



Stock Code: 4162

Handbook for the 2017 Annual Meeting of Shareholders 【Translation】

Meeting Time: June 13, 2017

Meeting Venue: Conference Room II

11F, 350, Sung Chiang Road, Taipei, 104, Taiwan, R.O.C.

(Importers and Exporters Association of Taipei)

In case of any discrepancy between the English and the Chinese version, the Chinese version shall prevail.

Table of Contents

I.	Meeting Agenda.....	P1
II.	Report Items.....	P2
III.	Ratification Items.....	P3
IV.	Discussion.....	P5
V.	Questions and Motions	P8
VI.	Adjournment.....	P8
VII.	Appendices	P9
	1. 2016 Business Report and 2017 Business Plans	
	2. The Review Report of Audit Committee	
	3. Auditor's Report and 2016 Financial Statements	
	4. Articles of Incorporation (Before Amendment)	
	5. The Operational procedures for Acquisition and Disposal of Assets (Before Amendment)	
	6. Rules and Procedures of Shareholder's Meeting	
	7. The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate	
	8. Current Shareholding of Directors	

I. Meeting Agenda

Agenda of 2017 Annual Meeting of Shareholders

Meeting Time: 9:00 AM, June 13, 2017 (Tuesday)

Meeting Venue: Conference Room II

11F, No.350 Sung Chiang Road, Taipei 104, Taiwan, R.O.C.
(Importers and Exporters Association of Taipei)

Call the Meeting to Order

Chairperson Remarks

Report Items

1. 2016 Business Report and 2017 Business Plans
2. The Review Report on the 2016 Financial Statements of Audit Committee
3. The implementation status of employees' compensation and Directors' compensation in 2016

Ratification Items

1. Ratification of the 2016 Business Report and Financial Statements
2. Ratification of the Proposal for Distribution of 2016 Profits

Discussion

1. Proposal for a new share issue through capitalization of 2016 earnings and capital surplus
2. Proposal for a cash distribution from capital surplus
3. Amendment to the Articles of Incorporation
4. Amendment to the Operational procedures for Acquisition and Disposal of Assets
5. Proposal for releasing the prohibition on Directors from participation in competitive business

Questions and Motions

Adjournment

II. Report Items

Report No.1

2016 Business Report and 2017 Business Plans

Description:

2016 Business Report and 2017 Business Plans are attached herein as Appendix 1 (please refer to page 9-11).

Report No.2

The Review Report on the 2016 Financial Statements of Audit Committee

Description:

- (1) The 2016 Business Report, Financial Statements and the Profit Distribution Table have been reviewed and examined by the Audit Committee.
- (2) The 2016 Review Report of the Audit Committee is attached herein as Appendix 2 (please refer to page 12).

Report No.3

The Implementation status of employees' compensation and Directors' compensation in 2016.

Description:

The proposal for 2016 employees' compensation and Directors' compensation is adopted in the Board Meeting on March 7, 2017. The compensation for employees is NT\$ 35,652,093 in cash and the compensation for Directors and Supervisors is NT\$ 17,826,047 in cash.

The foresaid amounts, which have been expensed under the Company's 2016 Income statements, are the same as the amounts proposed by the Board.

III. Ratification Items

Case No. 1 proposed by the Board of Directors

Proposal:

Ratification of the 2016 Business Report and Financial Statements

Description:

- (1) The 2016 Business Report and Financial Statements of the Company, including the Consolidated Financial Statements, have been approved by the Board Meeting. The Financial Statements, including the Consolidated Financial Statements, has been audited and examined by the independent auditors, David Teng and Audrey Tseng of PricewaterhouseCoopers, and the independent auditors have issued an unqualified audit report.
- (2) The foresaid Business Report and Financial Statements, including the Consolidated Financial Statements, have also been examined by the Audit Committee.
- (3) The 2016 Business Report and Financial Statements, including the Consolidated Financial Statements, are attached herein as Appendix 1 and Appendix 3, pages 9-11 and 13-21.

Resolution:

Case No. 2 proposed by the Board of Directors

Proposal:

Ratification of the Proposal for Distribution of 2016 Profits

Description:

- (1) The Company proposed to distribute the profit, NT\$ 245,166,400, from unappropriated retained earnings in 2016. Each common shareholder will be entitled to receive cash dividends of NTD 2.00 per share. All cash dividends are rounded down to the nearest dollar after discount any cents. The remaining amount will be treated as the other revenue of the Company. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors shall be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
- (2) In the event that, before the date of distribution, the proposed profit distribution is fluctuated by the change of shares of common stock, it is proposed that the Board of Directors shall be authorized to adjust the rate of cash to be distributed.
- (3) Please refer to the 2016 Profits Distribution Table as follows:

PharmaEngine, Inc.
PROFITS DISTRIBUTION TABLE in 2016

Unit: NTD

Items	Amount	Note
Beginning retained earnings	59,225,141	
Add: net profit after tax	689,624,790	
Less: 10% Statutory reserves	(68,962,479)	
Less: Special reserves	(294,663)	
Distributable net profit	679,592,789	
Distributable items:		
Dividend to shareholders (cash)	(245,166,400)	
Dividend to shareholders (Stock)	(122,583,200)	
Unappropriated retained earnings	311,843,189	

Resolution:

IV. Discussion

Case No. 1 Proposed by the Board of Directors

Proposal:

Proposal for a new share issue through capitalization of 2016 earnings and capital surplus

Description:

- (1) For expanding Company's business practice, it is proposed to withdraw NTD\$122,583,200 from the distributable earnings to issue dividend stocks of NTD\$122,583,200 (12,258,320 shares), and to withdraw NTD\$122,583,200 from capital Surplus to issue stocks of NTD\$122,583,200 (12,258,320 shares). Such proposal may increase the paid-in capital of 24,516,640 common shares at per value of NT\$ 10 each share and 200 shares per 1,000 shares.
- (2) For the stock or dividend stock of less than one share, Shareholder may register for collection in one share in the Common Stock Transfer Agent and Registrar within 5 days after the divided record date. Shareholding of less than one share shall be paid in cash, rounded down to the nearest dollar after discount any cents, and will be purchased by persons arranged by the Chairman as authorized by the Board.
- (3) In the event that the common stock shares are fluctuated by the change of Company capital before the date of distribution, it is proposed to authorize the Board of Directors to adjust the issuing rate of the new stocks.
- (4) Upon the resolution of the Annual Meeting of Shareholders and approval of the regulatory authority, it is proposed that the Board of Directors shall be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
- (5) In the event that this proposal needs to be modified due to the regulatory requirements or any other factor, it is proposed that the Board of Directors shall be authorized to resolve such issues.
- (6) The shareholder rights and obligations of the new shares are the same as those of existing shares.

Resolution:

Case No. 2 Proposed by the Board of Directors

Proposal:

Proposal for a cash distribution from capital surplus

Description:

- (1) It is proposed the Company to distribute cash of NT\$ 61,291,600 of the additional paid-in capital in excess of par value to shareholders at NT\$ 0.5 per share. All cash dividends are rounded down to the nearest dollar after discount any cents. The remaining amount will be treated as the other revenue of the Company. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors shall be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
- (2) In the event that the proposed distribution is fluctuated by the change of common stock shares before the date of distribution, it is proposed that the Board of Directors shall be authorized to adjust it.

Resolution:

Case No. 3 Proposed by the Board of Directors

Proposal:

Amendment to the Articles of Incorporation

Description:

This amendment is to implement the amendments of the Company Act for the business development of Company and set up Audit Committee.

Resolution:

Case No. 4 Proposed by the Board of Directors

Proposal:

Amendment to the Operational procedures for Acquisition and Disposal of Assets

Description:

Articles of the “Operational procedures for Acquisition and Disposal of Assets” of Company are modified in accordance with the current “Operational procedures for Acquisition and Disposal of Assets” modified by the Financial Supervisory Commission.

Resolution:

Case No. 5 Proposed by the Board of Directors

Proposal:

Proposal for releasing the prohibition on Directors from participation in competitive business

Description:

- (1) In accordance with Article 209 of the Company Law, a director or its representatives, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) Because the Directors and their representatives may invest or operate the businesses which are similar to the business scope of the Company, the Company proposes to release the non-competition restrictions on such Directors or their representatives, in accordance with the laws and regulations, to allow them to act the benefit of themselves or on behalf of another person on matters which will not damage the interests of the Company.
- (3) It is proposed to release the prohibition on the following director from participation in the competitive business.

Position	Name	Participation in Competitive Business
Independent Director	Fu-Shiow Yin	EirGenix Inc. Independent Director

Resolution:

V. Questions and Motions

VI. Adjournment

VII. Appendices

Appendix 1.

PharmaEngine, Inc.

2016 Business Report and 2017 Business Plans

We would like to thank all the investors for your support to PharmaEngine. ONIVYDE[®] was launched on June, 2016 after receiving regulatory approvals by the TFDA and the US FDA on October. In addition, ONIVYDE[®] was also launched in countries of the European area at the end of 2016 after receiving the approval of the Marketing Authorization by the European Commission (EC). Moreover, PharmaEngine has earned the highest accumulated surplus in 2016 again. Hereinafter, we would like to address our operational status in 2015 and business plan of 2016.

[Business Strategy]

PharmaEngine adopts the business model of “no research, development only (NRDO)” and “Networked Pharma (out-source)” to establish an integrated new drug development company in Taiwan. We believe that this business model may not only reduce the risk of new drug development, but also speed up the launch of new drug candidates of PharmaEngine for reaching the “win-win” partnership with PharmaEngine’s partners.

[Operation Overview]

PharmaEngine has three on-going projects at present stage: ONIVYDE[®] (nal-IRI, MM-398, PEP02) is a novel, stable nanotherapeutic encapsulation of the marketed chemotherapy drug irinotecan for the treatment of patients with metastatic adenocarcinoma of the pancreas who have been previously treated with gemcitabine-based therapy. ONIVYDE[®] has received regulatory approvals from the Taiwan FDA and the US FDA in October 2015, and the Marketing Authorization Approval from the EC in October 2016; PEP503 is a nanoparticle formulation of hafnium oxide crystals for the local treatment of tumors to enhance the efficacy of radiotherapy (radioenhancer). PharmaEngine has entered into a global collaboration for PEP503 pivotal trial in soft tissue sarcoma (STS) in Asia-Pacific region and Phase I/II studies of the rectal cancer and the head and neck cancer in Taiwan; PEP06 is a new chemical entity in lead optimization stage.

