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**TAIWAN LIPOSOME COMPANY LIMITED.**  
**2017 ANNUAL SHAREHOLDERS' MEETING**  
**MINUTES**  
**(Translation)**

Time : 9 a.m. May 31, 2017 (Wed.)

Location: : 2F., No.19-10, Sanchong Rd.,Nangang District, Taipei City 115(2F Meeting Center, Building A, Nangang Software Park)

Total outstanding TLC shares : 55,730,585 shares

Total shares represented by shareholders present in person or by proxy : 39,933,395 shares

Percentage of shares held by shareholders present in person or by proxy : 71.65%

Directors present(3) : Keelung Hong, Chang Xing Investment Company- Chan Lee, Ke-Yi Liu

Supervisors present (3) : Chin-Fen Huang, Chih-Chiang Chen, Ta-Kuan Yang

Others(2) : Sheng-Wei Deng (C.P.A., PricewaterhouseCoopers LLP.), Jacqueline Fu (Attorney, K&L Gates LLP.)

Chairman : Keelung Hong

Recording Secretary : Nicole Lin

Calling the meeting to order : Report on the number of shares represented by shareholders attending the Meeting in accordance with Company Law §174.

Chairman Remarks: skipped

## **1. Reports**

### **Item No. 1: 2016 Business Report**

Explanation:

1. The accumulated deficit of the Company to be offset in the year ended December 31, 2016 is NT\$ 824,662,487, an amount no less than half of the Company's paid-in capital.
2. 2016 Business Report can be found on page 8 of this Handbook under Schedule 1.

### **Item No. 2: 2016 Supervisor's Review Report**

Explanation:

2016 Supervisor's Review Report can be found on page 11 of this Handbook under Schedule 2.

## **2. Ratifications**

**Item No. 1:** Ratification of 2016 Financial Statements and Business Report (Proposed by the Board of Directors)

Explanation:

1. 2016 Individual and Consolidated Financial Statements have been audited by independent certified public accountants, Deng, Sheng-Wei and Liang, Hua- Ling, 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 Accountant reports and other financial statements can be found on pages 14 to 34 of this Handbook under Schedule 3. The Business Report can be found on page 8 of this Handbook under Schedule 1, and the Supervisor's Review Report can be found on page 11 of this Handbook under Schedule 2.

Resolution: The 2016 Financial Statements and Business Report hereby were accepted as submitted, the number of shares represented by shareholders attending the Meeting is 39,861,822 shares; the approval share is 39,851,615 shares, 99.97% of voting shares; the disapproval share is 4,154 shares, 0.01% of voting shares; the invalidated is 0 shares, 0.00% of voting shares; the abstention shares and no votes are 6,053 shares, 0.01% of voting shares.

**Item No. 2:** Ratification of the proposal to offset the deficit of 2016 (Proposed by the Board of Directors)

Explanation:

1. The Company's 2016 financial statements, after audit by independent certified public accountants, showed a net loss of NT\$824,316,138 in 2016, and an accumulated loss of NT\$824,662,487 with adjustments. The Company intends to offset such loss against NT\$824,662,487 from its capital reserve, pursuant to which

the accumulated loss will be NT\$0 after the offset. Please refer to the 2016 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.

Taiwan Liposome Company, Ltd.

2016 Deficit Offset Statement

(In NTD)

Items	Amount	
	Subtotal	Total
Undistributed Earnings in the beginning of 2016	\$0	
2016 retained earnings adjustment	(346,349)	
Undistributed Earnings with adjustments	(346,349)	
2016 net income (deficit)	(824,316,138)	
Deficit to be offset at the end of 2016		(\$824,662,487)
Deficit Offset		
Capital reserve - common share premium	824,662,487	824,662,487
Accumulated loss at the end of 2016		0

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

Resolution: The proposal for 2016 Deficit Offset hereby was approved as proposed, the number of shares represented by shareholders attending the Meeting is 39,861,822 shares; the approval share is 39,856,589 shares, 99.98% of voting shares; the disapproval share is 4,180 shares, 0.01% of voting shares; the invalidated is 0 shares, 0.00% of voting shares; the abstention shares and no votes are 1,053 shares, 0.00% of voting shares.

