

TAIWAN LIPOSOME COMPANY LIMITED.
2017 FIRST INTERIM SHAREHOLDERS' MEETING MINUTES

(Translation)

Time: October 31, 2017 (Tuesday) at 9:00 a.m.

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

Attendance: Total shares represented by shareholders present in person or
by proxy: 42,371,815 shares. Total outstanding TLC shares:
55,711,036 shares (net of shares without voting rights).
Percentage of shares held by shareholders present in person or
by proxy: 76.05%.

Directors present (3): Chairman of the Company: Keelung Hong; Director: Chan Lee
(representative of Chang Xing Investment Company);
Independent Director: Beatrice Liu

Supervisors present (1): Supervisor: Matthew C. Chan

Others (2): Sheng-Wei Teng (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. Ratifications

Item No. 1: Change of 2013 Capital Increase by Cash Contribution Plan
(Proposed by the Board of Directors)

Explanation:

1. 2013 Capital Increase by Cash Contribution Plan of the Company (issuance of 10,000,000 common shares) was filed and effective on May 20, 2013 upon issuance of Financial Supervisory Commission's letter Jin-Guan-Zheng-Fa-Zi No. 1020015076 on May 21, 2013.

2. The 2013 Capital Increase by Cash Contribution of the Company has been completed on September 9, 2013, and the aggregate amounts of capital increased in which are NTD 2,980,000,000, which were expected to be devoted in R&D in the amount of NTD 1,980,000,000, and in purchase of machine equipment in the amount of NTD 1,000,000,000 respectively.
3. The aforementioned expense for R&D and purchase of machine equipment are required resources of developing new formulation drug and new dosage form drug. However, in consideration of the requirement of new formulation drug and new dosage form drug in related medical laws causing the R&D expenses more than expectation, it's proposed to reallocate whole resources of the plan.
4. In the amended plan, the R&D expenses, machine equipment purchase expenses, and business operation capital would be amended as NTD 2,417,503,000, NTD 262,497,000, and NTD 300,000,000 respectively. The purpose of change of the plan is for continuing to maintain the Company's R&D, and expanding the scope of development of new formulation drug and new dosage form drug. It is necessary to reallocate whole resources of the plan.
5. The Change of 2013 Capital Increase by Cash Contribution Plan Sheet and the summary of opinion of original lead underwriter can be found on Schedule 1 .
6. The change of the plan has been approved by the Board of Directors of the Company on September 8, 2017, except that it will be announced pursuant to the competent authority's related regulations.

Discussion:

The shareholders with the shareholder account numbers 9881, 12563, 12564, and 12286 raised questions about this Ratification Item No. 1, including the reduction of equipment purchases, process scale-up, legal compliance, uses of orphan drugs, and performance realization schedule . These questions were fully answered by the Chairman himself and by the relevant personnel in charge designated by the Chairman for answer.

Resolution:

Change of 2013 Capital Increase by Cash Contribution Plan hereby were accepted as submitted, the number of shares represented by shareholders attending the Meeting is 42,369,815 shares; the approval share is 42,367,795 shares (among which the votes of 16,232,906 shares were cast electronically), 99.99% of voting shares; the disapproval share is 5 shares, 0.00% of voting shares; the invalidated is 0 shares, 0.00% of voting shares; the abstention shares and no votes are 2,015 shares (among

which the votes of 1,000 shares were cast electronically), 0.00% of voting shares.

2. Discussions

Item No. 1: Approval of Public Placement or Private Placement of Securities (Proposed by the Board of Directors)

Explanation:

1. It's proposed that in order to meet the Company's need for long term development, and raise long term capital, the Company plans to take one of the following approaches or a combination of the following approaches: issuance of ordinary shares for cash to issue overseas depositary receipt and/or issuance domestic ordinary shares and/or privately placement of ordinary shares once or divide into multiple times at the proper timing and take into account the condition of the capital market and the actual fiscal need of the Company, so as to raise long term capital and increase the variety of channels for raising capital while maintaining flexibility, and to improve the Company's international competitiveness.
2. The scope of this offering of securities shall be within the scope of 20,000,000 shares, and may be made by means of the aforementioned public offering and/or private placement of ordinary shares.
3. Where it is necessary to decide or revise the main contents of this proposal, including but not limited to, the number and amount of issuance, issue price, conditions of the issuance, manners of underwriting, rule of this issuance of securities, project items, expected progress, expected benefit, and any other matters related to this issuance, as a result of changes in laws and regulations, requests from competent authority, operation assessments, or to respond to the objective environment, the Board of Directors or the Chairperson, depending on the matter concerned, are fully authorized to administer such matters.
4. The explanation with respect to the manner and content of this issuance can be found on Schedule 2.

