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

Stock code：4180

TWi Pharmaceuticals, Inc.

Handbook for the 2016

Annual General Meeting of Shareholders

(Translation)

Date and time of the meeting : 9:00 a.m. on 8 June 2016

Location ：2F, No.12, Zhouzi St., Neihu Dist., Taipei City

TWi Pharmaceuticals, Inc.

Meeting Agenda for 2016 Annual General Meeting of Shareholders

I. Call the Meeting to Order

II. Chairperson Remarks

III. Discussions：

1. Amendment to the Company's Articles of Incorporation.

IV. Reports on Company Affairs：

1. 2015 Business Report.
2. Supervisor’s Review Report on the 2015 Financial Statements.
3. Report on Accumulated Losses Reaching One-Half of Paid-in Capital and Execution Status of the Improvement Plan of the Operation of the Company.
4. Amendment to the Rules of Procedure for Board of Directors Meetings.

V. Proposals：

1. Adoption of the 2015 Business Report, Financial Statements and Consolidated Financial Statements.
2. Adoption of the Proposal for 2015 Deficit Compensation.

VI. Elections：

1. The 9th Election of Independent Directors.

VII. Discussions：

2. Amendment to the Operational Procedures for Acquisition and Disposal of Assets.
3. Amendment to the Rules of Procedure for Shareholder Meetings.
4. Amendment to the Operational Procedures for Loaning of Company Funds.
5. Amendment to the Operational Procedures for Endorsements and Guarantees.
6. Amendment to the Procedures for Election of Directors and Supervisors.
7. Proposal of Release the Prohibition on Directors from Participation in Competitive Business.

VIII. Questions and Motions

Discussions

Item No. 1：Amendment to the Company's Articles of Incorporation. (Proposed by the Board of Directors)

Explanation:

1. The Company intends to establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act in lieu of duties of supervisors. Therefore, it is necessary to add provisions of an audit committee and delete relevant provisions of supervisors in the Company's "Articles of Association" to meet the actual needs.
2. Additionally, in order to conform to the amendments to Article 235 and 240 of the Company Act, and addition of a new provision that explicitly sets out the distribution of employees' compensation and remuneration to directors and supervisors in Article 235-1. Therefore, the Company proposes to amend certain provisions of the Company's Articles of Association.
3. The comparison of the current and amended "Articles of Incorporation" of the Company can be found on page 10 of this Handbook under Appendix I.

Resolution:

Reports on Company Affairs

Item No. 1：2015 Business Report.

Explanation：

2015 Business Report can be found on page 16 of this Handbook under Appendix II.

Item No. 2：Supervisor's Review Report on the 2015 Financial Statements.

Explanation：

2015 Supervisor's Review Report can be found on page 21 of this Handbook under Appendix III.

Item No. 3：Report on Accumulated Losses Reaching One-Half of Paid-in Capital and Execution Status of the Improvement Plan of the Operation of the Company.

Explanation：

1. Per 23 November 2012 Letter No. Financial-Supervisory-Securities-Corporate1010054096 of the Financial Supervisory Commission, the accumulated losses and the execution status of the improvement plan of the operation of the Company for the fourth quarter 2015 have been approved by the 7th Meeting of the Ninth Term Board of Directors of the Company on March 25, 2016.
2. Additionally, the Company's non-compensated losses accumulated at the end of 2015 is NT$2,711,176,829, which has exceeded one half of its paid-in capital, hence it is required to make a report to this general meeting of shareholders in accordance with Article 211 of the Company Act.
3. Accumulated losses and the execution status of the improvement plan of the operation of the Company for the fourth quarter 2015 can be found on page 22 of this Handbook under Appendix IV.

Item No. 4： Amendment to the Rules of Procedure for Board of Directors Meetings.

Explanation:

1. In connection with the amendments to "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and the Company's plan for establishment of an audit committee, the Company proposes to add provisions of establishing an audit committee and delete relevant provisions of supervisors in the above Regulations to meet actual needs.
2. Article 10 of the Company's current "Rules of Procedure for Board of Directors Meetings" states that, "When a meeting of the Board of Directors is held via video-conferencing, a director's attendance via video-conference is deemed as a director's attendance in person, but an attendance card must be delivered by facsimile transmission for the purpose of signing-in."
3. However, where a director's attendance at a meeting of the Board of Directors via video-conference, the entire proceedings will be video recorded on file. Therefore, in order to conform to the practical needs for a Board of Directors meeting, the Company proposes to delete relevant provisions in Article 10 of the "Rules of Procedure for Board of Directors Meetings" that a director's attendance via video-conference shall be accompanied by delivery of an attendance card by facsimile transmission for the purpose of sign-in.
4. Amendments to certain provisions of the above Rules have been approved by the 6th Meeting of the Ninth Term Board of Directors of the Company on March 21, 2016.

Proposals

Item No. 1：Adoption of the 2015 Business Report, Financial Statements and Consolidated Financial Statements.(Proposed by the Board of Directors)

Explanation:

1. The Company's 2015 Business Report, Financial Statements, and consolidated Financial Statements have been properly prepared. The above mentioned Financial Statements and consolidated Financial Statements were audited and certified by Certified Public Accountants, Tseng, Hui-Chin and Teng, Sheng-Wei of PwC Taiwan, and an audit report with modified unqualified opinion was issued.
2. The Company's 2015 Business Report, Financial Statements, and consolidated Financial Statements have been approved by the 7th Meeting of the Ninth Term Board of Directors of the Company on March 25, 2016 and examined by the supervisors. No significant discrepancy has been found. The 2015 Supervisor's Review Report is attached as Appendix III in this Handbook. Please review and ratify.
3. We enclose herewith the Company's 2015 Business Report. Please refer to Appendix II in this Handbook. The Company's 2015 Independent Auditor's Report on Financial Statements and the above-mentioned Financial Statements can be found on the M.O.P.S. website (http://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=4180&year=104&seamon=&mtype=A&).

Resolution:

Item No. 2：Adoption of the Proposal for 2015 Deficit Compensation. (Proposed by the Board of Directors)

Explanation:

1. In its 2015 final report, which has been duly audited and certified by certificated public accountants, the Company has the net loss after tax for the current period of NT$347,738,953 for the current period, and, together with accumulated deficits during previous years, non-compensated losses accumulated at the end of year 2015 is NT$2,711,176,829. The capital surplus of NT$0 used to cover accumulated deficits has been approved by the 7th meeting of the Ninth Term Board of Directors of the Company on March 25, 2016. Please refer to the Company's 2015 Deficit Compensation Statement as follows:

TWi Pharmaceuticals, Inc.

2015 Deficit Compensation Statement

In New Taiwan Dollars

Unappropriated retained earnings (or accumulated deficit) of prior years	(2,364,143,487)
Add (less): Actuarial gain arising from the pension plan	705,611
Unappropriated retained earnings (or accumulated deficit) after adjustment at the beginning of the period	(2,363,437,876)
Add: Net profit (loss) after tax for the period	(347,738,953)
Non-compensated losses accumulated at the end of the period	(2,711,176,829)
Add: Capital surplus used to cover accumulated deficits	0
Unappropriated retained earnings (or accumulated deficit) at the end of the period	(2,711,176,829)

Resolution:

Elections

Item No. 1：The 9th Election of Independent Directors. (Proposed by the Board of Directors)

Explanation:

1. In order to implement the corporate governance, the Company proposes to establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act in lieu of duties of supervisors. The audit committee shall be composed of the entire number of independent directors, and it shall not be fewer than three persons in number. Therefore, the Company proposes to elect two additional independent directors in accordance with the Company's Articles of Association at the current general meeting of shareholders. The term of office of additional independent directors shall end at the same time as that of the Ninth Term Board of Directors.
2. The election of independent directors adopts candidate nomination system, and has been examined and reviewed to meet the qualifications by the 8th Meeting of the Ninth Term Board of Directors of the Company on April 26, 2016. The list of candidates for independent directors is as follows:

Name	Principal work experience and academic qualifications	Number of shares held
SU,YU-HUI	● Full-time Professor of Department of Accounting, Soochow University ● Part-time Professor of National Taiwan University ● Ph.D. at Business School, National Taiwan University (major in Accounting), M.A. at Business School, National Taiwan University, Department of Accounting, National Taiwan University ● Supervisor of MAKALOT INDUSTRIAL CO., LTD. ● Supervisor of Bank Of Kaohsiung ● Supervisor of CPC Corporation ,Taiwan ● Supervisor of Mega International Commercial Bank	0
LIN,DONG-HAN	● Chairman of Lotus Pharmaceutical Co.,Ltd. ● President of Lotus Pharmaceutical Co.,Ltd.Taiwan ● Department of Pharmacy, National Taiwan University ● District Manager of Les Laboratoires Servier	0

Discussions

Item No. 2：Amendment to the Operational Procedures for Acquisition and Disposal of Assets. (Proposed by the Board of Directors)

Explanation:

1. The Company intends to establish either an audit committee in accordance with Article 14-4 of the Securities and Exchange Act in lieu of duties of supervisors. Therefore, it is necessary to add provisions of an audit committee and delete relevant provisions of supervisors in the Company's "Operational Procedures for Acquisition and Disposal of Assets." to meet the actual needs.

Resolution:

Item No. 3：Amendment to the Rules of Procedure for Shareholder Meetings. (Proposed by the Board of Directors)

Explanation:

1. In order to conform to the amendments of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings and since the Company intends to establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act in lieu of duties of supervisors, it is proposed to add provisions of an audit committee and delete relevant provisions of supervisors in the Company's "Rules of Procedure for Shareholder Meetings." to meet the actual needs.

Resolution:

Item No. 4：Amendment to the Operational Procedures for Loaning of Company Funds. (Proposed by the Board of Directors)

Explanation:

1. In order to conform to the amendments of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and since the Company intends to establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act in lieu of duties of supervisors, it is proposed to add provisions of an audit committee and delete relevant provisions of supervisors in the Company's "Operational Procedures for Loaning of Company Funds." to meet the actual needs.

Resolution:

Item No. 5：Amendment to the Operational Procedures for Endorsements and Guarantees. (Proposed by the Board of Directors)

Explanation:

1. The Company intends to establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act in lieu of duties of supervisors. Therefore, it is proposed to add provisions of an audit committee and delete relevant provisions of supervisors in the Company's "Operational Procedures for Endorsements and Guarantees." to meet the actual needs.

Resolution:

Item No. 6：Amendment to the Procedures for Election of Directors and Supervisors. (Proposed by the Board of Directors)

Explanation:

1. In order to conform to the amendments of the Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors and since the Company intends to establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act in lieu of duties of supervisors, it is proposed to add provisions of an audit committee and delete relevant provisions of supervisors in the Company's "Procedures for Election of Directors and Supervisors." to meet the actual needs.

Resolution:

Item No. 7：Proposal for release the prohibition on the Company's directors or representatives thereof from participation in competitive business (Proposed by the Board of Directors)

Explanation:

1. Article 209 of the Company Act states that, "A director who acts 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. Since directors of the Company are mostly representatives of institutional shareholders by whom numerous businesses are invested and operated, the businesses invested and operated or businesses in which they engage may be the same or similar as the business of the Company, and such directors may also hold positions concurrently in any relevant

enterprises. The businesses invested and operated by them or businesses in which they engage may be the same or similar as the business of the Company. To make their investing or operating activities not limited by above mentioned provisions, the Company submits the proposal for release the prohibition on the newly elected independent directors, current directors or representatives thereof holding positions concurrently in any other company from participation in competitive business to the shareholder' meeting for review and approval by a resolution in accordance with the provisions as stated above.

3. The list of competitive businesses in which the prohibition on the newly elected independent directors from participation is released will be submitted to shareholders for their review after election of shareholder's meeting. For current directors, Chairman Chen, Chih-Ming, director Ma, Hai-Yi and Liu, Nien-Hua, representatives of corporate director Opulent Assets Holdings Ltd. intend to hold positions concurrently in other legal entities or institutions. The acts of participation in competitive business for release the prohibition on such directors and representatives thereof are added and submitted to a general meeting of shareholders for their review as follows:

Name of director	**Act of participation in competitive business**	**Name of institutional shareholder represented**	**Business invested by such institutional shareholder**
Chen, Chih-Ming	CEO of NRT Pharmaceuticals,Inc.		
Ma, Hai-Yi	Director of Reber Genetics Co., Ltd. Independent director of CROWN BIOSCIENCE INC.	Opulent Assets Holdings Ltd.	TWi Biotechnology, Inc.
Liu, Nien-Hua	CFO of NRT Pharmaceuticals,Inc.	Opulent Assets Holdings Ltd.	TWi Biotechnology, Inc.

Resolution:

Questions and Motions

Appendix I

TWi Pharmaceuticals, Inc.

Comparison Table of Amendments to Articles of Incorporation

Current Edition	Revised Edition	Reason and Explanation for Revision
Chapter IV Director and Supervisor	Chapter IV Director and Audit Committee ~~Supervisor~~	Amend wording for establishment of an audit committee.
Article 16 The Company shall have a board consisting of three (3) to seven (7) directors and have two (2) to three (3) supervisors, to be elected at the shareholders' meeting. The tenure of office of the directors and the supervisors shall be no more than three (3) years, and they shall be eligible for re-election. After the public offering of the shares of the Company, the Company shall appoint at least two (2) independent directors which may be within the number of directors specified in this Article 16 and shall constitute one-fifth (1/5) or more of the total number of directors. The Company shall adopt a candidate nomination mechanism for the election of the independent directors and the shareholders shall elect the independent directors from the list of independent director candidates so nominated.	Article 16 The Company shall have a board consisting of three (3) to seven (7) directors ~~and have two (2) to three (3) supervisors~~, to be elected at the shareholders' meeting. The tenure of office of the directors and the supervisors shall be no more than three (3) years, and they shall be eligible for re-election. ~~After the public offering of the shares of the Company,~~ ~~t~~The Company shall appoint at least three (3) independent directors which may be within the number of directors specified in this Article 16 and shall constitute one-fifth (1/5) or more of the total number of directors. The Company shall adopt a candidate nomination mechanism for the election of the independent directors and the shareholders shall elect the independent directors from the list of independent director candidates so nominated.	Amend wording for establishment of an audit committee.
Article 16-1 Where the Company selects to establish an audit committee as required by law in connection with the election of independent directors, it is not necessary to establish supervisors. Where they have been established, the entire body of supervisors shall be	Article 16-1 The Company proposes to establish an audit committee in accordance with the Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors. Matters relating to number and term of office of audit committee members, powers of the audit committee, rules of procedure for meetings	Amend wording for establishment of an audit committee.

