the new ordinary shares will be the same as those of the currently issued shares.
  7. It is proposed that the Chairman of the Board of Directors be authorized to determine matters related to the capital increase by issuance of the new ordinary domestically, including but not limited to, the amount (number of shares), issuance price, terms and conditions of the issuance, method of underwriting, issuance plan, project items, estimated timeline, and expected benefits and other unsolved matters related to this issuance, in accordance with the Company's need of funds and actual market conditions. It is also proposed that the Chairman of the Board of Directors be authorized to adjust or amend matters based on the request of the competent authorities and market conditions.
  8. It is proposed that the Board of Directors be authorized to determine matters related to the capital increase by issuance of the new ordinary shares for sponsoring overseas depositary receipts, including but not limited to, the amount (number of shares), issuance price, terms and conditions of the issuance, method of underwriting, issuance plan, project items, estimated timeline, and expected benefits and other unsolved matters related to this issuance, in accordance with the Company's need of funds and actual market conditions. It is also proposed that the Board of Directors be authorized to adjust or amend matters based on the request of the competent authorities and market conditions.
  9. Where there are matters not clarified in this resolution, the Board of Directors and/or Chairman of the Board of Directors shall be fully authorized to administer in accordance with the relevant laws and regulations.
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## Taiwan Liposome Company, Ltd.

## Comparison Table for the Amendments to the Articles of Incorporations.

After-amendment	Before-amendment	Description
<p><b>Article 7</b> The Company's total authorized capital is NT\$2,000,000,000, divided into 200,000,000 shares, at a par value of NT\$10 per share. The Board of Directors shall be hereby authorized to issue the capital shares in installments as it deems necessary.</p> <p>An amount of NT\$200,000,000 within the authorized capital, divided into 20,000,000 shares, at a par value of NT\$10 per share, shall be reserved for the issuance of shares upon exercise of stock options, restricted share units to be issued to employees, warrants attached to preferred shares, and/or warrants attached to company bonds. The Board of Directors may resolve to issue the aforementioned shares in installments.</p> <p><u>The term "employee" used in respect of (1) any transfer of treasury shares to employees, (2) entering into stock option agreements with employees, (3) employees' preemptive right to subscribe for 10% to 15% of new shares proposed to be issued by the Company, or (4) issuance of restricted new shares to employee, shall include the employees of the company that controls or that is controlled by the Company that meets the necessary requirements.</u></p> <p>Any issuance of employee stock options where the exercise price for such options is lower than the closing price of the ordinary shares of the Company as of the issuance date shall be approved by shareholders representing two-thirds or more of the total number of shares of the Company present at a shareholders' meeting which is attended by shareholders representing at least a majority of the outstanding shares of the Company.</p> <p>Any transfer of shares to employees where the transfer price is lower than the average price of all actual prior re-purchases of shares shall have been approved at the most recent shareholders' meeting by shareholders representing two-thirds or more of the total number of shares of the Company present at the shareholders' meeting, which must be attended by shareholders representing at least a majority of the outstanding shares of the Company.</p>	<p><b>Article 7</b> The Company's total authorized capital is NT\$2,000,000,000, divided into 200,000,000 shares, at a par value of NT\$10 per share. The Board of Directors shall be hereby authorized to issue the capital shares in installments as it deems necessary.</p> <p>An amount of NT\$200,000,000 within the authorized capital, divided into 20,000,000 shares, at a par value of NT\$10 per share, shall be reserved for the issuance of shares upon exercise of stock options, restricted share units to be issued to employees, warrants attached to preferred shares, and/or warrants attached to company bonds. The Board of Directors may resolve to issue the aforementioned shares in installments.</p> <p>Any issuance of employee stock options where the exercise price for such options is lower than the closing price of the ordinary shares of the Company as of the issuance date shall be approved by shareholders representing two-thirds or more of the total number of shares of the Company present at a shareholders' meeting which is attended by shareholders representing at least a majority of the outstanding shares of the Company.</p> <p>Any transfer of shares to employees where the transfer price is lower than the average price of all actual prior re-purchases of shares shall have been approved at the most recent shareholders' meeting by shareholders representing two-thirds or more of the total number of shares of the Company present at the shareholders' meeting, which must be attended by shareholders representing at least a majority of the outstanding shares of the Company.</p>	<p>Proposed amendments to this provision pursuant to Articles 167-2, 167-2 and 267 of the Act.</p>

After-amendment	Before-amendment	Description
<p><b>Article 8</b> The Company's share certificates shall bear the shareholder's names, be serially numbered, and be signed or have chops affixed to them by <u>the director representing the Company</u>, and then be certified by the competent authority or an issuance registration agent authorized by the competent authority before the share certificates can be issued. For further share issuance, the Company may elect not to print any share certificates, provided that the Company shall appoint a centralized securities depository institution to handle matters regarding the deposit of the shares.</p>	<p><b>Article 8</b> The Company's share certificates shall bear the shareholder's names, be serially numbered, and be signed or have chops affixed to them by <u>three or more directors</u>, and then be certified by the competent authority or an issuance registration agent authorized by the competent authority before the share certificates can be issued. For further share issuance, the Company may elect not to print any share certificates, provided that the Company shall appoint a centralized securities depository institution to handle matters regarding the deposit of the shares.</p>	<p>Proposed amendments to this provision pursuant to Article 162 of the Company Act.</p>
<p><b>Article 13</b> When a shareholder is unable to attend a shareholders' meeting, such shareholder may appoint a proxy agent to attend the meeting by <u>using the</u> proxy form printed by the Company, and such shareholder shall state the scope of authorization covered by the proxy. Subject to Article 177 of the Company Act, other matters in relation to shareholder proxies shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.</p>	<p><b>Article 13</b> When a shareholder is unable to attend a shareholders' meeting, such shareholder may appoint a proxy agent to attend the meeting by <u>signing or affixing such shareholder's chop to a</u> proxy form printed by the Company, and such shareholder shall state the scope of authorization covered by the proxy. Subject to Article 177 of the Company Act, other matters in relation to shareholder proxies shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.</p>	<p>Proposed amendments to this provision pursuant to Article 177 of the Company Act.</p>

After-amendment	Before-amendment	Description
<p><b>Article 24</b> The <u>documents and reports listed below</u> shall be submitted to the Audit Committee for approval in accordance with Article 14-5 of the Securities and Exchange Act, and to the Board of Directors for approval.</p> <p>(1) report on operations; (2) financial statements; and (3) proposals on the distribution of profits or covering of losses.</p> <p><u>Where a distribution of profits pursuant to the preceding paragraph is made by offering new shares, Articles 228-1 and 240 shall be applicable; where the distribution of profits is made by cash, the Board of Directors is authorized to decide such matters by a resolution approved by a majority of Directors present at a Board meeting attended by two-thirds or more of the Directors, and then report such matters to the shareholders' meeting.</u></p>	<p><b>Article 24</b> The <u>following</u> reports shall be submitted to the Audit Committee for approval in accordance with Article 14-5 of the Securities and Exchange Act, and to the Board of Directors for approval:</p> <p>(1) report on operations; (2) financial statements; and (3) proposals on the distribution of profits or covering of losses.</p>	<p>Proposed amendments to this provision pursuant to Articles 228-1 and 240 of the Act.</p>
<p><b>Article 25</b> If the Company has profits at the end of the year, two percent (2%) to eight percent (8%) of the profits shall be distributed to employees and no more than two percent (2%) of the profits shall be distributed to the directors, as their respective remuneration. However, in the event that the Company still has accumulated losses, an amount shall be reserved to make up accumulated losses before distribution may be made.</p> <p><u>The employees of a company that controls the Company or that is controlled by the Company shall be entitled to receive a portion of the distribution of profits specified in the preceding paragraph if they meet the necessary requirements.</u></p>	<p><b>Article 25</b> If the Company has profits at the end of the year, two percent (2%) to eight percent (8%) of the profits shall be distributed to employees and no more than two percent (2%) of the profits shall be distributed to the directors, as their respective remuneration. However, in the event that the Company still has accumulated losses, an amount shall be reserved to make up accumulated losses before distribution may be made.</p> <p><u>If a subsidiary of the Company meets certain specific requirements, its employees shall be entitled to receive a portion of the distribution of profits specified in the preceding paragraph.</u></p>	<p>Proposed amendments to this provision pursuant to Article 235-1 and 240 of the Act.</p>

After-amendment	Before-amendment	Description
<p><b>Article 25-1</b> If the Company's <u>concluded financial</u> report shows profits, they shall be distributed in the order below:</p> <p>(1) to pay taxes and levies as required by the relevant laws;  (2) to make up any prior year's losses;  (3) to set aside ten percent (10%) as the statutory surplus reserve, unless the accumulated surplus reserve is equal to or greater than the paid-in capital of the Company;  (4) to appropriate or reverse any special surplus reserve, if necessary, in accordance with the relevant laws;  (5) with respect to the remainder of the profits, after adding the previously undistributed profits and making adjustments to the current undistributed profits, the Board of Directors shall prepare the shareholders dividends plan and submit it to the shareholders' meeting for the shareholders' approval. <u>Where the distribution of profits pursuant to the preceding sentence is to be made by cash, the Board is authorized to decide such matters by a majority of Directors present at a Board meeting attended by two-thirds or more of the Directors, and then submitted to a shareholders' meeting for reporting.</u></p> <p>Given the business environment and development stage that the Company is in and in light of the expansion of the Company in line with its business, the Company's future capital expenditures and need for funds shall be taken into account when contemplating profit distribution; hence, as a principal, cash dividends shall be no lower than ten percent (10%) of the total dividends.</p>	<p><b>Article 25-1</b> If the Company's <u>general annual</u> report shows profits, they shall be distributed in the order below:</p> <p>(1) to pay taxes and levies as required by the relevant laws;  (2) to make up any prior year's losses;  (3) to set aside ten percent (10%) as the statutory surplus reserve, unless the accumulated surplus reserve is equal to or greater than the paid-in capital of the Company;  (4) to appropriate or reverse any special surplus reserve, if necessary, in accordance with the relevant laws;  (5) with respect to the remainder of the profits, after adding the previously undistributed profits and making adjustments to the current undistributed profits, the Board of Directors shall prepare the shareholders dividends plan and submit it to the shareholders' meeting for the shareholders' approval.</p> <p>Given the business environment and development stage that the Company is in and in light of the expansion of the Company in line with its business, the Company's future capital expenditures and need for funds shall be taken into account when contemplating profit distribution; hence, as a principal, cash dividends shall be no lower than ten percent (10%) of the total dividends.</p>	<p>Proposed amendments to this provision pursuant to Articles 228-1 and 240 of the Act.</p>

After-amendment	Before-amendment	Description
<p><b>Article 28</b>  The Articles of Incorporation were first made and executed on September 30, 1997. The first amendment to the Articles of Incorporation (“Amendment”) was made on January 11, 2002. The second Amendment was made on April 15, 2002. The third Amendment was made on October 2, 2003. The fourth Amendment was made on January 15, 2004. The fifth Amendment was made on June 8, 2005. The sixth Amendment was made on June 22, 2006. The seventh Amendment was made on June 26, 2008. The eighth Amendment was made on March 20, 2009. The ninth Amendment was made on April 30, 2009. The tenth Amendment was made on June 18, 2010. The eleventh Amendment was made on June 17, 2011. The twelfth Amendment was made on June 26, 2012. The thirteenth Amendment was made on June 18, 2014. The fourteenth Amendment was made on June 23, 2015. The fifteenth Amendment was made on June 21, 2016. The sixteenth Amendment was made on June 26, 2018. <u>The seventeenth Amendment was made on August 19, 2021.</u></p>	<p><b>Article 28</b>  The Articles of Incorporation were first made and executed on September 30, 1997. The first amendment to the Articles of Incorporation (“Amendment”) was made on January 11, 2002. The second Amendment was made on April 15, 2002. The third Amendment was made on October 2, 2003. The fourth Amendment was made on January 15, 2004. The fifth Amendment was made on June 8, 2005. The sixth Amendment was made on June 22, 2006. The seventh Amendment was made on June 26, 2008. The eighth Amendment was made on March 20, 2009. The ninth Amendment was made on April 30, 2009. The tenth Amendment was made on June 18, 2010. The eleventh Amendment was made on June 17, 2011. The twelfth Amendment was made on June 26, 2012. The thirteenth Amendment was made on June 18, 2014. The fourteenth Amendment was made on June 23, 2015. The fifteenth Amendment was made on June 21, 2016. The sixteenth Amendment was made on June 26, 2018.</p>	<p>Proposed amendments to this provision to reflect the 17th amendments to these Articles.</p>



Taiwan Liposome Company, Ltd.  
 Comparison Table for the Amendments to the Rules of  
 Procedure for Shareholders Meetings

Article Number	After Amendment	Before Amendment	Explanation
Article 3	Convening shareholders meetings and shareholders meeting notices	Convening shareholders meetings and shareholders meeting notices	Proposed revisions pursuant to relevant laws and regulation.
	(omitted)	(omitted)	
	<p>3.Election or dismissal of directors, amendments to the articles of incorporation, capital deductions, applications to terminate the corporation’s public status, approval for releasing directors from non-competition restrictions, capital increases by profit, capital increases by reserve, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting, and the main content of any of the foregoing items shall be provided in the meeting notice as well. None of the above matters may be raised by an extraordinary motion.</p>	<p>3. Election or dismissal of directors, amendments to the articles of incorporation, capital deductions, applications to terminate the corporation’s public status, approval for releasing directors from non-competition restrictions, capital increases by profit, capital increases by reserve, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting, and the main content of any of the foregoing items shall be provided in the meeting notice as well. None of the above matters may be raised by an extraordinary motion. <u>The main content of any of the foregoing items shall be provided on the website of the securities authority or a website designated by the Company and the URL to such website shall be provided in the meeting notice for the relevant shareholders meeting.</u></p>	



Article Number	After Amendment	Before Amendment	Explanation
	(omitted)	(omitted)	
Article 9	Calculation on attendance based numbers of shares and meeting (omitted)	Calculation on attendance based numbers of shares and meeting (omitted)	Proposed revisions to improve corporate governance and the rights and interests of shareholders.
	2.The chair shall call the meeting to order at the appointed meeting time <u>and announce the number of shares present at such meeting and the number of shares that are prohibited from casting votes.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.	2.The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.	
	(omitted)	(omitted)	
Article 14	Elections	Elections	Proposed revisions to improve corporate governance and the rights and interests of shareholders.
	1.The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results of <u>the election of directors, and the poll of shareholders shall be announced on site immediately, including the list of the losing candidates and the number of ballots received by each of them.</u> (omitted)	1.The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results of directors, and the poll of shareholders shall be announced <u>on-site</u> immediately.  (omitted)	



Taiwan Liposome Company, Ltd.  
Comparison Table for the Amendments to the Rules and  
Procedures on Election of Directors.

Article Number	After Amendment	Before Amendment	Explanation
Article 6	Elections of the Directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Companies Act.	Elections of the Directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Companies Act. <del>Other than those documents required for the review of each Director candidate's qualifications, education and working experience, and the existence of events set out in Article 30 of the Company Act, the Company shall not arbitrarily request the provision of evidencing documents relating to additional qualifications or conditions. The Company shall further provide the outcome of the review to shareholders for their reference, so that qualified Directors will be elected.</del>	Proposed revisions pursuant to relevant laws and regulation.
	(omitted)	(omitted)	
	When an independent director is dismissed for any reason, resulting in a number of director lower than that required under Paragraph 1 of Article 14-2, a by-election for independent director shall be held at the next following shareholders meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the situation arose.	When an independent director is dismissed for any reason, resulting in a number of director lower than that required under Paragraph 1 of Article 14-2 <u>on Transaction and Security Act of the Securities Transaction Act, Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or Subparagraph 8 on Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM</u> , a by-election for independent director shall be held at the next following shareholders meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the situation arose.	

Article Number	After Amendment	Before Amendment	Explanation
Article 11	(Deleted)	<u>If the candidate is a shareholder of this Company, electors shall fill in the "candidate" column the candidate's name and shareholder's number on each ballot. If the candidate is not a shareholder, electors shall fill in the candidate's name and ID number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name of the representative should be filled in the column. If there more than one representative, the full names of the representatives should be filled in separately.</u>	Deleted pursuant to relevant laws and regulation.
Article 12	<p>A ballot shall be construed as null and void under the following conditions:</p> <ol style="list-style-type: none"> <li>1. The elector has failed to use the ballot prepared by the <u>person(s) who convened the meeting who has the authority to convene a meeting.</u></li> <li>2. <u>It is a blank ballot</u> not completed by the voter.</li> <li>3. The writing is unclear and illegible.</li> <li>4. <u>The candidate whose name is filled in on the ballot is inconsistent with the list of director candidates.</u></li> </ol>	<p>A ballot shall be construed as null and void under the following conditions:</p> <ol style="list-style-type: none"> <li>1. The elector has failed to use the ballot prepared by the board of directors.</li> <li>2. <u>Blank ballots</u> not completed by the voter.</li> <li>3. The writing is unclear and illegible.</li> <li>4. <u>If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect.</u></li> </ol>	Proposed revisions pursuant to relevant laws and regulation.
	5. <u>It is a ballot</u> with other written characters in addition to the number of votes cast for the candidate.	5. <u>Ballots</u> with other written characters in addition to <u>candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate.</u>	
	6. (Deleted)	6. <u>The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.</u>	

Taiwan Liposome Company, Ltd.  
Meeting Minutes for the First Extraordinary General Meeting of 2021 (the “Meeting”)  
(Translation)

Time: August 20, 2021 (Friday) at 9:00 a.m.

Venue: 7F, No. 3, Yuanqu St., Nangang Dist., Taipei City (Meeting room)

Attendance: Total shares represented by shareholders present in person or by proxy: 66,263,344 shares. Total outstanding TLC shares: 84,154,934 shares. Percentage of shares held by shareholders present in person or by proxy: 78.73%.

Directors present(2): Chang Shyang Enterprise Co., Ltd - Chan Yu Lee, May Kang

Directors present by proxy (1): Keelung Hong

Others (2): Chiahung Lin (C.P.A., PricewaterhouseCoopers,Taiwan), Jacqueline Fu (Attorney, K&L Gates)

Chairman : Chan Yu Lee                  Recording Secretary : Carina Chen

Calling the meeting to order : A quorum has been met in accordance with Article 174 of the Company Act, and the Chairman called the meeting order.

Chairman’s Remarks: (omitted)

### **I. Items for Reporting**

**Item No. 1:**                  Amendments to the Company’s 2020 and 2018 employee stock option grant and subscription plans.

Explanation:

1.        In order to meet the Company’s operational need, it is proposed to amend the Company’s 2020 and 2018 employee stock option grant and subscription plans.
  2.        The comparison tables for the amendments to the Company’s 2020 and 2018 employee stock option grant and subscription plans can be found on Handbook under Exhibit 1.
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**Item No. 2:** Report of special committee for merger and acquisition.

Explanation:

Pursuant to Article 6 of the Business Mergers and Acquisitions Act, Articles 2 and 6 of the Regulations Governing the Establishment and Related Matters of Special Committee of Public Companies for Merger/Consolidation and Acquisition and Articles 4 and 6 of the Company's Charter for the Special Committee for Merger and Acquisition, the audit committee of the Company acted as the special committee for merger and acquisition of the Company and performed their duty fairly and reasonably to deliberate the Share Swap transaction between Woods Investment Company, Ltd and the Company. The outcome of deliberation can be found on Handbook under Exhibit 2.

## II. Items for Discussion

**Item No. 1:** To approve share swap with Woods Investment Company, Ltd. and application for termination of TPEX trading according to the Business Mergers and Acquisitions Act. (Proposed by the Board of Directors)

Explanation:

1. In order to facilitate the long term development of the Company, to realize the shareholders' investment and utilize the efficiency and scale of foreign public offerings, so as to elevate operation efficacy, the Company and Woods Investment Company, Ltd. ("Woods") intend to conduct share swap according to the Business Mergers and Acquisitions Act ("MAA") and the relevant Taiwan laws and regulations. Woods will issue series B special shares as consideration in exchange for 100% equity shares of the Company (the "Share Swap"). The share swap ratio for this Share Swap is 1 common share of the Company for 1 series B special share of Woods. Woods will acquire 100% of the Company's shares after the Share Swap, and the Company will become the wholly-owned subsidiary of Woods.
  2. The Board Of Directors at the board meeting of the Company held on 5 July 2021 (the "Board Meeting") resolved to sign the "Share Swap Agreement". Please refer to Handbook under Exhibit 3 for an English translation of the Share Swap Agreement. The opinions from independent experts have been presented to support the fairness of the consideration of Share Swap. Please refer to Handbook under Exhibit 4.
  3. Pursuant to paragraph 3 of Article 5 of the MAA, in the event of a merger and acquisition transaction, where a director has conflict of interest in such transaction, the director shall explain to the Board Of Directors and shareholders' meeting in respect of such conflict of interest and reasons for or against the transaction. For director's explanation for his or her conflict of interests with respect to the Share Swap:
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(1) Yuhua Lin is the chairlady of Chang Shyang Enterprise CO., LTD. which is the corporate director of the Company. She has subscribed to 1,000,000 series A-1 special shares of Woods, and signed the securities purchase agreement with PAG Growth Lynx Holding (BVI) Limited ("PAG") as well, to pledge the aforesaid shares to PAG for the repayment of the exchangeable note. Yuhua Lin or Chang Shyang Enterprise CO., LTD. will operate business of Woods; therefore, Chang Shyang Enterprise CO., LTD. and its representative excused themselves from the board meeting with respect to the Share Swap.

(2) Tom Chen's second-degree kinship Leemei Chen, has subscribed to 2,520,000 series A-2 special shares of Woods. Therefore, Tom Chen, the independent director excused himself from the audit committee meeting and Board Meeting with respect to the Share Swap.

(3) The Chairman of the Company, Keelung Hong and the director of the Company, Moun-Rong Lin, already signed the Letter of Intent ("LOI") and agreed to participate in the restructuring plan of the Woods after completion of the Share Swap transaction. The LOI is in the same form and substance with the other letters of intent signed by other shareholders of the Company, and did not give privilege to the Chairman and the director; therefore, the Chairman of the Company, Keelung Hong and the director of the Company, Moun-Rong Lin, did not excuse themselves from the Board Meeting with respect to the Share Swap. Considering the long term development of the Company and the interests of the shareholders, they voted to approve the Share Swap in the aforesaid meeting.

