



## **2019 Annual General Shareholders' Meeting Meeting Handbook (Translation)**

**June 27, 2019**

**Stock Code 1789**

## Table of Contents

<b>I. Meeting Agenda.....</b>	<b>1</b>
<b>II. Proposals</b>	
1. Report Items.....	2
2. Ratification Items.....	3
3. Discussion Items.....	4
4. Extemporaneous motions.....	4
5. Meeting adjourned.....	4
<b>III. Appendices</b>	
1. 2018 Business Report.....	5
2. 2018 Audit Committee’s Review Report.....	7
3. Auditors’ Report and 2018 Parent Company only Financial Statements.....	8
4. Auditors’ Report and 2018 Consolidated Financial Statement.....	18
5. 2018 Earnings Distribution Proposal.....	28
6. Contrast table for Amendments to the “Articles of Incorporation” .....	29
7. Contrast table for Amendments to the Procedures for Acquisition and Disposal of Assets .....	34
8. Details of the Duties Subject to Releasing Directors and Independent Directors from Non-competition.....	46
<b>IV. Exhibits</b>	
1. Rules of Procedures for Shareholders’ Meetings.....	49
2. Articles of Incorporation.....	57
3. The Impact of Stock dividend issuance on Business Performance, EPS, and Shareholders Return Rate.....	65
4. Required minimum and actual shareholding data by Directors .....	66

**ScinoPharm Taiwan, Ltd.**  
**Handbook for the 2019 Annual General Shareholders' Meeting**

**I. Meeting Agenda**

Time: 9:30a.m., Thursday, June 27 2019

Place: ScinoPharm Taiwan, Ltd. Administration Building

Address: 1F, 1 Nan-Ke 8<sup>th</sup> Road, Southern Taiwan Science Park, Shan-Hua, Tainan, Taiwan

- 1. Announcement of Meeting in Session** (following the announcement of shares represented at the meeting)
- 2. Chairman's Address**
- 3. Report Items**
  - (1) 2018 Business Report.
  - (2) Audit Committee's Review Report on 2018 Financial Results.
  - (3) 2018 Compensations for Employees and Directors.
- 4. Ratification Items**
  - (1) Ratification of 2018 Business Report and Financial Statements.
  - (2) Ratification of the Proposed Distribution of 2018 Earnings.
- 5. Matters proposed for discussion and resolution**
  - (1) Proposed Amendment to the Articles of Incorporation of the Company.
  - (2) Proposed Amendment to the Procedures for Acquisition and Disposal of Assets of the Company.
  - (3) Proposed release of Director's Non-Compete Restrictions.
- 6. Extemporaneous motions**
- 7. Meeting adjourned**

## **II. Proposals**

### **1. Report Items**

(1) 2018 Business Report.

Explanation: The business report for 2018 is attached as Appendix 1 on page 5~6.

(2) Audit Committee's Review Report on 2018 Financial Results.

Explanation: The Company's 2018 financial statements and the business report (Appendix 1) have been duly audited and certified by the CPA and further audited by Audit Committee. The CPA and Audit Committee also presented their auditor report respectively, financial statements (Appendix 2, Appendix 3, Appendix 4) and the distribution of 2018 profits (Appendix 5), and above mentioned are attached on page 5~28 of the Meeting Handbook.

(3) 2018 Compensations for Employees and Directors.

Explanation:

- a. The remuneration distribution for employees and directors on 2018 is calculated according to Article 40 of the Articles of Incorporation: "Should the Company earn surpluses within the current term, at least two percent of surpluses should be set aside for employee compensation, and no more than two percent of surpluses should be set aside for director compensation...".
- b. According to the Articles of Incorporation, the employee compensation for 2018 was NT\$46,765,093, making up 8.95% of the year's profits; director compensation was NT\$7,840,347, making up 1.50% of the year's profits; all compensation was distributed in cash. The aforementioned amounts differed from budgeted amounts by 0 for both employee compensation and director compensation.

## **2. Ratification Items**

(1) Ratification of 2018 Business Report and Financial Statements. (Proposed by the Board)

Explanation:

- a. The 2018 Parent and Consolidated Financial Statements for 2018 of the Company as adopted by the March 25, 2019 meeting of the Board of Directors and duly certified by Yung-Chih Lin, Certified Public Accountant and Tzu-Meng Liu, Certified Public Accountant from PricewaterhouseCoopers Taiwan were duly submitted in conjunction with the Business Report to the Audit Committee for inspection. This inspection was completed with the Auditors' Reports duly issued.
- b. Please see Appendix 1 (at Page 5~6) and Appendices 3~4 (at Page 8~27) for the Business Report, Auditors' Reports, parent and consolidated financial statements.