Current Edition	Revised Edition	Reason and Explanation for Revision
deemed as having been dismissed from the date of establishment of audit committee. Any provision related to supervisors thereof under this Articles of Association shall be null and void. Matters relating to number and term of office of audit committee members, powers of the audit committee, rules of procedure for meetings of the audit committee shall be governed by an audit committee charter.	of the audit committee shall be governed by an audit committee charter. ~~Where the Company selects to establish an audit committee as required by law in connection with the election of independent directors, it is not necessary to establish supervisors. Where they have been established, the entire body of supervisors shall be deemed as having been dismissed from the date of establishment of audit committee. Any provision related to supervisors thereof under this Articles of Association shall be null and void. Matters relating to number and term of office of audit committee members, powers of the audit committee, rules of procedure for meetings of the audit committee shall be governed by an audit committee charter.~~	
Article 17 During the term of directors and supervisors, the Company may purchase and maintain insurance for the benefit of each director or each supervisor against any liability incurred by him/her in his/her capacity as a director or supervisor.	Article 17 During the term of directors ~~and supervisors~~, the Company may purchase and maintain insurance for the benefit of each director or each supervisor against any liability incurred by him/her in his/her capacity as a director or supervisor.	Amend wording for establishment of an audit committee.
Article 19 The notice for the meeting of the Board shall state the reasons and agenda of the meeting, and shall be sent to each member of the Board and the supervisor seven (7) days prior to the meeting, provided that such period for advance notice may be shortened in case of emergency. Such notice may be in writing, email or facsimile.	Article 19 The notice for the meeting of the Board shall state the reasons and agenda of the meeting, and shall be sent to each member of the Board and ~~the supervisor~~ seven (7) days prior to the meeting, provided that such period for advance notice may be shortened in case of emergency. Such notice may be in writing, email or facsimile.	Amend wording for establishment of an audit committee.

Current Edition	Revised Edition	Reason and Explanation for Revision
Article 21 The supervisors may attend the directors' meetings and express his/their opinions but shall not vote at these meetings.	Article 21 The Board of Directors of the Company shall as necessary in view of the needs for business operation establish other functional committees. The establishment and powers of the relevant committees shall be conducted in conformity with the regulations prescribed by the Competent Authority. ~~The supervisors may attend the directors' meetings and express his/their opinions but shall not vote at these meetings.~~	Amend wording for establishment of an audit committee.
Article 2 2 The remuneration of directors and supervisors of the Company is authorized to be determined by the Board of Directors in consideration of the extent of their participation in the Company's operation and value of contribution as well as the standards of domestic and foreign industries.	Article 2 2 The remuneration of directors ~~and supervisors~~ of the Company is authorized to be determined by the Board of Directors in consideration of the extent of their participation in the Company's operation and value of contribution as well as the standards of domestic and foreign industries, and remuneration of independent directors may be different from that of general directors reasonably decided at its discretion.	Amend wording for establishment of an audit committee.
Chapter VI Accounting		
Article 24 The Company's fiscal year commences from January 1 and ends on December 31. At the close of each fiscal year, the Board of Directors shall prepare: I. Business Report; II. Financial Statements; and III. Surplus earning distribution or loss off-setting proposals. shall submit them to a general meeting of shareholders for ratification after forwarding the same to supervisors for their auditing not later than the 30th day prior to the meeting date of a general meeting of shareholders.	Article 24 The Company's fiscal year commences from January 1 and ends on December 31. At the close of each fiscal year, the Board of Directors shall prepare the following statements and records and shall submit the same to a general meeting of shareholders for ratification: I. Business Report; II. Financial Statements; and III. Surplus earning distribution or loss off-setting proposals. ~~shall submit them to a general meeting of shareholders for ratification after forwarding the same to supervisors for their auditing not later than the 30th day prior to the meeting date of a general meeting of shareholders.~~	Amend wording for establishment of an audit committee.

Current Edition	Revised Edition	Reason and Explanation for Revision
	Article 25 The Company shall, after its accumulated losses have been covered by the before-tax profit of the current year before deducting the amount distributed to employees' compensation and remuneration to directors and supervisors, withdraw 1% to 10% of the amount of balance thereof, if any, as employees' compensation and not more than 5% as remuneration to directors and supervisors. The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by at least two-thirds of the total number of directors, determine the ration for profit distribution as employees' compensation and remuneration to directors and supervisors and the form of profit distribution as employees' compensation either in shares or in cash; and a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees entitled to receive shares or cash as their compensation include the employees of subsidiaries of the Company meeting certain specific requirements.	1. This Article is newly added. 2. It will proceed pursuant to the addition of Article 235-1 of the Company Law on May 20, 2015.
Article 25-1 The Company shall, after its losses have been covered and all taxes and dues have been paid, and at the time of allocating the net profit on the general final report, first set aside ten percent of such profits as a legal reserve, plus the accumulated retained earnings of prior years as accumulated distributable earnings, except for retaining an appropriate amount being delivered to the shareholders' meeting for resolution after a proposal for distribution of profits depending on operational needs adopted by the Board of Directors, shall be distributed as subject to the resolution of the	Article 25-1 The Company shall, after its losses have been covered and all taxes and dues have been paid, and at the time of allocating the net profit on the general final report, first set aside ten percent of such profits as a legal reserve, and set aside or reverse another sum as special reserve in accordance with laws and regulations or the rules prescribed by the competent authority. The remaining balance, if any, plus the accumulated retained earnings of prior years as accumulated distributable earnings, except for retaining an appropriate amount being delivered to the shareholders' meeting for resolution after a proposal for distribution of profits depending on operational needs adopted by the Board of Directors, shall be distributed as dividends to shareholders subject to the resolution of the shareholder'	1. Change to clause No. 2. Delete current provisions of distribution of employee bonuses, remuneration to directors and supervisors in conformity to amendments to Article

Current Edition	Revised Edition	Reason and Explanation for Revision
shareholder' meeting. The ration for profit distribution is as follows: I. 1% to 5% as remuneration to directors and supervisors; II. 1% to 10% as employee bonus. Qualification requirements of employees entitled to receive shares, including the employees of subsidiaries of the Company meeting certain specific requirements, may be prescribed by the Board of Directors; III. The remaining as dividends to shareholders. The percentage of the amount of surplus earnings distributed to dividend to shareholders accounted for the earnings after tax in the current year shall not be less than 10% as a principle. Among which, the amount of cash dividends shall be not less than 10% of the total amount of cash dividends and stock dividends, provided, however, that stock dividends will be distributed instead when less than NT$0.1 per share of cash dividends, and the ration of distribution thereof may be adjusted depending on the Company's future earnings and financial status. Where there are future substantial capital expenditures and R&D projects, dividends to shareholders may be distributed fully as stock dividends upon approval of the shareholders' meeting. The Company shall not pay dividends or bonuses, if there are no surplus earnings.	meeting. ~~The ration for profit distribution is as follows:~~ ~~I. 1% to 5% as remuneration to directors and supervisors;~~ ~~II. 1% to 10% as employee bonus. Qualification requirements of employees entitled to receive shares, including the employees of subsidiaries of the Company meeting certain specific requirements, may be prescribed by the Board of Directors;~~ ~~III. The remaining as dividends to shareholders.~~ The percentage of the amount of surplus earnings distributed to dividend to shareholders accounted for the earnings after tax in the current year shall not be less than 10% as a principle. Among which, the amount of cash dividends shall be not less than 10% of the total amount of cash dividends and stock dividends, provided, however, that stock dividends will be distributed instead when less than NT$0.1 per share of cash dividends, and the ration of distribution thereof may be adjusted depending on the Company's future earnings and financial status. Where there are future substantial capital expenditures and R&D projects, dividends to shareholders may be distributed fully as stock dividends upon approval of the shareholders' meeting. The Company shall not pay dividends or bonuses, if there are no surplus earnings.	235 & 240 of the Company Act on May 20, 2015