4. After Share Swap, Woods will conduct a restructuring with a newly incorporated Cayman entity, TLC BioSciences Corp. After such restructuring, Woods will become the wholly-owned subsidiary of TLC BioSciences Corp. Holders of series B special shares of Woods may, by ten days before the maturity date of series B special shares, apply to convert series B special shares of Woods into common shares of Woods at the ratio of 1:1 and participate in the restructuring of Woods by submitting documents prescribed by Woods including the necessary approval of the regulatory authority if required. Series B special shares not converted will be automatically redeemed on the maturity date. The sources of funds of Woods with respect to its redemption of its series B special shares are:
- (1) cash capital increase by issuing series A special shares;
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and (2) loan from TLC BioSciences Corp. The source of funds of the loan provided by TLC BioSciences Corp. is from the sale of the exchangeable note to PAG.

5. Please refer to Exhibit 3 of this Handbook and the main terms of Series B special shares issued by Woods are summarized below:
    - (1) Series B special shares will be matured after one(1) month starting from the date of issuance. Unless otherwise repurchased and cancelled by the company, or converted into common shares of the company, the series B special shares shall be redeemed by the company at the issue price without consent from the holders of the series B special shares.
    - (2) The holders of Series B Special Shares are not eligible for stock interest, but are eligible for distributions of cash out of earnings and the capital reserve.
    - (3) Series B special shares do not have voting right, and shareholders of Series B special shares have no rights to be elected as directors and supervisors.
    - (4) From the issuance date of series B special shares to ten (10) days before the maturity date (exclusive of the maturity date), the shareholders of series B special shares may inform Woods to convert all or part of series B special shares into common shares at the ratio of 1:1 at any time.
    - (5) After submission of the conversion application by the shareholders of series B special shares, the record date of conversion shall be determined by the board of Woods. After conversion, the rights and obligations of the shareholder of series B special shares are the same as the shareholder of common shares.
    - (6) In the event of issuance of new shares upon capital increase by Woods, the shareholders of series B special shares and common shares have the same preemptive right.
    - (7) If Woods is dissolved or liquidated, the shareholders of series B special shares shall rank pari passu with shareholders of common shares in the distribution of the remaining assets, but shall be junior to the creditors of Woods, and the shareholders of series A special shares.
  6. For the procedures of converting series B special shares into common shares of Woods, and the organizational restructuring of Woods, please refer to “Q&A of Share Swap and the Restructuring” published at TLC website.
  7. Please read carefully the Q&A before you choose to convert series B special shares into common shares. This Q&A may be updated from time to time, and Woods will send an offer document that would give all registered shareholders of the series B special shares (including ADS depository) the opportunity to convert the series B special shares into common shares of Woods.
  8. Upon the approval for the Share Swap by the Company’s shareholders’ meeting, the Company proposes to apply for delisting from TPEX and apply for cessation
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of public company status with the FSC. With respect to the ADS listed on NASDAQ, the Company will apply for delisting of the ADS from NASDAQ. The Company anticipates that the completion date of the Share Swap, the termination date of TPEX-listing, the cessation of the Company's public company status in Taiwan and the delisting date of ADS from NASDAQ will be the same date.

9. Please refer to the report item No.2 for the review result of the special committee pursuant to paragraph 1 of Article 6 of the MAA.
10. Pursuant to the Share Swap Agreement, the tentative completion date for the Share Swap is October 8, 2021. However, if either party to the Share Swap Agreement fails to obtain the requisite approval from the competent authorities, complete the requisite reporting procedure and obtain requisite corporate approvals (including board of directors and/or shareholders' meeting approvals) or satisfy the closing conditions in the Share Swap Agreement, it is proposed to authorize the independent director, May Kang to change the completion date together with Woods and to make public announcement.
11. It is proposed to authorize the independent director, May Kang or her designee(s) may individually or jointly, for and on behalf of the Company, to take any action(s) with respect to the Share Swap, including but not limited to, filing and submitting application or report to the competent authorities, and handle such matters pursuant to the most updated laws and regulations and administrative guidelines.

A shareholder with the shareholder account number 18433 raised questions about TLC599. The questions raised by such shareholder were answered and explanations were provided by relevant personnel designated by the Chairman.

Note: Written Dissent Given Prior or During the Shareholders Meeting, pursuant to the Business Mergers and Acquisitions Act: 65,509 shares in total, of which 30,000 shares did not attend the Meeting, and remaining 35,509 shares attended the meeting and submitted written dissent.

Resolution: The number of shares represented by shareholders attending the Meeting was 66,232,835 shares (without dissenting shares 35,509 votes); the number of shares voting to approve the resolution was 65,064,057 shares (including 4,128,989 votes cast by electronic means), approximately 98.23% of voting shares; the number of shares voting against the resolution was 39,304 shares (including 16,304 votes cast by electronic means), 0.05% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of

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abstentions and shares present but not voting was 1,129,474 shares (including 922,458 votes cast by electronic means), approximately 1.70% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 2:** To approve cease the Company's status as a public company. (Proposed by the Board of Directors)

Explanation:

1. After consummation of Share Swap, the Company will be wholly-owned subsidiary of Woods. It is proposed, before the closing date of Share Swap, to submit the application to FSC for cessation of public company status pursuant to paragraph 1 of Article 156-2 of the Company Act upon the approval of the approval for the Share Swap by shareholders' meeting.
2. It is proposed that the Chairman of the Board of Directors and /or its designated person to be authorized to determine the relevant matters after approval of shareholders' meeting.

Resolution: The number of shares represented by shareholders attending the Meeting was 66,263,344 shares; the number of shares voting to approve the resolution was 65,064,000 shares (including 4,128,932 votes cast by electronic means), approximately 98.19% of voting shares; the number of shares voting against the resolution was 43,307 shares (including 20,307 votes cast by electronic means), 0.06% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 1,156,037 shares (including 918,512 votes cast by electronic means), approximately 1.74% of voting shares. This agenda item was hereby approved as proposed.

**Item No. 3:** To approve amendments to the Company's article of incorporation. (Proposed by the Board of Directors)

Explanation:

1. After consummation of Share Swap, the company will become a wholly-owned subsidiary of Woods and will be no longer a public company in Taiwan. To meet actual operational needs, it is proposed to amend the articles of incorporation of the company.
  2. The comparison table of articles of incorporation of the company can be found on Handbook under Exhibit 5.
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Resolution: The number of shares represented by shareholders attending the Meeting was 66,263,344 shares; the number of shares voting to approve the resolution was 65,064,000 shares (including 4,128,932 votes cast by electronic means), approximately 98.19% of voting shares; the number of shares voting against the resolution was 39,304 shares (including 16,304 votes cast by electronic means), 0.05% of voting shares; the number of invalidated votes was 0 shares, 0.00% of voting shares; the total number of abstentions and shares present but not voting was 1,160,040 shares (including 922,515 votes cast by electronic means), approximately 1.75% of voting shares. This agenda item was hereby approved as proposed.

**III. Ad Hoc Motions:** None.

**IV. Adjournment:** 09:41 a.m., the Chairman adjourned the Meeting.

**(Pursuant to Article 183 of the Company Act, these Meeting minutes only record the key points of the Meeting and the results thereof and the opinions given by shareholders. Please refer to the video/audio recording of the Meeting for the full contents, including procedures and speeches given by shareholders.)**

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VII. Exhibits

Exhibit 1

Taiwan Liposome Company, Ltd.

Comparison Table for 2020 employee stock option grant and subscription plan

Article Number	Before Amendment	After Amendment	Explanation
Article 5	<p>1.Exercise price: The exercise price shall be the closing price of common share of the Company as of the issue date. The exercise price shall be the par value of one common share if the closing price is lower than the par value of the share as of the issue date.</p> <p>2. Exercise period:</p> <p>A.The term of the options is 5 years. Upon its expiration, any unexercised option shall be deemed waived, and the option holder will not be allowed to claim his/her option rights.</p> <p>B.The options shall not be transferred, pledged, given as gifts or otherwise disposed of. However, these restrictions shall not apply when an option holder passes away; in such case,the decedent’s legal heirs shall be entitled to inherit the options.</p> <p>C.The options shall become exercisable pursuant to the vesting schedule and the percentages set forth below from the date following the second anniversary of the option grant date.</p> <p>Vesting Schedule of Employee Stock Options    Accumulated Percentage of Vested OptionsThe date following the second anniversary of the grant date (i.e. from the third year)50%During the 24-month period starting from the date following the second anniversary of the grant dateThe accumulated percentage of vested options shall increase by 1/48 each monthThe date following the fourth anniversary of the grant date (i.e. from the fifth year)100 %</p> <p>(omitted)</p>	<p>1.Exercise price: The exercise price shall be the closing price of common share of the Company as of the issue date. The exercise price shall be the par value of one common share if the closing price is lower than the par value of the share as of the issue date.</p> <p>2.Exercise period:</p> <p>A.The term of the options is 5 years. Upon its expiration, any unexercised option shall be deemed waived, and the option holder will not be allowed to claim his/her option rights.</p> <p>B.The options shall not be transferred, pledged, given as gifts or otherwise disposed of. However, these restrictions shall not apply when an option holder passes away; in such case,the decedent’s legal heirs shall be entitled to inherit the options.</p> <p>C.The options shall become exercisable pursuant to the vesting schedule and the percentages set forth below from the date following the second anniversary of the option grant date.</p> <p>Vesting Schedule of Employee Stock OptionsAccumulated Percentage of Vested OptionsThe date following the second anniversary of the grant date (i.e. from the third year)50%During the 24-month period starting from the date following the second anniversary of the grant dateThe accumulated percentage of vested options shall increase by 1/48 each monthThe date following the fourth anniversary of the grant date (i.e. from the fifth year)100 %</p> <p><u>In the event of any merger, acquisition, share swap or other event that would result in a change of control of the Company (collectively, the “Change of Control Transaction”) before the expiration of the stock option, any granted but unvested stock options under the plan will become fully vested and are not subject to the aforementioned vesting schedule. The term for early exercise of stock option is subject to the approval of the Board of Directors.</u></p> <p>(omitted)</p>	<p>In order to meet the Company’s operational need.</p>

Taiwan Liposome Company, Ltd.  
Comparison Table for 2018 employee stock option grant and subscription plan

Article Number	Before Amendment	After Amendment	Explanation
Article 5	<p>1.Exercise price: The exercise price shall be the closing price of common share of the Company as of the issue date. The exercise price shall be the par value of one common share if the closing price is lower than the par value of the share as of the issue date.</p> <p>2. Exercise period:</p> <p>A.The term of the options is 5 years. Upon its expiration, any unexercised option shall be deemed waived, and the option holder will not be allowed to claim his/her option rights.</p> <p>B.The options shall not be transferred, pledged, given as gifts or otherwise disposed of. However, these restrictions shall not apply when an option holder passes away; in such case,the decedent's legal heirs shall be entitled to inherit the options.</p> <p>C.The options shall become exercisable pursuant to the vesting schedule and the percentages set forth below from the date following the second anniversary of the option grant date.</p> <p>Vesting Schedule of Employee Stock Options    Accumulated Percentage of Vested OptionsThe date following the second anniversary of the grant date (i.e. from the third year)50%During the 24-month period starting from the date following the second anniversary of the grant dateThe accumulated percentage of vested options shall increase by 1/48 each monthThe date following the fourth anniversary of the grant date (i.e. from the fifth year)100 %</p> <p>(omitted)</p>	<p>1.Exercise price: The exercise price shall be the closing price of common share of the Company as of the issue date. The exercise price shall be the par value of one common share if the closing price is lower than the par value of the share as of the issue date.</p> <p>2.Exercise period:</p> <p>A.The term of the options is 5 years. Upon its expiration, any unexercised option shall be deemed waived, and the option holder will not be allowed to claim his/her option rights.</p> <p>B.The options shall not be transferred, pledged, given as gifts or otherwise disposed of. However, these restrictions shall not apply when an option holder passes away; in such case,the decedent's legal heirs shall be entitled to inherit the options.</p> <p>C.The options shall become exercisable pursuant to the vesting schedule and the percentages set forth below from the date following the second anniversary of the option grant date.</p> <p>Vesting Schedule of Employee Stock OptionsAccumulated Percentage of Vested OptionsThe date following the second anniversary of the grant date (i.e. from the third year)50%During the 24-month period starting from the date following the second anniversary of the grant dateThe accumulated percentage of vested options shall increase by 1/48 each monthThe date following the fourth anniversary of the grant date (i.e. from the fifth year)100 %</p> <p><u>In the event of any merger, acquisition, share swap or other event that would result in a change of control of the Company (collectively, the "Change of Control Transaction") before the expiration of the stock option, any granted but unvested stock options under the plan will become fully vested and are not subject to the aforementioned vesting schedule. The term for early exercise of stock option is subject to the approval of the Board of Directors.</u></p> <p>(omitted)</p>	<p>In order to meet the Company's operational need.</p>



Taiwan Liposome Company, Ltd.  
The 11<sup>th</sup> Meeting of the 2nd Term Audit Committee  
Meeting Minutes (Extract)

Time: 11:00 AM, Monday, July 5, 2021

Venue: 2F, No.3, Yuanqu Street, Nangang District, Taipei

Members present (4): May Kang, Tom Chen, Beatrice Liu, Horng-Dar Lin

Others (10): Legal Counsel : Jacqueline Fu Esq.,

Independent experts : Ji-Sheng Qiu(Crowe (TW) CPAs) , Jason Wang(EY) , Jessica(EY) , Angela Wu(EY)

Company : George Yeh, YL Tseng, Peter Huang, Carina Chen, Ahan Hung

Chairperson of the meeting: May Kang      Minutes taken by: Carina Chen

1.Reporting Items (Omitted)

2.Discussion items

(1) Pending issues from the previous meeting: Nil.

(2) Agenda items to be discussed at this meeting

Item 1: To approve share swap with Woods Investment Company, Ltd. and application for termination of TPEX trading according to Business Mergers and Acquisitions Act.

Explanation:

1. In order to facilitate the long term development of the Company, to realize the shareholders' investment and the utilize the efficiency and scale of foreign public offering, so as to elevate operation efficacy, the company and Woods Investment Company, Ltd. ("Woods") intend to conduct share swap according Business Mergers and Acquisitions Act ("MAA") and the relevant Taiwan laws and regulations, Woods will issue series B special shares as consideration in exchange for 100% equity shares of the company according to (the "Share Swap").
  2. Woods Investment Company, Ltd., a company limited by shares organized under the laws of Taiwan. The responsible person of Woods is George Yeh, who is concurrently the President of the Company. The main business item of Woods is investment. The sources of funds to redeem series B special shares are equity capital and loan. The former is contributed by the issuance of series A special shares of Woods, and the latter is loan from TLC BioSciences Corp. TLC BioSciences Corp. borrows from Teal Seal Holding Corp., which will issue exchangeable note to PAG Growth Lynx Holding (BVI) Limited
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("PAG").

3. Pursuant to paragraph 3 of Article 5 of the MAA, in the event of a merger and acquisition transaction, where a director has conflict of interest in such transaction, the director shall explain to the board of directors and shareholders' meeting in respect of such conflict of interest and reasons for or against the transaction. For director's explanation for his or her conflict of interests with respect to the Share Swap:  
  
Tom Chen's second-degree kinship, Leemei Chen, will subscribe 2,520,000 series A-2 special shares of Woods. Therefore, Tom Chen, the independent director excused himself from the audit committee meeting and board meeting with respect to the Share Swap transaction.
  4. The share swap ratio for this Share Swap is 1 common share of the Company for 1 series B special share of Woods. The share swap ratio and consideration for the Share Swap is determined by reference to (1) recent stock market price of the Company's shares; (2) the Company's audited financing statement for the period ending December 31, 2021; and (3) opinion from independent experts, EY Transaction Advisory Corp and Crowe (TW) CPAs. Unless otherwise stipulated in the Share Swap Agreement or other agreement by both parties, neither the Company nor Woods is allowed to change or alter the aforementioned consideration and share swap ratio. In the event that any adjustment should be made pursuant to the Share Swap Agreement, then the consideration and share swap ratio will be adjusted by mutual consent of both parties pursuant to the relevant clauses in the Share Swap Agreement. There is no fractional share as a result of this Share Swap.
  5. Please refer to the Share Swap Agreement for the terms of Woods' series B special shares.
  6. For the implementation of the Share Swap, Woods proposes to issue 87,138,564 series B special shares to the shareholders registered on the shareholders roster of the Company as of the completion date of the Share Swap at an issue price of NT\$100 per share. The total amount of the issuance of series B special shares is approximately NT\$8,713,856,400. In the event that the actual number of series B special shares to be issued by Woods requires adjustment, then the actual number of series B special shares to be issued for the Share Swap on the completion date of the Share Swap shall govern.
  7. It is proposed to authorize the independent director, May Kang, to execute, deliver, and to perform the obligations under the Share Swap Agreement on behalf of the Company.
  8. Pursuant to the Share Swap Agreement, the tentative completion date for the Share Swap is October 8, 2021. However, if either party to the Share Swap Agreement fails to obtain
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the requisite approval from the competent authorities, complete the requisite reporting procedure and obtain requisite corporate approvals (including board of directors and/or shareholders' meeting approvals) or satisfy the closing conditions in the Share Swap Agreement, it is proposed to authorize the independent director, May Kang to change the completion date together with Woods and to make public announcement.

9. In the event that any shareholder of the Company or Woods exercises the appraisal right with respect to the Share Swap, the Company and Woods will repurchase the shares held by such dissenting shareholder pursuant to applicable laws and regulations.
10. Unless otherwise provided in the Share Swap Agreement, it is proposed to authorize the independent director, May Kang or her designee(s) may individually or jointly, for and on behalf of the Company, to take any action(s) with respect to the Share Swap, including but not limited to, filing and submitting application or report to the competent authorities, and handle such matters pursuant to the most updated laws and regulations and administrative guidelines.

Resolution: Independent Director, Tom Chen explained his interests in this agenda item and was excused from the discussion and resolution of this agenda item pursuant to Article 11 of the Company's Audit Committee Charter. The Committee, upon reviewing the fairness opinion by independent experts, considered that the issue price of NT\$100 per share falls within the range suggested by the independent experts and considered it reasonable. After reviewing the Share Swap Agreement, the Committee was of the opinion that the Share Swap Agreement is prepared pursuant to applicable laws and regulations and the terms and conditions provided therein are fair and reasonable. The Committee unanimously approved this agenda as proposed.

(Omitted)

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### Share Swap Agreement

This share swap agreement (the “**Agreement**”) is entered into by and between Woods Investment Company, Ltd., a company limited by shares incorporated pursuant to the laws of the Republic of China with the unified business number of 90829607 (“**Party A**”) and Taiwan Liposome Co., Ltd., a company limited by shares incorporated pursuant to the laws of the Republic of China with the unified business number of 16176150 (“**Party B**”, Party A and Party B are collectively referred to as the “**Parties**” and each, a “**Party**”) on July 5, 2021 (the “**Signing Date**”).

#### RECITALS

WHEREAS, Party B specializes in the research, development and commercialization of lipid-assembled drug delivery platforms, focusing on the development of special generic drugs and new drugs, and its shares are listed on TPEX (symbol: 4152). Party B’s American depository shares are listed on NASDAQ (symbol: TLC) and each American depository share represent 2 shares of Party B’s common shares.

WHEREAS, Party A is an investment company and does not hold any share in Party B.

WHEREAS, Party A intends to implement a 100% share swap with Party B pursuant to Article 29 of the M&A Act, the Company Act and other applicable laws and regulations, whereby Party A will acquire 100% of the issued and outstanding shares of Party B for consideration in the form of the Series B Special Shares to be issued by Party A (the “**Share Swap**”). After the completion of the Share Swap, Party A will own all issued and outstanding shares of Party B, and the TPEX trading status of Party B’s shares will terminate and Party B will cease to have public company status.

WHEREAS, the director of Party A has approved the execution, delivery and performance of this Agreement and the consummation of this Share Swap by Party A. The audit committee and board of directors of Party B have approved the execution, delivery and performance of this Agreement and the consummation of this Share Swap by Party B.

The Parties agree as follows:

#### **Section 1 Definitions and Interpretation**

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The following terms used in this Agreement have the meanings ascribed to them as follows:

“**Share Swap**” has the meaning ascribed to it in the recitals.

“**Agreement**” has the meaning ascribed to it in the introductory paragraph.

“**Consideration**” has the meaning ascribed to it in Section 3.1 of this Agreement.

“**Series B Special Shares**” has the meaning ascribed to it in Section 3.1 of this Agreement.

“**Party**” has the meaning ascribed to it in the introductory paragraph.

“**Completion Date**” has the meaning ascribed to it in Section 4 of this Agreement.

“**TPEX**” means the Taipei Exchange.

“**FSC**” means the Financial Supervisory Commission.

“**Party A**” has the meaning ascribed to it in the introductory paragraph.

“**M&A Act**” means the Business Mergers and Acquisitions Act of Taiwan.

“**Signing Date**” has the meaning ascribed to it in the introductory paragraph.

“**Intellectual Property**” means the intellectual property of the Group Companies, including but not limited to patents, trademarks, copyrights and/or trade secrets.

“**Swapped Shares**” has the meaning ascribed to it in Section 3.1 of this Agreement.

“**Parties**” has the meaning ascribed to it in the introductory paragraph.

“**Long Stop Date**” has the meaning ascribed to it in Section 14.1.2 of this Agreement.

“**Party B**” has the meaning ascribed to it in the introductory paragraph.

“**Dissenting Shares**” has the meaning ascribed to it in Section 9.1 of this Agreement.

“**Dissenting Shareholder**” has the meaning ascribed to it in Section 9.1 of this

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Agreement.

“**Business Day**” means a day which is not a holiday as promulgated by the Directorate General of Personnel Administration and is not a closed trading day promulgated by the TPEX.

“**Event of Default**” has the meaning ascribed to it in Section 13.1 of this Agreement.

## **Section 2 Share Capital before the Share Swap**

2.1 As of the Signing Date, the total share capital of Party A is NT\$1,000,000,000 with no par value, and the issued and outstanding shares of Party A are 2,000 common shares and 3,000,000 series A-1 special shares. Party A does not have any treasury shares or any other securities that are convertible into or exchangeable for Party A's equity. For the payment of Consideration, Party A will conduct a cash capital increase prior to the Completion Date by issuing 9,800,000 series A-1 special shares, 2,520,000 series A-2 special shares and 350,000 series A-3 special shares and the issued and outstanding share capital of Party A will consist of 2,000 common shares, 12,800,000 series A-1 special shares, 2,520,000 series A-2 special shares and 350,000 series A-3 special shares.