Discussion:

Please refer to Schedule 3 for the Company's response to written inquiries made by the Securities and Futures Investors Protection Center, a shareholder whose shareholder account number is 484. The shareholders with the shareholder account numbers 12286, 9881, 12563, 12564, and 5157 raised questions about this item, including the privately placed shares and their dilution in equity of existing shareholders, changes in management rights, documents and explanations regarding

private placements, and means of financing. These questions were fully answered by the Chairman himself and by the relevant personnel designated by him.

The shareholders with the shareholder account numbers 12563 and 12564 voiced their objections to the inclusion of private placement of securities in the original proposal, and proposed to modify the proposal under this Item No. 1 of “Public Placement or Private Placement of Securities.” After this matter was fully discussed, the Chairman instructed to put to a vote the modified proposal of “Issuance of Ordinary Shares for Cash to Issue Overseas Depositary Receipts and/or Issuance of Domestic Ordinary Shares.”

Resolution:

The modified proposal was approved. The number of shares represented by shareholders attending the Meeting is 42,371,815 shares; the approval share is 26,090,889 shares, 61.57% of voting shares; the disapproval share is 41,000 shares, 0.09% of voting shares; the invalidated is 0 shares, 0.00% of voting shares; the abstention shares and no votes are 16,239,926 shares (among which the votes of 16,233,906 shares were cast electronically), 38.32% of voting shares.

Modified Issuance of Ordinary Shares for Cash to Issue Overseas Depositary
Item No. 1: Receipts and/or Issuance of Domestic Ordinary Shares

Explanation:

1. It is proposed that in order to meet the Company’s need for long term development, and to increase the variety of channels for raising capital, the Company plans to take one of the following approaches or a combination of the following approaches: issuance of ordinary shares for cash to issue overseas depositary receipts and/or issuance of domestic ordinary shares, once or at multiple times with the proper timing and taking into account the condition of the capital market and the actual fiscal needs of the Company, so as to raise long term capital and increase the variety of channels for raising capital while maintaining flexibility, and to improve the Company’s international competitiveness.
2. The scope of this public offering of securities shall be within the scope of 20,000,000 shares.
3. Where it is necessary to decide or revise the main contents of this proposal, including but not limited to, the number and amount of the issuance, issue price, conditions of the issuance, manners of underwriting, rules of this issuance of

securities, project items, expected progress, expected benefits, and any other matters related to this issuance, as a result of changes in laws and regulations, requests from the competent authority, operation assessments, or to respond to the objective environment, the Board of Directors or the Chairperson, depending on the matter concerned, are fully authorized to administer such matters.

4. An explanation with respect to the manner and content of this issuance can be found on Schedule 2 of the Modified Item No. 1.

3. Motions: None.

A shareholder with the shareholder account number 9881 made recommendations to the Company, and the Chairman said he appreciated the shareholder's support and advice.