[Operational Performance]

The Revenue of PharmaEngine in 2016 was NT\$1,134,782 thousand dollars. The Cost, including labor costs and operating expenses, was NT\$326,659 thousand dollars. The Operating Income was NT\$808,123 thousand dollars. The Net Non-operating Income was NT\$29,784 thousand dollars. The Income before Tax was NT\$837,907 thousand dollars. The Net Income was NT\$689,625 thousand dollars.

[Status of Budget Implementation]

In reviewing the status of budget implementation of 2016, PharmaEngine retained milestone payments of US\$10 million dollars due to the acceptance of a new drug application (NDA) of ONIVYDE by the Korean Ministry of Food and Drug Safety (MFDS) and US\$25.5 million dollars due to the approval of the Marketing Authorization by the EMA. The Revenue of PharmaEngine reached NT\$1,134,782 thousand dollars by such milestone payments. The revenue of 2016 was 57.29% of its budget objective because of not receiving regulatory approvals by any regulatory authority in Asian area.

[Analysis of Profitability]

In 2016, the Net Income was NT\$689,625 thousand dollars, the Net Profit Margin was 60.77%, the Return on Assets was 19.16%, and the Return on Equity was 19.82%. Generally, the profitability of PharmaEngine is good.

[Status of Research and Development]

Regarding the status of research and development of PharmaEngine, ONIVYDE[®] was granted the Product License of ONIVYDE[®] for the treatment of metastatic pancreatic cancer by TFDA in March, 2016. Meanwhile ONIVYDE[®] was included in the National Comprehensive Cancer Network (NCCN) in its 2016 Clinical Practice Guidelines in Oncology for pancreatic adenocarcinoma as a category 1 second-line therapy. ONIVYDE[®] was granted the Marketing Authorization by the EC in October 2016. Regarding PEP503 project, the first patient was dosed in a global pivotal phase II/III trial of PEP503 (NBTXR3) in soft tissue sarcoma (STS) in May, 2016 and the CE marking submission package was accepted in September, 2016. In addition, the first patient was dosed in the head and neck study in October 2016.

In 2017, the major objects of PharmaEngine's research and development will focus on not only the global development, the new drug applications in Asian countries and the drug price application of National Health Insurance in Taiwan for ONIVYDE[®] project, but also the completion of the pivotal study in Asia-Pacific region and phase I/II studies in Taiwan for PEP503 project. PharmaEngine continues the tasks of patent application for PEP06 project. In addition, PharmaEngine will survey new drug projects worldwide and then license in any appropriate project, in order to reinforce the strength of the pipeline profiles.

Finally, we would like to thank all the investors and PharmaEngine's employees again for the support to PharmaEngine. PharmaEngine promises to bring the better profits and rewards to all the investors and PharmaEngine's employees by continuously and successfully exploring new drug projects in the oncology field.

Appendix 2

The Review Report of Audit Committee

To Shareholders of PharmaEngine, Inc.

The Business Report, Financial Statements, Consolidated Financial Statements, and proposal for Distribution of profits have been proposed by the Board Meeting. The foresaid Financial Statements and Consolidated Financial Statements have been audited and the unqualified audit report has been issued by the independent auditors, David Teng and Audrey Tseng of PricewaterhouseCoopers.

The Business Report, Financial Statements, Consolidated Financial Statements and proposal for Distribution of profits have been reviewed by the Audit Committee and were deemed to be acceptable. Therefore, the Audit Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law.

PharmaEngine, Inc.

The Chairman of Audit Committee

Frank Li-Sheng Chu

May, 3, 2017

Appendix 3

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of PharmaEngine, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of PharmaEngine, Inc. and its subsidiary (the “Group”) as at December 31, 2016 and 2015, 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 at December 31, 2016 and 2015, 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 the 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 (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Accuracy of licensing revenue recognition

Description

The Group is mainly engaged in technology out-licensing. The licensing revenue amounted to NT\$1,126,107 thousand, constituting 99% of total operating revenue for the year ended December 31, 2016. Please refer to Note 4(18) for accounting policy on licensing revenue recognition. As the Group recognizes revenue in accordance with the terms and conditions specified in each license contract, and the amount of revenue is significant, we consider the accuracy of licensing revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures relative to the above key audit matter included:

1. Obtaining management's policy on licensing revenue, and confirming whether the recognition of licensing revenue has been properly reviewed and approved.
2. Checking the contents of license contract, and confirming whether management's judgment on revenue recognition is in accordance with the terms of the contract.
3. Confirming whether amount is recognized in proper period.
4. Obtaining proper supporting documents.
5. Confirming whether there is no significant concern on the collectibility of revenue.

Existence of cash in banks

Description

The balance of cash and cash equivalents amounted to NT\$1,841,117 thousand at December 31, 2016, constituting 47% of consolidated total assets. Cash equivalents refers to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As of December 31, 2016, time deposits that did not meet the definition of cash equivalents amounted to NT\$2,067,731 thousand, constituting 52% of consolidated total assets and were classified as other current financial assets. Given that cash in banks comprise a large percentage of consolidated total assets, we consider the existence of cash in banks a key audit matter.