2.2 As of the Signing Date, the authorized share capital of Party B is NT\$2,000,000,000, divided into 200,000,000 common shares with par value of NT\$10 each, and the paid-in capital of Party B is NT\$841,549,340 divided into 84,154,934 common shares with par value of NT\$10 each, of which 7,831,100 shares are issued in the form of 3,915,550 units of depository shares (listed on NASDAQ with a symbol of TLC; each depository share represents 2 common shares, the “**ADSs**”). Other than the reservation of 2,991,630 common shares for employee stock options (the “**ESOP**”), Party A does not have treasury shares or any other securities that are convertible into or exchangeable for Party B's equity.

2.3 Party B will amend its ESOP so that the stock options representing 2,983,630 common shares can be accelerated and exercisable prior to the commencement of the book closure period for this Share Swap. For the avoidance of doubt, the Consideration to be paid by Party A pursuant to Section 3.1 of hereof shall include the ESOP exercised by the employees.

## **Section 3 Method for Share Swap**

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3.1 The Parties agree that, subject to Article 29 of the M&A Act and the terms and conditions of this Agreement, 1 common share of Party B will be swapped for 1 Series B Special Share of Party B (the “**Consideration**”). The number of Party B’s shares to be acquired by Party A shall be the difference of (x) the number of actual issued and outstanding shares (including the number of shares pursuant to exercise of ESOP per Section 2.3) of Party B as of the Completion Date (as defined in Section 4 of this Agreement) minus (y) the number of Dissenting Shares (as defined in Section 9.1) (the “**Swapped Shares**”).

The Series B Special Shares to be issued for the purpose of this Share Swap will have no par value and the issue price is NT\$100 per share (the “**Series B Special Shares**”). The terms of the Series B Special Shares is attached hereto as **Appendix 1**. Party A’s articles of incorporation as of the Signing Date is attached hereto as **Appendix 2**.

3.2 Subject to the satisfaction or waiver of all Completion Conditions set forth in Section 5 of this Agreement:

3.2.1 Each shareholder of Party B shall, on the Completion Date, transfer all Swapped Shares to Party A;

3.2.2 Party A shall issue the number of Series B Special Shares calculated based on the Consideration on the Completion Date to each shareholder of Party B, and Party B shall provide any necessary assistance to Party A with respect to the foregoing;

3.2.3 No fractional share will be issued;

3.2.4 Unless otherwise provided in applicable laws and regulations, the Dissenting Shares (as defined in Section 9.1) deposited by the Dissenting Shareholder (as defined in Section 9.1) shall be cancelled pursuant to the applicable laws and regulations; and

3.2.5 All directors of Party B shall render their resignations on the Completion Date, and representative(s) appointed by Party B shall be the directors of Party B.

3.3 Upon the approval of this Share Swap by the shareholders’ meeting, Party B will apply for the delisting of its securities from TPEX and cessation of its public company status, and amend its articles of incorporation to the necessary extent (proposed amendments are attached hereto as **Appendix 3**).

3.4 On the Completion Date, Party A shall issue and deliver the Consideration to the shareholders of Party B and shall provide its shareholders’ roster evidencing that shareholders of Party B have obtained the Consideration and become shareholders of Party A.

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3.5 Party A and Party B agree that the triparty paying agent agreement and the relevant documents shall be entered into by and among Party A, Party B and the paying agent at least 20 days prior to the Completion Date. The designation of the paying agent is subject to the Parties' mutual consent. Party A shall, at least 3 Business Days prior to the termination of TPEx-trading, deposit an amount sufficient for the payment of consideration for the cancellation of Series B Special Shares that have not been converted into common shares upon maturity to the escrow account opened with the paying agent. If the amount deposited is insufficient for the payment of consideration for redemption of Series B Special Shares based on the number of Series B Special Shares to be converted into common shares, Party B shall, upon the request of the shareholder service provider, immediately provide sufficient funds into the aforementioned escrow account.

#### **Section 4 Completion Date**

Subject to the satisfaction or waiver of all completion conditions set forth in Section 5 of this Agreement, the tentative completion date (the "**Completion Date**") for this Share Swap is October 8, 2021. In the event that any adjustment to the Completion Date is required based on the actual needs, such adjustment shall be mutually agreed to by the board of directors or its designated person(s) of both Parties, provided, however, the adjusted Completion Date shall be within 10 Business Days after the satisfaction or waiver of all completion conditions.

#### **Section 5 Completion Conditions for the Share Swap**

5.1 Party A's obligations as of the Completion Date pursuant to Section 3.2 of this Agreement are subject to the satisfaction or waiver of all conditions set forth in **Exhibit 1** attached hereto on or prior to the Completion Date, provided, however, that to the extent permitted by applicable laws, Party A may waive all or part of the conditions in writing.

5.2 Party B's obligations as of the Completion Date pursuant to Section 3.2 of this Agreement are subject to the satisfaction or waiver of all conditions set forth in **Exhibit 2** attached hereto on or prior to the Completion Date, provided, however, that to the extent permitted by applicable laws, Party B may waive all or part of the conditions in writing.

#### **Section 6 Representations and Warranties of Party A**

Party A represents and warrants to Party B that, unless otherwise provided in this Agreement, the representations and warranties set out in **Exhibit 3** are true and correct in all material aspects as of the Signing Date and the Completion Date. Each of Party

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A's representations and warranties is a separate representation and warranty. Unless otherwise provided in this Agreement, no restriction shall be imposed by reference to other representations and warranties or provisions in this Agreement.

#### **Section 7 Representations and Warranties of Party B**

Party B represents and warrants to Party A that, unless otherwise provided in this Agreement, the representations and warranties set out in **Exhibit 4** are true and correct in all material aspects as of the Signing Date and the Completion Date. Each of Party B's representations and warranties is a separate representation and warranty. Unless otherwise provided in this Agreement, no restriction shall be imposed by reference to other representations and warranties or provisions in this Agreement.

#### **Section 8 Covenants**

8.1 Party A agrees that, prior to the Completion Date:

8.1.1 It shall notify Part B when it acknowledges any breach of representation, warranty or covenant under this Agreement or any event that would result in the representations and warranties set out in Section 6 being untruthful or incorrect.

8.1.2 Party A shall use its best efforts to satisfy the completion conditions set forth in Section 5.2 of this Agreement, or procure the satisfaction of such completion conditions, including but not limited to complying with all statutory procedures and filing required reports or applications with the competent authorities, and cooperate with Party B to handle any request that could affect the consummation of this Agreement or this Share Swap, including but not limited to providing explanations, documents and materials pursuant to requests from competent authorities.

8.1.3 Party A shall not take or fail to take any action that could reasonably result in the non-satisfaction of completion conditions set forth in Section 5.2 or the untruthfulness or incorrectness of the representations and warranties set forth in Section 6.

8.1.4 Party B agrees that it shall take or not to take the actions set out in **Exhibit 5** attached hereto prior to the Completion Date.

8.1.5 Party B agrees that it shall terminate the listing of ADSs on or prior to the Completion Date.

#### **Section 9 Dissenting Shareholders**

9.1 Party B shall handle the acquisition of Dissenting Shares pursuant to the M&A Act and the Company Act if any of Party B's shareholders has (1) expressed his/her objection, in writing or verbally with a record before or during the shareholders' meeting approving the Share Swap, (2) waived his/her voting rights, (3) deposited

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his/her shares, and (4) made a request in writing to Party B asking to acquire the shares of Party B (the “*Dissenting Shares*”) held by the dissenting shareholder of Party B (the “*Dissenting Shareholder*”).

9.2 After the shareholders’ meeting of Party B, and subject to applicable laws and regulations, Party B shall immediately notify Party A with respect to the purchase price asked by the Dissenting Shareholder and any withdrawal of such request.

9.3 Party B shall not, prior to the Completion Date (as defined in Section 4 of this Agreement) pay or agree to pay the repurchase price proposed by the Dissenting Shareholder unless: (i) the per share repurchase price is no higher than the per share consideration; (ii) a final and binding decision with respect to the per share repurchase price has been rendered by court pursuant to applicable laws and regulations; or (iii) agreed to in writing by Party A in advance.

9.4 The Share Swap shall be consummated pursuant to the terms of this Agreement prior to or on the Completion Date, regardless of whether any of the following events has taken place: (i) an agreement with respect to the repurchase of Dissenting Shares has been entered into by and between Party B and the Dissenting Shareholder; (ii) Party B and the Dissenting Shareholder are conducting actions in relation to repurchase of the Dissenting Shares (including submitting a motion to the court regarding the fairness of the price); and (iii) payment of the repurchase price by Party B is pending.

#### **Section 10 Employment Matters**

The retention of employees of Party B and the rights and interests of the employees will be handled pursuant to the M&A Act, the Labor Standards Act and other applicable employment laws and regulations.

#### **Section 11 Change in the Entity Participating in the Share Swap**

After the announcement with respect to this Share Swap has been made, if any other entity is included as part of this Share Swap, then all procedures or actions that have been taken pursuant to this Agreement shall be re-done by all participating companies and the participants shall enter into another share swap agreement with respect to the matters relevant to the share swap.

#### **Section 12 Confidentiality**

12.1 No public announcement in connection with the execution, existence and subject matter of this Agreement or performance of this Agreement shall be made or issued without the approval of the Parties. The Parties may agree upon the method of announcement (including by press release, press conference or other methods) and the content to be announced. If either Party is compelled to disclose the aforementioned

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information pursuant to laws or judicial procedures, such Party may disclose the information directly in the event that (i) the other Party cannot provide timely consent upon receiving the Party's notification; or (ii) the other Party refuses to agree to the disclosure without just cause.

12.2 Prior to the announcement made pursuant to Section 12.1, both Parties shall keep the execution, existence and contents and information relating to the performance of this Agreement confidential and shall not disclose the above to any third party, provided, however, that the relevant information can be disclosed to either Party's directors, supervisors, management team, employees (on a need-to-know basis), attorneys, accountants, financial advisors and competent authorities for the purpose of performing this Agreement. The disclosing Party shall procure the aforementioned persons' agreement to observe the confidentiality requirements.

### **Section 13 Event of Default**

13.1 Unless otherwise provided in this Agreement, if either party violates or is not performing its obligations, covenants, representations and warranties under this Agreement, the non-breaching Party may request in writing that the breaching Party rectify such breach in a reasonable period. In the event that the breaching Party fails to rectify the default within the period prescribed in the aforementioned notice, it will constitute a default under this Agreement (the "**Event of Default**").

13.2 Unless otherwise provided in this Agreement, in any Event of Default, the non-breaching Party may exercise or request rights, remedies, damages, cancellation or termination pursuant to the applicable laws. The breaching Party shall also be liable to the non-breaching Party for any necessary costs and fees in relation to or in connection with the preparation of this Agreement and the consummation of the Share Swap.

### **Section 14 Termination**

14.1 Prior to the completion of the Share Swap, this Agreement can be terminated for any of the following events:

14.1.1 breach of any representations, warranties or covenants by either Party, where such breach would: (i) result in any non-satisfaction of the conditions set out in Section 6 of this Agreement; (ii) the breaching Party fails to rectify an Event of Default within 30 business days after receiving the written notification from the non-breaching Party; and (iii) the non-breaching Party notifies the breaching Party about the termination of this Agreement in writing;

14.1.2 by either Party if the completion of the Share Swap shall not have occurred on or before March 31, 2022 (the "**Long Stop Date**"), provided, however, that the Long Stop Date may be extended by approval of the boards of directors of both Parties in writing.

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14.2 Unless otherwise agreed by both Parties in writing, in the event of the termination of this Agreement, this Agreement will be of no further force or effect, provided, however, that (a) Sections 12, 13.2, 14.2 and 15 of this Agreement will survive the termination of this Agreement and will remain in full force and effect, and (b) the termination of this Agreement will not relieve any party from any liability for the obligations and rights pursuant to this Agreement. Unless otherwise permitted by applicable laws and regulations, each Party shall return the files, materials, documents, trade secret and other tangible information obtained pursuant to this Agreement to the other Party upon written request, provided, however, that the Party can keep the relevant documents and information in electronic form, paper or other legally permitted form, to the necessary extent for the purpose of compliance with legal requirements and internal audit and internal control policies.

#### **Section 15 Miscellaneous**

15.1 This Agreement shall be governed by and construed in accordance with the laws of the Republic of China. Any dispute arising out of or in connection with this Agreement shall be firstly resolved via negotiation by both Parties in good faith. In the event that both Parties cannot reach an amicable solution within 30 days after the commencement of the good-faith negotiation, the Parties agree that Taiwan Shilin District Court shall be the exclusive court of first instance.

15.2 Any representation, warranty, covenant and agreement made by both Parties under this Agreement shall still be in force after the completion of the Share Swap. Any liabilities arising out of any representation, warranty, covenant or agreement under this Agreement shall not be affected by the termination or cancellation of this Agreement.

15.3 Neither Party shall, without the prior written consent of the other Party, assign any right or obligation under this Agreement to any third party.

15.4 Unless otherwise agreed by both Parties, this Agreement supersedes any prior written or oral agreement with respect to the Share Swap. Unless otherwise approved by the boards of directors of both Parties, and agreed to by both Parties in writing, this Agreement shall not be amended or modified. In the event that any amendment or modification to this Agreement is subject to the approval of the shareholders' meetings of both Parties pursuant to applicable laws and regulations, such amendment or modification shall be approved by the shareholders' meetings of both Parties and agreed

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to in writing by both Parties.

15.5 If any provision of this Agreement becomes void because of a violation of law, the relevant portion of such provision or such provision in its entirety shall be severed from the Agreement. The balance of this Agreement shall be enforceable in accordance with its terms. If any provision is required to be amended pursuant to an order from competent authorities, changes of laws or factual needs, the Parties may proceed with such amendment or amend this Agreement with the consent of the boards of directors of both Parties or their designees, without having the need to obtain shareholders' approval.

15.6 The titles used in this Agreement are for convenience and reference only and are not to be considered in interpreting this Agreement.

15.7 In the event that either Party cannot perform or delays in performing its obligations under this Agreement due to the order or decision of a court, competent authorities or other force majeure event, such Party shall not be liable to the other Party. However, the affected Party shall notify the other Party of the occurrence of any force majeure event within 5 days after its acknowledgement, and shall perform its obligations under this Agreement as soon as possible after the cessation of the force majeure event.

15.8 Unless otherwise provided in this Agreement, each Party shall bear its own taxes and fees, including but not limited to fees payable to attorneys, accountants or other advisors, in relation to the negotiation, execution or performance of this Agreement. Each Party shall bear its own taxes payable pursuant to applicable laws.

15.9 This Agreement shall be executed in two original counterparts, and each Party shall keep one original counterpart.

**[Signature Page Follows]**

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The Parties are signing this Agreement as of the date stated in the introductory clause.

Party A: Woods Investment Company, Ltd.

Party B: Taiwan Liposome Co., Ltd.

/s/ George Yeh \_\_\_\_\_

Representative: George Yeh

Title: Chairman

/s/ May Kang \_\_\_\_\_

Representative: May Kang

Title: Independent Director

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**Appendix 1**

**Terms of Party A's Series B Special Shares**

1. The Series B Special Shares shall mature upon the expiration of one month after their issuance. Unless otherwise purchased and cancelled by the Company, or converted into common shares of the Company, the Series B Special Shares shall be redeemed by the Company at the issue price without having to obtain consent from the holders of the Series B Special Shares.
  2. The holders of Series B Special Shares are not eligible for stock interest, but are eligible for distributions of cash out of earnings and the capital reserve. In the event that the Company distributes bonuses in the form of new shares to holders of common shares, the holders of Series B Special Share are eligible for such distribution at a ratio equal to holders of series A-1 special shares, series A-2 special shares, series A-3 special shares and common shares.
  3. The holders of Series B Special Shares do not have voting and election rights, nor can they be elected as directors or supervisors.
  4. Within the period starting from the issue date of the Series B Special Shares through 10 days prior to the maturity date (the “**Conversion Period**”), a holder of Series B Special Shares may notify the Company to request that the Company convert all or part of the Series B Special Shares held by such holder to common shares at the conversion ratio of 1:1, subject to the conditions set forth below:
    - (i) The holder of Series B Special Shares has executed the application for conversion prepared by the Company;
    - (ii) The holder of Series B Special Shares has agreed to cooperate with the Company in its Restructuring Plan, and participate and perform a transaction or series of transactions to complete the Company's restructuring plan, including but not limited to, execution of documents (for example, the restructuring agreement and power of attorney or other ancillary documents) in relation to the restructuring and submission of filing for governmental approval; and
    - (iii) The holder of Series B Special Shares has obtained all requisite governmental approvals with respect to holding shares in the Company, including but not limited to the approval from the Taiwan Investment Commission.
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“Restructuring Plan” means a transaction or series of transactions to be implemented by the Company, and pursuant to which the Company will become a subsidiary of TLC BioSciences Corp., a Cayman Islands company. Upon the completion of the Restructuring Plan, the Company will become a subsidiary of TLC BioSciences Corp., and shareholders who participated in the Restructuring Plan will indirectly hold shares in TLC BioSciences Corp. via an offshore holding structure.

In the event that a holder of Series B Special Shares fails to provide the documents set out in Section 4 within the period starting from the application for conversion through the expiration of Conversion Period, the Company may refuse such request and redeem all Series B Special Shares held by such holder on the maturity date. No consent is required from the holder of Series B Special Shares for the redemption of shares described in this provision.

5. After the holders of Series B Special Shares submit an application for conversion, the board of directors shall determine the record date of the conversion. The common shares issued as a result of the conversion of Series B Special Shares shall be the same as the Company’s issued and outstanding common shares.
  6. In the event of issuance of new shares for cash by the Company, the holders of Series B Special Shares shall have the same preemptive right as the holders of common shares over such new shares.
  7. In the event of any dissolution or liquidation of the Company, the holders of Series B Special Shares will be junior to the creditors of the Company, holders of series A-1 special shares, holders of series A-2 special shares and holders of series A-3 special shares. For the distribution of the remaining assets of the Company, an amount equal to the issue price of series A-1 special shares shall be distributed to the holders of series A-1 special shares in cash. After the payment of the aforementioned preferential amount, the remaining assets shall be distributed to the holders of series A-2 special shares for an amount equal to the issue price of series A-2 special shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of series A-3 special shares for an amount equal to the issue price of series A-3 special shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of Series B Special Shares for an amount equal to the issue price of Series B
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Special Shares in cash. In the event that any assets remain after the distribution of the aforementioned preferential amounts, the remaining assets should be distributed pro rata based on the number of shares held by each shareholder.

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Appendix 2

Articles of Incorporation of Party A

**Wood Investment Company, Ltd. Articles of Incorporation**

**Chapter I General Provisions**

- Article 1: The Company shall be named Wood Investment Company Ltd. (the "Company") and incorporated as a company limited by shares in accordance with the Company Act.
- Article 2: The Company shall engage in the businesses below:  
1. H201010 Investment
- Article 3: The Company's head office shall be located in the city of Taipei.
- Article 4: Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.
- Article 5: The Company may provide guarantees for others for operational needs.