4. Adjournment: At 11:41 a.m., the Chairman adjourned the Meeting.

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

Changes of 2013 Capital Increase by Cash Contribution Plan Sheet

\$: NTD

Items		Content
Board's Approval Date		September 8, 2017
Cause of Change		Both of expenses for R&D and purchase machine equipment are required for execution of development of new formulation drug and new dosage form drug. In consideration of the requirement of new formulation drug and new dosage form drug in related medical laws causing the R&D expenses more than expectation, the Company considers to reallocate whole resources, including reducing acquisition cost by improving the manufacturing process and outsourcing, thus increasing the expense for developing new dosage form drug to be promoted more easily and active component to relieving side-effect, and to add new operation business projects to strengthen the flexibility of capital.
Plan Items and Amount	Before Changes (*1)	The aggregate amounts are NTD 2,980,000,000, which were expected to be devoted in R&D of new formulation drug and new dosage form drug in the amount of NTD 1,980,000,000, and in purchase of machine equipment in the amount of NTD 1,000,000,000 respectively.
	After Changes (*2)	The aggregate amounts are NTD 2,980,000,000, which are expected to be devoted in R&D of new formulation drug and new dosage form drug in the amount of NTD 2,417,503,000, and in purchase of machine equipment in the amount of NTD 262,497,000, and in business operation capital in the amount of NTD 300,000,000 respectively.
	Difference	R&D expense: increase NTD 437,503,000; Purchase of machine equipment: decrease NTD 737,503,000; Business operation capital: increase NTD 300,000,000; Aggregate Amount: the same.
Expected Benefit	Before Changes (*3)	R&D Milestone: 1. TLC599, a new formulation drug or new dosage form drug of Non-Cancer Drug: application of drug registration in the U.S. 2. TLC198 (TLC590), a new formulation drug or new dosage form drug of Non-Cancer Drug: application of drug registration in the US. 3. TLC178, a new formulation drug or new dosage form drug of Cancer Drug: completion of phase II of clinical trial in the U.S.

	After Changes (*4)	<p>Saving interest expense of NTD 6,300,000 and R&D Milestone:</p> <ol style="list-style-type: none"> 1. TLC599, a new formulation drug or new dosage form drug of Non-Cancer Drug: completion of animal clinical trial of arthritis drugs in the U.S. 2. TLC198 (TLC590), a new formulation drug or new dosage form drug of Non-Cancer Drug: Phase I/II clinical trial to determine maximum tolerated dose for surgery. 3. TLC178, a new formulation drug or new dosage form drug of Cancer Drug: Phase I/II(a) clinical trial to determine maximum tolerated dose for injection.
	Difference	<ol style="list-style-type: none"> 1. Saving interest expense of NTD 6,300,000. 2. R&D Milestone defers.
Influence on Shareholders' Equity		<p>New formulation drug or new dosage form drug are in demand but unsatisfied, among which TLC599 and TLC198 are potentially in great demand, and TLC178 is qualified to obtain the "certificate of priority review of rare pediatric disease". Although the R&D expenses are higher than expectation and expected benefit are deferred due to the strict requirement of related laws and competent authority, in consideration of the benefit from the more appropriate dosage in which the Company involved, derivative market, improved manufacturing process, and maintenance on the Company's R&D power, expansion of the R&D scope of new formulation drug or new dosage form drug, the reconfiguration of whole resource and the necessity of enhancement of capital flexibility. Therefore, the accumulative value attributed by the change of plan will eventually make up for or exceed the short term influence on shareholders' equity.</p>
Expected Timeline After Change		<p>R&D expenses: expected to be completed in the second quarter of 2019.</p> <p>Purchase of machine equipment: expected to be completed in the first quarter of 2019.</p> <p>Business operation: expected to be completed in the third quarter of 2017.</p>
Summary of Opinion of Original Lead Underwriter		<p>The original plan of the Company could not be executed on the schedule due to the market environment, change of laws, and the strict requirement of the competent authority. In consideration of the best interest of the shareholders, the Company adjusts the direction of R&D of the related drugs, and devoted items of capital, and the execution of the capital plan has been changed and approved by the Board of Directors, to allocate NTD300,000,000 in business operation from the unused capital of NTD1,213,247,000. As such, the Company may allocate their capital more flexibly, and its potential demand of financing would be reduced, further to save the interest expense, and</p>

<p>take positive effect to the Company. The remaining NTD 913,247,000 will be devoted in R&D to raise the Company's competitiveness and profitability, and reduce the risks of R&D and business operation. In addition, aside from the great potential demand of TLC599 and TLC198, TLC178 is qualified to obtain the "certificate of priority review of rare pediatric disease". Such certificate has the qualification of six months priority review and high market value. Therefore, there should be an expectation that the Company may make profit upon completion of the plan.</p>

Explanation for the Means and Contents of the Public Offering or Private Placement of Securities