Current Edition	Revised Edition	Reason and Explanation for Revision
Chapter VII Supplemental Provisions		
Article 27 The Articles of Incorporation were agreed upon and signed on the November 7, 1997. The First Amendment was made on the March 30, 1998. The Second Amendment was made on the May 16, 1998. The Third Amendment was made on the June 25, 1998. The Fourth Amendment was made on the March 10, 1999. The Fifth Amendment was made on the June 10, 2000. The Sixth Amendment was made on the November 26, 2001. The Seventh Amendment was made on the February 28, 2002. The Eighth Amendment was made on the June 16, 2002. The Ninth Amendment was made on the June 7, 2003. The Tenth Amendment was made on the October 23, 2003. The Eleventh Amendment was made on the May 10, 2006. The Twelfth Amendment was made on the September 1, 2006. The Thirteenth Amendment was made on the February 26, 2010. The Fourteenth Amendment was made on the March 2, 2011. The Fifteenth Amendment was made on the June 20, 2012. The Sixteenth Amendment was made on the January 11, 2013. The Seventeenth Amendment was made on the June 2, 2015.	Article 27 The Articles of Incorporation were agreed upon and signed on the November 7, 1997. The First Amendment was made on the March 30, 1998. The Second Amendment was made on the May 16, 1998. The Third Amendment was made on the June 25, 1998. The Fourth Amendment was made on the March 10, 1999. The Fifth Amendment was made on the June 10, 2000. The Sixth Amendment was made on the November 26, 2001. The Seventh Amendment was made on the February 28, 2002. The Eighth Amendment was made on the June 16, 2002. The Ninth Amendment was made on the June 7, 2003. The Tenth Amendment was made on the October 23, 2003. The Eleventh Amendment was made on the May 10, 2006. The Twelfth Amendment was made on the September 1, 2006. The Thirteenth Amendment was made on the February 26, 2010. The Fourteenth Amendment was made on the March 2, 2011. The Fifteenth Amendment was made on the June 20, 2012. The Sixteenth Amendment was made on the January 11, 2013. The Seventeenth Amendment was made on the June 2, 2015. The Eighteenth Amendment was made on the June 8, 2016.	The date of the eighteenth amendment to Articles of Association is added.

Appendix II

TWi Pharmaceuticals, Inc.

2015 Business Report

I. 2015 Business Report

(I) Implement Results of Business Plan

In 2015, the Company's operating performance showed a consolidated operating revenue of NT$437,368 thousand, an increase by 22.62% compared with NT$356,687 thousand in 2014, and a consolidated operating loss of NT$887,873 thousand in the period, a decrease by 5.85% compared with NT$943,039 thousand of 2014. The operating loss was mainly due to R&D expenditures arising from R&D in special generic drugs with high-tech thresholds in the U.S. market being continuously invested by the Company. With successive new drug applications in U.S., and litigation expenses increasing in the same pace as the progress of lawsuits against the brand companies, which led to further expansion of R&D expenditure. However, some products that have been submitted are still under the drug review process and cannot generate revenue immediately, resulting in the escalation of operating loss. The aforesaid phenomenon reflects the nature of the industry. In addition, TWi Biotechnology, Inc.("TWi Bio") and Visum Pharmaceutical Co., Ltd.("Visum"), subsidiaries of the Company, invest in the development of drugs on after the other. With the promotion of development process of each drug development plan, the need to invest in R&D also increases steadily, whereas products developed by subsidiaries have longer life cycle of products and are still at the R&D investment phase, from which no revenue has been generated, and thus the range of R&D expenses and operating loss will be enlarged.

In 2015, the Company endeavored to develop product project following a sound business plan. Up to the fourth quarter of 2015, a total of 11 special generic drug applications were filed with the U.S. FDA and accepted for review. Among which, 5 special generic drugs have successfully obtained the U.S. FDA approval, with 4 of those 5 special generic drugs having been sold in the U.S. In respect of TWi Bio's R&D drugs, the main development status has also been carried forward to the pre-clinical or clinical stages (for important R&D statuses please refer to Point (III) as described below). It is expected that, as the Company's own R&D generic drugs are launched in the U.S. market, its profit benefits will gradually improve and bring rewards to the shareholders.

(II) Financial income or expenditure and profitability Analysis

In 2015, on the Company's consolidated financial income and expenditure, the main expenditure items are R&D investment in special generic drugs with high-tech thresholds and new drugs. The Company's investment in R&D aims at accumulating the energy of future product launches and growth in operating income.

Item		2014	2015
Financial structure	Debt-Asset Ratio	13.35%	7.06%
	Ratio of Long-term Capital to Fixed Assets	349.87%	526.69%
Solvency	Current Ratio	544.49%	1,542.18%
	Quick Ratio	500.20%	1,486.65%
Profitability	Return on Assets	-19.91%	-7.52%
	Return on Shareholders' Equity	-22.46%	-8.31%
	Basic Earnings Per Share	$-8.05	$-2.99

(III) Research and Development Status

1. Special generic drugs
   (1) The Company has obtained the drug license issued by the U.S. Food and Drug Administration for a special generic drug, Nifedipine ER tablets, which has been sold in the U.S. market.
   (2) The Company has obtained the drug license issued by the U.S. Food and Drug Administration for a special generic drug, Donepezil HCl 23mg tablet, which has been sold in the U.S. market.
   (3) The Company has obtained the drug license issued by the U.S. Food and Drug Administration for a special generic drug, Guanfacine ER tablet, which has been launched in the U.S. market by its partner, Par Pharma.
   (4) The Company has obtained the drug license issued by the U.S. Food and Drug Administration for a special generic drug, Megestrol Acetateoral suspension, which has been sold in the U.S. market. It also has claimed compensation for the damage sustained by the Company due to a delay to market of its product as a result of the preliminary injunction requested by Par Pharma previously.
   (5) The Company reached a settlement agreement in patent litigation for its special generic drugs, Dexlansoprazole DR capsule, with Takeda Pharmaceutical Company Ltd. and signed the license and supply contract. Takeda paid a US$9.5 million settlement to the Company.
   (6) The Company won the patent litigation case against the brand company for its special generic drug, Zolpidem Tartrate sublingual tablet. Currently it is under the review of the U.S. Food and Drug Administration. The Company will

continue to do preparatory work for launching this generic drug.

(7) TWi Pharmaceuticals USA, Inc., a wholly owned subsidiary of the Company in the U.S. had obtained drug sales licenses from all 50 state governments in the U.S., and was responsible for matters relating to launch the Company's own R&D special generic drugs on the U.S. market.

2. New drugs

(1) AC-201 drug candidate for the treatment of gout has passed the interim analysis in the clinical trial Phase II.

(2) The application for clinical trial with China's CFDA has been made for AC-201 drug candidate for the treatment of gout.

(3) For AC-201 drug candidate, TWi Bio has obtained Korea's patent license to be used for the treatment of diabetes with hyperlipidemia.

(4) For AC-201 drug candidate, TWi Bio has obtained patents related to the treatment of diabetes from Europe, Russia, South Korea.

(5) The application for new drug licensing for Goodrein oral capsule has been made with Taiwan Food and Drug Administration, Ministry of Health and Welfare.

(6) For AC-203 new drug under development, TWi Bio has obtained the rare disease identification from the Taiwan Food and Drug Administration, Ministry of Health and Welfare.

(7) For AC-203, TWi Bio has completed the U.S. FDA Pre-IND meeting.

(8) For AC-203 new drug, TWi Bio has licensed it out to Castle Creek Pharmaceuticals, LLC.

(9) For AC-701 drug candidate, TWi Bio has completed the clinical trial Phase II for drug-induced skin eruption from epidermal growth factor receptor inhibitors.

(IV) Implementation Results of Budget

In 2015, the Company only developed its internal budget targets and did not make financial forecasts open to the public. The overall implementation results were generally consistent with the range defined by the Company.