**Chapter II Shares**

- Article 6: The Company shall issue shares with no par value, and the capital shall be divided into 1,000,000,000 shares which may be issued in installments as it deems necessary and a part of them shall be special shares.
- Article 6-1: The Company may issue series A-1 special Shares with the rights and privileges stated below (the "Series A-1 Special Shares"):
1. The holders of Series A-1 Special Shares are not eligible for stock interest, but are eligible for distributions of cash out of earnings and the capital reserve. In the event that the Company distributes bonuses in the form of new shares to holders of common shares, the holders of Series A-1 Special Share are eligible for such distribution at a ratio equal to holders of Series A-2 Special Shares, Series A-3 Special Shares, Series B Special Shares and common shares.
  2. The holders of Series A-1 Special Shares have voting and election rights, and can be elected as directors or supervisors. Each Series A-1 Special Share has one vote.
  3. Upon the maturity date of the Series B Special Shares, the Company may redeem all or part of Series A-1 Special Shares at a price equal to the issue price of Series A-1 Special Shares after considering the amount for the redemption price of Series B Special Shares, without having to obtain consent from the holders of the Series A-1 Special Shares.
  4. The holders of Series A-1 Special Shares do not have the right to request for converting the Series A-1 Special Shares into common shares or to request redemption by the Company.
  5. The holders of Series A-1 Special Shares have the same preemptive right over the Company's issuance of new shares for cash as the holders of common shares.
  6. In the event of any dissolution or liquidation of the Company, the holders of Series A-1 Special Shares will be junior to the creditors. For the distribution of the remaining assets of the Company, an amount equal to the issue price of series A-1 special shares shall be distributed to the holders of series A-1 special shares in cash. After the payment of the aforementioned preferential amount, the remaining assets shall be distributed to the holders of series A-2 special shares for an amount equal to the issue price of series A-2 special shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of series A-3 special shares for an amount equal to the issue price of series A-3 special shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of Series B Special Shares for an amount equal to the issue price of Series B Special Shares in cash. In the event that any assets remain after the distribution of the aforementioned preferential amounts, the remaining assets should be distributed pro rata based on the number of shares held by each shareholder.
  7. The Series A-1 Special Shares are not transferrable or assignable.
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Article 6-2:

The Company may issue series A-2 special Shares with the rights and privileges stated below (the "Series A-2 Special Shares"):

1. The holders of Series A-2 Special Shares are not eligible for stock interest, but are eligible for distributions of cash out of earnings and the capital reserve. In the event that the Company distributes bonuses in the form of new shares to holders of common shares, the holders of Series A-2 Special Share are eligible for such distribution at a ratio equal to holders of Series A-1 Special Shares, Series A-3 Special Shares, Series B Special Shares and common shares.
  2. The holders of Series A-2 Special Shares have voting and election rights, and can be elected as directors or supervisors. Each Series A-2 Special Share has one vote.
  3. Upon the maturity date of the Series B Special Shares, the Company may redeem all or part of Series A-2 Special Shares at a price equal to the issue price of Series A-2 Special Shares after considering the amount for the redemption price of Series B Special Shares, without having to obtain consent from the holders of the Series A-2 Special Shares.
  4. The holders of Series A-2 Special Shares do not have the right to request for converting the Series A-2 Special Shares into common shares or to request redemption by the Company.
  5. The holders of Series A-2 Special Shares have the same preemptive right over the Company's issuance of new shares for cash as the holders of common shares.
  6. In the event of any dissolution or liquidation of the Company, the holders of Series A-2 Special Shares will be junior to the creditors of the Company and the holders of Series A-1 Special shares. For the distribution of the remaining assets of the Company, an amount equal to the issue price of Series A-1 Special Shares shall be distributed to the holders of Series A-1 Special Shares in cash. After the payment of the aforementioned preferential amount, the remaining assets shall be distributed to the holders of Series A-2 Special Shares for an amount equal to the issue price of Series A-2 Special Shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of Series A-3 Special Shares for an amount equal to the issue price of Series A-3 Special Shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of Series B Special Shares for an amount equal to the issue price of Series B Special Shares in cash. In the event that any assets remain after the distribution of the aforementioned preferential amounts, the remaining assets should be distributed pro rata based on the number of shares held by each shareholder.
  7. The Series A-2 Special Shares are not transferrable or assignable.
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Article 6-3:

The Company may issue series A-3 special Shares with the rights and privileges stated below (the "Series A-3 Special Shares"):

1. The holders of Series A-3 Special Shares are not eligible for stock interest, but are eligible for distributions of cash out of earnings and the capital reserve. In the event that the Company distributes bonuses in the form of new shares to holders of common shares, the holders of Series A-3 Special Shares are eligible for such distribution at a ratio equal to holders of Series A-1 Special Shares, Series A-2 Special Shares, Series B Special Shares and common shares.
  2. The holders of Series A-3 Special Shares have voting and election rights, and can be elected as directors or supervisors. Each Series A-3 Special Share has one vote.
  3. Upon the maturity date of the Series B Special Shares, the Company may redeem all or part of Series A-3 Special Shares at a price equal to the issue price of Series A-3 Special Shares after considering the amount for the redemption price of Series B Special Shares, without having to obtain consent from the holders of the Series A-3 Special Shares.
  4. The holders of Series A-3 Special Shares do not have the right to request for converting the Series A-3 Special Shares into common shares or to request redemption by the Company.
  5. The holders of Series A-3 Special Shares have the same preemptive right over the Company's issuance of new shares for cash as the holders of common shares.
  6. In the event of any dissolution or liquidation of the Company, the holders of Series A-3 Special Shares will be junior to the creditors of the Company, holders of Series A-1 Special Shares and the holders of Series A-2 Special Shares. For the distribution of the remaining assets of the Company, an amount equal to the issue price of Series A-1 Special Shares shall be distributed to the holders of Series A-1 Special Shares in cash. After the payment of the aforementioned preferential amount, the remaining assets shall be distributed to the holders of Series A-2 Special Shares for an amount equal to the issue price of Series A-2 Special Shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of Series A-3 Special Shares for an amount equal to the issue price of Series A-3 Special Shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of Series B Special Shares for an amount equal to the issue price of Series B Special Shares in cash. In the event that any assets remain after the distribution of the aforementioned preferential amounts, the remaining assets should be distributed pro rata based on the number of shares held by each shareholder.
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The Company may issue series B special Shares with the rights and privileges stated below (the “Series B Special Shares”):

1. The Series B Special Shares shall mature upon the expiration of one month after their issuance. Unless otherwise purchased and cancelled by the Company, or converted into common shares of the Company, the Series B Special Shares shall be redeemed by the Company at the issue price without having to obtain consent from the holders of the Series B Special Shares.
2. The holders of Series B Special Shares are not eligible for stock interest, but are eligible for distributions of cash out of earnings and the capital reserve. In the event that the Company distributes bonuses in the form of new shares to holders of common shares, the holders of Series B Special Share are eligible for such distribution at a ratio equal to holders of series A-1 special shares, series A-2 special shares, series A-3 special shares and common shares.
3. The holders of Series B Special Shares do not have voting and election rights, nor can they be elected as directors or supervisors.
4. Within the period starting from the issue date of the Series B Special Shares through 10 days prior to the maturity date (the “**Conversion Period**”), a holder of Series B Special Shares may notify the Company to request that the Company convert all or part of the Series B Special Shares held by such holder to common shares at the conversion ratio of 1:1, subject to the conditions set forth below:
  - (1) The holder of Series B Special Shares has executed the application for conversion prepared by the Company;
  - (2) The holder of Series B Special Shares has agreed to cooperate with the Company in its Restructuring Plan, and participate and perform a transaction or series of transactions to complete the Company’s restructuring plan, including but not limited to, execution of documents (for example, the restructuring agreement and power of attorney or other ancillary documents) in relation to the restructuring and submission of filing for governmental approval; and
  - (3) The holder of Series B Special Shares has obtained all requisite governmental approvals with respect to holding shares in the Company, including but not limited to the approval from the Taiwan Investment Commission.

“Restructuring Plan” means a transaction or series of transactions to be implemented by the Company, and pursuant to which the Company will become a subsidiary of TLC BioSciences Corp., a Cayman Islands company. Upon the completion of the Restructuring Plan, the Company will become a subsidiary of TLC BioSciences Corp., and shareholders who participated in the Restructuring Plan will indirectly hold shares in TLC BioSciences Corp. via an offshore holding structure.

In the event that a holder of Series B Special Shares fails to provide the documents set out in Section 4 within the period starting from the application for conversion through the expiration of Conversion Period, the Company may refuse such request and redeem all Series B Special Shares held by such holder on the maturity date. No consent is required from the holder of Series B Special Shares for the redemption of shares described in this provision.

5. After the holders of Series B Special Shares submit an application for conversion, the board of directors shall determine the record date of the conversion. The common shares issued as a result of the conversion of Series B Special Shares shall be the same as the Company’s issued and outstanding common shares.
  6. In the event of issuance of new shares for cash by the Company, the holders of Series B Special Shares shall have the same preemptive right as the holders of common shares over such new shares.
  7. In the event of any dissolution or liquidation of the Company, the holders of Series B Special Shares will be junior to the creditors of the Company, holders of series A-1 special shares, holders of series A-2 special shares and holders of series A-3 special shares. For the distribution of the remaining assets of the Company, an amount equal to the issue price of series A-1 special shares shall be distributed to the holders of series A-1 special shares in cash. After the payment of the aforementioned preferential amount, the remaining assets shall be distributed to the holders of series A-2 special shares for an amount equal to the issue price of series A-2 special shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of series A-3 special shares for an amount equal to the issue price of series A-3 special shares in cash. After the payment of the aforementioned preferential amounts, the remaining assets shall be distributed to the holders of Series B Special Shares for an amount equal to the issue price of Series B Special Shares in cash. In the event that any assets remain after the distribution of the aforementioned preferential amounts, the remaining assets should be distributed pro rata based on the number of shares held by each shareholder.
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- Article 7: No transfer of shares of the Company may be recorded in the shareholders' register within 30 days prior to a regular shareholders' meeting; within 15 days prior to an extraordinary shareholders' meeting; or within 5 days prior to the record date of the distribution of dividends, bonuses, or other benefits, as decided by the Company.
- Article 8: The subjects of the transfer of treasury shares bought back by the Company in accordance with the Company Act include the employees of a company that controls the Company or that is controlled by the Company who meet certain conditions.  
The subjects of the distribution of employee stock options issued by the Company include the employees of a company that controls the Company or that is controlled by the Company who meet certain conditions.  
The subjects of the issuance of new shares by the Company include the employees of a company that controls the Company or that is controlled by the Company who meet certain conditions.  
The subjects of the issuance of new shares with restricted rights for employees by the Company include the employees of a company that controls the Company or that is controlled by the Company who meet certain conditions.

### **Chapter III Shareholders' Meetings**

- Article 9: The Company shall have annual and extraordinary shareholders' meetings. Annual shareholders' meetings shall be called at least once in a year by the Board of Directors within six months after the close of each fiscal year in accordance with the applicable laws. Extraordinary meetings may be called as necessary in accordance with the applicable laws.
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- Article 10: The Company may hold its shareholders' meeting by means of visual communication networks or other methods promulgated by the central competent authority.
- Article 11: Unless otherwise stipulated in laws and regulations or the Articles of Incorporation, each shareholder of the Company shall be entitled to one vote for each share held by such shareholder. There is no voting right for shares held by the Company in accordance with the laws.
- Article 12: Unless otherwise required by the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shares represented by shareholders present at a shareholders meeting which is attended by shareholders representing a majority of the total number of shares of the Company that are issued and outstanding.
- Article 13: Should the Company be organized by a single government shareholder or a single juristic person shareholder, the functional duties and the powers of the shareholders' meeting shall be exercised by the board of directors, and thus provisions related to shareholders' meetings are not applicable in this circumstance.

#### **Chapter IV Directors and Supervisor**

- Article 14: The Company does not have a board of directors.
- Article 15: The Company shall have 1 director and 1 supervisor, each of whom has a three-year term of office. They shall be elected at the shareholders' meeting from among candidates who have legal capacity and may be eligible for re-election. The director thus elected shall be the chairman. The functional duties and the powers of the board of directors shall be exercised by such director and thus provisions regarding the board of directors under the Company Act shall not be applicable herein.
- Article 16: The Board of Directors [The chairman/director?] is authorized to determine the remuneration to directors and supervisors based on industry standards.

#### **Chapter V Manager**

- Article 17: The Company may have several managers, and their appointment, dismissal, and remuneration shall be handled in compliance with Article 29 of the Company Act.
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## **Chapter VI Accounting**

- Article 18: Reports on operations, financial statements, and proposals for the distribution of profits for the covering of losses shall be submitted to the annual shareholders' meeting for approval at the end of the fiscal year.
- Article 19: If the Company has profits at the end of the year, zero point one percent of the profit (0.1%) shall be distributed to the employees. However, in the event that the Company still has accumulated losses, an amount shall be reserved to make up accumulated losses before distribution may be made.
- Article 20: The employees of a company that controls the Company or that is controlled by the Company shall be entitled to receive the distribution of profits when certain conditions are met.
- Article 21: If the Company's concluded financial report shows profits, they shall be distributed in the order of paying taxes and levies, making up any prior year's losses, and setting aside ten percent (10%) as the statutory surplus reserve, unless the accumulated surplus reserve is equal to or greater than the paid-in capital of the Company. If there is still any profit remaining after the foregoing distributions, the shareholders' meeting shall make a resolution regarding the distribution of the dividends from the remainder of the profit.

## **Chapter VII Supplementary Provisions**

- Article 22: The Company Act shall be referred to for matters not covered in these Articles of Incorporation.
- Article 23: The Articles of Incorporation were first made and executed on March 11, 2021.  
The first amendment to the Articles of Incorporation was made on July 2, 2021.
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**Appendix 3**

**Comparison Table for Party B's Amendments to the Articles of Incorporation**

Article No.	After Amendment	Before Amendment	Explanation
Article 5	The Company may invest in other business for its business needs, and it is not subject to the restriction stipulated in Article 13 of the Company Act that the total amount of its reinvestment shall not exceed forty (40) percent of the amount of its paid-in capital.	The Company may invest in other business for its business needs, and it is not subject to the restriction stipulated in Article 13 of the Company Act that the total amount of its reinvestment shall not exceed forty (40) percent of the amount of its paid-in capital <u>and shall be handled in accordance with the "Procedures for Acquisition or Disposal of Assets".</u>	Proposed amendments to this provision to meet the needs of business operations.
Article 6	The Company may provide endorsements and guarantees for others.	The Company may provide endorsements and guarantees for others, <u>subject to the "Procedures Regarding the Making of Endorsements/Guarantees" of the Company.</u>	Proposed amendments to this provision to meet the needs of business operations.
Article 9	Other matters relating to stocks shall be dealt in accordance with the "Guidelines for Handling of Stock Affairs by Public Companies" promulgated by the competent authority <u>during the period when the Company is a public company.</u>	Other matters relating to stocks shall be dealt in accordance with the "Guidelines for Handling of Stock Affairs by Public Companies" promulgated by the competent authority.	Proposed amendments to this provision to meet the needs of business operations.
Article 10	<u>The registration of</u> transfers of shares of the Company shall be handled in accordance with the Company Act.	No transfer of shares of the Company <u>may be recorded in the shareholders' register within 60 days before a regular shareholders' meeting; within 30 days before an extraordinary shareholders' meeting; or within 5 days before the record date of the distribution of dividends, bonuses, or other benefits, as decided by the Company.</u>	Proposed amendments to this provision to meet the needs of business operations.

Article No.	After Amendment	Before Amendment	Explanation
Article 13	When a shareholder is unable to attend a shareholders' meeting, such shareholder may appoint a proxy agent to attend the meeting by signing or affixing such shareholder's chop to a proxy form printed by the Company, and such shareholder shall state the scope of authorization covered by the proxy. <u>The handling of matters in relation to shareholder proxies is subject to the Company Act and other applicable laws and regulations.</u>	When a shareholder is unable to attend a shareholders' meeting, such shareholder may appoint a proxy agent to attend the meeting by signing or affixing such shareholder's chop to a proxy form printed by the Company, and such shareholder shall state the scope of authorization covered by the proxy. <u>Subject to Article 177 of the Company Act, other matters in relation to shareholder proxies shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.</u>	Proposed amendments to this provision to meet the needs of business operations.
Article 16	The Company shall have 5 to 11 directors, each of whom has a three-year term of office. The choice of members of the Board of Directors shall take into account the need for diversification, the need for a variety of professional backgrounds, the possession of the necessary knowledge, skills and experience to perform the duties of a director, and gender equality. The Company has adopted a candidate nomination mechanism for the election of directors, and shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Directors of the Company may be re-elected consecutively. <u>During the period when the Company is a public company in Taiwan, to be in compliance with the Securities and Exchange Act, among the aforementioned directors, at least 3 seats shall be reserved for independent directors, and the number of independent directors shall be more than one-fifth (1/5) of the total number of directors. Any matters regarding independent directors shall be handled in accordance with relevant regulations promulgated by the competent authority. <u>After the termination or cancellation of public company status, the foregoing in relation to the independent directors will no longer be applicable.</u></u> The total number of nominal shares of the Company's stock held by the directors shall be in compliance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.	The Company shall have 7 to 11 directors, each of whom has a three-year term of office. The choice of members of the Board of Directors shall take into account the need for diversification, the need for a variety of professional backgrounds, the possession of the necessary knowledge, skill and experience to perform the duties of a director, and gender equality. The Company has adopted a candidate nomination mechanism for the election of directors, and shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Directors of the Company may be re-elected consecutively. <u>The Company may procure liability insurance for the directors to cover their legal liabilities arising out of their performance of duties during their tenure and may, pursuant to the practices prevailing in the United States listed companies, enter into indemnity agreements with the directors and managerial officers to indemnify them for the damages and losses incurred by them.</u> To be in compliance with the Securities and Exchange Act, among the aforementioned directors, at least 3 seats shall be reserved for independent directors, and the number of independent directors shall be more than one-fifth (1/5) of the total number of directors. Any matters regarding independent directors shall be handled in accordance with relevant regulations promulgated by the competent authority. The total number of nominal shares of the Company's stock held by the directors shall be in compliance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.	Proposed amendments to this provision to meet the needs of business operations.



Article No.	After Amendment	Before Amendment	Explanation
Article 16-1	<p><u>During the period when the Company is a public company in Taiwan</u>, the Company shall establish an Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act, and starting from the date of establishment, the supervisors shall be replaced by the Audit Committee, and the functions of supervisors under the Securities and Exchange Act and any other laws and regulations shall be performed by the Audit Committee. <u>After the termination or cancellation of public company status, the Company shall have one supervisor.</u></p> <p>The Audit Committee shall be composed of all independent directors, one of which shall be the convener. The number of members, their terms and duties, and the meeting rules shall be set forth in the Audit Committee Charter. <u>After the termination or cancellation of public company status, the foregoing in relation to the audit committee is no more applicable.</u></p>	<p>The Company shall establish an Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act, and starting from the date of establishment, the supervisors shall be replaced by the Audit Committee, and the functions of supervisors under the Securities and Exchange Act and any other laws and regulations shall be performed by the Audit Committee.</p> <p>The Audit Committee shall be composed of all independent directors, one of which shall be the convener. The number of members, the term, duties and meeting rules shall be set forth in the Audit Committee Charter.</p>	<p>Proposed amendments to this provision to meet the needs of business operations.</p>

Article No.	After Amendment	Before Amendment	Explanation
Article 17	<p>In the event that no election of new directors is effected after the expiration of the tenure of existing directors, the tenure of the existing directors may be extended until the time new directors have been elected and assumed their offices. If the directors are dismissed for any reason, resulting in there being less than five directors, an election of directors to fill the vacancies shall be held at the next shareholders meeting, but if the number of vacancies in the Board of Directors reaches one-third (1/3) or more of the total number of directors, an extraordinary shareholders meeting shall be called <u>in accordance with the Company Act</u> to fill the vacancies, and the tenures of such successor directors shall be limited to the remaining tenures of the departing directors. If the independent directors are dismissed for any reason, resulting in there being less than the required minimum number of independent directors under the Securities and Exchange Act or these Articles, an election of directors to fill the vacancies shall be held at the next shareholders meeting, but if all the independent directors are all dismissed for any reason, an extraordinary shareholders meeting shall be called within sixty days after the date of occurrence to elect successor directors to fill the vacancies. <u>After the termination or cancellation of public company status, the foregoing in relation to the independent directors is no more applicable.</u></p>	<p>In the event that no election of new directors is effected after the expiration of the tenure of existing directors, the tenure of the existing directors may be extended until the time new directors have been elected and assumed their offices. If the directors are dismissed for any reason, resulting in there being less than five directors, an election of directors to fill the vacancies shall be held at the most recent shareholders meeting, but if the number of vacancies in the Board of Directors reaches one-third (1/3) or more of the total number of directors, <u>an extraordinary shareholders meeting shall be called within sixty days after the date of occurrence to elect successor directors to fill the vacancies</u>, and the tenure of such successor directors shall be limited to the remaining tenure of the departing directors. If the independent directors are dismissed for any reason, resulting in there being less than the required minimum number of independent directors under the Securities and Exchange Act or these Articles, an election of directors to fill the vacancies shall be held at the most recent shareholders meeting, but if all the independent directors are all dismissed for any reason, an extraordinary shareholders meeting shall be called within sixty days after the date of occurrence to elect successor directors to fill the vacancies.</p>	<p>Proposed amendments to this provision to meet the needs of business operations.</p>

Article No.	After Amendment	Before Amendment	Explanation
Article 24	<p><u>During the period when the Company is a public company in Taiwan</u>, the documents and reports listed below shall be submitted to the Audit Committee for approval in accordance with Article 14-5 of the Securities and Exchange Act, and to the Board of Directors for approval, and then submitted to the annual shareholders' meeting for approval. <u>After the termination or cancellation of public company status, the Board of Directors shall prepare the documents and reports listed below and submit them to the supervisor for review and examination thirty days prior to the shareholders' meeting.</u></p> <p>(The content below will be omitted)</p>	<p>The documents and reports listed below shall be submitted to the Audit Committee for approval in accordance with Article 14-5 of the Securities and Exchange Act, and to the Board of Directors for approval, and then submitted to the annual shareholders' meeting for approval.</p> <p>(The content below will be omitted)</p>	<p>Proposed amendments to this provision to meet the needs of business operations.</p>
Article 28	<p>The Articles of Incorporation were first made and executed on September 30, 1997. The first amendment to the Articles of Incorporation ("Amendment") was made on January 11, 2002. The second Amendment was made on April 15, 2002. The third Amendment was made on October 2, 2003. The fourth Amendment was made on January 15, 2004. The fifth Amendment was made on June 8, 2005. The sixth Amendment was made on June 22, 2006. The seventh Amendment was made on June 26, 2008. The eighth Amendment was made on March 20, 2009. The ninth Amendment was made on April 30, 2009. The tenth Amendment was made on June 18, 2010. The eleventh Amendment was made on June 17, 2011. The twelfth Amendment was made on June 26, 2012. The thirteenth Amendment was made on June 18, 2014. The fourteenth Amendment was made on June 23, 2015. The fifteenth Amendment was made on June 21, 2016. The sixteenth Amendment was made on June 26, 2018. The seventeenth Amendment was made on August 19, 2021. <u>The eighteenth Amendment was made on August 20, 2021.</u></p>	<p>The Articles of Incorporation were first made and executed on September 30, 1997. The first amendment to the Articles of Incorporation ("Amendment") was made on January 11, 2002. The second Amendment was made on April 15, 2002. The third Amendment was made on October 2, 2003. The fourth Amendment was made on January 15, 2004. The fifth Amendment was made on June 8, 2005. The sixth Amendment was made on June 22, 2006. The seventh Amendment was made on June 26, 2008. The eighth Amendment was made on March 20, 2009. The ninth Amendment was made on April 30, 2009. The tenth Amendment was made on June 18, 2010. The eleventh Amendment was made on June 17, 2011. The twelfth Amendment was made on June 26, 2012. The thirteenth Amendment was made on June 18, 2014. The fourteenth Amendment was made on June 23, 2015. The fifteenth Amendment was made on June 21, 2016. The sixteenth Amendment was made on June 26, 2018. The seventeenth Amendment was made on August 19, 2021</p>	<p>Added new dates of the latest amendment.</p>



**Exhibit 1**  
**Party A's Completion Conditions**

1. The audit committee, board of directors and shareholders' meeting of Party B have duly approved the execution of this Agreement and the consummation of the Share Swap, and such resolutions have not been cancelled, amended, modified or supplemented unless otherwise required pursuant to the laws of request from competent authorities.
  2. Party B's representations and warranties under Section 7 of this Agreement shall be true, effective and correct in all material respects as of the Signing Date and the Completion Date. In the event that any representations and warranties are qualified by materiality, such representations and warranties shall be true, effective and correct.
  3. Party B has not materially breached any obligation or covenant under this Agreement.
  4. There is no law or decision from a court with jurisdiction or arbitral award restricting, ceasing, prohibiting, or preventing the consummation of this Share Swap. There are no civil, criminal, arbitral or administrative proceedings that will prohibit, change, restrict or postpone the completion of the Share Swap.
  5. From the Signing Date to the Completion Date, there shall be no event that causes or will cause a material adverse effect to the business, property, financial, asset or operation results of Party B. For the sake of clarity, the floating in Party B's stock price or trading volume shall not individually constitute a material adverse effect to the business, property, financial, or operation results of Party B.
  6. Party B shall have obtained all requisite approval, consent or authorization from the competent authorities, including but not limited to TPEX's approval for termination of TPEX listing and FSC's approval for cessation of public company status, if applicable.
  7. Party B shall have obtained consent, approval or authorization from any relevant third party for the consummation of this Share Swap, if applicable.
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8. Party B's senior managers designated by Party A shall have executed the non-competition and non-solicitation agreements in the form and substance agreed to by Party A.
  9. Party B shall have provided a complete copy of the minutes for the End-of-Phase II meeting with the FDA which reveals no material concern from the FDA with respect to Target Group Company proceeding to Phase III clinical trial for TLC 590.
  10. Party B shall have delivered a certificate certifying that the completion conditions set forth in this Agreement have been duly satisfied.
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**Exhibit 2**  
**Party B's Completion Conditions**