1. In order to meet the Company's need for long term development, raise long term capital, increase the Company's channel and flexibility to raise fund, and increase competitiveness of the Company, the Company plans to take one of the following approaches or a combination of the following approaches: issuance of ordinary shares for cash to issue overseas depositary receipt and/or issuance of domestic ordinary shares for cash and/or private placement of ordinary shares once or divide into multiple times within the scope of 20,000,000 shares at the proper timing and take into account the condition of the capital market and the actual fiscal need of the Company in accordance with relative laws and regulations and the Company's Articles of Incorporation.
2. Issuance of ordinary shares for cash to issue overseas depositary receipt:
 - (1) The issue price for the issuance of ordinary shares for cash to issue overseas depositary receipt, according to "Voluntary Code of Practice of Taiwan Securities Association Sales Agency Member Guiding Issuing Company to Raise and Issue Securities" (the "Voluntary Code of Practice"), is prohibited to be less than the closing price of the Company's ordinary shares on the pricing date or less than 90 percent of the average price of the simple arithmetic average of closing price for either the 1, 3, or 5 business days before the pricing date deducted shares dividends (or capital reduction) and cash dividends. However, if domestic relative laws and regulations were amended, the Board of Directors can adjust manners and percentage of pricing in correspondence with the laws and regulations. In order to gain the acceptance of foreign investors, the Chairman of the Board is authorized within the aforementioned scope to set actual issue price in collaboration with securities underwriter according to international customs and related book building situation, so the manner to set issue price should be reasonable. In addition, the manner to determine the issue price for overseas depositary receipts is based on fair trading market price of ordinary share formed in the business place of domestic securities firm. The original shareholders can still purchase ordinary shares with pricing that is close to the issue price for overseas depositary receipts, and is therefore free from assuming the risk of exchange and liquidity. If the Company issue ordinary shares for cash for

issuing overseas depositary receipt in maximum 20,000,000 shares, the highest rate of dilution of shareholder's right calculated by raised shares is 35.90%. However, when the benefits for this capital increase emerged, the Company's competitiveness can be increased, all shareholders can share the benefit, so there should not be material negative effect to original shareholder's right.

- (2) For the purpose of issuance of ordinary shares for cash for issuing overseas depositary receipt, the Company will reserve 15% of new shares for subscription by employees of the Company in accordance with Article 267 of the Company Act. The remaining 85% new shares will be proposed to be publicly offered in general meeting of shareholders in accordance with Article 28-1 of the Securities Exchange Act as the original security of issuing overseas depositary receipt, and the original shareholders waive their pre-emptive right. The shares that the employees waive their right to subscribe or undersubscription, the Chairman of the Board shall be authorized to seek specific persons to subscribe, or add in as the original security to issue overseas depositary receipt in consideration of market needs.
 - (3) In correspondence with the issuance of ordinary shares for cash for issuing overseas depositary receipt, it is proposed to authorize the Chairman of the Board, the President of the Company, or persons designated by the Chairperson of the Board to approve and execute all documents regarding the issuance of overseas depositary receipt and administer matters related to the issuance of new shares in representation of the Company.
3. To execute the plan to issue ordinary shares domestically, it is proposed to the shareholder's meeting to resolve that the Chairman of the Board is authorized to choose one of the following manner to underwrite:
- (1) If conducting allocation of securities by book building
 - A. Other than reservation of 15% of new shares for subscription by employees of the Company in accordance with Article 267 of the Company Act, the remaining 85% shares shall be allocated to make book building placement, and the original shareholders waive their pre-emptive right in accordance with Article 28-1 of the Securities Exchange Act. Where the shares that the employees waive their right to subscribe or undersubscription, the Chairman of the Board shall be authorized to seek specific persons to subscribe.
 - B. The actual issue price of the issuance of shares for cash is authorized to

the Chairman of the Board to collaborate with the lead securities underwriter to determine in consideration of the all-around situation of the book building allocation, situations of the issuing market and relative laws and regulations after the expiry of period for book building allocation. The determination of the issue price, according to Voluntary Code of Practice shall not be less than 90 percent of the average price of the simple arithmetic average of closing price for either the 1, 3, or 5 business days before the pricing date deducted shares dividends (or capital reduction) and cash dividends while reporting to the Financial Supervisory Commission, submitting book building placement agreement to the Taiwan Securities Association, and submitting underwriting contract to the Taiwan Securities Association. However, if Taiwan's relative laws and regulations were amended, the Board of Directors can adjust manners and percentage of pricing in correspondence with the laws and regulations.