II. 2016 Business Plan

(I) Operating Principle

The Company is a professional drug development and manufacturing company. It focuses on the R&D and commercialization of drugs and engages in operation of products covering special generic drugs and new drugs. The operating principles are respectively described as follows:

1. Special generic drugs:
   (1) Focus on products with high-tech thresholds in the U.S. market
   (2) Target the markets where there are limited competitors
   (3) Expand the range of dosage forms
   (4) Seek business partnership
2. New drugs
   (1) Repositioning and improvement of dosage forms of drug molecules which have been used in clinical practice
   (2) Take indication as main criteria for target selection and lay more emphasis on R&D of drug candidates focusing on unmet medical needs, diseases without cures currently and newly emerging medical needs.
   (3) Concentrate on chronic diseases innate to the immune system
   (4) Take the U.S. as the primary target market, and China as the second one following the U.S.
   (5) Integrate use of patent and regulations, speed the product development (such as obtaining identification of orphan drugs in the U.S.), and try to extend exclusivity period of products

(II) Future Development Strategy

1. Continue to focus on special generic drugs of innovative prescription, maintain the momentum of around 3-5 ANDA filings with the U.S. FDA
2. Expand technology platform for special generic drugs to semi-solid dosage forms in order to further broaden the niche market
3. Base in Taiwan as the business operation headquarters and implement global strategic allocation so as to be an internationally integrated pharmaceutical company
4. Form strategic alliances with pharmaceutical companies in Taiwan, bring them to the U.S. market in response to the “Diamond Action Plan for Biotech Takeoff”
5. Promote clinical trial processes for 3 new drug candidates, license them to international first class pharmaceutical companies

(III) Sales volume forecasts and their bases of major products

The Company did not prepare 2015 financial forecasts to public, so financial and business forecast figures are not applicable. The Company's management team makes the overall short-, medium- and long-term R&D objectives and strategies, and then the special generic drug and new drug R&D team proposes R&D project plans, feasibility analysis, and financial evaluation. After a full discussion, the management team will determine the R&D plan, resource allocation, and R&D schedule to be implemented in the end.

III. Impact from external competitive environment, regulatory environment, and overall business environment

The U.S. FDA started to collect application filing fees and maintenance fees from generic pharmaceutical companies who applied for ANDA and who manufacturing generic drugs in October 2012 in accordance with the Generic Drug User Fee Act (GDUFA) to speed generic drug license review and manufacturing site audit. Although such Act increase the costs of development of generic drugs, the future generic drugs market competition reduces at the same time, and the future development of the overall industry will be benefited given that the processing time for issuing drug licenses can be shortened.

In addition, the economic instability in the global market results in changes in consumers' health and medical expenditure. The governments of countries are all dedicated to reducing health care costs and promote the use of generic drugs to replace expensive original brand-name drugs. The Company devoted itself to offering diversified innovative special generic drugs for consumers' choices and aggressively grabbed the market share. Moreover, the Company, through drug R&D at its subsidiary, TWi Bio, makes R&D in innovative drugs for diseases with unmet medical needs as a goal to create a blue ocean for drugs.

Finally, the Company hereby on behalf of all directors and supervisors expresses the sincerest gratitude to all shareholders, ladies, gentlemen, employees and colleagues for your contributions and efforts to the development of the Company for a long time, and thank you for your encouragement and support to us so that the Company has continuous prosperity and growth.

Appendix III

TWi Pharmaceuticals, Inc.

Supervisor's Review Report

We hereby approve

The Board of Directors has prepared and submitted to the undersigned, Supervisor of the Company 2015 Business Report, Deficit Compensation, and 2015 Financial Statements and Consolidated Financial Statements which have been audited and certified by Certified Public Accountants, Tseng, Hui-Chin and Teng, Sheng-Wei of PwC Taiwan, and have been examined and determined to be correct and accurate by the undersigned. This Report is duly submitted in accordance with Article 219 of the Company Law.

Please kindly note accordingly.

To

The Company's 2016 General Meeting of Shareholders

TWi Pharmaceuticals, Inc.

Supervisor: SHEN,ZHI-LONG

Supervisor: QIU,JING-RUI

Appendix IV

TWi Pharmaceuticals, Inc.

Report on Accumulated Losses and the 4th Quarter 2015 Execution Status of Improvement Plan of the Operation of the Company

One. Company Introduction

The Company is dedicated to developing sustained release and controlled release dosage forms, high-tech thresholds, and niche special generic drugs, and mainly targeted the U.S. generic drug market. It is a leading manufacturer in Taiwan that focuses on a full range of R&D and manufacturing of U.S. special generic drugs. In addition, the Company has been actively involved in drug R&D in various fields through establishment of the below subsidiaries. It is expected that, besides the relatively stable revenue injected from the development of special generic drugs in the future, the Company can enhance its future growth through the development of new drugs to become an integrated and research-based pharmaceutical company.

The Company's subsidiary, TWi Biotechnology, Inc. ("TWi Bio") focuses on the development of new drugs. The Company expects that, through the development of new drugs by the subsidiary, it can enhance its future explosive growth in addition to the relatively stable revenue injected from the development of special generic drugs in the future to become a comprehensive research-based pharmaceutical company while maintaining its leading status in Asia.

TWi Pharmaceuticals USA, Inc. ("TWi US"), the Company's subsidiary, was established at the end of 2013. Since the Company focuses primarily on the U.S. generic drug market, to improve its control of the U.S. market for the benefit of U.S. business development and improvement of communication efficiency, it establishes its U.S. subsidiary to further strengthen sales competitiveness of the Company's products in the US market. With the completion of building its self-owned sales platform and team of TWi US and obtainment of drug licenses, the Company's own R&D generic drugs have been sold locally in the U.S. market.

The Company's subsidiary, Visum Pharmaceutical Co., Ltd. ("Visum"), was acquired by the Company in 2014. The Company has held an accumulated 65.53% of equity interest in its subsidiary at present. Visum is also a company that develops generic drugs with high entry barriers, and has made applications for seven drug licenses to China's CFDA. In addition, it has one product cooperative with the Company to make ANDA application to the U.S. FDA. The major strategic importance of this M&A policy is that, on the one hand, the existing product and the products on the market are

complementary to each other. The Company may bring Visum's products to the U.S. market, while Visum may assist the Company in obtainment of China's drug licenses and the development of the China market. On the other hand, through the integration with Visum, the Company can extend more R&D capabilities and have more R&D strength.

I. The Company's current products (services)

Products	Description
Product R&D in oral controlled release dosage forms	Development and process improvement of sustained release dosage forms, enhancement of drug stability, increase of drug bioavailability, control of drug absorption rate, control of drug blood concentration, and further reduction of side effects thereby
Product R&D in semi-solid dosage forms	Pain relief and hormonal percutaneous absorption preparation, acting on man's local parts and whole body
Ophthalmic medication	Relieve symptoms of dry eyes

Moreover, the Company has completed the development of 11 special generic drugs by the end of 2015 and made applications to the U.S. FDA, which are currently under review. Among which, 5 special generic drugs successfully received U.S. FDA approval. Relevant products are listed as follows:

Generic Name	**Indication**
Guanfacine ER tablet (Note 1)	ADHD
Dexlansoprazole DR capsule (Note 2)	GERD
Donepezil HCl ER tablet (Note 3)	Alzheimer‘s Disease
Megestrol Acetate 125mg/ml Oral Suspension (Note 4)	Anorexia, Cachexia, or significant unexplained weight loss for AIDS patients
Lidocaine patch 5%	Post-herpetic Neuralgia
Cyclobenzaprine ER capsules (Note 5)	Muscle Relaxant
Nifedipine ER tablet (Note 6)	Vasospatic Angina, Hypertension
Zolpidem Tartrate sublingual tablet	Insomnia
Diltiazem ER capsule	Hypertension
Oxcarbazepine ER Tablets	Epilepsy
TWi-011	Hypertension

Note 1: The Company has obtained the drug license in June 2015 for such product. This generic drug has been sold in the U.S. market.

Note 2: The Company has reached a settlement agreement in patent litigation for such product with Takeda Pharmaceutical Company Ltd. Takeda paid a US$9.5 million settlement to the Company.

Note 3: The Company has obtained the drug license in October 2014 for such product. This generic drug has been sold in the U.S. market.

