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

Delivering Hope for Life

Stock Code: 4152

Taiwan Liposome Company, LTD.

Handbook for the 2015 Annual General Meeting of Shareholders (Translation)

Date: June 23, 2015

Location: 2F., No.19-10, Sanchong Rd., Nangang Dist., Taipei City

Taiwan Liposome Company, Ltd. ("Company")
Handbook for the 2015 Annual General Meeting of Shareholders
("Handbook")
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Meeting Agenda

Taiwan Liposome Company, Ltd.
Meeting Agenda for 2015 Annual General Meeting of Shareholders

I. Date and Time: June 23, 2015 (Tuesday) at 9:00 a.m.

II. Location: 2F., No.19-10, Sanchong Rd., Nangang Dist., Taipei City (Meeting Center, 2F., Building A, Nankang Software Park)

III. Call the meeting to order (announce the number of shares represented by shareholders who are present at the meeting)

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III. Reports

Item No. 1: 2014 Business Report

Explanation:

1. The accumulated deficit of the Compnay to be offset in the year ended December 31, 2014 is NT $638,725,788, an amount representing half of the Company's paid-in capital.
2. 2014 Business Report can be found on page 7 of this Handbook under Schedule 1.

Item No. 2: 2014 Supervisor's Review Report

Explanation:

2014 Supervisor's Review Report can be found on page 10 of this Handbook under Schedule 2.

Item No. 3: Adoption of "Corporate Social Responsibility Best Practice Principles" of the Company

Explanation:

1. In order to exercise corporate governance, develop environmental sustainability, support social welfare, and strengthen corporate social responsibility and the disclosure of information, the Company plans to adopt the "Corporate Social Responsibility Best Practice Principles" to serve as guidelines for relevant personnel.
2. The Corporate Social Responsibility Best Practice Principles can be found on page 13 of this Handbook under Schedule 3.

IV. Ratifications

Item No. 1: Ratification of 2014 Financial Statements and Business Report (Proposed by the Board of Directors)

Explanation:

1. 2014 Individual and Consolidated Financial Statements have been audited by independent certified public accountants, Deng, Sheng-Wei and Tzeng, Huei-Chin, of PricewaterhouseCoopers Taiwan, and an audit report has been issued without reservations.
2. The aforementioned Financial Statements and Business Report, have been approved by the Company's Board of Directors and reviewed by the Company's supervisors, from which no inaccuracies were found. Thus the Board of Directors hereby submits the aforementioned Financial Statements and Business Reports to the shareholders' meeting for ratification.
3. Independent Certified Public Accounts' reports and other financial statements can be found on pages 18 to 32 of this Handbook under Schedule 4. The Business Report can be found on page 7 of this Handbook under Schedule 1, and the Supervisor's Review Report can be found on page 10 of this Handbook under Schedule 2.

Resolution:

Item No. 2: Ratification of the proposal to offset the deficit of 2014 (Proposed by the Board of Directors)

Explanation:

1. The Company's 2014 financial statements, after audit by independent certified public accountants, showed a net loss of NT$632,860,322 in 2014, and an accumulated loss of NT$638,725,788 with adjustments. The Company plans to offset such loss against NT$638,725,788 from its capital reserve, pursuant to which the accumulated loss will be NT$0 after the offset. Please refer to the 2014 Deficit Offset Statement below for more details.
2. Due to the lack of retained earnings, the Company does not intend to distribute dividends and bonuses this year.
3. The Board of Directors hereby submits the above proposals to the shareholders' meeting for ratification.

Taiwan Liposome Company, Ltd.

2014 Deficit Offset Statement

(In NTD)

Items	Amount	
	Subtotal	Total
Deficit to be offset in the beginning of 2014	$0	
2014 retained earnings adjustment	(5,865,466)	
Deficit to be offset with adjustments	(5,865,466)	
2014 net income (deficit)	(632,860,322)	
Deficit to be offset at the end of 2014		($638,725,788)
Deficit Offset		
Capital reserve - common share premium	638,725,788	638,725,788
Accumulated loss at the end of 2014		0

Chairman of the Board: Manager: Head of the Accounting Dept.:

Resolution:

V. Discussions

Item No. 1: Discussion to amend the "Articles of Incorporation" of the Company (Proposed by the Board of Directors)

Explanation:

1. The Company intends to amend part of the "Articles of Incorporation" of the Company to reflect the expansion of the Company's business scope.
2. The comparison of the current and amended "Articles of Incorporation" of the Company can be found on page 33 of this Handbook under Schedule 5.