### 3. Discussions

**Item No. 1:** Discussion to issue the “Restricted Employee Stock” (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 the benefits of the Company and its shareholders, the Company intends to issue 2017 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 550,000 Restricted Employee Stock, representing 0.99% of an aggregate number of all shares issued by the Company, plus with the number of employees stock option certificates issued by the Company, no more than 15% of an aggregate number of all shares issued by the Company and in compliance with the limitation set for in the Article of Incorporation.
3. The content and items of the Restricted Employee Stock are as follows:
  - (1) Aggregate Number and Amount of the Restricted Employee Stock: NTD 5,500,000 divided into 550,000 ordinary shares with a par value of NTD 10.
  - (2) Conditions of Issuance:
    - A. Issue Price: NTD 10 per share.
    - B. Condition of Vesting:
      - Twenty percent of the Restricted Employee Stock shall be vested on the one-year 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.
      - Additional thirty percent of the Restricted Employee Stock shall be vested on the two-year 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.
      - Remaining fifty percent of the Restricted Employee Stock shall be vested on the three-year 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. Category of Restricted Employee Stock: New ordinary shares of the Company.
    - D. Incompliance with the Conditions of Vesting or Occurrence of Inheritance:

In the event of incompliance with the conditions of vesting or other events, the result is as follows, and the Company authorizes the Board of Directors

to establish the rule governing the issuance of Restricted Employee Stock to supplement such matter:

- In the event of leave without pay, maternity leave, voluntary resignation and other termination of employment relationship, death other than those caused by occupational injury, or breach of the rule governing the issuance of the Restricted Employee Stock shall be deemed as incompliance with the conditions of vesting, and the Company will repurchase the Restricted Employee Stock for the aforementioned Issue Price and eliminate such stock.
- In the event of retirement, and disability or death caused by occupational injury, the Company will repurchase the Restricted Employee Stock for the aforementioned Issue Price and eliminate such stock; provided that, this situation may be excluded by the Board of Directors.
- In the event of transfer of Position resulting from the requirement of business development, the Board of Directors is authorized to determine the vesting of the Restricted Employee Stock to such employee.

E. Restricted Employee Stock's right of distribution or allocation equal to other ordinary shares of the Company.

- (3) The Eligibility of Employee and Number of Restricted Employee Stock eligible for subscription: All regular employees employed in the Company on the date of issuance of the Restricted Employee Stock are eligible for subscription of Restricted Employee Stock; The number of Restricted Employee Stock eligible for subscription to respective employee is determined on the level, qualification, contribution, and potentiality of development pursuant to the regulations updated before issuance of Restricted Employee Stock.
  - (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 the benefits of the Company and the shareholders.
  - (5) Expected expense amount, dilution of EPS and other factors affecting shareholders' equity: Based on NTD 115.80, the average closing price of a share of the Company, calculated by 30 business days prior to January 31, 2017, the total expected expense amount is NTD 58,190,000, the annual amortized expense from 2017 to 2020 respectively will be NTD 5,011,000, NTD 28,125,000, NTD 16,972,000, and NTD 8,082,000, and the dilution to EPS from 2017 to 2020 respectively will be NTD 0.09, NTD 0.50, NTD 0.30, and NTD 0.15. Accordingly, this will not result in a material impact on the shareholder's equity.
4. It's proposed that the Board shall be convened to establish the rule of issuance of Restricted Employee Stock of 2017 upon approval of this plan.