How our audit addressed the matter

Our audit procedures relative to the above key audit matter included:

1. Confirming the special agreement on bank accounts with financial institutions including existence, rights and obligations.
2. Verifying whether the contact information of the bank is true and correct.
3. Obtaining bank reconciliation at end of period and checking unusual adjustments, if any.
4. Inspecting the source documents of significant cash receipts and payments to verify that the transactions are for business needs.
5. For foreign currency deposits maintained overseas, understanding the reasonableness of motive and objective, valuation reputation and financial conditions of foreign bank, and verifying the existence of foreign bank.
6. Conducting physical inspection of certificates of deposit.
7. Confirming whether time deposits are properly classified in the balance sheet.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of PharmaEngine, Inc. as at and for the years ended December 31, 2016 and 2015.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Teng, Sheng-Wei

Audrey Tseng

for and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2017

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 report of independent accountants 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.

PHARMAENGINE, INC. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	2016		2015		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,841,117	47	\$ 432,516	14
1170	Accounts receivable, net	6(2)	4,464	-	4,181	-
1200	Other receivables		10,016	-	5,565	-
130X	Inventories	6(3)	10,185	-	-	-
1410	Prepayments		1,671	-	1,284	-
1476	Other current financial assets	6(4)	2,067,731	52	2,719,785	84
1479	Other current assets		549	-	257	-
11XX	Total current assets		<u>3,935,733</u>	<u>99</u>	<u>3,163,588</u>	<u>98</u>
Non-current assets						
1600	Property, plant and equipment	6(5)	9,929	1	12,031	-
1780	Intangible assets		651	-	488	-
1840	Deferred income tax assets	6(19)	7,991	-	58,682	2
1900	Other non-current assets	6(6)	4,957	-	3,793	-
15XX	Total non-current assets		<u>23,528</u>	<u>1</u>	<u>74,994</u>	<u>2</u>
1XXX	Total assets		<u>\$ 3,959,261</u>	<u>100</u>	<u>\$ 3,238,582</u>	<u>100</u>

(Continued)

PHARMAENGINE, INC. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	2016		2015	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2150	Notes payable	\$ 299	-	\$ 3,914	-
2200	Other payables	6(7) 74,467	2	32,836	1
2230	Current income tax liabilities	6(19) 74,274	2	28,768	1
2300	Other current liabilities	998	-	822	-
21XX	Total current liabilities	<u>150,038</u>	<u>4</u>	<u>66,340</u>	<u>2</u>
Non-current liabilities					
2570	Deferred income tax liabilities	6(19) 10,445	-	13,071	-
2XXX	Total liabilities	<u>160,483</u>	<u>4</u>	<u>79,411</u>	<u>2</u>
Share capital					
		6(10)			
3110	Common stock	1,224,592	31	1,019,650	32
Capital surplus					
		6(11)			
3200	Capital surplus	1,773,870	45	1,811,149	57
Retained earnings					
		6(12)(19)			
3310	Legal reserve	51,761	1	12,359	-
3350	Unappropriated retained earnings	748,850	19	403,310	12
Other equity interest					
3400	Other equity interest	(295)	-	(42)	-
3500	Treasury shares	6(10) -	-	(87,255)	(3)
3XXX	Total equity	<u>3,798,778</u>	<u>96</u>	<u>3,159,171</u>	<u>98</u>
Significant contingent liabilities					
and unrecognised contract					
commitments					
3X2X	Total liabilities and equity	<u>\$ 3,959,261</u>	<u>100</u>	<u>\$ 3,238,582</u>	<u>100</u>

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

PHARMAENGINE, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	2016		2015	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(13)	\$ 1,134,782	100	\$ 507,244	100
5000 Operating costs	6(3)(14)(17)(18)	(2,003)	-	(6,836)	(2)
5900 Gross profit		<u>1,132,779</u>	<u>100</u>	<u>500,408</u>	<u>98</u>
Operating expenses	6(17)(18) and 7(1)				
6100 Selling expenses		(27,396)	(3)	-	-
6200 General and administrative expenses		(102,500)	(9)	(58,342)	(11)
6300 Research and development expenses		(194,760)	(17)	(114,740)	(23)
6000 Total operating expenses		<u>(324,656)</u>	<u>(29)</u>	<u>(173,082)</u>	<u>(34)</u>
6900 Operating income		<u>808,123</u>	<u>71</u>	<u>327,326</u>	<u>64</u>
Non-operating income and expenses					
7010 Other income	6(15) and 7(1)	30,207	3	30,371	6
7020 Other gains and losses	6(16)	(423)	-	49,295	10
7000 Total non-operating income and expenses		<u>29,784</u>	<u>3</u>	<u>79,666</u>	<u>16</u>
7900 Profit before income tax		<u>837,907</u>	<u>74</u>	<u>406,992</u>	<u>80</u>
7950 Income tax expense	6(19)	(148,282)	(13)	(12,970)	(2)
8200 Profit for the year		<u>\$ 689,625</u>	<u>61</u>	<u>\$ 394,022</u>	<u>78</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss (before tax)					
8361 Exchange differences on translation		(\$ 253)	-	(\$ 42)	-
8300 Other comprehensive loss for the year, net		<u>(\$ 253)</u>	<u>-</u>	<u>(\$ 42)</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 689,372</u>	<u>61</u>	<u>\$ 393,980</u>	<u>78</u>
Profit attributable to:					
8610 Owners of the parent		<u>\$ 689,625</u>	<u>61</u>	<u>\$ 394,022</u>	<u>78</u>
Comprehensive income attributable to:					
8710 Owners of the parent		<u>\$ 689,372</u>	<u>61</u>	<u>\$ 393,980</u>	<u>78</u>
Earnings per share (in dollars) 6(20)					
9750 Basic earnings per share		<u>\$ 5.65</u>	<u>5.65</u>	<u>\$ 3.23</u>	<u>3.23</u>
9850 Diluted earnings per share		<u>\$ 5.61</u>	<u>5.61</u>	<u>\$ 3.20</u>	<u>3.20</u>