Resolution:

Item No. 2: Discussion to amend "Rules and Procedures for Shareholders' Meetings" of the Company (Proposed by the Board of Directors)

Explanation:

1. "Rules and Procedures for Shareholders' Meetings" of the Company was amended in order to comply with the changes to the law as a result of the Financial Supervisory Commission's ruling dated January 27, 2015 (reference number: Chin- Guan- Cheng-Fa-Tzu No. 1030051379)
2. A comparison of the current and amended "Rules and Procedures for Shareholders' Meetings" of the Company can be found on page 34 of this Handbook under Schedule 6.

Resolution:

Item No. 3: Discussion to approve the release of the non-competition restrictions on the directors. (Proposed by the Board of Directors)

Explanation:

1. According to Article 209 of the Company Act, a director who acts for himself or on behalf of another person, whose act falls within the scope of the company's business but does not otherwise harm the company's interests, and for which approval has not been secured at the shareholders' meeting, shall obtain approval at the shareholders' meeting in order to be released from the non-competition restrictions.
2. For the current directors who have not received approval for those acts for himself or on behalf of another that fall within the scope of the Company's

business, such directors have explained at the Board meeting the essential details of such acts, for which a resolution has been passed by the Board of Directors and is hereby submitted to the shareholders' meeting for approval. Below is the list of directors who wish to obtain approval at the shareholders' meeting for a release of the non-competition restrictions on them.

Position	Name	Concurrent posts at other companies within the Company's business scope
Director	Chang, Hong- Jen	1. Director, Medeon Biodesign, Inc.; 2. Director, Sunny Pharma Holding Limited; 3. Director, Sunny Pharmtech Inc.; 4. Director, Mycenax Biotech Inc.; 5. Director, Excelsior Biopharma Incorporation; 6. Director, Syneurx International (Taiwan) Corp.; 7. Director, Abprotix Inc..
Director	Burrill LifeSciences Capital Fund III, L.P., represented by Marietta Hui Wu	1. General Biologics Corporation – director 2. Zai Lab Limited-director/COO 3. China Healthcare Consortium Ltd.-director
Independent Director	Liu, Ke-Yi	1. Independent Director, Reber Genetics Co., Ltd.; 2. Director, HD Bioscience Inc..

Resolution:

VI. Motions

VII. Adjournment

VIII. Schedules

Schedule 1

Business Report

Dear Shareholders:

1. The Company’s business performance in 2014

The Company’s business grew at a steady pace. This year, the Company has, in accordance with our business plan, achieved our operational objectives with the help of your continuous support.

(1) Results of Execution of 2014 Business Plan

The Company's 2014 operating revenue was NT$95,922,000, a 39.54% decrease in the amount of NT$62,722,000, compared to NT$158,644,000 in 2013. The Company's total loss in 2014 was NT$637,088,000, a 59.18% increase in the amount of NT$236,857,000, compared to NT$400,231,000 in 2013.

In 2013, the Company made improvements in licensing, including the AmBiL® license agreement and the ProFlow® license agreement that the Company entered into with Yung Shin Pharmaceuticals (Taiwan), SamChunDang Pharmaceuticals (Korea), Sandoz (EU and US) and SciClone Pharmaceuticals (China) respectively.

This year, the Company focused on research and development (“R&D) and gradually implemented its plan to launch new products to the market. First, with respect to developing existing products, the Company worked with its licensee, Sandoz, to submit the Marketing Authorization Application (MAA) for AmBiL® in 24 European countries in mid-2014, which brought AmBiL® one step forward in the development stage.

In addition, the new drug for cancer treatment, Lipotecan® , secured approval from the China Food and Drug Administration (CFDA) to commence phase II clinical trials in China based on the results of the phase I clinical trials conducted in Taiwan and the U.S. This advancement could effectively reduce the time and expenses need to develop Lipotecan® .

Furthermore, the patent application for ProDex™, the drug for long-lasting eye relief treatment, received approval in the U.S., which will ensure uniqueness and profitability of this product and technology in the market. Meanwhile, ProDex™ was approved as an Investigational New Drug (IND) in both Taiwan and the U.S., thus allowing phase I and

phase II clinical trials to proceed in 2014.