1. The board of directors and shareholders' meeting of Party A have duly approved the execution of this Agreement and the consummation of the Share Swap, and such resolutions have not been cancelled, amended, modified or supplemented unless otherwise made pursuant to the laws of request from competent authorities.
  2. Party A's representations and warranties under Section 6 of this Agreement shall be true, effective and correct in all material respects as at the Signing Date and the Completion Date. In the event that any representations and warranties are qualified by materiality, such representations and warranties shall be true, effective and correct.
  3. Party A has not materially breached any obligation or covenant under this Agreement.
  4. No law or decision from court with jurisdiction, or arbitral award restricting, ceasing, prohibiting, or preventing the consummation of this Share Swap. No civil, criminal, arbitral or administrative proceedings that will prohibit, change, restrict or postpone the completion of the Share Swap.
  5. Since the Signing Date to the Completion Date, there shall be no event that causes or will cause material adverse effect to business, property, financial, asset or operation result of Party B.
  6. Party A shall have provided supporting documents reasonably acceptable to Party B with respect to Party A's ability to pay the redemption price with respect to those non-converted Series B Special Shares upon the maturity date of the Series B Special Shares.
  7. Party B shall have obtained all requisite approval, consent or authorization from the competent authorities.
  8. Party A shall have delivered a certificate certifying that the completion conditions set forth in this Agreement having been duly satisfied.
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**Exhibit 3**

**Party A's Representations and Warranties**

1. **Legal Establishment and Existence of the Company:** Party A is a company limited by shares, established and registered in accordance with the Company Act of the Republic of China, is still legally existing, and has obtained all necessary licenses, approvals, permits and other certificates to conduct its business. Party A has not made any resolution to dissolve, liquidate, or file a petition for bankruptcy, settlement, or reorganization on its own, and has not been approved or required by court orders, administrative orders or relevant laws to dissolve, settle, reorganize or declare bankruptcy, and is not subject to suspension of business, dissolution of the company, annulment of establishment permit or cancellation of business license by any administrative disposition from the competent authority.
  2. The company is an investment holding company, does not operate other businesses, and does not hold shares or investments in other companies. On the Completion Date of the Share Swap, Party B will become the only company that Party A holds investment in.
  3. **Valid Resolutions and Authorizations:** Party A has only one director that is the chairman of the board on or prior to the Signing Date. Party A does not have a board of directors in accordance with its articles of incorporation, and the powers of the board are exercised by the director who serves as the chairman of the board. The chairman of Party A may execute, deliver, and perform this Agreement or other documents related to this Agreement on behalf of the company, and perform the obligations under this Agreement and the relevant documents. After the signing of this Agreement and its relevant documents, and assuming that Party B and the other parties to the documents have also legally authorized, executed and delivered the documents, this Agreement and its relevant documents will form an effective and binding obligation on Party A, and are enforceable upon Party A.
  4. **The Company's Registered and Paid-In Capital:** Party A's registered and paid-in capital and issued shares on the Signing Date as stated in Section 2.1 of this Agreement are validly issued and fully paid. Except that Series A preference shares of Party A shall be pledged in accordance with the stock and exchangeable
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securities option agreement and stock pledge agreement between Series A preference shareholders and PAG Growth Lynx Holding (BVI) Limited ("PAG"), no other burdens or encumbrances have been created thereon. Except as otherwise provided by law or set forth in Party A's articles of incorporation, Party A's shareholders have unrestricted voting rights and can receive Party A's interest and dividends. Party A has not issued other securities of any character to equity rights or new shares of restricted rights for employees, and has not issued or signed other options, stock options, exchangeable or convertible securities, right of first refusal, or valid promises which enable others to obtain Party A's shares and promises, beneficial offers or similar rights that enable others to acquire equivalent rights to those of Party B's holders of common shares. Except as stipulated in Party A's articles of incorporation, Party A has no other obligation to redeem, buy back or by other means to obtain its shares. Party A has no corporate bonds, debentures, convertible corporate bonds, promissory notes, or other securities that enable such holders to have the same voting rights as Party A's shareholders. When the second series preference shares are issued on the Completion Date of the Share Swap, they will be issued validly, fully paid and non-assessable, and no other burdens or encumbrances will be created thereon.

5. Assets and Liabilities: Except for the loan agreement with TLC BioSciences Corp. and the guarantee and promissory note provided to PAG pursuant to the securities purchase agreement, Party A has no other assets and liabilities.
  6. Contracts and Promises: Any material contracts, agreements, declarations, guarantees, warranties, commitments, or other obligations signed, agreed, or promised by Party A have been provided to Party B in writing, and there are no misrepresentations, concealments or falsehoods.
  7. Labor and Employee Matters: Party A has no employees.
  8. The Legality of the Transaction: Party A's execution of this Agreement and consummation of the Share Swap does not violate: (1) any current laws and regulations; (2) courts or relevant authorities' judgments, orders or dispositions; (3) Party A's articles of incorporation; or (4) any contract, agreement, declaration, promise, guarantee, warranty, commitment, or other obligation binding on Party A.
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9. Litigation and Non-Litigation: Party A does not have any litigation or non-litigation matters, the results of which are sufficient to dissolve Party A or materially change its organization, capital, business plan, financial situation, production plan, or other circumstances that have a material adverse effect on Party A's business or finances.
  10. The Authenticity and Completeness of the Documents: Any documents of Party A provided to Party B, including but not limited to disclosures, relevant transaction documents, financial statements, or any information from vouchers presented by Party A, have disclosed all relevant information regarding contracts or other documents that may cause material adverse effects on or restrictions to the rights and interests of Party A, are authentic and correct in all respects, and contain no material falsehoods, misrepresentations or concealments.
  11. Experienced Investors: Party A has sufficient financial or commercial knowledge and experience to judge the risks associated with the transactions contained in this Agreement and knows that the transaction conditions in this Agreement are in line with the past practices for the same type of transaction.
  12. Other matters: As of the Signing Date, to the knowledge of Party A, Party A has not violated any laws or regulations or lost credit that could materially affect the company's ongoing operations or consummation of the Share Swap.
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**Exhibit 4**

**Party B's Representations and Warranties**

The terms that are not defined in this appendix have the same definitions as given in this Agreement. The terms used in this appendix are defined as follows:

"**Target Group Company**" refers to Party B and its Affiliates (including any one or more of such companies, depending on the context).

"**Target Group Company's Financial Report**" refers to (1) Party B's 2018 audited consolidated financial report; (2) Party B's 2019 audited consolidated financial report; (3) Party B's 2020 audited consolidated financial report; and (4) Party B's consolidated financial report as of March 31, 2021 that has been reviewed by an accountant.

1. Legal Establishment and Existence of the Company.

- 1) Each Target Group Company is incorporated and legally exists in accordance with the relevant laws and regulations in its jurisdiction of incorporation, and has obtained all necessary licenses, approvals, permits and other certificates to conduct business. Target Group Company has not made any resolution to dissolve, liquidate, or file for bankruptcy, reconciliation, or reorganization on its own, has not been approved or required by court orders, administrative orders, or relevant laws to dissolve, reconcile, reorganize, or declare bankrupt, and is not subject to suspension of business, dissolution of the company, annulment of incorporation registration or cancellation of business license by any administrative disposition from the competent authority. The articles of incorporation or other organizational documents of each group company are effective and can be implemented. No group company has materially violated its applicable articles of incorporation or other organizational documents. Except in the case of appointing an external agent for registration or an agent for stock affairs, each group company owns and controls its shareholders list, company records and seals.
  - 2) Information regarding (1) the place of incorporation of each company or entity; (2) the share capital or registered capital issued by each company or entity; and (3) the shareholders or equity holders of each company has been provided
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to Party A. Except for the aforementioned information of Target Group Company that has been provided to Party A, Target Group Company does not control or hold (regardless of whether legally or economically and substantially) other companies or entities, nor do they participate in any other joint ventures, partnerships or arrangement that impacts materially on the business of Target Group Company. The shares or capital of each company or entity of Target Group Company is legally authorized, validly issued, fully paid and non-assessable and no burdens or encumbrances have been created thereon. Except as otherwise provided by law, the shareholders or equity holders of each group company have unrestricted voting rights and can receive dividends and interests from subsidiaries held by each group company or its investment companies.

2. Resolutions and Authorizations of the Audit Committee and the Board of Directors: On or prior to the Signing Date, the audit committee and the board of directors of Party B have resolved to execute this Agreement and authorize the chairman or its designated person to execute, deliver, and perform this Agreement and its relevant documents on behalf of Party B, and perform the obligations under this Agreement and its relevant documents. After the signing of this Agreement and its relevant documents, and assuming that Party B and other parties to the documents have also legally authorized, executed and delivered the documents, this Agreement and its relevant documents will form an effective and binding obligation on Party B, and are enforceable upon Party B.
  3. The Company's Registered and Paid-In Capital: Party B's registered and paid-in capital and its issued shares are as stipulated in Section 2.2 of this Agreement. On the Signing Date, all the issued shares of Party B have been legally authorized and issued, fully paid and non-assessable. Except for the employee stock options of that may subscribe to 2,991,630 common shares of Party B outstanding as of the Signing Date, Party B has not issued other securities of any character to equity rights or new shares of restricted rights for employees, and has not issued or signed other options, stock options, exchangeable or convertible securities, rights of first refusal, or valid promises which enable others to obtain Party B's shares and promises, beneficial offers or similar rights that enable others to acquire equivalent rights to those of Party B's holders of common shares. Party B has no other obligation to redeem, buy back or by other means obtain its shares. Party A has no corporate bonds, debentures, convertible corporate bonds, promissory notes, or
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other securities that enable such holders to have the same voting rights as Party B's shareholders.

4. The Legality of the Transaction: The execution of this Agreement and consummation of the Share Swap by Party B has not:

- 1) violated any current laws and regulations, or the applicable laws and regulations of the assets of Target Group Company which could be reasonably expected to cause material adverse effects;
- 2) violated any judgements, orders or administrative orders from a court or relevant competent authority;
- 3) violated Target Group Company's articles of incorporation;
- 4) materially violated any contract, agreement, declaration, promise, guarantee, warranty, commitment or other obligation of any Target Group Company binding on Party B, or caused such contract, agreement, declaration, promise, guarantee, warranty, commitment or other obligation to be terminated, modified, accelerated or revoked (or granted parties to such contract or agreement the right to exercise the corresponding rights); or
- 5) caused the material assets of Target Group Company to create encumbrances or other burdens for the benefit of a third party.

5. Financial Report and Information:

- 1) Party B has delivered authentic and complete financial reports of Target Group Company to Party A. Each financial report (including its notes): (1) is based on the account books and financial records of Target Group Company; (2) is based on then effective Business Entity Accounting Act and International Financial Reporting Standards during the period of the financial report; (3) is sufficient to adequately present the financial status of Target Group Company during the period covered by the financial report; (4) is complete and correct in all material aspects, and does not contain material falsehoods or discrepancies; and (5) in all material aspects is maintained in accordance with applicable laws and good business and accounting practices.
  - 2) The internal accounting system of Target Group Company is sufficient to reasonably ensure the credibility of Target Group Company's Financial
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Reports and (1) transactions contained in the Target Company's Financial Report were properly authorized by the management; and (2) records for each transaction have been kept properly for Target Group Company's Financial Report.

- 3) The employees or managers of Target Group Company who have the authority to prepare the Target Group Company's Financial Report have not engaged in fraud or deception during such preparation.
  - 4) The accounts receivable of Target Group Company in each accounting period have been stated in the Target Group Company's Financial Report in its respective accounting period. These accounts receivable can serve as valid and enforceable claims, are recoverable in accordance with commercial practices, and reserve discounts in compliance with the International Financial Reports Standards. No right of claim, right of refusal or right of set-off against Target Group Company exists among the accounts receivable.
  - 5) Except for (1) liabilities that have been presented in the financial report of the target company; (2) liabilities arising from this Agreement; and (3) ordinary business and past trading practices from the date of the Target Group Company's Financial Report that in reasonable expectation will not incur liabilities with adverse effect on Target Group Company, the group company has or bears no other forms of liabilities.
6. Litigation and Non-Litigation: Target Group Company does not have any litigation or non-litigation events, the results of which are sufficient to dissolve Target Group Company or materially change its organization, capital, business plan, financial situation, production plan, or other circumstances that have a material adverse effect on Target Group Company's business or finances.
7. Property:
- 1) Real Property:
    - A. The real properties which are material to the operation of its business that Target Group Company rents, subleases, is agreed or authorized to use or possess (hereinafter collectively referred to as the "Lease"), in accordance with their respective contracts, and the respective locations of those real
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properties, have been disclosed to Party A (hereinafter collectively referred to as the "Leased Real Property").

- B. To the knowledge of Party B, Target Group Company does not have any material breach of the Lease, nor has it received any notice or continuation of limitation arising from the Lease which would reasonably be expected to be a material default under the Lease.
- C. Target Group Company has not received a notice in writing, a notice of refusal to use, or a notice urging it to make payment or perform other obligations from the counterparty of the Lease.
- D. The parties to the Lease have negotiated in good faith and in accordance with trading practices before entering into a contract, and there is no oral agreement on the leasing, use or possession of Target Group Company's real property that is material.
- E. Except for the breach of contract conditions existing in the Lease, to the knowledge of Party B, no third party may revoke, terminate, or rescind a Lease.
- F. Except for the expenses incurred in the Lease or otherwise agreed to (such as repair fees, management fees, security deposits, etc.), there are no refunds, assignments, discounts, rent-free decoration periods, rebates, finish-out allowances, or other agreements that will materially affect the lessee in the Lease.
- G. Target Group Company has maintained sufficient and appropriate insurance on the Leased Real Property.
- H. No third party possesses the Leased Real Property without authority or otherwise materially hinders Target Group Company from using the Leased Real Property.

2) Assets

- A. Assets and liabilities are listed in the Target Group Company's Financial Report as of the date thereof, and Target Group Company is entitled to legal ownership, right to use or other legal rights to all the listed assets, and except for those disclosed in the Target Group Company Financial
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Report or its notes, there are no restrictions or limitations imposed on the usage, gain and disposition of such assets, unless such restrictions or limitations have no material adverse effect on the operations, business or financial status of Target Group Company.

- B. Target Group Company has good and transferable ownership or right to use on its assets, and no encumbrances have been created thereon. As for the right to use of such assets obtained through leasing or other legal means, Target Group Company has been abiding by the lease contracts or other obligations. After the Completion Date of the Share Swap, the assets of Target Group Company are reasonably sufficient to enable it to continue the operation of business in the same manner within 12 months after the Completion Date of the Share Swap.
- C. Target Group Company's assets have been operated in all material respects in accordance with all applicable Laws and applicable Contracts relating thereto and are in good operating condition and repair in all respects (reasonable wear and tear excepted, taking into consideration their age and use), have been regularly and properly maintained where such maintenance is required.

8. Contracts and Promises:

- 1) All material contracts to which Target Group Company is a party, on the Signing Date of this Agreement and the Completion Date of the Share Swap, are effective. "Material Contract" refers to the authorization of intellectual property rights, each lease contract for real properties, each contract with any contract manufacturing Organization (CMO) or other third-party manufacturer, each contract with any contract research organization (CRO), each contract in connection with development or commercialization of any products or product candidates, each contract with any major supplier of Target Group Company, each contract relating to any indebtedness involving actual or potential liability owed to or by Target Group Company in excess of US\$5,000,000, each contract regarding transactions with related persons of Target Group Company, each employment contract entered into between a Target Group Company and a senior manager, and each contract involving any mediation or settlement of any actual or threatened litigation matters.
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- 2) Except for the Material Contracts, Target Group Company is not a party to or is otherwise bound by any of the following contracts:
- A. any contract with respect to any (i) joint venture, strategic cooperation or collaboration arrangement, joint sales, marketing agreement, or partnership arrangement, in each case, that is material to Target Group Company's business, or (ii) other agreement involving a sharing of revenues, profits, losses, costs or liabilities by Target Group Company that is material to its business;
  - B. any contract other than this Agreement that involves, directly or indirectly (by merger, license or otherwise), any securities, business, acquisition or disposition of assets of Target Group Company;
  - C. any contract that restricts the ability of Target Group Company or its Affiliates to conduct any business activity in any business or geography or grants the other party or any third person "most favored nation", exclusivity or similar status or any right of first refusal, first notice or first negotiation that would reasonably be expected to result in a material adverse effect;
  - D. any contract that relates to the acquisition or disposition of any business, a material amount of stock or assets of any person or any real property providing for any outstanding earn-out, indemnification or similar contingent payment payable by any Target Group Company to any person (other than Target Group Company);
  - E. any contract which is material to Target Group Company which would, absent a consent or waiver from the counterparty thereto, result in any breach of such contract or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under such contract, or give to others any right of termination, amendment, acceleration or cancellation of such contract, or result in the creation of encumbrances on any property or asset of any Target Group Company as a result of a change of control or the transaction;
  - F. any contract relating to any capital expenditure in the amount in excess of US\$5,000,000; or
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G. any contract which is outside the ordinary course of business of any Target Group Company or business which is not on non-arm's length commercial terms, in each case, which is material to Target Group Company.

- 3) Material Contract is a legal, valid, binding, and enforceable obligation of Target Group Company, and is applicable to the counterparty thereto. To the knowledge of Party B, no Target Group Company is in breach of or intends to terminate Material Contract. To the knowledge of Party B, except as disclosed in Section 8 of the Disclosure Schedule, neither the execution of this Agreement or any other related documents nor the transactions under this Agreement shall constitute a default under, or give rise to termination of or rescinding of rights under, any Material Contract.
- 4) Target Group Company has furnished or made available to Party A authentic and complete copies of all Material Contracts (in each case, subject to any redaction reasonably deemed necessary or appropriate by Target Group Company of critical and commercially sensitive information contained therein).

9. Labor and Employee Matters:

- 1) No Target Group Company is in any material violation of any law or governmental order, or any provision of any contract, or any agreement between an employee and any prior employer. No Target Group Company has received any written notice of resignation from any Senior Manager. To the knowledge of Party B, no senior manager intends to terminate their employment with Target Group Company, and none of the Target Group Company has a present intention to terminate the employment of any senior manager.
  - 2) No Target Company Group is involved in any current on-going strike, slowdown, work stoppage or similar activity, or industrial or trade dispute or negotiation regarding a claim with any trade union or other body representing employees or former employees of any Target Group Company, and none of the foregoing is threatened between any Target Group Company and its employees. None of the Target Group Company is a party to or bound by any collective bargaining agreement or other labor union contract applicable to persons employed by any Target Group Company as of the date hereof, and
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no labor union has requested or has sought to represent any of the employees, representatives or agents of any Target Group Company. There are no material unfair labor practice complaints pending or, to the knowledge of Party B, threatened material disputes among Target Group Company, its directors, employees and former employees.

- 3) Each Target Group Company (i) is in material compliance with all applicable Laws relating to employment and employment practices, including those related to wages, work hours, shifts, overtime, holidays and leave, the payment and withholding of taxes and other sums as required by the appropriate governmental authority, and (ii) does not have material liability for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing. There is no material claim with respect to payment of wages, salary or overtime pay that has been asserted with respect to any persons currently or formerly employed by any Target Group Company. To the knowledge of Party B, there is no claim with respect to a material violation of any occupational safety or health standards that has been asserted or is now pending against Target Group Company.
  - 4) Target Group Company's pension plans are in compliance with their terms and with the applicable laws and government requirements along with relevant regulations in all respects, and all contributions and costs in relation to the pension plans which are due have been paid to the pension providers.
  - 5) All material employee plans of Target Group Company (hereinafter "**Employee Plan**") have been provided completely to Party A.
  - 6) The Employee Plan is in compliance in all material respects with its terms and the requirements of all applicable laws. To the knowledge of Party B, no litigation is now pending or, threatened with respect to any Target Group Company (other than claims for benefits in the ordinary course), and, no fact or event exists that could give rise to any such litigation. All employer and employee contributions to the Employee Plan required by applicable laws or by relative terms of such Employee Plan have been made, or, if applicable, accrued in accordance with normal accounting practices. Each Employee Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities.
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- 7) Neither the execution and delivery of this Agreement nor the consummation of the transactions therefrom will (i) result in any payment becoming due to any current or former employee of Target Group Company under any of the Employee Plans, (ii) increase any expenditure other than what is stipulated under the Employee Plans or (iii) result in any acceleration of the time of payment or vesting of any such benefits under any Employee Plan.
  - 8) None of the Target Group Company is obligated to grant any options, shares or other rights to purchase or acquire shares of any Target Group Company to any employees, consultants or directors of any Target Group Company after the date hereof.
10. Environment: If the business of Target Group Company, in accordance with relevant environmental protection laws and regulations, is required to apply for a pollution facility installation permit or a pollution discharge permit, pay pollution prevention fees or set up an environmental protection unit with appropriate personnel, Target Group Company has done so. To the knowledge of Party B, none of Target Group Company is involved in any environmental pollution disputes or is being punished by the environmental protection authorities.
11. Intellectual Property:
- 1) The information of (i) all registered intellectual property by Target Group Company; (ii) all pending applications for registration of Intellectual Property owned or filed by Target Group Company (including the application and registration date, and the jurisdiction where such intellectual property is registered, patented, and all registration, patent or application numbers, as appropriate); (iii) all unregistered material trademarks, service marks and brand names owned by Target Group Company; (iv) all contracts which involves a license, sublicense, or permit for any third party to use the intellectual property rights owned by Target Group Company where Target Group Company is a party thereto; and (5) all contracts which involve a license, sublicense, or permit for Target Group Company to use the intellectual property owned by a third party where Target Group Company is a party thereto, have been disclosed to Party A.
  - 2) Target Group Company owns or by other means has sufficient rights to all Intellectual Property necessary and sufficient to conduct its business that it is
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now conducting and has conducted as of the Completion Date of the Share Swap, and such business will not conflict or infringe the rights of any other person.