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

PHARMAENGINE, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									
		Capital		Capital Reserves			Retained Earnings		Other Equity Interest		Total equity
		Common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Treasury stock transactions	Employee stock warrants	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	
2015											
Balance at January 1, 2015		\$ 1,018,210	\$ 4,095	\$ 1,750,577	\$ -	\$ 30,054	\$ -	\$ 123,592	\$ -	\$ -	\$ 2,926,528
Amortisation of compensation cost of employee stock options	6(9)	-	-	-	-	19,904	-	-	-	-	19,904
Exercise of employee stock options converted to shares	6(9)(10)	1,440	(4,095)	12,715	-	(2,101)	-	-	-	-	7,959
Appropriations of 2014 earnings	6(12)										
Legal reserve		-	-	-	-	-	12,359	(12,359)	-	-	-
Cash dividends		-	-	-	-	-	-	(101,945)	-	-	(101,945)
Repurchase of treasury shares	6(10)	-	-	-	-	-	-	-	-	(87,255)	(87,255)
Profit after income tax for 2015	6(12)	-	-	-	-	-	-	394,022	-	-	394,022
Other comprehensive loss for 2015		-	-	-	-	-	-	-	(42)	-	(42)
Balance at December 31, 2015		<u>\$ 1,019,650</u>	<u>\$ -</u>	<u>\$ 1,763,292</u>	<u>\$ -</u>	<u>\$ 47,857</u>	<u>\$ 12,359</u>	<u>\$ 403,310</u>	<u>(\$ 42)</u>	<u>(\$ 87,255)</u>	<u>\$ 3,159,171</u>
2016											
Balance at January 1, 2016		\$ 1,019,650	\$ -	\$ 1,763,292	\$ -	\$ 47,857	\$ 12,359	\$ 403,310	(\$ 42)	(\$ 87,255)	\$ 3,159,171
Amortisation of compensation cost of employee stock options	6(9)	-	-	-	-	61,517	-	-	-	-	61,517
Exercise of employee stock options converted to shares	6(9)(10)	1,820	-	21,244	-	(3,906)	-	-	-	-	19,158
Treasury shares transferred to employees		-	-	-	26,197	(40,770)	-	-	-	87,255	72,682
Appropriations of 2015 earnings	6(12)										
Legal reserve		-	-	-	-	-	39,402	(39,402)	-	-	-
Cash dividends		-	-	-	-	-	-	(101,561)	-	-	(101,561)
Stock dividends		203,122	-	-	-	-	-	(203,122)	-	-	-
Cash dividends from capital surplus		-	-	(101,561)	-	-	-	-	-	-	(101,561)
Profit after income tax for 2016	6(12)	-	-	-	-	-	-	689,625	-	-	689,625
Other comprehensive loss for 2016		-	-	-	-	-	-	-	(253)	-	(253)
Balance at December 31, 2016		<u>\$ 1,224,592</u>	<u>\$ -</u>	<u>\$ 1,682,975</u>	<u>\$ 26,197</u>	<u>\$ 64,698</u>	<u>\$ 51,761</u>	<u>\$ 748,850</u>	<u>(\$ 295)</u>	<u>\$ -</u>	<u>\$ 3,798,778</u>

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

PHARMAENGINE, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 837,907	\$ 406,992
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(17)	2,690	1,371
Amortisation	6(17)	305	263
Loss on disposal of property, plant and equipment	6(16)	-	161
Amortisation of compensation cost of employees stock option	6(9)	61,517	19,904
Interest income	6(15)	(28,700)	(30,363)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(283)	1,437
Other receivables		(1,061)	1,832
Inventories		(10,185)	-
Current income tax assets		-	(1,557)
Prepayments		(387)	33
Other current assets		(292)	255
Changes in operating liabilities			
Notes payable		(3,615)	2,186
Notes payable - related parties		-	(201)
Other payables		41,631	17,562
Other current liabilities		176	7
Cash inflow generated from operations		899,703	419,882
Interest received		25,310	28,111
Income tax paid		(54,628)	-
Net cash flows from operating activities		870,385	447,993
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other financial assets		652,054	(2,719,785)
Acquisition of property, plant and equipment	6(5)	(678)	(11,111)
Increase in computer software cost		(468)	(691)
Increase in other non-current assets		(1,164)	(1,017)
Net cash flows from (used in) investing activities		649,744	(2,732,604)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Employees stock options exercised		19,158	7,959
Cash dividends from capital surplus		(101,561)	-
Cash dividends distributed to shareholders		(101,561)	(101,945)
Transfer of treasury shares		72,682	-
Repurchase of treasury shares		-	(87,255)
Net cash flows used in financing activities		(111,282)	(181,241)
Effect of exchange rate changes		(246)	(42)
Net increase (decrease) in cash and cash equivalents		1,408,601	(2,465,894)
Cash and cash equivalents at beginning of year		432,516	2,898,410
Cash and cash equivalents at end of year		\$ 1,841,117	\$ 432,516

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

Appendix 4

Articles of Incorporation (Before Amendment)

Section I General Provision

Article 1

The Company, PharmaEngine, Inc., is organized and existing under CHAPTER V Company Limited by Shares of the Company Act in the Republic of China.