TLC599, the drug for arthritis treatment and one of the major reasons for the cash capital increase in 2013, made considerable progress. We filed an IND application for TLC599 in Taiwan, with phase I and phase II clinical trials for TLC599 scheduled to begin after the application is approved.

In addition to these existing products, the Company also committed to researching and developing new technology. In April, 2014, the Company worked with Ablynx, a biotechnology company in Belgium, Ablynx, to combine our respective technological specialties, i.e., combining the antibody technology specialized by Ablynx and the liposome technology specialized by the Company, to develop an Antibody Drug Conjugate (ADC), an anti-cancer drug for a new generation. The novelty of this technology drew worldwide attention. The collaborative project and the platform technology even made the headlines of BioWorld and BioCentury, both are mainstream media for the biotechnology field.

In addition to our focus on advancing R&D, the Company laid out a more complete business operation. After establishing the subsidiaries in the U.S. and Europe, the subsidiaries in China, Japan and Australia were also established as scheduled. These subsidiaries will not only play a important role in product development and MAA, but also interact with local business partners more closely to help the Company identify the market trends more accurately.

With respect to the Company's base in Taiwan, the Company set up its Hsinchu Branch in the Hsinchu Biomedical Science Park, where its low volume manufacturing line was established to produce drugs for the clinical trials, decrease the risk stemming from the lack of drug supplies, have better control over the R&D timeline, and ensure the stability of drug supplies. In addition, the Company established an Analysis and Non-Clinical-Trial Lab at the National Defense Medical Center to support the early stages of R&D.

With this business layout, the Company gained better control of its major markets around the world as well as its R&D, production, and clinical trials stages, which will assist the Company in building long-term development strategies.

(2) Research and Development in 2014

Progresses of the Company's drug R&D activities in 2014 are summarized as follows:

A. MAA was submitted in 24 European countries for the anti-mycete drug, AmBiL® ;

B. Lipotecan® was approved by the China Food and Drug Administration for phase II clinical trial testing;

C. Patent application for the "Ophthalmic Drug Delivery System Containing Phospholipid and Cholesterol" technology, which is used in ProDex™, the drug for long-lasting eye treatment , was approved in the US;

D. ProDex™ was approved as an IND in Taiwan and in the US, allowing phase I and phase II clinical trials to proceed; and

E. Application for IND was filed for TLC599, the drug for arthritis treatment, subject to approval.

2. Outline of 2015 Business Plan

(1) Business Strategies

The Company will continue to focus on the R&D of Lipid-based Drug Delivery System (LDDS) and dosage form designs. The Company's emphasis will be on the development of the new dosage form designs, in order to accelerate the R&D progress and reduce costs and risks. If any results of such R&D activities are patentable, the Company will file patent applications for them to ensure its profitability.

Besides, the Company will, following the pattern of its cooperation with Ablynx, combine the LDDS technology with technologies or drugs developed by other companies to create a platform for drug development, bringing it one step closer to its goal of being a "Bio Design House."

(2) Key production and distribution strategies

A. Business plan and production and distribution strategies

a. Come up with turnkey solutions to increase the scale of its production and work with domestic and foreign GMP manufacturers with respect to such production. At the same time, the Company will have the drugs use for clinical trial purposes manufactured by the low volume manufacturing line in Hsinchu Biomedical Science Park, so as to gain greater control over the drug R&D timeline.

b. Enhance human resources management in each of the Company's subsidiaries. Make use of the resources available to the Company so as to allow the Company to become familiarized with local laws and regulations, which will improve

its position when submitting MAAs to local governments and applying for government subsidies. The subsidiaries received by the Company should help the Company form a closer relationship with its local business partners, from which the Company can better identify local market trends.

c. Enlarge the production and distribution cooperation network through different product distribution strategies in order to reduce the operating risks.

B. Research and product development strategies

a. Focus on developing and commercializing LDDS.

b. The Company will be able to attract pharmaceutical companies to enter into technical collaboration arrangements with the results of its product development. More collaboration opportunities for the Company mean the Company can observe relevant markets more closely and as a result develop products that cater to each market. Through this collaboration scheme, the costs can be shared with cooperation partner(s) at the early stages of R&D, 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 cooperating with international pharmaceutical companies, the Company will be able to increase its R&D capacity.

c. Through technical collaboration, the Company should be able to improve its technology to develop derivative drugs by combining the Company's know-how with that of other companies.