(2) If conducting public subscription

- A. The Company shall reserve 15% of total amount of new shares for subscription by employees of the Company in accordance with Article 267 of the Company Act, and allocate 10% of total amount of new shares to be publicly underwritten. The remaining 75% shall be severally subscribed by original shareholders according to the names and percentage of shares written in the Register of Shareholders on the base date of the subscription. The fractional shares where the original shareholder subscribed to less than 1 share can be directly administered by the shareholder to be combined through the shareholder service provider of the Company within 5 days of the record date for subscription. It is proposed to grant the Chairman of the Board the power and authority to seek specific persons for subscription at the issuing price of the fractional shares that are less than one share, the shares that the original shareholders, employees and the public did not subscribe to or are undersubscribed and the fractional shares that the shareholder fails to report to the company for combination during the above specified period..
- B. The pricing for the cash increase of capital is authorized to the Chairperson of the Board to determine collaborate with underwriter according to the market condition. In accordance with paragraph 1 of Article 6 of the Voluntary Code of Practice, the scope of discretion shall be between 70% and 100% of the simple arithmetic average of closing price for either the 1, 3, or 5 business days before the pricing date minus

distribution of shares dividends (or capital reduction) and cash dividends. However, if domestic relative laws and regulations were amended, the Board of Directors can adjust means and percentage of pricing in correspondence with the laws and regulations.

4. Issuance of ordinary shares in the private placement:

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

(1) The basis and rationality for the determination of price in private placement

A. The reference price is determined to be the higher of the outcome of the following basis of calculation:

a. The average price of the simple arithmetic average of closing price for either the 1, 3, or 5 business days before the pricing date, after adjustment for any distribution of shares dividends, cash dividends or capital reduction.

b. The average price of the simple arithmetic average of closing price for the 30 business days before the price determination date, after adjustment for any distribution of shares dividends, cash dividends, or capital reduction.

B. The issue price for each private placement shares, shall be no less than 80% of the reference price. Upon the Board of Directors is authorized by the shareholder's meeting after resolving the private placement of ordinary shares, the actual private placement price shall be no less than 80% of the reference price.

C. Although there are regulations restricting the transfer of private placed securities, the aforementioned determinations of issue price should be reasonable, and are based on relative laws and regulations and closing price of ordinary shares.

D. It is proposed that the pricing date is to be determined by the Board of Directors based on the situations of seeking specific persons afterwards.

(2) The manner, purpose and necessity for the determination of specific persons

According to Article 43-6 of the Securities Exchange Act, the selection of specific persons is limited to natural persons, legal persons and funds that fit

the conditions set by the competent authority. Because of the business characteristic that the time to develop drugs is long and the expense is high, it is necessary to pour in funds from natural persons, legal persons and funds that fit the conditions.

- (3) The reason of necessity to administer private placement
 - A. The reasons why not to conduct a public offering: There are regulations that restricts the transfer of private placement shares to ensure that natural persons, legal persons and funds that fit the conditions set by the competent authority will hold the shares more than 3 years, and comparatively private placement is more time efficient and convenient, so the Company conduct a private placement instead of public offering to issue ordinary shares for cash.
 - B. The authorized amount of private placement is no more than 20,000,000 shares.
 - C. The use of the fund and expected benefits: This plan is designated for the long term development of the Company, debts repayment, operation fund increase, reinvest, acquisition of other companies, premises buildings and equipment replacement, and other single or multiple use. It is predicted that the technical platform and international competitiveness can be enhanced, research and design efficiency can be elevated, and financial structure can be strengthened.
 - D. There was no change in the management right within one year prior the private placement, and the present private placement should not lead to massive change in management right.
- (4) The rights and obligations of the private placement ordinary shares are the same with the original shares of the Company; however, according to relevant regulations of the Securities Exchange act, unless meets the transfer conditions set forth in Article 43-8 of the Securities Exchange act, private placement shares cannot be resold within 3 years from closing date. The supplementary procedures for public offering and application for listing for this private placement shares shall be completed 3 years after the closing date.
- (5) The main content of this private placement, except the percentage of private placement pricing, including but not limited to the number of shares issued, issuing price, raised amount, conditions of the issuance, pricing date and other matters related to the issuance, is planned to request the shareholder's meeting