Article 2

The business scope of the Company are listed as follows:

1. IG01010 Biotechnology Services
2. I103060 Management Consulting Services
3. IC01010 Pharmaceuticals Examining Services
4. F601010 Intellectual property
5. F102170 Wholesale of Food and Grocery
6. ZZ99999 Any business not prohibited or restricted by laws, except those which are subject to special approval.
7. F208021 Retail sale of drugs or medicines
8. F108021 Wholesale of drugs or medicines
9. CF01011 Medical Materials and Equipment Manufacturing
10. F108031 Wholesale of Drugs, Medical Goods

Article 3

The Company may provide endorsement and guarantee to other companies in accordance with the Operational Procedures for Endorsements and Guarantees of the Company.

Article 4

The total investment of the Company may exceed forty percent of the Company`s paid-in capital. The investment becomes effective after receiving the approval of the Board of Directors and being recorded in the Meeting Minutes of the Board of Directors.

Article 5

The Company has its head office located in Taipei, Taiwan, Republic of China. The branch offices of the Company may be established at different locations whenever needed.

Article 6

The Company shall make public announcements in accordance with the Article 28 of the Company Act.

Section II Shares

Article 7

The total capital of the Company is One Thousand and Five Hundred Million New Taiwan Dollars (NTD\$1,500,000,000), divided into 150,000,000 shares at Ten New Taiwan Dollars (NTD\$10) each, and may be paid-up in installments. The Company may issue unpaid-up shares in accordance with the resolutions of the Board of Directors whenever needed.

Among the foresaid total capital, One Hundred and Fifty Million New Taiwan Dollars (NT\$150,000,000) are retained and divided into 15,000,000 shares for employees' stock options.

Article 8

Share certificates shall be in registered form, signed by three or more directors of the Company, and duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance.

The shares to be issued by the Company may be exempted from printing share certificates: however, the Corporation shall appoint a centralized securities custody enterprise institution to be responsible for the registration of such shares.

Article 9

Registration for transferring shares shall be suspended within 60 days before the annual meeting of shareholders, within 30 days before the interim meeting of shareholders, or within 5 days before the day on which dividend, bonus or any other benefit is scheduled to be paid by the Corporation.

Section III Meeting of Shareholders

Article 10

The regular meeting of shareholders shall be convened by the Board of Directors within six months after the close of each fiscal year. The interim meeting of shareholders shall be held when necessary.

Article 11

Unless otherwise provided in the relevant laws and regulations, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 12

If a shareholder is unable to attend a shareholder meeting, the shareholder may appoint a proxy to attend the meeting on behalf of the shareholder by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy, in accordance with Article 177 of the Company Law and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 12-1

The chairman of the shareholders' meeting and the chairman of the board of directors shall be the same. In case the chairman of the board of directors is absent or cannot exercise his/her power and authority for any cause, the chairman of the board of directors shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect an acting chairman of the board of directors among themselves.

Article 13

Unless otherwise provided in the Company Law, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 13-1

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the meeting.

The distribution of the minutes of shareholders' meeting as required above may be effected by means of a public notice.

The date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting shall be recorded in the minutes of shareholders' meeting. The minutes shall be kept persistently throughout the life of the Company.

The attendee list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. If a lawsuit has been instituted by a shareholder in accordance with the provisions of Article 189 of the Company Law hereof, the minutes of the shareholders' meeting involved shall be kept by the Corporation until the legal proceedings of the foregoing lawsuit have been concluded.

Article 14

To revoke the publicity of the Company, the Company shall obtain a resolution at a shareholders meeting. This Article shall not be changed during the emerging and listed (TWSE/GTSM) period of the Company.

Section IV Directors and Supervisors

Article 15

The Company shall have seven to nine Directors who shall be elected by the shareholders' meeting from the persons with disposing capacity in accordance with the candidate nomination system for the election adopted by the Company. The term of office of a Director shall not exceed three years; but he/she may be eligible for re-election.

The Company shall use the open-ballot, cumulative voting method for the election of the Directors.

Article 15-1

At least two independent Directors of the Company shall be existed among the number of Directors mentioned in the preceding Article, and the numbers of such independent Directors shall not be less than one-fifth of the total number of Directors.

The election of independent Directors and nonindependent Directors shall be held together; provided, however, the number of independent Directors and Directors elected shall be calculated separately.

The qualifications, shareholding, participation in other business restricted, nomination, election and any other matters of the independent Directors shall meet the requirements as separately specified by the authority in charge of securities affairs.

Article 15-2

The Board of Directors may establish different Commissions with respect to the functions of audit, remuneration and others .The Audit Committee shall comprise all the independent directors. The Audit Committee will spontaneously take place of the Supervisors, meanwhile the Articles related to supervisors are immediately terminated.

The responsibilities, organization regulations, terms of exercise and other binding matters related to the foresaid Audit Committee shall be in accordance with the requirements specified by the authority in charge of securities affairs and the Company.