Resolution:

(2) Ratification of the Proposed Distribution of 2018 Earnings. (Proposed by the Board)

Explanation:

- a. The 2018 Profit Allocation Proposal is attached as Appendix 5 on page 28.
- b. The Company's distributable earnings for 2018 are NT\$664,038,821. The cash dividend to be distributed is NT\$0.49 per share. Upon the approval of the General Shareholders' Meeting, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, payment date, and adjust the dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- c. Cash dividends paid to each individual shareholder will be rounded down to the nearest dollar. Fractional shares with a value less than one dollar are accumulated and reported as the Company's other income.

Resolution

### **3. Discussion Items**

- (1) Proposed Amendment to the Articles of Incorporation of the Company.  
(Proposed by the Board)

Explanation:

- a. Based on the revised "Company Act," promulgated by the President on Aug. 1, 2018, and the company's actual situation, revises the company's Articles of Incorporation.
- b. Please refer to Appendix 6 (page 29~33) of the Meeting Handbook of Contrast Table of the article of Articles of Incorporation. For the entire original Articles of Incorporation ahead of revision, please see Exhibit 2 (Pages 57~64).

Resolution:

- (2) Proposed Amendment to the Procedures for Acquisition and Disposal of Assets of the Company. (Proposed by the Board)

Explanation:

- a. Revise the company's Procedures for Acquisition and Disposal of Assets, in line with revision of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," promulgated by the Financial Supervisory Commission on Nov. 26, 2018, for compliance with IFRS 16 (International Financial Reporting Standard 16) on accounting for leases, to improve the quality for information disclosure on acquisition or disposal of assets by the company and clear delineation of the responsibilities of outside experts.
- b. The proposed amendment to the Procedures for Acquisition and Disposal of Assets is attached as Appendix 7 (page 34~45).

Resolution:

- (3) Proposed release of Director's Non-Compete Restrictions. (Proposed by the Board)

Explanation:

- a. According to the Article 209 of Company Act, any director acting for himself/herself, or for any other person within the scope of the Company business, should provide the shareholders' meeting with explanations about any important matters of such acts and should acquire the approval of the Shareholders' Meeting.
- b. It is proposed to seek approval in the General Shareholders' Meeting allowing directors (including Independent directors) and their representatives to engage in acts of competition under Article 209 of Company Act, thus be released during their terms from the competition restriction (provided that there is no damage to the interests of the Company).
- c. Details of the duties subject to directors (including independent directors) from non-competition are attached as Appendix 8 (page 46~48).

Resolution:

### **4. Extemporary motions**

### **5. Meeting adjourned**

### **III. Appendices**

#### **Appendix 1**

##### **Letter to Shareholders**

Dear Shareholders:

The competition in the global pharmaceutical market is still fierce, and the consolidation between various types of pharmaceutical companies in the world continues to increase. ScinoPharm effectively leverages its existing competitive advantages and accurately grasps market development trend to formulate a more flexible sales strategy that will enable ScinoPharm to maintain its operating stability in the turbulent atmosphere of the market. At the same time, ScinoPharm also increases the intensity of internal control to continuously optimize the process, accurately calculate its costs and expenses, comprehensively assess the appropriateness of resource allocation, and strive to overcome the impact on its revenue due to unclear market prospects and uncertainties.

In 2018, the company's consolidated annual revenue was NT\$3.524 billion, the net profit after tax was NT\$443 million, and the after-tax earnings per share was NT\$0.56. By the end of 2018, the company's paid-in capital was NT\$7.907 billion, shareholders' equity was NT\$10.54 billion, accounting for 84% of total assets of NT\$12.56 billion. The long-term capital was 2.23 times that of the fixed assets, with the current ratio of 3.34. The financial structure was stable and sound.