Note 4: The Company has obtained the drug license in August 2014 for such product which has been sold in the U.S. market. It also has claimed compensation for the damage sustained by the Company due to a delay to market of its products as a result of the preliminary injunction requested by Par Pharmaceutical, Inc. previously.

Note 5: The Company has obtained the drug license in February 2013 and reached a settlement agreement in patent litigation with the brand company for such product which will be sold in the U.S. market before the patent expires.

Note 6: The Company has obtained the drug license in April 2014 for such product. This generic drug has been sold in the U.S. market.

II. New products (services) which are planned to develop

The Company's special generic drug projects currently under development are described as follows:

Products	Description
Product R&D in oral controlled release dosage forms	Development and process improvement of sustained release dosage forms, enhancement of drug stability, increase of drug bioavailability, control of drug absorption rate, control of drug blood concentration, and further reduction of side effects thereby
Product R&D in semi-solid dosage forms	Pain relief and hormonal percutaneous absorption preparation, acting on man's local parts and whole body
Ophthalmic medication	Relieve symptoms of dry eyes

In addition, the main new drugs which are planned to develop by the Company's subsidiary, TWi Bio, are listed as follows:

Project	**Mechanism of action**	**Adaptation disease**
AC-201	Interleukin-1β regulator	Diabetes mellitus type 2, gout and arthritis
AC-203	Interleukin-1β regulator	Simplex hereditary epidermal decomposition blisters disease
AC-701	Inflammatory cytokine controlled drug	Skin side effects occurred in targeted cancer therapy

Two. Reasons for Losses in the Past Years

Up to the end of 2015, the Company still shows a loss. It is mainly because after equity reorganization through a horizontal spin-off with its former parent company, Anchen Inc. in 2010, the Company has invested R&D in special generic drugs with high-tech thresholds and/or PIV products on its own. The Certification of patent on the Reference Listed Drug listed on the Orange Book is required in applications for such generic drugs for the sales license to be obtained from the U.S. FDA. However, for those who apply for generic drugs, the U.S. has built a protection mechanism that the brand pharmaceutical company will be given a considerable waiting period, resulting in delayed time to market for generic drugs. As a result, the R&D investment of the Company cannot receive any immediate revenue, and it presents the status of operating loss during the waiting period for products to be reviewed, which is of the nature of the industry. After equity reorganization through a horizontal spin-off with its former parent company, Anchen Inc. in April 2010, the Company has invested R&D in its own products. The total R&D expenditure amounted to approximately NT$3 billion from 2010 to 2015, among which, the R&D expenditure in 2015 reached NT$0.53 billion.

Besides, the Company's subsidiary, TWi Bio engages in new drugs development. The period for the development of new drugs is longer than that of generic drugs, and investments involved in a single product are larger. TWi Bio is still at the new drug R&D investment phase, and its products have not yet been on the market or yielded any sustained licensing revenue. Therefore, it is still at a state of loss. TWi Bio has a total of approximately NT$0.6 billion in R&D expenditure from its establishment in 2010 to 2015, while the number is approximately NT$0.12 billion in 2015, which is another reason for the loss of the Company.

In 2014, in response to the needs for the overall operational development, the Company acquired Visum, its subsidiary in Mainland China who also developed generic drugs with high entry barriers. The Company has held accumulated 65.53% equity interest in this subsidiary at present. The above investments also have put the Company at a loss.

Three. Expected Future Improvement Plan

The Company has a total of 11 special generic drug applications filed with the U.S. FDA and accepted for FDA review. Among which, 5 special generic drugs have successfully received U.S. FDA approvals. As the Company's own R&D generic drugs are going on the U.S. market, its profit benefits will gradually be shown.

In respect of the development of new drugs, after new drugs R&D going through Phase I and Phase II clinical trials, TWi Bio's strategy is to positively look for global big pharmaceutical companies to take over the follow-up development and introduction to the market. Such strategy not only makes early realization of profits derived from new drugs through royalty collection, but also brings TWi Bio greater flexibility in the development of new drugs, enhances development success rates of new drugs, and connects with the ongoing trend in the world.

The Company plans to, in the short term, take use of part profits derived from its own generic drugs launched in the U.S. market to support the R&D investment required by the development of new drugs, while in the medium- and long-term, the license revenue of new drugs and royalty revenue of products going on the market will help the Company have a significant growth in profits to bring rewards to all shareholders of the Company.

The Company's future development strategies and main points of the plans are hereby described as follows:

i. Continue to focus on special generic drugs of innovative prescription, maintain the momentum of around 3-5 ANDA filings with the U.S. FDA

ii. Expand technology platform for special generic drugs to semi-solid dosage forms in order to further broaden the niche market

iii. Base in Taiwan as the business operation headquarters and implement global strategic allocation so as to be an internationally integrated pharmaceutical company

iv. Form strategic alliance with pharmaceutical companies in Taiwan, bring them to the U.S. market in response to the "Diamond Action Plan for Biotech Takeoff"

v. Promote clinical trial processes for 3 new drug candidates, license them to international first class pharmaceutical companies

In order to implement the improvement plan, concerning the financial performance of the overall operations, the Company convenes operation and management meetings, and proposes necessary improvement or adjustment measures aiming at the operating status to enhance its operating performance and report to the Board of Directors on a quarterly basis. In addition, since the Company's future growth and profit mainly depend on successes in R&D projects, and the drug development in itself has considerable risks and uncertainties, the Company spares no effort to emphasize on monitoring and management of R&D items in contrast with other business activities. As to R&D items, the Company convenes a R&D management meeting every week to keep abreast of the progress of each R&D item. It also holds regularly review meetings for R&D projects,

not only selects items with technology development and profit potential to introduce R&D, but also reviews the continuous development value of each project in the R&D list. For those projects that have development bottlenecks hard to break through or that lose financial value, it will place stop losses in time to avoid unnecessary waste of resources. Furthermore, after the U.S. sales team has been built, it will also give feedback at any time about market demand information used as a basis for screening R&D items, and avoid R&D investments losing contact with the market demand. All the above measures are pursuing continuous improvement in financial and business status and advancement of operational efficiency.

Four. Status of Implementation of 4th Quarter 2015

The 4th quarter 2015 execution status of improvement plan of the operation of the Company is described as follows:

i. In 2015, the Company's consolidated operating revenue was NT$437,368 thousand, an increase of 22.62% compared with NT$356,687 thousand in 2014. The Company's contract manufacturing product in 2015, Divalproex Sodium ER antiepileptic drug maintains a certain sales volume since going on the market. The source of revenue showing a growth mainly comes from the 4 Company's own R&D special generic drugs going on the U.S. market, including Guanfacine ER Tablet, Donepezil Hydrochloride ER Tablet, Nifedipine ER Tablet, and Megestrol Acetate Suspension. It is expected that our future revenue will continue to grow by means of increasing sales items and completing annual sales.

ii. In 2015, the Company's consolidated gross profit was NT$129,026 thousand, an increase of 134.58% compared with NT$55,003 thousand at the corresponding period in 2014. The increase in the operating gross profit of 2015 was mainly due to new products going on the market this year. In the future, the Company will continue to increase sales items and make every effort to increase the proportion of products with high profit margins in the sales mix to achieve the goal of profit improvement.

iii. In 2015, the Company's consolidated operating loss and consolidated net loss before tax were NT$887,873 thousand and NT$443,198 thousand, respectively, a decrease of 5.85% in the operating loss and 51.13% in the net loss before tax compared with NT$943,039 thousand in the consolidated operating loss and NT$906,894 thousand in the consolidated net loss before tax at the corresponding period in 2014. The decreases in the Company's net operating loss and loss before tax were mainly due to the fact that the operating profit brought from the Company's own R&D products

going on the market filled the huge expenditure required for R&D investments. Moreover, the Company reached a settlement of patent litigation with the brand company and the settlement payment was injected into the non-operating income.