- 3) To the knowledge of Party B, there is no litigation, warning letter, deposit letter, request letter, dispute, request, claim or other similar procedure regarding the use of intellectual property rights of Target Group Company.
  - 4) The registered intellectual property rights of Target Group Company are only registered in the name of Target Group Company, and all renewal and application fees for Target Group Company's registered intellectual property have been fully paid.
  - 5) To the knowledge of Party B, no Target Group Company or any of its employees, officers or directors has taken any actions or failed to take any actions that would cause any intellectual property to be invalid, unenforceable or not subsisting.
  - 6) No intellectual property is the subject of any encumbrance, license or other contract granting rights therein except for the circumstance of license.
  - 7) No intellectual property owned or used by Target Group Company is subject to any proceeding litigation, settlement agreement or other arrangement that (i) restricts in any manner the use, transfer or licensing thereof, or the making, sale, or offering of any Target Group Company's products, or (ii) may nullify the ownership or the right to use of such Intellectual Property.
  - 8) The execution of this Agreement and other relevant documents and the transactions under this Agreement shall have no adverse effect on any right, ownership, and interest of such intellectual property.
  - 9) No Target Group Company has misappropriated, violated, or infringed in any respect any intellectual property of any other person, nor has any Target Group Company received any written notice alleging any of the foregoing, nor has any Target Group Company become aware of any fact that would form a reasonable basis for a claim, suit, or allegation of the foregoing. To the knowledge of Party B, no Person has challenged the ownership, validity, enforceability, or use of any intellectual property by Target Group Company. No Target Group Company has agreed to indemnify any person for any
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infringement, violation, or misappropriation of intellectual property of such person.

- 10) All inventions and know-how related to Target Group Company that have been conceived by its employees are currently owned exclusively by Target Group Company. All employees, contractors, agents, and consultants of Target Group Company who are or were involved in the creation of any intellectual property for Target Group Company have executed an agreement that vests in a Target Group Company ownership of all rights, titles and interest in and to such intellectual property. All employee inventors of such intellectual property have received reasonable reward and remunerations for his/her service inventions or service technology achievements in accordance with the applicable laws. To the knowledge of Party B, it will not be necessary to utilize any intellectual property of any such persons made prior to their employment by a Target Group Company, except for those that are exclusively owned by a Target Group Company. To the knowledge of Party B, none of the employees, consultants or independent contractors currently or previously employed or otherwise engaged by any Target Group Company, (i) is in violation of any current or prior confidentiality, non-competition or non-solicitation obligations to such Target Group Company or to any other persons (including former employers), or (ii) is obligated under any contract or claim, that would interfere with the use of his/her best efforts to promote the interests of Target Group Company or that would conflict with the currently proposed business of Target Group Company.
  - 11) Each Target Group Company has taken all necessary measures to protect, maintain and safeguard such intellectual property and made all applicable filings, registrations, and payments of fees in connection with the foregoing. To the knowledge of Party B, all current and former officers, employees, consultants and independent contractors of any Target Group Company and all suppliers, customers, independent contractors, and all distributors, dealers and other persons having access to material intellectual property have executed and delivered to Target Group Company an agreement containing provisions relating to the protection of such intellectual property. To the extent that any such intellectual property has been developed or created independently or jointly by an independent contractor or other third party for any Target Group Company and is incorporated into any products or services
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of any Target Group Company, such Target Group Company has a written agreement with such independent contractor or third party and has thereby obtained ownership of or license to such independent contractor's or third party's intellectual property in such work, material or invention by operation of laws or valid assignment or license. To the knowledge of Party B, none of the Target Group Company's trade secrets or confidential information have been disclosed to another person, except pursuant to written confidentiality obligations.

12. Information Technology: In the twelve (12) months prior to the date hereof, there have been no material failures or breakdowns of any computer hardware or software, or other computer or communication systems, used or licensed exclusively in relation to the business of Target Group Company, which have had or may be reasonably expected to have a material impact on the business of Target Group Company. Target Group Company have taken all necessary actions to protect the confidentiality, integrity, and security of the IT assets (and all information and transactions stored or contained therein or transmitted thereby) against any unauthorized use, access, interruption, modification or corruption, including the implementation of commercially reasonable (a) data backup procedures, (b) disaster avoidance and recovery procedures and (c) business continuity procedures.

13. Permits and Legal Compliance:

- 1) Each Target Group Company is in possession of all material licenses, permits, consents, authorizations, certificates, and registrations (the "**Material Permits**") necessary for such Target Group Company to own, lease, operate and use its properties and assets or to carry on its business as it is now being conducted and, no suspension or cancellation of any of the Material Permits is pending or threatened. All such Material Permits are valid and in full force and effect and would not have or result in a material adverse effect impact on Target Group Company. Party B has provided to Party A complete and accurate copies of all Material Permits.
  - 2) The products of Target Group Company are being and at all times have been manufactured, imported, exported, processed and developed in compliance with all applicable laws, including the Federal Food, Drug, and Cosmetic Act
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(the "FD&C Act"); the Public Health Services Act (the "PHSA") and analogous laws promulgated by foreign, federal, state, provincial or local governmental authorities; and any regulations adopted by government authorities thereunder (including, as applicable, those requirements relating to investigational use, and pre-market approval). As of the date hereof, none of the Target Group Company has received notice of any pending or threatened investigation or action from the FDA, the U.S. Department of Justice or any other federal, state, local, or foreign governmental authorities alleging that any Target Group Company is in violation of any applicable laws, including the FD&C Act, the PHSA any similar federal or state equivalents to any of the foregoing.

- 3) Neither Target Group Company (including any director, officer or employee of any Target Group Company) nor, to the knowledge of Party B, any agent of Target Group Company, has (i) made any false statement on, or material omission from, any notifications, applications, approvals, reports and other submission to any Governmental Authority or in any legal proceeding; or (ii) committed any act, made any statement or failed to make any statement that would reasonably be expected to provide a basis for the FDA to invoke its policy with respect to "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" or for the FDA or any other governmental authorities to invoke any similar policy.
  - 4) Neither Target Group Company (including any director, officer or employee of any Target Group Comany), nor, to the knowledge of Party B, any agent of Target Group Company, has been convicted of any crime or engaged in any conduct that would reasonably be expected to result in debarment or exclusion under applicable laws. No actions that are pending or threatened would reasonably be expected to result in such a debarment or exclusion of Target Group Company (including any director, officer or employee of any Target Group Company).
  - 5) All manufacturing operations conducted by or for the benefit of Target Group Company have been and are being conducted in compliance with applicable laws and regulations. There has been no voluntary or mandatory recall, withdrawal, suspension, seizure, or discontinuance of the products, including any field alert, field correction, warning, "Dear Doctor" letter, safety alert or
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other notice relating to an alleged lack of safety, efficacy, or regulatory compliance of the products. There are no facts that are reasonably likely to cause, nor has any Target Group Company received any written notice that any other governmental authority has commenced or threatened to commence a termination or suspension of the manufacture, import, export, marketing, testing, or distribution of any products of Target Group Company.

- 6) All studies, tests and clinical and non-clinical studies conducted by or on behalf of Target Group Company have been conducted in compliance with research protocols and all applicable laws. No non-clinical research, clinical study or other study or test conducted by or on behalf of Target Group Company with respect to its products has been required or demanded by any government authority to be terminated or suspended prior to completion.
  - 7) None of the Target Group Company has received any notice that any government authority, investigator, or any relevant institutional review board, independent ethics committee or any other similar body has (i) refused to approve any clinical study, or any substantial amendment to a protocol for any clinical study or a protocol for any clinical study conducted or proposed to be conducted on behalf of Target Group Company or (b) initiated, or threatened to initiate, any action to suspend any clinical study conducted by or on behalf of Target Group Company or any of its Affiliates, or suspend or terminate any Investigational New Drug Application filed with the FDA (or an analogous application or filing with any analogous governmental authority outside of the U.S. under any analogous foreign law for the purposes of obtaining permission to conduct human clinical trials in such jurisdiction) sponsored by Target Group Company, or otherwise restrict or delay the non-clinical research on or clinical study of any product.
  - 8) No Target Group Company has received any warning letter or untitled letter, report of inspectional observations, including FDA Form 483s, establishment inspection reports, notices of violation, clinical holds, enforcement notices or other documents or notifications from any governmental authority, or any institutional review board, independent ethics committee or similar body, alleging a lack of compliance with any applicable laws. No Target Group Company has been subject to any corporate integrity agreement, deferred prosecution agreement, consent decree, monitoring agreement, settlement
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agreement or other similar agreements or orders mandating or prohibiting future or past activities.

- 9) Target Group Company maintains a code of ethics, code of conduct or similar legal compliance program of a type customarily maintained by a company listed on the Taipei Exchange and by a foreign issuer listed on the Nasdaq Global Market, and Target Group Company has established and maintains a system of internal controls that is sufficient to prevent, monitor and address (potential) violations of laws, and provide reasonable assurance regarding compliance with laws and with such code of ethics, code of conduct or similar legal compliance program.
- 10) There is no pending litigation, investigation, disciplinary proceeding or inquiry by, or order, decree, decision or judgment of, any court, tribunal, arbitrator, government authority outstanding against any Target Group Company or any of its directors or officers, employees, agents or other third parties acting for or on the behalf of Target Group Company, in each case, which would result in a material impact on Target Group Company.
- 11) None of the Target Group Company has received any written notice during the three (3) years before the date of this Agreement from any court, tribunal, arbitrator, government authority with respect to a violation and/or failure to comply with any applicable laws in any material respects.

14. Anti-Corruption Matters:

- 1) Each Target Group Company (including any of its directors, officers, and employees) and, to the knowledge of Party B, its agents and other persons acting on its behalf (collectively, "**Representatives**") are and have been in compliance with all law relating to anti-bribery, anti-corruption, and anti-money laundering (collectively, the "**Anti-Corruption Laws**"). Each Target Group Company has maintained complete and accurate books and records as required by law.
  - 2) To the knowledge of Party B, no government official (i) holds an ownership or other economic interest, direct or indirect, in any of the group company regardless of whether on the basis of any relationship or (b) serves as an officer, director or employee of any Target Group Company.
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- 3) To the knowledge of Party B, neither any Target Group Company nor any Representative has, under the knowledge that such payment in part or all, directly or indirectly, would be offered to another person, offered, paid, promised to pay, or authorized the payment of any money or anything of value to any government official, directly or indirectly, under any of the following circumstances:
    - A. for the purpose of (i) influencing any act or decision of a government official in their official capacity; (ii) inducing a government official to act or omit to act in violation of their lawful duties; (iii) securing any improper advantage; (iv) inducing a government official to influence or affect any act or decision of any governmental authority or (v) assisting any Target Group Member or any Representative in obtaining or retaining business for or with, or directing business to, any Target Group Company or any Representative; or
    - B. in a manner that would constitute a breach of any Anti-Corruption Laws.
  - 4) No Target Group Company (including any of its directors, officers and employees) nor, to the knowledge of Party B, any of its Representatives has ever been found by a governmental authority to have violated any criminal or securities law or is subject to any indictment or any government investigation for bribery.
  - 5) No Target Group Company (including any of its directors, officers and employees) nor, to the knowledge of Party B, any of its Representatives is a prohibited person. No Target Group Company (including any of its directors, officers and employees) has conducted or agreed to conduct any business, or entered into or agreed to enter into any transaction, with a prohibited person.
15. Target Group Company, (ii) all outstanding insurance claims and (iii) all insurance claims made during the three (3) years preceding the Signing Date of this Agreement. Target Group Company has in full force and effect clinical trial liability insurance policies and other insurance policies with extended coverage, sufficient in amount (subject to reasonable deductions) to allow them to maintain the operations of Target Group Company and its business assets. All insurance premiums due and payable with respect to such insurance policies have been duly paid and all such policies are in full force and effect and are not void or voidable.
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No claims have been made or notified under any policy in the past twelve (12) months and to the knowledge of Party B, no event of an outstanding, or threatened claim has occurred. Insurance: Documents regarding (i) all material insurance policies and all self-insurance programs and arrangements relating to the business, assets, liabilities, and operations of

16. Products: There are no outstanding or, to the knowledge of Party B, threatened product liability claims that relate to any product of Target Group Company being manufactured, created, distributed, or sold by, or on behalf of any Target Group Company prior to the Signing Date of this Agreement. The producers of TLC166 have maintained adequate quality control, quality assurance and qualified personnel at their facilities and met the approval requirements of FDA, the European Medicines Evaluation Agency and China National Medical Products Administration for purpose of producing TLC166 for sale in the United States, in the EU and in the People's Republic of China, respectively.

17. Tax:

- 1) All material tax liabilities whether actual, deferred, contingent or disputed, of each Target Group Company (on a consolidated basis), (i) measured by reference to income, profits or gains earned, accrued or received on or before the accounts date, or (b) arising with respect to an event occurring or arising on or before (whether wholly or partly) the Accounts Date, are fully disclosed in the Target Group Company's Financial Reports.
  - 2) In the period starting on the relevant accounts date of Target Group Company's Financing Reports and ending at the Completion Date of the Share Swap, (i) no event has occurred which has or could have the effect of prejudicing in computing or eliminating the provision for deferred tax contained in the accounts, and (b) no Target Group Company has been involved in any transaction which has given or may give rise to tax liability other than with respect to normal trading income or receipts of any Target Group Company concerned arising from transactions entered into by it in the ordinary course of business.
  - 3) Each Target Group Company has duly, and within any appropriate time limits, made all tax returns, given all notices and supplied all other information
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required to be supplied to all relevant tax authorities and has maintained all records required to be maintained for tax purposes; all such information was and remains complete and accurate and all the tax returns and notices were and remain complete and accurate.

- 4) As of the Signing Date, none of the Target Group Company is involved in any current dispute with any tax authority with respect to material taxes that would result in a material adverse effect. None of the Target Group Company has been the subject of any material tax audit by any tax authority with respect to material taxes.
- 5) There is no litigation pending or, to the knowledge of Party B, threatened in writing against any Target Group Company with respect to any taxes.
- 6) Any tax incentives and concessions (if any), including tax holidays, tax refunds, or similar tax attributes claimed by Target Group Company, have been approved by governmental authorities, if required, and all information supplied to any tax authority or other appropriate authority in connection with any such incentives and concessions contains a full and accurate disclosure of all relevant facts and circumstances. There are no facts or circumstances that could cause any such incentive or concession to be revoked or annulled or that could result in a claw-back or repayment of the material benefits resulting therefrom.
- 7) There is no possible penalty from a governmental authority in a jurisdiction on any Target Group Company for not filing tax returns.
- 8) No Target Group Company has claimed any material relief, including roll-over relief, exemption, deferral, or any relief that is subject to a potential claw-back.

18. Financial Advisor: No broker, finder, investment bankers, financial advisor or other Person is employed by Target Group Company and is entitled to any brokerage, finder's or other similar fee or commission, or the reimbursement of expenses in connection with the transactions under this Agreement and the Share Swap, and Target Group Company has not incurred, nor will it incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges with respect to the transactions or the Share Swap under this Agreement.

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19. Related Party Transactions: Except as otherwise disclosed in the Target Group Company's Financial Reports or Form 20-F filed by Target Group Company with respect to the fiscal year ended December 31, 2020, neither related party of any Target Group Company is a party to any transactions under any contracts with respect to material assets, rights, and property regarding Target Group Company, nor owns any material assets or rights which are owned by any Target Group Company other than (i) for payment of salary or services rendered in the ordinary course of business on arm's length commercial terms, (ii) relating to employee benefits in the ordinary course of business consistent with past practice and in compliance with the policies of such Target Group Company regarding compensation and benefits and (iii) any director or officer indemnity agreement in the ordinary course of business. All Material Contracts and transactions between Target Group Company and related party have proceeded in the ordinary course of business and are consistent with past practices and in accordance with arm's length commercial terms.
  20. Delivery or Report of Documents Required by Law: As of the Signing Date of this Agreement, Target Group Company has delivered reports, registrations, or other documents in a timely manner in accordance with the laws and regulations and has paid all fees that are due and payable. All deliveries or reports of documents required by law by Target Group Company have met the requirement of relevant laws and regulations and do not contain material misrepresentation or intentional concealment.
  21. The Completeness and Authenticity of the Documents: Any document of Target Group Company provided to Party A, including but not limited to disclosures, relevant transaction documents, financial statements, or any other information from vouchers presented by Target Group Company, regarding all contracts or documents that would result in a material adverse effect or restriction of rights to Target Group Company, have been disclosed, and in all respects are authentic and correct, and no material misrepresentation, falsehood or concealment exists.
  22. Other Matters: As of the Signing Date, to the knowledge of Party B, Target Group Company has not violated any laws or regulations or lost credits that would materially affect the ongoing business operation and the implementation of the Share Swap.
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23. Disclosure After the Date Hereof: If Party B discovers, after the Signing Date, that there is any error, omission, unauthentic or incorrect statement, guarantee and disclosure made in accordance with this article on the Signing Date, and such error, omission, inauthenticity, or incorrectness materially affects the operation of Target Group Company and is able to affect Party A's assessment of the Share Swap, Party B shall immediately notify Party A in writing and correct or update the disclosures; notwithstanding the foregoing, such correction or update does not affect the rights or remedies that Party A may claim in accordance with the law or this Agreement. If, after the Signing Date, any event occurs in connection with Target Group Company prior to the Completion Date of the Share Swap, which causes the statements, guarantees or disclosures in this article to be erroneous, misleading, false, or incorrect, Party B shall immediately provide a written supplement to the originally provided information and disclosures or otherwise update Party A in writing.

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**Exhibit 5**

**Party B's Covenants**

1. Party B shall immediately notify Party A when it acknowledges any breach of any representation, warranty or agreement, or any event that could result in any representation or warranty made under Section 7 become no longer true and correct.
  2. Party B shall use its best efforts to cause the satisfaction of all the completion conditions set forth in Section 5.1, including but not limited to, filing requisite report, application to the competent authorities, following the necessary statutory procedures, cooperating with Party A to handle any matter that could affect the consummation of this Share Swap. Party B shall also provide necessary explanation to the competent authorities pursuant to applicable laws and regulations.
  3. Party B shall use its best efforts to perform the following:
    - 1) The properties owned or used (including tangible or intangible assets) by Target Group Company shall be maintained, managed, improved or kept to keep its original value and function. There shall be no event that would cause damage, destruction, loss that would deduct the value of properties as a result of intended or material negligence behaviors.
    - 2) Target Group Company shall collect and keep accounting, financial, transaction, litigation and other documents relevant to the assets and operation of company pursuant to applicable laws and in good faith.
    - 3) Target Group Company shall conduct its business pursuant to applicable laws, articles of incorporation of the company, internal policies and in consistent with the business standards and its past operation. Target Group Company shall also continue to manage and operate its business in good faith and as a prudent manager.
    - 4) Target Group Company shall comply with relevant laws and regulations, and use its commercially reasonable efforts to maintain the relationships with its customers and employees.
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- 5) Target Group Company shall continue to maintain and manage the licenses, permits and approvals that have been obtained prior to the Signing Date, and to ensure the same will fit for operational purposes after the consummation of this Share Swap.
  - 6) Subject to any restriction under applicable law prior to the Completion Date, Party B shall, and shall cause each Target Group Company to, keep Party A updated on research and development projects and clinical trial programs (including any verbal or written communication directly or indirectly made to or with the relevant governmental authorities), discussion and negotiation with third parties on licensing and other material contracts, change of management and key employees and other material matters and provide to Party A financial statements, clinical trial data (including raw data, processed data and data analysis from clinical trials), term sheets and contracts and other information as Party A may reasonably request from time to time.
4. Unless other approved in writing by Party A, Party B shall use its best efforts not to, and cause Target Group Company not to take any of the following actions:
- 1) To repurchase of treasury stock, conduct capital increase (regardless of public offering or private placement), capital reduction, distribution of dividends or bonus, offering of convertible bonds, employee stock option (and the approval for plan relevant to such option), employee restricted stock (and the approval for plan relevant to such stock), or other equity securities or distribution of dividends in the form of new shares; reclassify, re-designate, combination or split of shares of company, or the creation of new class or series of shares.
  - 2) To make any material adjustments to the organization, including but not limited to, hire or terminate any manager, change the seat, composition or authority of the board of directors and its committee(s), amend working rules, change the agreement or terms of employment with its employees, managers, directors or supervisor to raise the compensation, remuneration, bonus, incentive, employee stock option, employee insurance, pension, severance arrangement or other employee benefits, to increase or permit to increase any employee benefits, or hire unnecessary employee.
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- 3) To approve any annual business or budget plan, capital expenditure plan or financing plan or any modification thereto.
  - 4) To sell, transfer, pledge or otherwise dispose of any assets or businesses other than sale of products in the ordinary course of business, in each case involving an amount exceeding US\$5,000,000 in one transaction or a series of transactions within 12 months, unless approved in an duly approved annual business plan or budget plan.
  - 5) To acquire or purchase assets for consideration in excess of US\$10,000,000 in one transaction or a series of transactions within 12 months, unless approved in an duly approved annual business plan or budget plan.
  - 6) To incur capital expenditure of an amount in excess of US\$10,000,000 in one transaction or a series of transactions within 12 months, unless approved in an duly approved annual business plan or budget plan.
  - 7) To make any material change to the scope of principal business, or expand into any business area or conduct any transaction outside of the principal business.
  - 8) To commence, materially modify, suspend or terminate any clinical trial program.
  - 9) To amend the articles of incorporation, unless the amendments are required pursuant to applicable laws and regulations or approved at the shareholders' meeting approving the Share Swap.
  - 10) To commence any litigation, administrative litigation or other dispute resolution that has a value in excess of US\$5,000,000 unless otherwise agreed in writing by Party A, which shall not be refused by Party A without a cause. The aforementioned restriction is not applicable to litigation, administrative litigation or dispute resolution in response to a claim initiated by a third party.
  - 11) To settle any litigation, dispute with third party for an amount in excess of US\$5,000,000, or to waive any existing right that has a value in excess of US\$5,000,000.
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- 12) To license, assign, encumbrance, dispose, take any similar action for any intangible assets (such as intellectual property) other than the ordinary course of business, or enter into any agreement with respect to any of the foregoing matters.
  - 13) Unless otherwise for the performance of this Agreement, to negotiate, discuss, execute or undertake to enter any agreement or material commitment that could cause a material adverse effect on Party B's rights and interests and in an amount in excess of US\$10,000,000, including but not limited to:
    - A. strategic alliance, outsourcing, joint operation or investment;
    - B. enter into, amend or terminate any agreement in relation to lease of all operation, outsourcing of operation and joint operation of business with any third party;
    - C. transfer all or substantial business or properties to any third party;
    - D. acquire all operation or properties of any third party; or
    - E. other agreement that is not within the scope of Party B's daily operation and could have material impact on Party B's financial or business.
  - 14) To appoint or change the auditor or any accounting or tax policies, unless such appointment or change of the auditor is conducted pursuant to auditor firm's internal rotation, and the changes to accounting or tax policies are made pursuant to applicable laws, ruling or authorities or amendments in the international accounting standards.
  - 15) To make any significant tax election involving an amount exceeding US\$10,000,000, which, for the avoidance of doubt, shall not include the filing of Target Group Company's tax returns in the ordinary course of business.
  - 16) To terminate or cease the operation of agency or other business, or to conduct mass redundancy or to implement any early retirement or voluntary retirement scheme.
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- 17) To directly or indirectly acquire its issued shares or other equity securities, to resolve to dissolve, wind-up, liquidate, rehab, settlement or bankruptcy or take any action that could cause material adverse effect to cash flow, shareholders' rights and interests and financial structure.
  - 18) To conduct any of the following that is out of the ordinary course of business, unless otherwise agreed by Party A in writing, which shall not be rejected without a cause:
    - A. Provision of loan to any shareholder or any third party;
    - B. Negotiation, discussion, agreement or enter of any contract with respect to the controlling power;
    - C. Negotiation, discussion, agreement or enter of any contract restricting Party B's principal business;
    - D. To commit or enter into any license to any third party with respect to Party B's material intellectual property in an amount in excess of US\$10,000,000 unless otherwise conducted in the ordinary course of business;
    - E. To commit or enter into any agreement with any affiliate for an amount in excess of US\$5,000,000, unless otherwise conducted in the ordinary course of business;
    - F. To enter into any joint venture, partnership, establish any subsidiary or branch that is not wholly-owned by Party A or long term equity investment, in any event the amount is exceeding US\$5,000,000; or
    - G. To enter into any new loan facility or increase any loan facility, or to provide tangible or intangible assets as security or encumbrance to any third party, or to provide any guarantee or endorsement to any third party, in any event the amount is exceeding US\$5,000,000.
  - 19) To directly or indirectly discuss, negotiate, or accept via its director, supervisor, manager or employee with any third party with respect to Party B's equity or control, or merger with Party B, or any sale of Party B's significant business or assets or joint venture or partnership. To conduct, terminate, amend, renewal or extend any related party transaction.
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- 20) To directly or indirectly provide any non-public information with respect to this Share Swap to any third party other than Party B's director, manager, advisor (including but not limited to accounting, financial and legal advisor), major shareholders or employees, unless otherwise required to perform this Agreement.
  - 21) To approve, adopt or amend any policies or procedures in relation to anti-corruption and business ethics.
  - 22) To authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.
5. Party B shall not take or to take any action which could reasonably result in the non-satisfaction of the completion conditions set forth in Section 5.1 or the representations and warranties under Section 7 becomes no longer truthful or correct.
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## First Amendment to the Share Swap Agreement