##### **Working toward the goal of becoming a full-scale pharmaceutical company**

From the overall performance of the previous year, the APIs for the Generic Drug still account for more than 60% of the performance. Some APIs for the Generic Drug include: the APIs for the colorectal cancer drugs that continue to have demand and increasing demand for other anti-cancer APIs, which makes up for the impact of the reduction in demand for Paclitaxel. Meanwhile, the importance of the Japanese market is increased and its performance has slightly eased the sales pressure brought by other markets. In the business of CDMO, the overall performance is good, as there has been improvement in the ratio of the total revenue. At the end of 2017, the customer's new antibiotic drug, Baxdela™, was approved by the U.S. FDA as a new antibiotic drug product launch for treatment of infectious diseases. Last year, it became an important product for ScinoPharm, as it brought in considerable revenue for ScinoPharm. Besides, as the shipment of intermediate products for clinical use continues, it also helps to stabilize its overall sales.

In recent years, it has been effective for ScinoPharm to engage in the business of making injectable formulations based on the Generic Drug. The anti-blood cancer generic drug developed in cooperation with a major pharmaceutical company, Sagent, has received an approval and thereby been ready for sale in the United States at the beginning of last year. It has become the first injectable formulation product to bring in a profit. Regarding another self-developed anticoagulant product that used the highly difficult synthetic technology, Fondaparinux Sodium, ScinoPharm had signed a deal and authorized an Indian International pharmaceutical company to sell the product. This product has officially obtained regulatory approval in the US. It is expected that in addition to sales in the US, this product will be sold in emerging markets, and it is expected that ScinoPharm will further expand its sales network in the future.

##### **Strengthening internal control and accelerates the strategic deployment**

ScinoPharm continues to reasonably accelerate the process of product development by optimizing the process, controlling the costs and improving the management efficiency. And ScinoPharm also actively cooperates with global strategic partners to accelerate its transformation into a differential pharmaceutical company of special dosage forms. At the same time, ScinoPharm also actively expands the business of CDMO for its customers and improves the utilization of its capacity. The self-built injectable plant adopts a quality-oriented and diversified production method. ScinoPharm will complete the registration batch according to the scheduled time, send out the self-produced ANDA injection products, and drive the Taiwan FDA to conduct on-site inspection to in turn drive up its revenue.

ScinoPharm has also achieved fruitful results in establishing its own technologies. ScinoPharm obtained a total of 805 drug master files (DMFs) worldwide by the end of 2018. 60 DMFs were registered in the United States, and up to 31 DMFs were about anti-cancer products. The patent applications have also yielded fruitful results. A total of 61 inventions have obtained 361 patents worldwide, and a total of 81 patent applications for its inventions are under review.

### **Mastering the competitive advantages of ScinoPharm (Changshu) and actively seeking international strategic partners**

As China accelerates the reform of the pharmaceutical system and actively seeks to fully integrate with advanced countries on the institutional level, it is also sufficient to show China's emphasis on drug review. Under the huge changes on the regulatory level, ScinoPharm's subsidiary in Jiangsu, ScinoPharm (Changshu), is still not as fast as expected in terms of its business progress. Last year, ScinoPharm (Changshu) re-examined and constructed different development plans and conducted internal mobilization. At present, it also actively excludes uncertain factors in the development process and gradually achieves the staged goals in line with the Company's expectations. In the short-term, ScinoPharm (Changshu) will work hard to develop projects that can increase capacity utilization. ScinoPharm will also explore international strategic partners that can combine the competitive advantages of both parties, seek more business opportunities in CDMO, and strive to accelerate the pace of operation of ScinoPharm (Changshu).

### **Inheriting high standards of quality management and setting off to realize the corporate philosophy of pursuing excellence**

Setting off a manufacturer of the APIs for the anti-cancer drug, ScinoPharm has strictly abided by international cGMP manufacturing specifications for more than 20 years and used its strengths to provide the high-quality APIs, and has been repeatedly recognized by the authorities of pharmaceutical affairs in Taiwan, Europe, America and Japan through field inspections. Last year, for the 2nd time, it successfully passed the GMP field inspections by the Pharmaceuticals and Medical Devices Agency (PMDA) as an Independent Administrative Corporation in Japan, and for the 5th time, passed the field inspection by the Mexican Authority of Pharmaceutical Affairs (COFEPRIS), which served as an important indicator of ScinoPharm's quality assurance. ScinoPharm has always been committed to improving corporate governance while assuming the corporate social responsibility (CSR). Last year, ScinoPharm obtained Taiwan's "2018 Excellence in CSR Award" by CommonWealth Magazine, which affirmed ScinoPharm's performance in corporate commitment, social participation, environmental protection and corporate governance. In the same year, in the 4th corporate governance evaluation by the Taiwan Stock Exchange, it was one of the top 5% listed companies, and also the only biotech company among the top 5% listed companies.