Discrepancies between the Company's 2015 realized financial performance and expected 2015 execution status of improvement plan of the operation of the Company attached to application for issuance of global depositary receipts in July 2015 are described as follows:

i. In 2015, the Company's realized consolidated operating revenue was NT$437,368 thousand, decrease by 18.43% compared with NT$536,213 thousand as estimated for 2015 in the improvement plan of the operation of the Company. It is mainly due to the fact that new products, have been going to market one after another since 2015, and the Company is currently still in the market expansion and promotion stage and benefits have not been fully shown. The Company will continue to work for product sales to enhance market share.

ii. In 2015, the realized consolidated gross profit was NT$129,026 thousand, increase by 6.41% compared with NT$121,257 thousand as estimated for 2015 in the improvement plan of the operation of the Company. The Company will continue to devote itself to improving the revenue and strive to maintain and pursue the increase in the proportion of products with high profit margins in the sales mix.

iii. In 2015, the realized consolidated operating expense was NT$1,016,899 thousand, decrease by 10.01% compared with NT$1,129,954 thousand as estimated for 2015 in the improvement plan of the operation of the Company. It is mainly because the Company continues to control the operating expenditure and carefully manage the selection of R&D cases and advancement of progress to ensure the improvement of sales management and R&D efficiency.

iv. In 2015, the consolidated operating loss and consolidated net loss before tax were NT$887,873 thousand and NT$443,198 thousand, respectively, a decrease of 11.98% in the operating loss and 36% in the net loss before tax compared with NT$1,008,697 thousand in the consolidated operating loss and NT$692,475 thousand in the consolidated net loss before tax as estimated for 2015 in the improvement plan of the operation of the Company. The decrease in the consolidated operating loss and consolidated net loss before tax is due to not only the influence on the operating profit or loss of influence as shown in the above III, but also the non-operating revenue including the foreign exchange gain arising from the U.S. dollar appreciation, settlement gain, disposal of investee company, and revenue recognized from employee

share incentive trust.

Up to the 4th quarter of 2015, the Company still shows a loss. It is mainly because the Company has invested R&D in special generic drugs with high-tech thresholds, while for such generic drugs, it takes a considerable amount of time to issue drug licenses by the U.S. FDA, resulting in delayed time to market for generic drugs. As a result, the R&D investment of the Company cannot receive immediate revenue, and it presents the status of operating loss during the waiting period for products to be reviewed, which is the nature of the industry. Up to the fourth quarter of 2015, the Company has a total of 11 special generic drug applications filed with U.S. FDA and accepted for FDA review. Among which, 5 special generic drugs have successfully got U.S. FDA approval. The Company will continue to submit the applications for special generics in 2016. For those special generic drugs which currently have been approved by the U.S. FDA, there have been 4 products sold in the U.S. market. Other products that have been filed applications for drug licenses with U.S. are expected to come into the U.S. market continuously in future years, and the Company's profits will gradually be shown and bring rewards to all shareholders of the Company.

Five. Conclusion

The Company has mainly engaged in the development of special generic drugs of oral dosage forms and is also involved in the development of products of semi-solid dosage forms. It applies for drug licenses according to the U.S. Abbreviated New Drug Application (ANDA). Up to this date, there have been 5 ANDA products that get final approvals and 6 ANDA products that are under review. Therefore, after the Company's drug licenses are continuously approved by the U.S. FDA, with the rising operating income of existing products and continuous introduction of new products, the Company's operating loss will be improved.

In addition, with the R&D progress at the clinical development stage, the subsidiary TWi Bio will seek to build strategic partnership or joint development with international pharmaceutical companies for early realization of profits from new drugs through the relevant licensing revenue. Visum, on the other hand, will also continue to invest in R&D fields of its specialized dosage forms and diseases indication. We hope that these subsidiaries could ultimately generate returns on their investments and bring profits to the Company.

TWI PHARMACEUTICALS, INC.

ARTICLES OF INCORPORATION

Chapter I General Provisions

Article 1 The Company shall be named TWI PHARMACEUTICALS, INC. and incorporated as a company limited by shares in accordance with the Company Law of the Republic of China (the "ROC").

Article 2 The Company shall engage in

(1) IZ299990 Other Industry and Commerce Services Not Elsewhere Classified (Development and Transfer of Pharmaceuticals).

(2) F108021 Wholesale of Drugs and Medicines.

(3) F208021 Retail Sale of Drugs and Medicines.

(4) F108031 Wholesale of Drugs, Medical Goods.

(5) F208031 Retail sale of Medical Equipment.

(6) F401010 International Trade.

(7) F108040 Wholesale of Cosmetics.

(8) F208040 Retail Sale of Cosmetics.

(9) F102170 Wholesale of Food and Grocery.

(10) F203010 Retail sale of Food and Grocery.

(11) IG01010 Biotechnology Services.

(12) I301010 Software Design Services.

(13) C802041 Drugs and Medicines Manufacturing.

(14) ZZ99999 Any business not prohibited or restricted by law other than the types of business requiring special permission.

Article 3 The Company's head office shall be located in Taipei City. The board of directors of the Company (the "Board") may decide to establish branch offices or representative offices in or outside the ROC and the incorporation, deregistration or relocation of such branch offices or representative offices are subject to the resolutions of the Board and the approval of the relevant authorities.

Article 4 The Company may also make investments in another company through acting as a shareholder with limited liability of the investee company, and such investment may exceed forty percent (40%) of the paid-in capital of the Company, notwithstanding Article 13 of the Company Law. The Board is hereby authorized to make such investments according to the actual needs of the Company.

Article 5 The Company may provide guarantees to others in accordance with the "Procedures for Endorsement and Guarantee" of the Company.

Chapter II Shares

Article 6 The Company's total authorized capital is NT$2,000,000,000, divided into 200,000,000 shares, each with a par value of NT$10. The total authorized capital shall be paid in instalments. The Board is hereby authorized to issue the unissued shares in accordance with the actual needs of the Company's business.
20,000,000 shares of the aforesaid total authorized capital are reserved for employee stock options and the Board is hereby authorized to issue in instalments in view of the actual needs.

Article 6-1 If the Company would like to issue employee stock options where the exercise price for such options is lower than the weighted average trade price for the Company's shares during the period preceding the issuance date, its net value per share as reported in the financial reports for the most recent fiscal period, audited or reviewed by a CPA, or, in the event the shares of the Company are traded on Taiwan Stock Exchange or GreTai Securities Market, the closing price of the shares of the Company as of the issuance date, such issuance shall be approved by a resolution passed by a two-thirds (2/3) or more vote of the shareholders at a shareholders' meeting attended by the shareholders who represent more than one-half (1/2) of the total outstanding shares of the Company before such employee stock options can be issued.

Article 7 The Company's share certificates shall bear shareholder's names, serially numbered, signed, and sealed by three (3) or more directors and certified by the certification authority approved by the government before they can be issued. After the public offering of the shares of the Company, the Company may issue shares without printing share certificates for the shares issued, but the Company shall engage a centralized securities depository institution to handle the recording or depository matters.

Article 8 No transfer of shares shall be permitted within thirty (30) days prior to the date of a regular shareholders' meeting, or within fifteen (15) days prior to the date of a special shareholders' meeting, or within five (5) days prior to the record date fixed for distributing dividends, bonuses, or other benefits. After the public offering of the shares of the Company, no transfer of shares shall be permitted within sixty (60) days prior to the date of a regular shareholders' meeting, or within thirty (30) days prior to the date of a special shareholders' meeting, or within five (5) days prior to the record date fixed for distributing dividends, bonuses, or other benefits.

Article 9 After the public offering of the shares of the Company, any matter in relation to shareholder services shall be conducted in accordance with "Regulations Governing the Administration of Shareholder Services of Public Companies."