This first amendment to the share swap agreement (the “**Amendment**”) is entered into by and between Woods Investment Company, Ltd., a company limited by shares incorporated pursuant to the laws of the Republic of China with unified business number of 90829607 (“**Party A**”) and Taiwan Liposome Co., Ltd., a company limited by shares incorporated pursuant to the laws of the Republic of China with unified business number of 16176150 (“**Party B**”, Party A and Party B are collectively referred to as “**Parties**” and each, a “**Party**”) on August 4, 2021.

### RECITALS

WHEREAS, Party A and Party B entered into certain share swap agreement (the “**Share Swap Agreement**”) to govern the rights and obligations of Party A and Party B in relation to the Share Swap.

WHEREAS, the board of directors of Party A and Party B has each adopted a resolution and agreed in writing pursuant to Section 15.4 of the Share Swap Agreement, and Parties agree as follows:

#### **I. Amendments to the Share Swap Agreement**

1. The following definitions shall be added to Section 1 of the Share Swap Agreement:

“**Non-Qualified Investor(s)**” means any non-ROC shareholder(s) (including individual and juristic person) of Party B that cannot legally receive Series B Special Shares as of the commencement date of the book-closure period immediately preceding the Completion Date of this Share Swap.

“**Qualified Investor(s)**” means (1) ROC shareholder(s) (including individual and juristic person) of Party B; and/or (2) non-ROC shareholder(s) (including individual and juristic person) of Party B that can legally receive Series B Special Shares as of the commencement date of the book-closure period immediately preceding the Completion Date of this Share Swap.

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2. Section 3.1 of the Share Swap Agreement shall be deleted and replaced in its entirety by the following:

“The Parties agree that, subject to Article 29 of the M&A Act and the terms and conditions of this Agreement, the consideration for Party A to acquire each common share of Party B should be NT\$100 per share (the “**Consideration**”). The number of Party B’s shares to be acquired by Party A shall be the difference of (x) the number of actual issued and outstanding shares (including the number of shares pursuant to exercise of ESOP pursuant to Section 2.3 hereof) of Party B as of the Completion Date (as defined in Section 4 of this Agreement) minus (y) the number of Dissenting Shares (as defined in Section 9.1) (the “**Swapped Shares**”). The payment of the Consideration shall include cash and Series B Special Shares, which will be paid to shareholders of Party B in the form set out in Section 3.2.2 of this Agreement.

The Series B Special Shares to be issued for the purpose of this Share Swap will have no par value and the issue price is NT\$100 per share (the “**Series B Special Shares**”). The terms of the Series B Special Shares is attached hereto as Appendix 1. Party A’s articles of incorporation as of the Signing Date is attached hereto as Appendix 2.”

3. Section 3.2.2 of the Share Swap Agreement shall be deleted and replaced in its entirety by the following:

“If the shareholder of Party B is a Non-Qualified Investor, Party A shall pay cash consideration calculated based on the Consideration to such shareholder pursuant to this Agreement; if the shareholder of Party B is a Qualified Investor, Party A shall issue the number of Series B Special Shares calculated based on the Consideration to such shareholder pursuant to this Agreement. Party B shall cooperate with Party A in relation to the issuance of Series B Special Shares;”

4. Section 3.2.3 of the Share Swap Agreement shall be deleted and replaced in its entirety by the following:

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“In the event that the Consideration is paid by Series B Special Shares, no fractional shares will be issued; in the event that the Consideration is paid in cash, then the amount of cash to be paid to the shareholders shall be calculated to the nearest dollar (rounded down to the nearest dollar);”

5. Section 3.4 of the Share Swap Agreement shall be deleted and replaced in its entirety by the following:

“Payment Method of the Consideration:

3.4.1 After the Completion Date, Party A shall deposit or wire transfer the amount of cash calculated based on the Consideration to the bank account or custodian account of Non-Qualified Investor. Party A’s payment obligation pursuant to Section 3.1 of this Agreement shall be deemed fulfilled upon the payment of cash to Non-Qualified Investor pursuant to this provision.

3.4.2 On the Completion Date, Party A shall issue and deliver the number of Series B Special Shares to Qualified Investor, and shall provide Party A’s shareholders roster as of the Completion Date to evidence that such Qualified Investors has obtained the Consideration. Party A’s payment obligation pursuant to Section 3.1 of this Agreement shall be deemed fulfilled upon the delivery of the Series B Special Shares to Qualified Investor pursuant to this provision.”

## II. Miscellaneous

1. This Amendment constitutes part of the Share Swap Agreement. In the event of any conflict between the provisions of this Amendment and the Share Swap Agreement, this Amendment shall take precedence over the Share Swap Agreement. Any matters that are not provided herewith shall be handled pursuant to the Share Swap Agreement. Capitalized terms used but not otherwise defined hereunder shall have their respective meanings as defined in the Share Swap Agreement.
2. This Amendment shall take effect upon the execution of each Party.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Parties are signing this Amendment as of the date stated in the introductory paragraph.

Party A: Woods Investment Company, Ltd.

Party B: Taiwan Liposome Co., Ltd.

/s/ George Yeh

Representative: George Yeh

Title: Chairman

/s/ May Kang

Representative: May Kang

Title: Independent Director

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# **Taiwan Liposome Company, Ltd.**

## **Opinion on the Reasonableness of the Share Conversion Ratio**

Client: Taiwan Liposome Company, Ltd.  
Target of Valuation: Taiwan Liposome Company, Ltd.  
Valuation Date: June 29, 2021  
Date of Valuation Report: July 5, 2021

Valuation Institution: Crowe (TW) CPAs (Taipei)  
Valuer: CPA Chiu, Chi-Sheng  
Practicing Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 10200032833  
Address: 10F, No. 369, Fuxing North Road, Songshan District, Taipei City

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### Summary of Opinion

1. Intended User of Valuation Report: Taiwan Liposome Company, Ltd. ("TLC" or the "Target Company").
  2. Target of Valuation: Equity value per common share of the Target.
  3. Purpose of Valuation: TLC intends to conduct a share swap transaction with newly established Woods Investment Company, Ltd. ("SPV"). After the date of the stock swap, TLC will become a wholly-owned subsidiary of SPV (the "Transaction"). SPV will issue series B special shares as consideration at NT\$100 per share in exchange for common shares of TLC, at the conversion ratio of 1:1. The series B special shares issued by SPV will mature one month following the date of issuance. If the conversion application has not been duly made within the prescribed period, SPV will fully redeem the series B special shares at NT\$100 per share. Should the resolution be passed in the shareholders' meeting, TLC plans to apply for the termination of stock trading with the Taipei Exchange (TPEX) and the cessation of public company status with the Financial Supervisory Commission. TLC has engaged the CPA to give an opinion on the reasonableness of the share conversion ratio according to Article 23 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The opinion is given by reference to the valuation report issued by EY Transaction Advisory Services Inc. ("EY Transaction Advisory") per TLC's authorization. The CPA then draws a conclusion after reviewing the said report and checking its computations.
  4. Type of Report: Opinion on reasonableness.
  5. Valuation Date: June 29, 2021.
  6. Conclusion: Per TLC's authorization, EY Transaction Advisory valued the equity of TLC on May 21, 2021 and issued a valuation report on June 29, 2021. Upon receipt of the said report, the CPA reviewed the appraiser's qualifications, requirements, and independence and, to the best of the CPA's knowledge, found the main information and parameters affecting the estimated equity value grounded on theory; in addition, the CPA found no significant unreasonableness in the valuation process and relevant computations in the report. The estimated value per common share at NT\$97.9 ~ NT\$106.5, as shown in the valuation report issued by EY Transaction Advisory, should be considered within a reasonable range.
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According to the aforesaid reasonable value range of TLC's common shares, as well as the issuance of series B special shares by SPV at NT\$100 per share, the reasonable conversion range is between 0.979 and 1.065 series B special share(s) of SPV for each common share of TLC. In the CPA's opinion, one common share of TLC in exchange for one series B special share of SPV, which is within the reasonable conversion range, should be considered reasonable and fair.

Crowe (TW) CPAs

CPA: Chiu, Chi-Sheng

Date: July 5, 2021

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### Independent Expert's Statement

The CPA issues the opinion on the reasonableness of the share conversion ratio to TLC according to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and relevant laws and regulations and by reference to the Valuation Standards of the Republic of China (the "Valuation Standards") or relevant self-disciplined regulations of the CPA association. The CPA hereby states that:

- I. The source of data, parameters, and information used in the working procedures, as well as the opinion issued, are complete, accurate, and reasonable and are used as the basis for issuing the opinion.
  - II. The CPA had confirmed his qualification under Paragraph 1, Article 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and prudently assessed his own professional capabilities and practical experience prior to accepting the Transaction pursuant to Subparagraph 1, Paragraph 2, Article 5 of the said regulations.
  - III. The CPA had appropriately planned and executed adequate working procedures when examining the Transaction, in order to produce a conclusion and use the conclusion as the basis for issuing an opinion, and had fully and accurately specified the related working procedures, data collected, and the conclusion in the case working papers.
  - IV. The CPA receives no contingent compensation.
  - V. Neither the opinion nor the conclusion is predetermined.
  - VI. The CPA is not a related party or de facto related party of the party to the Transaction, professional appraiser or appraisal officer issuing the opinion as prescribed in Subparagraphs 2 and 3, Paragraph 1, Article 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and has no involvement in the following:
    - (1) The CPA or his spouse is currently engaged by the party to the Transaction to perform regular work, receive a fixed salary, or serve as a director or supervisor.
    - (2) The CPA or his spouse once served as a director, supervisor, managerial officer or an employee of the party to the Transaction and was dismissed or resigned within the past two years.
    - (3) The company where the CPA or his spouse works is a related party of the party to the Transaction.
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- (4) The CPA has a spousal relationship or second degree of kinship with a director, supervisor, managerial officer or an employee of the party to the Transaction who has a significant influence on the Transaction.
- (5) The CPA or his spouse has significant investor relations or shares financial interests with the party to the Transaction.

Crowe (TW) CPAs

CPA: Chiu, Chi-Sheng

Date: July 5, 2021

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**I. Description of Valuation Engagement**

**(I) Intended User of Valuation Report**

Taiwan Liposome Company, Ltd. ("TLC" or the "Target Company").

**(II) Valuer**

CPA Chiu, Chi-Sheng from Crowe (TW) CPAs (Taipei).

**(III) Target of Valuation**

Equity value per common share of TLC.

**(IV) Valuation Date**

June 29, 2021.

**(V) Purpose of Valuation**

TLC intends to conduct a share swap transaction with newly established Woods Investment Company, Ltd. ("SPV"). After the date of the stock swap, TLC will become a wholly-owned subsidiary of SPV (the "Transaction"). SPV will issue series B special shares as consideration at NT\$100 per share in exchange for common shares of TLC, at the conversion ratio of 1:1. The series B special shares issued by SPV will mature one month following the date of issuance. If the conversion application has not been duly made within the prescribed period, SPV will fully redeem the series B special shares at NT\$100 per share. Should the resolution be passed in the shareholders' meeting, TLC plans to apply for the termination of stock trading with the Taipei Exchange (TPEX) and the cessation of public company status with the Financial Supervisory Commission. TLC has engaged the CPA to give an opinion on the reasonableness of the share conversion ratio according to Article 23 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The opinion is given by reference to the valuation report issued by EY Transaction Advisory Services Inc. ("EY Transaction Advisory") per TLC's authorization. The CPA then draws a conclusion after reviewing the said report and checking its computations.

**(VI) Standard and Premise of Value**

The opinion is given based on fair value measurement. According to the definition of the International Financial Reporting Standards (IFRS) 13 - Fair Value Measurement, fair value refers to a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition is closer to the fair market value under the Valuation Standards.

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(VII)

**Valuation Methods and Procedures**

Considering the purpose of valuation and TLC's industrial characteristics and finances and basing TLC's equity value on its future operations, the CPA valued TLC's equity using an income approach - discounted cash flow (DCF) and adopted a market approach, including market value and public company comparables (enterprise value-to-sales), for cross-check. The following valuation procedures are adopted by reference to Article 4 of the Valuation Standards No. 4:

1. Consider whether to accept the case.
2. Sign an engagement letter.
3. Obtain and analyze information.
4. Value equity.
5. Prepare valuation working papers.
6. Issue an opinion based on the results of the valuation.
7. Keep working papers properly.

(VIII)

**Source of Information**

The source of information in this report includes the following:

1. TLC's website.
  2. TLC's information disclosed on the Market Observation Post System.
  3. The TLC's equity valuation report issued by EY Transaction Advisory (valuation date: May 21, 2021).
  4. A draft of the share swap agreement between SPV and TLC.
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## II. Overview of Target Company

### (I) About TLC

Founded in the Republic of China, TLC was listed on the TPEX on December 21, 2012. In November 2018, TLC was officially listed on the Nasdaq Global Market by issuing American depositary shares. TLC develops specialty generic drugs, new dosage forms/new formulations, new drugs, and biotech services based on its proprietary lipid-assembled drug delivery platform (LipAD®).

BioSeizer® and NanoX® are TLC's core technologies. BioSeizer® technology is designed to enable sustained release of therapeutic agents through lipid multi-layer films, potentially reducing the dosing frequency; it is mainly used in pipelines such as TLC599 (osteoarthritis pain), TLC590 (local anesthesia), and TLC399 (macular degeneration and diabetic macular edema). NanoX® technology distributes liposome-encapsulated therapeutic agents based on indications and is especially suitable for carrying chemotherapy drugs to achieve sustained release or targeted effects; it is mainly used in pipelines such as TLC178 (rhabdomyosarcoma), TLC166 (antifungal drug), and Lipo-Dox (anticancer drug).

### (II) Financial information

#### 1. Condensed consolidated balance sheet

Unit: NT\$ thousand

Item	Year	2021/3/31	2020/12/31	2019/12/31
Current assets		1,173,607	1,431,977	1,095,614
Non-current assets		335,789	317,484	290,364
Total assets		1,509,396	1,749,461	1,385,978
Current liabilities		378,463	348,127	556,697
Non-current liabilities		490,299	538,007	107,371
Total liabilities		868,762	886,134	664,068
Share capital		841,549	841,549	741,939
Capital surplus		2,304,216	2,300,541	1,705,324
Retained earnings		(2,901,343)	(2,699,974)	(1,717,775)
Other equity		(8,629)	(4,194)	(7,578)
Total equity attributable to owners of the parent		235,793	437,922	721,910
Non-controlling interests		404,841	425,405	-
Total shareholder equity		640,634	863,327	721,910
Net value per share (NT\$)		2.80	5.20	9.73

Note: Adjustment in financial statements is not required as no significant events affecting the equity valuation have been found.

## 2. Condensed consolidated statement of comprehensive income

Unit: NT\$ thousand

Item	Period	2021Q1	2020	2019
Net operating revenue		37,618	101,928	209,140
Operating costs		-	-	-
Gross profit		37,618	101,928	209,140
Operating expenses		253,821	1,113,272	1,026,796
Operating income		(216,203)	(1,011,344)	(817,656)
Non-operating income and expenses		(1,795)	29,167	14,254
Profit before income tax		(217,998)	(982,177)	(803,402)
Income tax expense		239	1,132	4,120
Income from continuing operations		(218,237)	(983,309)	(807,522)
Other comprehensive income		(8,195)	262	(2,782)
Total comprehensive income		(226,432)	(983,047)	(810,304)
Net loss attributable to owner of the parent		(201,369)	(981,517)	(807,522)
Net loss attributable to non-controlling interests		(16,868)	(1,792)	-
Comprehensive income attributable to the parent		(205,868)	(981,255)	(810,304)
Comprehensive income attributable to non-controlling interests		(20,564)	(1,792)	-
Earnings per share (NT\$)		(2.39)	(12.42)	(12.32)

Note: Adjustment in financial statements is not required as no significant events affecting the equity valuation have been found.

### III. Valuation Models

#### (I) Description of Equity Valuation Methods

According to Article 15 of the Valuation Standards No. 4, appraiser shall, based on their professional judgment, take the nature of the case and all feasible common valuation methods into account and adopt a valuation method that is perfect for the case and can most reasonably reflect the value of the Target Company. Three valuation methods are commonly used to value a company: market approach, income approach, and asset-based approach. All of these valuation methods have their academic and theoretical grounds:

1. Market approach: The market approach, which consists of Volume Weighted Average Price (VWAP), Guideline public company method (GPCM), and Guideline transactions method (GTM), refers to the valuation multiples of comparable companies of the same type or similar transactions in the market and adjusts for the parts of the Target Company that are different from other industry players or transactions in the market, so as to analyze and calculate the market value of the Target Company based on its recent operations.
2. Income approach: The income approach includes discounted cash flow (DCF), which estimates the value of the Target Company by capitalizing or discounting the cash flows generated from its future operations.
3. Asset-based approach: Based on the book value, the asset-based approach values the individual assets and individual liabilities of the Target Company taking into account the fair market values, transaction costs, and taxes of assets and liabilities, so as to reflect the overall value of the Target Company.

#### (II) Selection of Valuation Methods

The Target Company is a pharmaceutical company specializing in the development of new drugs. According to the discussion between EY Transaction Advisory and management of the Target Company, in addition to the industrial characteristics and business activities of the Target Company, its future operations should be taken into account in the valuation process as its core value stands at new drugs under development. As a result, EY Transaction Advisory selected the income approach as the main method to value TLC's equity, and a market approach was also used to verify the valuation results under the income approach. These valuation methods should be considered reasonable.

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**IV. Calculation of Equity Value**  
**(I) Income Approach**

DCF was adopted for the Transaction. DCF analysis was conducted based on the income statement forecast provided by TLC. According to the result of the analysis, TLC's 100% equity value would be between NT\$8.536 billion and NT\$9.285 billion. Pursuant to management, the Target Company had 84,155 thousand shares outstanding and 3,062 thousand shares of employee stock options on the valuation date. As a result, the value of equity per share controlled by TLC and in circulation would be between NT\$97.9 and NT\$106.5.