Article 16

In case that no election of new Directors is held before or right after the expiry date of the term of office of existing directors, the term of office of the original directors shall be extended until the new directors are elected and assumed their offices.

Article 17

When the numbers of vacancies of the Board of Directors of the Company reach one third of the total numbers of directors, or all supervisors are discharged, the Board of Directors shall call a special meeting of shareholders to elect the succeeding directors to fill the vacancies in accordance with the Company Law. The term of office of the succeeding directors shall be limited to make up the term of office of the original directors.

Article 18

The Meeting of the Board of Directors shall be held at least once per quarter. The Company shall provide a notice with the subject(s) to be discussed at the meeting to each Director and Supervisor no later than 7 days prior to the scheduled meeting date while convening the meeting of the Board of Directors.

Notwithstanding the foregoing, in the case of any emergent event, such meetings can be convened at any time.

The foresaid notice can be circulated by means of documents, fax or electronic transmission.

Article 19

The Board of Directors shall be consisted of the Boards. A chairman and a vice chairman of the Board of Directors shall be elected from among the directors by a majority vote at a meeting which over two-thirds of the Directors attend. The chairman of the Board of Directors shall be the representative of the company.

In case that the chairman of the Board of Directors is on leave or can not exercise his power and authority for any cause, the proxy of the chairman shall be designated in accordance with the Article 208 of the Company Act.

Article 20

Each director shall attend the meeting of the Board of Directors in person unless as otherwise in accordance with the provisions of Article 205 of the Company Law thereof, a director may be represented by another director. In case a meeting of the Board of Directors is proceeded via visual communication network, the directors participating in such a visual communication meeting shall be deemed to have attended the meeting in person. If a director is unable to attend a Board Meeting, he/she may appoint a proxy to attend a Board Meeting in his/her behalf by executing a power of attorney to the proxy. In addition, each director shall be limited to accept an appointment to act as the proxy only.

Unless otherwise provided in the Company Law, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 20-1

To reduce the risk of directors arising from shareholders or other related parties to institute an action against directors due to executing their duties, the Company may take out the liability insurance for the Board of Directors. This Article may apply to supervisors also.

Article 20-2

The Company shall pay remuneration to the directors and supervisors for the conduction of the Company's business remuneration regardless the Company made a profit or sustained a loss. The remuneration for the directors and supervisors shall be determined by the Board of Directors. The Board of Directors shall remuneration take into account the extent of participation of the directors and supervisors and the value of the services provided by the directors and supervisors for the management of the Company in accordance with the general standard of the same industry. In case the Company generates earnings in a certain year, the Company shall allocate the remuneration subject to the provisions set forth in Article 25 of these Articles.

Article 21

Unless otherwise provided in the Company Law, the power of the Board of Directors is listed as follows:

- (1) To propose the amendments to this Articles;
- (2) To determine the operational policy, to review the business plan and to monitor the implementation of the business plan;
- (3) To determine the budget and the final account;
- (4) To draft and amend the internal regulations and organization charter of the Company;
- (5) To approve a reinvestment or joint ventures, or the assignment of the shares of the reinvestment or joint ventures;
- (6) To review the fund borrowed;
- (7) To approve the endorsement and guarantees to other companies;
- (8) To propose the assignment, sell, lease, pledge, mortgage or disposition or any other way of acquisition and disposal for the whole or any essential part of the Company`s assets;
- (9) To elect the chairman of the Board of Directors;
- (10) To approve the appointment, discharge of the Chief Executive Officer and the technical team, as well as their compensation;
- (11) To appoint or discharge of a certified public accountant and lawyers;
- (12) To appoint and discharge of the underwriters and co- underwriters of IPO;
- (13) To setup and dissolve branch offices;
- (14) To implement any other power in accordance with the Company Law or the resolution of a shareholders meeting;
- (15) To approve the important technical skills and the acquisition, transfer, pledge, license, lease or disposal of patent right, trademark right and copyright of the Company as well as major technique collaboration contracts;
and
- (16) To implement all matters not provided for in this Articles but set forth in the relevant regulations or laws.

Article 22

In addition to implement the power of supervisors in accordance with the related law, the supervisors may attend the Board Meeting to present their opinions, but without voting rights. The power of the supervisors is listed as follows:

- (1) To review the annual final accounts reports;
- (2) To audit all accounts of the Corporation; and
- (3) To implement any other matter in accordance with the relevant regulations and laws.

Section V Managerial personnel

Article 23

The Company may appoint one or more managerial personnel. The appointment, discharge and the remuneration of the managerial personnel shall be made in accordance with the Article 29 of the Company Law.

Section VI Accounting

Article 24

The fiscal year for the Company shall be from January 1 to December 31 of each year. The Company shall close accounts at the end of the year. At the close of each fiscal year, the Board of Directors shall prepare the following statements and records which shall be forwarded to the supervisors for their auditing not later than the 30th day prior to the meeting date of a general meeting of shareholders:

1. the business report;
2. the financial statements; and
3. the surplus earning distribution or loss off-setting proposals.

Article 25

The Company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as the legal reserve, when necessary, set aside another sum as the special reserve. The rest of the distribution ratio shall be proposed by the Boards' Meeting to the Shareholders' Meeting for resolution.