3. Key Strategies for Future Development

The Company’s goal is to become a “Bio Design House”, and the Company strives to improve the toxic and non-water-dissolvable issues of its drugs through drug delivery systems and dosage form designs, so as to break the bottleneck during the new drug development process and prolong the life cycle of existing products.

The Company will not only emphasize on developing products of its own, but will also assist international pharmaceutical companies with the problems they encounter in developing new drugs, provide assistance to these companies with research on particular drugs or technology, and collaborate with them in developing new products. Through these technical collaborative relationships with international companies, the Company will be able to improve its technology for the good of the patients who are suffering from

related illness.

4. Influences by External Competitive Environment, Regulatory Environment and Macro Business Environment

In recent years, many large pharmaceutical companies faced the "Patent Cliff", which means that these companies suffer tremendous loss due to the expiration of the protection afforded by patents. To balance such loss, these large companies devoted its resourced to developing new patented drugs to offset the deficit. However, in recent years the costs for developing new drugs increased annually while the success rate failed to meet expectations. In view of this phenomenon, “new dosage forms and new formulas,” developed from changing the formulation and dosage of existing drugs, have captured large companies' attention due to low development risk, the less time needed for development, clear existing market, and the eligibility for patent protection for most of these improved dosage forms and formulas. For these reasons, these types of drugs and technology are very likely to be the trend in the pharmaceutical industry.

Taiwan Liposome Company, Ltd.

Chairman of the Board: Hung, Keelung

General Manager: Yeh, Chih-Hung

Head of the Accounting Dept.: Lin, Ru- Yun

Schedule 2

Taiwan Liposome Company, Ltd.

Supervisor's Review Report

To All Shareholders of Taiwan Liposome Company, Ltd.:

The Board of Directors has prepared and submitted the Company's 2014 Business Report, Individual Financial Statements, Consolidated Financial Statements and Proposal to offset the deficit of 2014 to the Company's Supervisor(s) for his or her review, of which the Individual Financial Statements and Consolidated Financial Statements were audited by independent certified public accountants, Deng, Sheng-Wei and Tzeng, Huei- Chin, of PricewaterhouseCoopers Taiwan, pursuant to which an audit report has been prepared. According to such audit report, the abovementioned documents are sufficient to properly demonstrate the Company's financial position, financial performances and the volume of cash flow. I have reviewed each of the aforementioned documents and have not found any inaccuracies. Therefore, I hereby submit this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Date: February 26, 2015

Taiwan Liposome Company, Ltd.

Supervisor: Huang, Chin-Fen

Taiwan Liposome Company, Ltd.

Supervisor's Review Report

To All Shareholders of Taiwan Liposome Company, Ltd.:

The Board of Directors has prepared and submitted the Company's 2014 Business Report, Individual Financial Statements, Consolidated Financial Statements and Proposal to offset the deficit of 2014 to the Company's Supervisor(s) for his or her review, of which the Individual Financial Statements and Consolidated Financial Statements were audited by independent certified public accountants, Deng, Sheng-Wei and Tzeng, Huei- Chin, of PricewaterhouseCoopers Taiwan, pursuant to which an audit report has been prepared. According to such audit report, the abovementioned documents are sufficient to properly demonstrate the Company's financial position, financial performances and the volume of cash flow. I have reviewed each of the aforementioned documents and have not found any inaccuracies. Therefore, I hereby submit this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Date: February 26, 2015

Taiwan Liposome Company, Ltd.

Supervisor: Chen, Chih-Chiang

Taiwan Liposome Company, Ltd.

Supervisor's Review Report

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The Board of Directors has prepared and submitted the Company's 2014 Business Report, Individual Financial Statements, Consolidated Financial Statements and Proposal to offset the deficit of 2014 to the Company's Supervisor(s) for his or her review, of which the Individual Financial Statements and Consolidated Financial Statements were audited by independent certified public accountants, Deng, Sheng-Wei and Tzeng, Huei- Chin, of PricewaterhouseCoopers Taiwan, pursuant to which an audit report has been prepared. According to such audit report, the abovementioned documents are sufficient to properly demonstrate of the Company's financial position, financial performances and the volume of cash flow. I have reviewed each of the aforementioned documents and have not found any inaccuracies. Therefore, I hereby submit this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Date: February 26, 2015

Taiwan Liposome Company, Ltd.

Supervisor: Yang, Ta-Kuan