5. Upon approval of this plan, completion of the rule of issuance of Restricted Employee Stock of 2017 established by the Board, and well preparation of the relevant documents, the Company will apply for to the authority, and issue the Restricted Employee Stock in accordance with applicable laws and regulations. In the period of such application, if the rule of issuance of Restricted Employee Stock of 2017 or the relevant documents are required by the authority to be amended, the Chairperson of the Board is authorized to amend and supplement the rule of issuance of Restricted Employee Stock of 2017; provided that, the Restricted Employee Stock shall be issued after the amended rule of issuance of Restricted Employee Stock of 2017 is submitted in and passed by the Board. If there is any matters 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 it in accordance with applicable laws excepted as otherwise provided by law.

Resolution: To issue the “Restricted Employee Stock” hereby was approved as proposed, the number of shares represented by shareholders attending the Meeting is 39,861,822 shares; the approval share is 38,989,811 shares, 97.81% of voting shares; the disapproval share is 870,958 shares, 2.18% of voting shares; the invalidated is 0 shares, 0.00% of voting shares; the abstention shares and no votes are 1,053 shares, 0.00% of voting shares.

#### **4. Elections**

**Item No. 1:** Election of the Directors and Supervisors of the Company (Proposed by the Board of Directors)

Explanation:

1. Due to expiry of term of office of Directors and Supervisors, the election shall be for eight (8) members of the Board of Directors (including three (3) Independent Directors) and three (3) Supervisors. All respective Directors and Supervisors is eligible for re-election.
2. The new Directors and Supervisors shall assume their office upon adjournment of this Annual General Meeting of Shareholders. The tenure shall be three (3) years from May 31, 2017 to May 30, 2020.
3. The nomination list of Directors and Supervisors has been reviewed and approved by the Board of Directors on April 13, 2017, and the details regarding education, experience, shareholding of Directors and Supervisors can be found on pages 35 of this Handbook under Schedule 4.
4. The Rules for Director and Supervisor Elections can be found on pages 46 of this Handbook under Annex 3.

5. Please proceed with the election in accordance with the aforementioned Rules for Director and Supervision Elections.

Election Results : New directors

<b>ID No./ Passport No.</b>	<b>Name</b>	<b>Rights of Votes</b>	<b>Title</b>
2	Keelung Hong	51,506,527 shares	Board of Director
482	Burrill Life Sciences Capital Fund III, L.P.	46,707,803 shares	Board of Director
5102	Chang Xiang Investment Company, Ltd.	46,287,789 shares	Board of Director
92	YFY Biotech Management Company, Ltd.	45,086,927 shares	Board of Director
29	Mao-Jung Lin	44,061,395 shares	Board of Director
147	Shih-Shang Chen	6,183,717 shares	Independent Director
A2xxxxxx95	Ke-Yi Liu	6,083,228 shares	Independent Director
R2xxxxxx61	May Kang	6,055,283 shares	Independent Director
16	Chin-Fen Huang	30,943,807 shares	Supervisor
27	Matthew C. Chan	30,823,107 shares	Supervisor
309	Kuei-Lung Chu	30,817,469 shares	Supervisor

## 5. Other Matters

**Item No. 1:** Proposal to release the prohibition on Directors from participation in competitive business (Proposed by the Board of Directors)

1. The Company intends to release the prohibition on new Directors from the acts for himself or herself or on behalf of another person falling within the scope of the Company's business, but without harm to the Company's interests, in accordance with Article 209 of the Company Act.
2. The details with respect to Directors' participation in competitive business can be found on pages 36 of this Handbook under Schedule 5.

Resolution: The prohibition on Directors from participation in competitive business hereby was approved as proposed, the number of shares represented by shareholders attending the Meeting is 39,933,395 shares; the approval share

is 38,520,411 shares, 96.46% of voting shares; the disapproval share is 5,296 shares, 0.01% of voting shares; the invalidated is 0 shares, 0.00% of voting shares; the abstention shares and no votes are 1,407,688 shares, 3.52% of voting shares.

**6. Motions:** None.

**7. Adjournment:** 10:02 a.m., the Chairman adjourned the Meeting.