to authorize the Board of Directors to determine in light of the market condition by then and the operation need of the Company according to the relevant regulations of the competent authority. Where it is necessary to decide or update any of the content thereof due to a change in laws and regulations, requests from competent authority, based on operation assessment or to respond to the objective environments, the general meeting of shareholders is requested to fully authorize the Board of Directors to administer such matters.

5. The funds raised in this plan is designated for the long term development of the Company, debts repayment, operation fund increase, reinvest, acquisition of other companies, premises buildings and equipment replacement, and other single or multiple use, and is predicted to finish execution within 5 years after completion of fund raising. The execution of this capital increase plan is predicted to be able to strengthen the competitiveness of the Company, enhance research and development synergy that has positive benefit for shareholder's right.
6. The ordinary shares issued for share for issuing overseas depositary receipt and/or ordinary shares issued domestically for cash will be listed on Taipei Exchange. After issuance, the rights and obligations of the shares shall be the same with original shares.
7. Where the main contents of this capital increase for cash domestically, including but not limited to, numbers and monetary amount of share to be issued, conditions of issuance, devoted items of the capital plan, expected schedule, expected benefit, and other related events not mentioned in this approval, are required to be decided or amended due to the change of laws and regulations, request of the competent authorities, operation assessment, or to respond the objective environment, , it's proposed to authorize to the Chairman of the Board of Directors to do every required acts. It's proposed to authorize to the Chairman of the Board of Directors to decide the base date of price, actual issued price, the base date of subscription, the base date of capital increase, and other events related to the issuance of shares.
8. It's proposed to authorize the Board of Directors to decide, adjust, and enact all items, and do all acts related to main contents of this issuance of ordinary shares for cash to sponsor the issuance of overseas depositary receipt responding to the needs of the Company and the situation of business environment, including but not limited to, numbers and monetary amount of share to be issued, issued price, conditions of issuance, methods of underwriting, plan of issuance, items of the plan, expected schedule, expected benefit, and other events not mentioned in this

approval. Where such events are required to be decided or amended due to request of the competent authorities or to respond to the objective environment, it's proposed to authorize to the Board of Directors to do all required acts as well.

9. Where there are matters not clarified in this resolution, the Board of Directors and/or Chairman of the Board of Directors shall be fully authorized to administer in accordance with relative laws and regulations.

The Securities and Futures Investors Protection Center has inquired in writing regarding the necessity and reasonableness of, and impacts on management rights and shareholders equity from, the private placement of ordinary shares to be proposed to shareholders at the first shareholders interim meeting of 2017. Please find the Company's response thereto below:

1. The Company simultaneously engages in both domestic and offshore R&D with respect to drugs, and the expenditures required have multiplied along with the progression of development stages. The Company currently has no intention to make major capital expenditures, reinvestments, acquisitions of other companies, or to repay its debts all at once. The private placement of ordinary shares is only one of the channels suggested under the proposal to issue ordinary shares for cash to issue overseas depositary receipts and/or to issue domestic ordinary shares and/or make a private placement of ordinary shares which is to be submitted at the shareholders meeting. In the event that the Company actually adopts private placement of its ordinary shares as a means of fundraising, it will take special care to improve and carefully deliberate on the use of proceeds from the private placement.
2. The Company had not encountered a major change in management rights for a period of one year prior to the date the Board of Directors resolved to conduct the private placement. During this period, no director has been changed, except that eight directors were re-elected due to the expiration of their terms of office (but there were no substantive changes to the management rights). After being discussed and resolved upon at this shareholders' meeting, if private placement of ordinary shares is adopted as the actual means of fundraising, carefully taking into consideration the shareholding percentage of the privately placed shares, the characteristics of the private placement, and the purpose of conducting the private placement, the Company does not consider that the private placement would result in a change in the management rights, and therefore it is not necessary to engage a securities underwriter to issue a specific and concrete assessment with respect to the reasonableness and necessity of the change in management rights as a result of the private placement.
3. The Company has already made public relevant information on the "Private Placement" section of the Market Observation Post System.