TLC's management set the cash flow forecasting period from 2021 to 2032 after giving consideration to the following pipelines: (1) TLC599 (knee joint, OA & hand, hip, and shoulder, OA), on which FDA approval is expected in 2023 and 2025 respectively; (2) TLC590 (local anesthesia), on which FDA approval is expected in 2023; (3) TLC399 (macular degeneration and diabetic macular edema), on which Phase II clinical trial is expected in 2022; (4) TLC178 (rare pediatric disease such as rhabdomyosarcoma), on which Phase II clinical trial is expected in 2022, and TLC166 (antifungal drug), which has been launched in Taiwan since 2013; and (5) Lipo-Dox (anticancer drug, i.e., breast cancer and ovarian cancer), which has been launched in Taiwan since 2001. According to TLC's management, TLC388 (primary liver cancer and rectal cancer) is currently in the early stage of clinical trials, and TLC177 (breast cancer, ovarian cancer, and AIDS-associated Kaposi sarcoma) is currently experiencing bottlenecks in clinical trials. It is now impossible to reasonably estimate the research costs and operating revenue of both drugs. Therefore, they have been excluded from cash flow forecasting. Given the business model of the Target Company, EY Transaction Advisory extended the financial forecasting period to 2039. The key valuation factors and the estimated equity value in the valuation report issued by EY Transaction Advisory are described as follows:

1. Success rate of new drug development

Product	Phase II	Phase III	FDA Approval
TLC599 (knee joint, OA)	N/A	70.3%	85.3%
TLC599 (hand, hip, and shoulder, OA)	30.7%	58.1%	85.3%
TLC590	30.7%	58.1%	85.3%
TLC399	30.7%	58.1%	85.3%
TLC178	30.7%	58.1%	85.3%

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## 2. Operating revenue

- (1) The financial forecast of TLC599 (knee joint, OA) has estimated an upfront payment amounting to US\$200 million and a milestone payment of US\$240 million, and FDA approval is expected in 2023. Starting from 2023, 1.7 million patients is expected with CAGR of 1.5%, the number of vial used per patient would grow from 1.0 vial to 1.3 vials, and the estimated price per vial is expected to grow at 2.4% to 5.0% per annum till the patent expire in 2032. The estimated market penetration rate is 3.7% in the first year of the market entrance, 12.0% in the second year, and is expected to be stable in the remainder of the patent term with 19.0% market penetration.
  - (2) FDA approval of TLC599 (hand, hip, and shoulder, OA) is expected in 2025. Upon FDA approval, 3 million patients is expected with annual growth rate of 1.5%, the number of vial used per patient would grow from 1.0 vial to 1.3 vials, and the estimated price per vial is expected to grow at 2.4% to 5.0% per annum till the patent expire in 2032. The estimated market penetration rate is 5.0% in the first year of the market entrance, 14.0% in the second year, and is expected to be stable in the remainder of the patent term with 19.0% market penetration.
  - (3) The financial forecast of TLC590 has estimated an upfront payment amounting to US\$105 million and a milestone payment of US\$90 million. Starting from 2024, 20.9 million patients is expected with annual growth rate of 0.7%, the number of vial used per patient is 1.0 vial, and the estimated price per vial is expected to grow at 1.2% to 1.3% per annum till the patent expire in 2039. The estimated market penetration rate is 1.2% in the first year of the market entrance, 3.4% in the second year, and is expected to be stable in the remainder of the patent term with 7.0% market penetration.
  - (4) The financial forecast of TLC399 has estimated an upfront payment amounting to US\$7 million and a milestone payment of US\$25 million.
  - (5) The financial forecast of TLC178 has estimated an upfront payment amounting to US\$6 million and a milestone payment of US\$24 million.
  - (6) The financial forecast of TLC166 includes a milestone payment of US\$23,000 thousand by market. TLC166 has been launched in Taiwan since 2013, with the revenue growth rate estimated at 2%-3% per annum; TLC166 is expected to be launched in China in 2022, with an estimated market share of 10% to
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35%; TLC166 is expected to be launched in the U.S. in 2022, with an estimated market share of 35% to 40%. Revenue is estimated until 2039.

- (7) Lipo-Dox has been launched in Taiwan since 2002, with the annual revenue growth rate estimated at 5%.

3. Cost rate

Other pharmaceutical companies have been licensed for manufacturing and selling TLC166 and Lipo-Dox in Taiwan, so no relevant costs are estimated. The cost of TLC599 and TLC590 is estimated at US\$60 and US\$9 per vial respectively. The cost of TLC166 in China and the U.S. is estimated at 10% of the selling price per vial in China until 2039.

4. Net working capital

TLC indicated that the net working capital was estimated by daily sales and daily payables, with a normal credit period of 30 days.

5. Capital expenditures and depreciation expenses

Capital expenditures during the financial forecasting period would be US\$1,972 thousand annually for maintenance purposes, and depreciation expenses would be the same as capital expenditures.

6. Income tax rate

The statutory tax rate of 20% in Taiwan was adopted.

7. Discount rate

The discount rate was calculated at a weighted average cost of capital (WACC) of 12.5% to 14.3%.

8. Other adjustments

- (1) InspirMed, a subsidiary of TLC, specializes in the development of formulations for the treatment of COVID-19 ("TLC19"). According to TLC's management, the recent price of TLC19 was US\$15,780 thousand, which was included in equity valuation by EY Transaction Advisory.
  - (2) Non-controlling interests of US\$15,156 thousand belonged to InspirMed and were written down in value by EY Transaction Advisory at the time of equity valuation.
  - (3) Liabilities included bank borrowings of US\$20,442 thousand, lease liabilities of US\$2,080 thousand, and decommissioning liabilities of US\$230 thousand, which were written down in value at the time of equity
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valuation.

- (4) EY Transaction Advisory expected that the income tax benefit prior to 2014 would expire and thus included an unused income tax benefit of US\$32,897 thousand at the time of final valuation.
- (5) EY Transaction Advisory expected that outstanding employee stock options would be exercised in the future and thus included them in equity valuation.

#### 9. Estimated equity value

Based on the financial forecasts provided by TLC and the key valuation factors, EY Transaction Advisory held that TLC's 100% equity value would be between NT\$8.536 billion and NT\$9.285 billion on May 21, 2021. Pursuant to management, the Target Company had 84,155 thousand shares outstanding and 3,062 thousand shares of employee stock options on the valuation date. As a result, the value of equity per share controlled by TLC and in circulation would be between NT\$97.9 and NT\$106.5.

#### (II) Market Approach - Cross-check

EY Transaction Advisory adopted public company comparables (enterprise value-to-sales, EV/S) and market value to examine the reasonableness of the aforesaid range of equity value per share using the income approach.

In terms of EV/S, EY Transaction Advisory selected five guideline companies (including TLC) and calculated the EV/S multiplier is within the range of 1.3x to 3.6x; TLC's enterprise value estimated under DCF analysis under the income approach was ranged from US\$302,489 thousand to US\$328,028 thousand, 1.3 to 3.6 times the estimated sales of US\$101,906 thousand in 2024. The multiple fell within the multiplier range of the above guideline companies. Therefore, TLC's enterprise value estimated using DCF analysis under the income approach should be considered reasonable.

Under Volume Weighted Average Price (VWAP), EY Transaction Advisory calculated the average closing price of TLC 30, 60, and 90 days prior to the valuation date, May 21, 2021, which was between NT\$76.39 and NT\$81.69; given a 25% ~ 30% control premium, the value of TLC's common shares with control rights would range from NT\$95.5 to NT\$106.2 per share. As a result, the equity value of TLC estimated using DCF analysis under the income approach, which was between NT\$97.9 and NT\$106.5, should be considered within a

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**V. Share Conversion Ratio**

**(I) SPV - Series B Preferred Shares**

Woods Investment Company, Ltd. is a special purpose vehicle ("SPV") established for the purpose of mergers and acquisitions. SPV intends to raise funds from shareholders to issue series A special shares at NT\$100 per share, as well as series B special shares as consideration at NT\$100 per share in exchange for common shares of TLC.

The issuance conditions of the series B special shares are highlighted as follows:

SPV will issue series B special shares as consideration at NT\$100 per share in exchange for common shares of TLC. The series B special shares issued by SPV will mature one month following the date of issuance. During the period from the date of issuance to ten days before the maturity date of the series B special shares, shareholders of the series B special shares may give SPV notice at any time to convert one series B special share to one common share of SPV if meeting certain requirements. If the conversion application has not been duly made by the shareholders of the series B special shares within the prescribed period, SPV will fully redeem the series B special shares at NT\$100 per share without the shareholders' consent.

**(II) Reasonableness of the Share Conversion Ratio**

According to the aforesaid, price per common shares of TLC ranges from NT\$97.9 to NT\$106.5 valued by EY Transaction Advisory, as SPV will issue series B special shares at NT\$100 per share, therefore the reasonable conversion range is between 0.979 and 1.065 series B special share(s) of SPV for each common share of TLC. In the CPA's opinion, one common share of TLC in exchange for one series B special share of SPV, which is within the reasonable conversion range, should be considered reasonable and fair.

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## **VI. Conclusion**

As engaged by TLC, EY Transaction Advisory valued the equity of TLC on May 21, 2021 and issued a valuation report on June 29, 2021. Upon receipt of the said report, the CPA reviewed the valuer's qualifications, requirements, and independence and, to the best of the CPA's knowledge, found the main information and parameters affecting the estimated equity value grounded on theory; in addition, the CPA found no significant unreasonableness in the valuation process and relevant computations in the report. The estimated value per common share ranges from NT\$97.9 ~ NT\$106.5, as shown in the valuation report issued by EY Transaction Advisory, should be considered within a reasonable range.

According to the aforesaid reasonable value range of TLC's common shares, as SPV will issue series B special shares at NT\$100 per share, the reasonable conversion range is between 0.979 and 1.065 series B special share(s) of SPV for each common share of TLC. In the CPA's opinion, one common share of TLC in exchange for one series B special share of SPV, which is within the reasonable conversion range, should be considered reasonable and fair.

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## Attachment I - Assumptions and Limiting Conditions

1. Since internal and external factors may have great impacts on the valuation, information disclosed in the opinion is very important and closely related to the estimated equity value. All necessary information is disclosed in the opinion.
  2. An enterprise value is calculated based on the data obtained and certain assumptions and conditions, and a valuation report is issued accordingly. As a result, the value calculated by different appraisers may vary. The CPA uses generally accepted valuation methods and procedures to express an opinion on the equity value of TLC. The CPA does not provide any guarantee for the transaction price.
  3. As providing legal services is outside the scope of the CPA's business activities, the CPA is unable to judge any legal proceedings that may have an impact on the valuation from a professional lawyer's perspective.
  4. The opinion is for TLC's use only for the said purpose of valuation. Without the CPA's consent in writing, the opinion should not be made available to any third parties or for any other purposes. The CPA assumes no responsibility towards any third parties.
  5. The CPA assumes that there is no significant change in the political and economic environments where TLC operates, interest rates, exchange rates, and relevant laws and regulations and that the industrial development is in line with expectations. The CPA does not consider the impact of unexpected changes on the equity value of TLC. In case of unexpected changes after the issuance of the opinion, the CPA will update the opinion only if re-engaged to conduct the valuation again.
  6. According to Article 7 of the Valuation Standards No. 11 (Enterprise Valuation) published by the Accounting Research and Development Foundation, the CPA has reviewed the reasonableness of the information provided by TLC (including financial statements and other relevant information) and the information available in the open market in order to confirm the reliability and appropriateness of their sources. Based on the scope of engagement, however, the CPA has not audited the aforesaid information in accordance with the generally accepted auditing standards or assured the information in accordance with the Assurance Standards No. 1 (Assurance Engagement Other than the Audit or Review of Historical Financial Information) published by the Accounting Research and Development Foundation. Therefore, the CPA is unable to provide any assurance as to the accuracy or appropriateness of the information.
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7. The CPA assumes that TLC has disclosed to the CPA all the lawsuits, regulations, or orders in association with TLC, as well as other matters that may affect the equity value of TLC.
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CPA Resume

Name: Chiu, Chi-Sheng

Credential: CPA, Republic of China

Education: Bachelor of Statistics, National Cheng Kung University  
Master of Accounting, Soochow University  
Credit Program at Law Institute, National Taipei University

Work Experience: First CPAs Manager and Assistant Manager  
Diwan & Company Senior Manager  
First CPAs CPA  
Taipei Accounting Association Director and Full-time Instructor

Current Position: Crowe (TW) CPAs CPA



## Taiwan Liposome Company, Ltd.

## Comparison Table for the Amendments to the Articles of Incorporations

Article No.	After Amendment	Before Amendment	Explanation
Article 5	The Company may invest in other business for its business needs, and it is not subject to the restriction stipulated in Article 13 of the Company Act that the total amount of its reinvestment shall not exceed forty (40) percent of the amount of its paid-in capital.	The Company may invest in other business for its business needs, and it is not subject to the restriction stipulated in Article 13 of the Company Act that the total amount of its reinvestment shall not exceed forty (40) percent of the amount of its paid-in capital <u>and shall be handled in accordance with the "Procedures for Acquisition or Disposal of Assets".</u>	Proposed amendments to provision to meet the need of business operations.
Article 6	The Company may provide endorsements and guarantees for others.	The Company may provide endorsements and guarantees for others, <u>subject to the "Procedures Regarding the Making of Endorsements/Guarantees" of the Company.</u>	Proposed amendments to provision to meet the need of business operations.
Article 9	Other matters relating to stocks shall be dealt in accordance with the "Guidelines for Handling of Stock Affairs by Public Companies" promulgated by the competent authority <u>during the period when the Company is a public company.</u>	Other matters relating to stocks shall be dealt in accordance with the "Guidelines for Handling of Stock Affairs by Public Companies" promulgated by the competent authority.	Proposed amendments to provision to meet the need of business operations.
Article 10	<u>The registration of transfers of shares of the Company shall be handled in accordance with the Company Act.</u>	No transfer of shares of the Company <u>may be recorded in the shareholders' register within 60 days before a regular shareholders' meeting; within 30 days before an extraordinary shareholders' meeting; or within 5 days before the record date of the distribution of dividends, bonuses, or other benefits, as decided by the Company.</u>	Proposed amendments to provision to meet the need of business operations.

Article No.	After Amendment	Before Amendment	Explanation
Article 13	When a shareholder is unable to attend a shareholders' meeting, such shareholder may appoint a proxy agent to attend the meeting by signing or affixing such shareholder's chop to a proxy form printed by the Company, and such shareholder shall state the scope of authorization covered by the proxy. <u>The handling of matters in relation to shareholder proxies is subject to the Company Act and other applicable laws and regulations.</u>	When a shareholder is unable to attend a shareholders' meeting, such shareholder may appoint a proxy agent to attend the meeting by signing or affixing such shareholder's chop to a proxy form printed by the Company, and such shareholder shall state the scope of authorization covered by the proxy. <u>Subject to Article 177 of the Company Act, other matters in relation to shareholder proxies shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.</u>	Proposed amendments to provision to meet the need of business operations.
Article 16	The Company shall have 5 to 11 directors, each of whom has a three-year term of office. The choice of members of the Board of Directors shall take into account the need for diversification, the need for a variety of professional backgrounds, the possession of the necessary knowledge, skills and experience to perform the duties of a director, and gender equality. The Company has adopted a candidate nomination mechanism for the election of directors, and shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Directors of the Company may be re-elected consecutively. <u>During the period when the Company is a public company in Taiwan, to be in compliance with the Securities and Exchange Act, among the aforementioned directors, at least 3 seats shall be reserved for independent directors, and the number of independent directors shall be more than one-fifth (1/5) of the total number of directors. Any matters regarding independent directors shall be handled in accordance with relevant regulations promulgated by the competent authority. <u>After the termination or cancellation of public company status, the foregoing in relation to the independent directors will no longer be applicable.</u></u> The total number of nominal shares of the Company's stock held by the directors shall be in compliance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.	The Company shall have 7 to 11 directors, each of whom has a three-year term of office. The choice of members of the Board of Directors shall take into account the need for diversification, the need for a variety of professional backgrounds, the possession of the necessary knowledge, skill and experience to perform the duties of a director, and gender equality. The Company has adopted a candidate nomination mechanism for the election of directors, and shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Directors of the Company may be re-elected consecutively. <u>The Company may procure liability insurance for the directors to cover their legal liabilities arising out of their performance of duties during their tenure and may, pursuant to the practices prevailing in the United States listed companies, enter into indemnity agreements with the directors and managerial officers to indemnify them for the damages and losses incurred by them.</u> To be in compliance with the Securities and Exchange Act, among the aforementioned directors, at least 3 seats shall be reserved for independent directors, and the number of independent directors shall be more than one-fifth (1/5) of the total number of directors. Any matters regarding independent directors shall be handled in accordance with relevant regulations promulgated by the competent authority. The total number of nominal shares of the Company's stock held by the directors shall be in compliance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.	Proposed amendments to provision to meet the need of business operations.

Article No.	After Amendment	Before Amendment	Explanation
Article 16-1	<p>During the period when the Company is a public company in Taiwan, the Company shall establish an Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act, and starting from the date of establishment, the supervisors shall be replaced by the Audit Committee, and the functions of supervisors under the Securities and Exchange Act and any other laws and regulations shall be performed by the Audit Committee. <u>After the termination or cancellation of public company status, the Company shall have one supervisor.</u></p> <p>The Audit Committee shall be composed of all independent directors, one of which shall be the convener. The number of members, their terms and duties, and the meeting rules shall be set forth in the Audit Committee Charter. <u>After the termination or cancellation of public company status, the foregoing in relation to the audit committee is no more applicable.</u></p>	<p>The Company shall establish an Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act, and starting from the date of establishment, the supervisors shall be replaced by the Audit Committee, and the functions of supervisors under the Securities and Exchange Act and any other laws and regulations shall be performed by the Audit Committee.</p> <p>The Audit Committee shall be composed of all independent directors, one of which shall be the convener. The number of members, the term, duties and meeting rules shall be set forth in the Audit Committee Charter.</p>	<p>Proposed amendments to provision to meet the need of business operations.</p>



Article No.	After Amendment	Before Amendment	Explanation
Article 17	<p>In the event that no election of new directors is effected after the expiration of the tenure of existing directors, the tenure of the existing directors may be extended until the time new directors have been elected and assumed their offices. If the directors are dismissed for any reason, resulting in there being less than five directors, an election of directors to fill the vacancies shall be held at the next shareholders meeting, but if the number of vacancies in the Board of Directors reaches one-third (1/3) or more of the total number of directors, an extraordinary shareholders meeting shall be called <u>in accordance with the Company Act</u> to fill the vacancies, and the tenures of such successor directors shall be limited to the remaining tenures of the departing directors. If the independent directors are dismissed for any reason, resulting in there being less than the required minimum number of independent directors under the Securities and Exchange Act or these Articles, an election of directors to fill the vacancies shall be held at the next shareholders meeting, but if all the independent directors are all dismissed for any reason, an extraordinary shareholders meeting shall be called within sixty days after the date of occurrence to elect successor directors to fill the vacancies. <u>After the termination or cancellation of public company status, the foregoing in relation to the independent directors is no more applicable.</u></p>	<p>In the event that no election of new directors is effected after the expiration of the tenure of existing directors, the tenure of the existing directors may be extended until the time new directors have been elected and assumed their offices. If the directors are dismissed for any reason, resulting in there being less than five directors, an election of directors to fill the vacancies shall be held at the most recent shareholders meeting, but if the number of vacancies in the Board of Directors reaches one-third (1/3) or more of the total number of directors, <u>an extraordinary shareholders meeting shall be called within sixty days after the date of occurrence to elect successor directors to fill the vacancies,</u> and the tenure of such successor directors shall be limited to the remaining tenure of the departing directors. If the independent directors are dismissed for any reason, resulting in there being less than the required minimum number of independent directors under the Securities and Exchange Act or these Articles, an election of directors to fill the vacancies shall be held at the most recent shareholders meeting, but if all the independent directors are all dismissed for any reason, an extraordinary shareholders meeting shall be called within sixty days after the date of occurrence to elect successor directors to fill the vacancies.</p>	<p>Proposed amendments to provision to meet the needs of business operations.</p>

Article No.	After Amendment	Before Amendment	Explanation
Article 24	<p data-bbox="240 47 802 302">During the period when the Company is a public company in Taiwan, the documents and reports listed below shall be submitted to the Audit Committee for approval in accordance with Article 14-5 of the Securities and Exchange Act, and to the Board of Directors for approval, and then submitted to the annual shareholders' meeting for approval. <del>After the termination or cancellation of public company status, the Board of Directors shall prepare the documents and reports listed below and submit them to the supervisor for review and examination thirty days prior to the shareholders' meeting.</del></p> <p data-bbox="240 324 802 356">(The content below will be omitted)</p>	<p data-bbox="802 47 1361 168">The documents and reports listed below shall be submitted to the Audit Committee for approval in accordance with Article 14-5 of the Securities and Exchange Act, and to the Board of Directors for approval, and then submitted to the annual shareholders' meeting for approval.</p> <p data-bbox="802 168 1361 356">(The content below will be omitted)</p>	<p data-bbox="1361 47 1564 356">Proposed amendments to provision to meet the need of business operations.</p>

Article No.	After Amendment	Before Amendment	Explanation
Article 28	The Articles of Incorporation were first made and executed on September 30, 1997. The first amendment to the Articles of Incorporation ("Amendment") was made on January 11, 2002. The second Amendment was made on April 15, 2002. The third Amendment was made on October 2, 2003. The fourth Amendment was made on January 15, 2004. The fifth Amendment was made on June 8, 2005. The sixth Amendment was made on June 22, 2006. The seventh Amendment was made on June 26, 2008. The eighth Amendment was made on March 20, 2009. The ninth Amendment was made on April 30, 2009. The tenth Amendment was made on June 18, 2010. The eleventh Amendment was made on June 17, 2011. The twelfth Amendment was made on June 26, 2012. The thirteenth Amendment was made on June 18, 2014. The fourteenth Amendment was made on June 23, 2015. The fifteenth Amendment was made on June 21, 2016. The sixteenth Amendment was made on June 26, 2018. The seventeenth Amendment was made on August 19, 2021. <u>The eighteenth Amendment was made on August 20, 2021.</u>	The Articles of Incorporation were first made and executed on September 30, 1997. The first amendment to the Articles of Incorporation ("Amendment") was made on January 11, 2002. The second Amendment was made on April 15, 2002. The third Amendment was made on October 2, 2003. The fourth Amendment was made on January 15, 2004. The fifth Amendment was made on June 8, 2005. The sixth Amendment was made on June 22, 2006. The seventh Amendment was made on June 26, 2008. The eighth Amendment was made on March 20, 2009. The ninth Amendment was made on April 30, 2009. The tenth Amendment was made on June 18, 2010. The eleventh Amendment was made on June 17, 2011. The twelfth Amendment was made on June 26, 2012. The thirteenth Amendment was made on June 18, 2014. The fourteenth Amendment was made on June 23, 2015. The fifteenth Amendment was made on June 21, 2016. The sixteenth Amendment was made on June 26, 2018. The seventeenth Amendment was made on August 19, 2021	Added new dates of the amendment.