In the case that any earnings is retained in a certain year, employee compensation ranged from 2% to 8% of the profits and Director compensation ranged not more than 2% of the profits shall be resolved by the Board meeting. However, in the case that any accumulated loss is remained, Company shall reserve a certain amount to offset such losses and report to the Shareholders' Meeting.

The employee compensation may be made either by stock or cash. The employees, who are distributed stock or cash to, may include the employees of its subsidiaries of the Company who satisfy certain specified conditions.

The profits retained in certain year which are specified in the Item 1 of this

Article means a number which is obtained by the net income before income tax deducted out of the employee compensation and Board compensation.

Article 25-1

The distribution of dividend shall be considered on the basis of the factors of company profits, capital and financial structure, future operational requirements, the accumulated surplus and statutory reserves, market competition and etc. by the Board of Directors at the end of each fiscal year. The Board of Directors shall propose a surplus allocation motion, draw a resolution and submit them to the regular shareholders' meeting for acceptance.

For improving the financial structure of the Company and taking into account the interests of investors, the Corporation shall adopt a balance dividend policy, to distribute the cash dividend at the rate over 10% of total distribution.

Section VII Supplemental Provisions

Article 26

The organization charter of the Company and its detail procedures shall be determined by the Board of Directors.

Article 27

Regarding any matters not provided for in these Articles, the Company Law and other relevant regulations shall govern.

Article 28

This Article shall enter into force as of the date on August 1, 2002.

The first Amendment shall enter into force as of January 5, 2003.

The second Amendment shall enter into force as of June 18, 2003.

The third Amendment shall enter into force as of September 17, 2004.

The fourth Amendment shall enter into force as of June 30, 2006.

The fifth Amendment shall enter into force as of June 24, 2010.

The sixth Amendment shall enter into force as of June 29, 2011.

The seventh Amendment shall enter into force as of November 28, 2011.

The eighth Amendment shall enter into force as of June 28, 2012.

The ninth Amendment shall enter into force as of June 11, 2014.

The tenth Amendment shall enter into force as of June 15, 2016.

Appendix 6

Rules and Procedures of Shareholder's Meeting

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
2. A sign-in booklet has been installed for shareholders to sign in or shareholders are required to bring their attendance certification to attend the meeting. The number of shares in attendance shall be based on the sign-book or the number of sign-in cards submitted.
3. Attendance and votes of Shareholders' Meetings shall be counted based upon the number of shares in attendance.
4. The location of Shareholders' Meetings shall be either where the Company is located or any other place deemed convenient for the shareholders to attend and proper for holding such meeting. The Shareholders' Meetings shall be held no earlier than 9 a.m. and no later than 3 p.m. on the designated meeting date.
5. The Board of Directors shall call the Shareholders' Meetings. The chairman of the Board of Directors shall preside over the meeting. If the chairman of the Board of Directors is not available for the meeting then the chairman shall designate a director of the Board of Directors to act on his/her behalf to preside over the meeting. The Board of Directors shall elect a director to act on the chairman's behalf if the chairman appoints no designee. Other than the Board of Directors, a person entitled by law to call a Shareholders' Meeting shall preside over the meeting.
6. The Company may designate legal attorneys, certified public accountants, or other related persons to attend the meetings. Persons handling affairs of the Meeting shall wear identification cards or badges.
7. Shareholders' meeting shall be taped or recorded, and any tape or recording shall be preserved for at least one year.

8. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.
9. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. However, in the event that the Chairman adjourns the Meeting, the shareholders cannot designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.
10. When a shareholder (or their respective representatives) present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. If any shareholder (or their respective representatives) present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder.

In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman and the shareholder (or their respective representatives) in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption

11. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates all the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.
12. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a Company shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
14. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.
15. The chairman shall appoint ballot inspectors and calculation officials, and the inspectors must possess shareholder status. The Ballots result shall be announced and recorded in the meeting.
16. During the Meeting, the chairman may, at his discretion, set time for intermission.
17. Unless otherwise provided for in the Company Law or Company Rules, a motion approved by more than one-half of the votes constitutes final approval. The chairman rules that a resolution may be decided by either a vote or by asking for objections.

18. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
19. The chairman may conduct the disciplinary officers (or the security guard) to assist in keeping order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purpose.
20. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Appendix 7

The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate: N/A

Appendix 8

Current Shareholding of Directors

1. The minimum shareholding required for all Directors by law are listed as follows:

Position	Required shares by law	Shares on the book closure date
Directors	8,000,000	47,506,150

Note: Book closure date: April 15, 2017

2. Current Shareholding of Directors

Position	Name	Shares	Remarks
Chairman	Jeffrey Suen, Legal Representative of TTY Biopharm Co., Ltd.	23,639,939	
Director	Wen-hwa Chang Legal Representative of TTY Biopharm Co., Ltd.	23,639,939	
Director	Ming-Thau Sheu Legal Representative of TTY Biopharm Co., Ltd.	23,639,939	
Director	C. Grace Yeh	5,044,090	
Director	Po-Wu Gean, Legal Representative of National Development Fund, Executive Yuan	18,822,121	
Director	Li-Chen Lin Legal Representative of National Development Fund, Executive Yuan	18,822,121	
Independent Director	Fu-Shiow Yin	0	
Independent Director	Frank Li-Sheng Chu	0	
Independent Director	Kang-chi Chou	0	

Note: Book closure date: April 15, 2017