Explanation for the Means and Contents of the Issuance of Ordinary Shares for Cash to Issue Overseas Depository Receipts and/or Issuance of Domestic Ordinary Shares for Cash

1. In order to meet the Company's need for long term development, raise long term capital, increase the Company's channel and flexibility to raise fund, and increase competitiveness of the Company, the Company plans to take one of the following approaches or a combination of the following approaches: issuance of ordinary shares for cash to issue overseas depository receipt and/or issuance of domestic ordinary shares for cash once or divide into multiple times within the scope of 20,000,000 shares at the proper timing and take into account the condition of the capital market and the actual fiscal need of the Company in accordance with relative laws and regulations and the Company's Articles of Incorporation.
2. Issuance of ordinary shares for cash to issue overseas depository receipt:
 - (1) The issue price for the issuance of ordinary shares for cash to issue overseas depository receipt, according to "Voluntary Code of Practice of Taiwan Securities Association Sales Agency Member Guiding Issuing Company to Raise and Issue Securities" (the "Voluntary Code of Practice"), is prohibited to be less than the closing price of the Company's ordinary shares on the pricing date or less than 90 percent of the average price of the simple arithmetic average of closing price for either the 1, 3, or 5 business days before the pricing date deducted shares dividends (or capital reduction) and cash dividends. However, if domestic relative laws and regulations were amended, the Board of Directors can adjust manners and percentage of pricing in correspondence with the laws and regulations. In order to gain the acceptance of foreign investors, the Chairman of the Board is authorized within the aforementioned scope to set actual issue price in collaboration with securities underwriter according to international customs and related book building situation, so the manner to set issue price should be reasonable. In addition, the manner to determine the issue price for overseas depository receipts is based on fair trading market price of ordinary share formed in the business place of domestic securities firm. The original shareholders can still purchase ordinary shares with pricing that is close to the issue price for overseas depository receipts, and is therefore free from assuming the risk of exchange and liquidity. If the Company issue ordinary shares for cash for

issuing overseas depositary receipt in maximum 20,000,000 shares, the highest rate of dilution of shareholder's right calculated by raised shares is 35.90%. However, when the benefits for this capital increase emerged, the Company's competitiveness can be increased, all shareholders can share the benefit, so there should not be material negative effect to original shareholder's right.

- (2) For the purpose of issuance of ordinary shares for cash for issuing overseas depositary receipt, the Company will reserve 15% of new shares for subscription by employees of the Company in accordance with Article 267 of the Company Act. The remaining 85% new shares will be proposed to be publicly offered in general meeting of shareholders in accordance with Article 28-1 of the Securities Exchange Act as the original security of issuing overseas depositary receipt, and the original shareholders waive their pre-emptive right. The shares that the employees waive their right to subscribe or undersubscription, the Chairman of the Board shall be authorized to seek specific persons to subscribe, or add in as the original security to issue overseas depositary receipt in consideration of market needs.
 - (3) In correspondence with the issuance of ordinary shares for cash for issuing overseas depositary receipt, it is proposed to authorize the Chairman of the Board, the President of the Company, or persons designated by the Chairperson of the Board to approve and execute all documents regarding the issuance of overseas depositary receipt and administer matters related to the issuance of new shares in representation of the Company.
3. To execute the plan to issue ordinary shares domestically, it is proposed to the shareholder's meeting to resolve that the Chairman of the Board is authorized to choose one of the following manner to underwrite:
- (1) If conducting allocation of securities by book building
 - A. Other than reservation of 15% of new shares for subscription by employees of the Company in accordance with Article 267 of the Company Act, the remaining 85% shares shall be allocated to make book building placement, and the original shareholders waive their pre-emptive right in accordance with Article 28-1 of the Securities Exchange Act. Where the shares that the employees waive their right to subscribe or undersubscription, the Chairman of the Board shall be authorized to seek specific persons to subscribe.
 - B. The actual issue price of the issuance of shares for cash is authorized to