### **Pursuing for excellence and emphasizing the professional management attitude**

Since its establishment, ScinoPharm Taiwan has established its reputation in the international anti-cancer API market with its rigorous attitude and professional ability. It has rich experience and the ability to provide high-quality products and become a reliable partner of its customers. ScinoPharm continuously improves the overall profitability of APIs for the Generic Drug, and also successfully expands its business sales reach into the field of injectable product. Meanwhile, ScinoPharm will also make good use of strategic alliances to develop alliance partners for the pharmaceutical injectable formulation business to obtain the multiple benefits from the cooperative business model. In the business of CDMO, ScinoPharm will continue to invest in various projects that have been cultivated for many years, consolidate the cooperation with existing customers, and develop new business opportunities that may create profits.

ScinoPharm will continue to optimize its product assortment, strengthen risk management and enhance internal operational efficiency. In the fiercely competitive market, it will also grasp the trends and market opportunities in the global pharmaceutical industry, hoping to continuously improve operational efficiency and profitability. In addition, ScinoPharm will faithfully fulfill the corporate social responsibility with concrete actions, return the support of shareholders, and have a positive impact on society. Finally, ScinoPharm would like to thank its customers, shareholders and dedicated employees for their long-standing support. ScinoPharm hereby expresses sincere gratitude!

**Chih-Hsien Lo, Chairman**



## **Appendix 2**

### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2018 Business Report, Parent and Consolidated Financial Statements, and proposal for allocation of profits. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ScinoPharm Taiwan, Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

ScinoPharm Taiwan, Ltd.

Chairman of the Audit Committee: Wei-Te Ho

March 25, 2019

## **Appendix 3**

### REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ScinoPharm Taiwan, Ltd.

#### ***Opinion***

We have audited the accompanying parent company only balance sheets of ScinoPharm Taiwan, Ltd. (the “Company”) as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2018 and 2017, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

#### ***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company’s parent company only financial statements of 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the parent company only financial statements of the current period are stated as follows:

#### ***Cutoff of export revenue***

##### **Description**

Please refer to Note 4(27) to the parent company only financial statements for accounting policy on revenue recognition.

The Company's sales revenue mainly arise from manufacture and sale of Active Pharmaceutical Ingredient ("API"), which primarily consists of export sales. The Company recognises export sales revenue based on the terms and conditions of transactions which vary with different customers. As revenue recognition involves manual processes, and is material to the financial statements, we consider the cutoff of export revenue a key audit matter.

#### How our audits addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Understood and assessed the effectiveness of internal controls over cutoff of sales revenue, and tested the effectiveness of internal controls over shipping and billing.
2. Checked the completeness of the export sales details for a certain period around balance sheet date, and performed cutoff tests on a random basis, which include checking the terms and conditions of transactions, verifying against supporting documents, and checking whether inventory movements and costs of sales were recognised in the appropriate period.

### ***Inventory valuation***

#### Description

Please refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2)1. for the uncertainty of accounting estimates and assumptions applied in inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2018, the balances of inventory and allowance for inventory valuation losses were \$1,634,620 thousand and \$391,032 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of API. As the manufacturing process is relatively complicated and time consuming, materials require longer lead time, the waiting period for product registration is long, and the timing of the product launch may be deferred, there is higher risk of incurring loss on inventory valuation. For inventories sold under normal terms, the Company measures inventories at the lower of cost and net realisable value. For inventories aging over a certain period of time and are individually identified as obsolete inventories, the net realisable value is calculated based on the historical information of inventory turn-over. Since the calculation of net realisable value involves subjective judgement and the ending balance of inventory is material to the financial statements, we consider the valuation of inventory a key audit matter.

#### How our audits addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Evaluated the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including the historical data of inventory turn-over and judgement of obsolete inventory.
2. Verified whether the date used in the inventory aging reports that the Company applied to value inventories were accurate. Recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm that the reported information was in line with the Company's policies.
3. Selected samples from inventory items by each sequence number to verify its realisable value and to evaluate the reasonableness of allowance for inventory valuation loss.

## ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ***Auditor’s responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Lin, Yung-Chih

Independent Accountants

Liu, Tzu-Meng

PricewaterhouseCoopers, Taiwan

Republic of China

March 25, 2019

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SCINOPHARM TAIWAN, LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2018		December 31, 2017			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	4,075,456	36	\$	3,675,824	33
1110	Financial assets at fair value	6(2) and 12						
	through profit or loss - current			409	-		-	
1170	Accounts receivable, net	6(3) and 12		550,740	5		567,122	5
1200	Other receivables			15,657	-		12,441	-
1210	Other receivables - related parties	7		5,625	-		2,597	-
130X	Inventories	5(2) and 6(4)		1,243,588	11		1,500,581	14
1410	Prepayments			80,273	1		99,444	1
11XX	Total current assets			5,971,748	53		5,858,009	53
Non-current assets								
1517	Financial assets at fair value	6(5) and 12						
	through other comprehensive							
	income - non-current			468,117	4		-	-
1543	Financial assets carried at cost -	12						
	non-current			-	-		391,097	4
1550	Investments accounted for under	6(6)						
	equity method			745,548	7		664,118	6
1600	Property, plant and equipment	6(7)(8)(25)		3,387,960	31		3,609,589	33
1780	Intangible assets			8,402	-		10,752	-
1840	Deferred income tax assets	5(2) and 6(23)		470,322	4		355,376	3
1915	Prepayments for equipment	6(7)(25)		92,552	1		65,812	1
1920	Guarantee deposits paid			903	-		1,229	-
1980	Other financial assets -	8						
	non-current			29,270	-		28,831	-
15XX	Total non-current assets			5,203,074	47		5,126,804	47
1XXX	Total assets		\$	11,174,822	100	\$	10,984,813	100

(Continued)

SCINOPHARM TAIWAN, LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)(26)	\$	61,694	-	\$ -
2130	Contract liabilities - current	6(17) and 12		22,541	-	-
2150	Notes payable			1,148	-	1,161
2170	Accounts payable			73,739	1	73,943
2180	Accounts payable - related parties	7		39,307	-	53,928
2200	Other payables	6(10)(25)		293,946	3	294,007
2230	Current income tax liabilities	6(23)		64,853	1	50,251
2310	Advance receipts	6(17)		-	-	23,366
21XX	Total current liabilities			557,228	5	496,656
Non-current liabilities						
2570	Deferred income tax liabilities	6(23)		81	-	-
2640	Net defined benefit liabilities	6(11)		76,863	1	69,312
2645	Guarantee deposits received	6(26)		1,618	-	1,620
25XX	Total non-current liabilities			78,562	1	70,932
2XXX	Total liabilities			635,790	6	567,588
Equity						
Share capital						
3110	Share capital - common stock	6(12)(15)		7,907,392	71	7,907,392
3200	Capital surplus	6(13)(14)		1,292,555	11	1,286,872
	Retained earnings	6(5)(12)(15)(22)				
3310	Legal reserve			568,302	5	526,065
3320	Special reserve			22,829	-	22,829
3350	Unappropriated earnings			708,338	6	693,832
3400	Other equity interest	6(16) and 12		39,616	1	( 19,765)
3XXX	Total equity			10,539,032	94	10,417,225
Significant contingent liabilities and unrecognized contract commitments		7 and 9				
3X2X	Total liabilities and equity		\$	11,174,822	100	\$ 10,984,813

The accompanying notes are an integral part of these parent company only financial statements.