Article 9-1 If the Company would like to revoke the public offering of the shares of the Company, such proposal shall be submitted to the shareholders' meeting for approval. No change can be made to this Article during the period that the shares of the Company are traded on the Emerging Stock Market, Taiwan Stock Exchange or GreTai Securities Market.

Chapter III Shareholders' Meetings

Article 10 Shareholders' meetings include regular shareholders' meeting and special shareholders' meeting. The Company shall in each year hold a shareholders' meeting as its regular shareholders' meeting no later than six (6) months after the close of each financial year. Save as herein otherwise provided, a special shareholders' meeting may be called by the Board as they consider necessary.
The shareholders' meeting notice may be in writing or by way of electronic transmission.

Article 11 When a shareholder is unable to attend the shareholders' meeting, he or it may appoint another person his/her/its proxy to attend the meeting. The proxy form, to be printed by the Company, shall state the scope of authorization covered by the proxy. Except for complying with Article 177 of the Company Law and Article 25-1 of Securities and Exchange Act of the ROC, all matters concerning proxies shall also be in compliance with "ROC Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 12 Unless there is any restriction on the voting right of the shares or occurrence of any matter as specified in Article 179 of the Company Law, every shareholder entitled to vote shall have one vote for each share of which he/her/its is the holder.

Article 13 Unless otherwise provided for in the Company Law and these Articles, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present, who shall hold more than one-half (1/2) of the total number of shares issued and outstanding.

Article 14 The shareholders' meeting convened by the Board shall be presided over by the Chairman of the Board. If the Chairman is on leave or if, for any reason, he is unable to perform his duties, the chairman may designate one of the other directors to act on his behalf. Without such a designation, the chairman of the meeting shall be elected by and from among the other directors. In case the shareholders' meeting is convened by a person with the power to convene a shareholders' meeting other than the Board, such meeting shall be chaired by such person, and if there are more than two (2) persons with such power, the chair shall be elected among such persons.

Article 15 The shareholders' meeting shall be conducted in accordance with "Rules and Procedures of Shareholders' Meetings" of the Company.

Chapter IV Directors and Supervisors

Article 16 The Company shall have a board consisting of three (3) to seven (7) directors and have two (2) to three (3) supervisors, to be elected at the shareholders' meeting. The tenure of office of the directors and the supervisors shall be no more than three (3) years, and they shall be eligible for re-election. After the public offering of the shares of the Company, the Company shall appoint at least two (2) independent directors which may be within the number of directors specified in this Article 16 and shall constitute one-fifth (1/5) or more of the total number of directors. The Company shall adopt a candidate nomination mechanism for the election of the independent directors and the shareholders shall elect the independent directors from the list of independent director candidates so nominated.

Article 16-1 Where the Company selects to establish an audit committee as required by law in connection with the election of independent directors, it is not necessary to establish supervisors. Where they have been established, the entire body of supervisors shall be deemed as having been dismissed from the date of establishment of audit committee. Any provision related to supervisors thereof under this Articles of Association shall be null and void. Matters relating to number and term of office of audit committee members, powers of the audit committee, rules of procedure for meetings of the audit committee shall be governed by an audit committee charter.

Article 17 During the term of directors and supervisors, the Company may purchase and maintain insurance for the benefit of each director or each supervisor against any liability incurred by him/her in his/her capacity as a director or supervisor.

Article 18 The Board is constituted by the directors. The Chairman of the Board shall be elected from among the directors by a majority vote at a meeting attended by two-thirds (2/3) or more of the directors. If the Chairman of the Board takes leaves or is unable to perform his/her duties with cause, his proxy shall be determined pursuant to Article 208 of the Company Law.

Article 19 The notice for the meeting of the Board shall state the reasons and agenda of the meeting, and shall be sent to each member of the Board and the supervisor seven (7) days prior to the meeting, provided that such period for advance notice may be shortened in case of emergency. Such notice may be in writing, email or facsimile.

Article 20 Except as otherwise provided in the Company Law, meetings of the Board shall be called by its Chairman. Except as otherwise provided in the Company Law or these Articles, resolutions at the meetings of the Board shall be adopted by a majority vote at a meeting attended by more than one-half (1/2) of the directors.
A director may appoint another director his or her proxy to attend a directors' meeting. The proxy shall accept the appointment of one director only.

Article 21 The supervisors may attend the directors' meetings and express his/their opinions but shall not vote at these meetings.

Article 22 The Board is authorized to determine the compensation of the directors and supervisors in accordance with their respective involvement in the operations of the Company and contribution to the Company as well as the common compensation standards adopted by domestic and foreign companies in the same industry.

Chapter V Manager

Article 23 The Company may have one General Manager and several vice general mangers. The General Manager shall be appointed, dismissed and compensated in accordance with Article 29 of the Company Law.

Chapter VI Accounts

Article 24 The Company's financial year begins on January, 1 and ends on December, 31. At the close of each financial year, the Board shall prepare:

(1) report on operations;

(2) financial reports; and

(3) proposals on distribution of profits or covering losses,

and shall deliver such reports to the supervisors for examination thirty (30) days before the date fixed for the regular shareholders' meeting.

Article 25 When there is any profit for distribution for each financial year, the Company shall first pay all applicable taxes and offset losses from previous years, and then set aside no less than ten percent (10%) of the remaining profits of the Company for the relevant financial year as a legal reserve or legal reserve(s); and the Board may submit the distribution proposal to set aside any special reserve the shareholders may approve at the shareholders' meeting with respect to the remaining profits for the relevant financial year and previous financial years, which will take into account the operational needs of the Company. Subject to the aforesaid, the Board may distribute any remaining profits for the relevant financial year according to the following manner upon approval by the shareholders:

(1) one percent (1%) to five percent (5%) as compensation for the directors and supervisors;

(2) one percent (1%) to ten percent (10%) as bonus to employees, including employees of a subsidiary of the Company satisfying such conditions as prescribed by the Board; and

(3) the remainder as bonus to shareholders.

The bonus to shareholders shall be no less than ten percent (10%) of the net profit after tax of the relevant financial year. The cash dividends shall comprise no less than ten percent (10%) of the aggregate of the cash and stock dividends declared in such year; provided that if the cash dividend per share is less than NT$0.1, the dividends shall be issued in the form of stock dividends in lieu of the cash dividend. The ratio of distribution may be adjusted by taking into consideration the Company's future revenues and cash flow. If there is any significant capital expenditure and R&D plan in the future, subject to the approval of the shareholders at a shareholders' meeting, the dividends may only be distributed in stock dividends.

The Company shall not pay any dividends or bonuses if it does not have earnings.

Chapter VII Supplementary Provisions

Article 26 Matters not covered by the Articles of Incorporation, shall be dealt with according to the provisions of the Company Law.

Article 27 The Articles of Incorporation were agreed upon and signed on the November 7, 1997.

The First Amendment was made on the March 30, 1998.

The Second Amendment was made on the May 16, 1998.

The Third Amendment was made on the June 25, 1998.

The Fourth Amendment was made on the March 10, 1999.

The Fifth Amendment was made on the June 10, 2000.

The Sixth Amendment was made on the November 26, 2001.

The Seventh Amendment was made on the February 28, 2002.

The Eighth Amendment was made on the June 16, 2002.

The Ninth Amendment was made on the June 7, 2003.

The Tenth Amendment was made on the October 23, 2003.

The Eleventh Amendment was made on the May 10, 2006.

The Twelfth Amendment was made on the September 1, 2006.

The Thirteenth Amendment was made on the February 26, 2010.

The Fourteenth Amendment was made on the March 2, 2011.

The Fifteenth Amendment was made on the June 20, 2012.

The Sixteenth Amendment was made on the January 11, 2013.

The Seventeenth Amendment was made on the June 2, 2015.

TWI PHARMACEUTICALS, INC.

Chen Chih-Ming, Chairman