the Chairman of the Board to collaborate with the lead securities underwriter to determine in consideration of the all-around situation of the book building allocation, situations of the issuing market and relative laws and regulations after the expiry of period for book building allocation. The determination of the issue price, according to Voluntary Code of Practice shall not be less than 90 percent of the average price of the simple arithmetic average of closing price for either the 1, 3, or 5 business days before the pricing date deducted shares dividends (or capital reduction) and cash dividends while reporting to the Financial Supervisory Commission, submitting book building placement agreement to the Taiwan Securities Association, and submitting underwriting contract to the Taiwan Securities Association. However, if Taiwan's relative laws and regulations were amended, the Board of Directors can adjust manners and percentage of pricing in correspondence with the laws and regulations.

(2) If conducting public subscription

- A. The Company shall reserve 15% of total amount of new shares for subscription by employees of the Company in accordance with Article 267 of the Company Act, and allocate 10% of total amount of new shares to be publicly underwritten. The remaining 75% shall be severally subscribed by original shareholders according to the names and percentage of shares written in the Register of Shareholders on the base date of the subscription. The fractional shares where the original shareholder subscribed to less than 1 share can be directly administered by the shareholder to be combined through the shareholder service provider of the Company within 5 days of the record date for subscription. It is proposed to grant the Chairman of the Board the power and authority to seek specific persons for subscription at the issuing price of the fractional shares that are less than one share, the shares that the original shareholders, employees and the public did not subscribe to or are undersubscribed and the fractional shares that the shareholder fails to report to the company for combination during the above specified period..
- B. The pricing for the cash increase of capital is authorized to the Chairperson of the Board to determine collaborate with underwriter according to the market condition. In accordance with paragraph 1 of Article 6 of the Voluntary Code of Practice, the scope of discretion shall be between 70% and 100% of the simple arithmetic average of closing price for either the 1, 3, or 5 business days before the pricing date minus

distribution of shares dividends (or capital reduction) and cash dividends. However, if domestic relative laws and regulations were amended, the Board of Directors can adjust means and percentage of pricing in correspondence with the laws and regulations.

4. The funds raised in this plan is designated for the long term development of the Company, debts repayment, operation fund increase, reinvest, acquisition of other companies, premises buildings and equipment replacement, and other single or multiple use, and is predicted to finish execution within 5 years after completion of fund raising. The execution of this capital increase plan is predicted to be able to strengthen the competitiveness of the Company, enhance research and development synergy that has positive benefit for shareholder's right.
5. The ordinary shares issued for share for issuing overseas depositary receipt and/or ordinary shares issued domestically for cash will be listed on Taipei Exchange. After issuance, the rights and obligations of the shares shall be the same with original shares.
6. Where the main contents of this capital increase for cash domestically, including but not limited to, numbers and monetary amount of share to be issued, conditions of issuance, devoted items of the capital plan, expected schedule, expected benefit, and other related events not mentioned in this approval, are required to be decided or amended due to the change of laws and regulations, request of the competent authorities, operation assessment, or to respond the objective environment, , it's proposed to authorize to the Chairman of the Board of Directors to do every required acts. It's proposed to authorize to the Chairman of the Board of Directors to decide the base date of price, actual issued price, the base date of subscription, the base date of capital increase, and other events related to the issuance of shares.
7. It's proposed to authorize the Board of Directors to decide, adjust, and enact all items, and do all acts related to main contents of this issuance of ordinary shares for cash to sponsor the issuance of overseas depositary receipt responding to the needs of the Company and the situation of business environment, including but not limited to, numbers and monetary amount of share to be issued, issued price, conditions of issuance, methods of underwriting, plan of issuance, items of the plan, expected schedule, expected benefit, and other events not mentioned in this approval. Where such events are required to be decided or amended due to request of the competent authorities or to respond to the objective environment, it's proposed to authorize to the Board of Directors to do all required acts as well.

8. Where there are matters not clarified in this resolution, the Board of Directors and/or Chairman of the Board of Directors shall be fully authorized to administer in accordance with relative laws and regulations.