SCINOPHARM TAIWAN, LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

				Year ended December 31			
				2018		2017	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(17)		\$	3,470,109	100	\$	3,449,175
5000 <b>Operating costs</b>	6(4)(11)(21)(22), 7 and 9	(		1,808,470)	( 52)	(	1,777,982)
5900 <b>Net operating margin</b>				1,661,639	48		1,671,193
<b>Operating expenses</b>	6(11)(21)(22), 7, 9 and 12						
6100 Selling expenses		(		151,924)	( 4)	(	146,006)
6200 General and administrative expenses		(		449,576)	( 13)	(	459,538)
6300 Research and development expenses		(		295,064)	( 9)	(	264,331)
6450 Gain on reversal of expected credit losses				95	-		-
6000 <b>Total operating expenses</b>		(		896,469)	( 26)	(	869,875)
6900 <b>Operating profit</b>				765,170	22		801,318
<b>Non-operating income and expenses</b>							
7010 Other income	6(18), 7 and 12			48,546	2		42,981
7020 Other gains and losses	6(2)(8)(19) and 12	(		35,377)	( 1)	(	39,020)
7050 Finance costs	6(20)	(		4,456)	-	(	22)
7070 Share of loss of associates and joint ventures accounted for using equity method.	6(6)	(		306,232)	( 9)	(	316,481)
7000 <b>Total non-operating income and expenses</b>		(		297,519)	( 8)	(	312,542)
7900 <b>Profit before income tax</b>				467,651	14		488,776
7950 Income tax expense	6(23)	(		24,673)	( 1)	(	66,409)
8200 <b>Profit for the year</b>		\$		442,978	13	\$	422,367
<b>Other comprehensive income (loss)</b>							
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>							
8311 Actuarial (losses) gains on defined benefit plans	6(11)	(\$		8,328)	-	\$	316
8316 Unrealised losses from equity instruments measured at fair value through other comprehensive income	6(5)(16)	(		67,722)	( 2)		-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)			1,763	-	(	54)
<b>Components of other comprehensive loss that will be reclassified to profit or loss</b>							
8361 Financial statements translation differences of foreign operation	6(16)	(		21,487)	( 1)	(	16,311)
8300 <b>Total other comprehensive loss for the year</b>		(\$		95,774)	( 3)	(\$	16,049)
8500 <b>Total comprehensive income for the year</b>		\$		347,204	10	\$	406,318
<b>Earnings per share (in dollars)</b>	6(24)						
9750 <b>Basic</b>		\$		0.56		\$	0.53
9850 <b>Diluted</b>		\$		0.56		\$	0.53

The accompanying notes are an integral part of these parent company only financial statements.



SCINOPHARM TAIWAN, LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

			Retained earnings				Other equity interest		
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
	Notes	Share capital – common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings			
For the year ended December 31, 2017									
Balance at January 1, 2017		\$ 7,603,262	\$ 1,275,660	\$ 460,196	\$ 22,829	\$ 869,300	(\$ 3,454 )	\$ -	\$ 10,227,793
Net income for the year ended December 31, 2017		-	-	-	-	422,367	-	-	422,367
Other comprehensive income (loss) for the year ended December 31, 2017	6(16)	-	-	-	-	262	( 16,311 )	-	( 16,049 )
Total comprehensive income (loss) for the year ended December 31, 2017		-	-	-	-	422,629	( 16,311 )	-	406,318
Distribution of 2016 net income :									
Legal reserve		-	-	65,869	-	( 65,869 )	-	-	-
Cash dividends	6(15)	-	-	-	-	( 228,098 )	-	-	( 228,098 )
Stock dividends	6(12)(15)	304,130	-	-	-	( 304,130 )	-	-	-
Employee stock option compensation cost	6(13)(14)	-	11,212	-	-	-	-	-	11,212
Balance at December 31, 2017		\$ 7,907,392	\$ 1,286,872	\$ 526,065	\$ 22,829	\$ 693,832	(\$ 19,765 )	\$ -	\$ 10,417,225
For the year ended December 31, 2018									
Balance at January 1, 2018		\$ 7,907,392	\$ 1,286,872	\$ 526,065	\$ 22,829	\$ 693,832	(\$ 19,765 )	\$ -	\$ 10,417,225
Effect on retrospective application and restatement	6(16) and 12	-	-	-	-	-	-	148,475	148,475
Balance after restatement on January 1, 2018		7,907,392	1,286,872	526,065	22,829	693,832	( 19,765 )	148,475	10,565,700
Net income for the year ended December 31, 2018		-	-	-	-	442,978	-	-	442,978
Other comprehensive loss for the year ended December 31, 2018	6(5)(16)	-	-	-	-	( 6,565 )	( 21,487 )	( 67,722 )	( 95,774 )
Total comprehensive income (loss) for the year ended December 31, 2018		-	-	-	-	436,413	( 21,487 )	( 67,722 )	347,204
Distribution of 2017 net income :									
Legal reserve		-	-	42,237	-	( 42,237 )	-	-	-
Cash dividends	6(15)	-	-	-	-	( 379,555 )	-	-	( 379,555 )
Employee stock option compensation cost	6(13)(14)	-	5,683	-	-	-	-	-	5,683
Disposal of equity instruments at fair value through other comprehensive income	6(5)(16)	-	-	-	-	( 115 )	-	115	-
Balance at December 31, 2018		\$ 7,907,392	\$ 1,292,555	\$ 568,302	\$ 22,829	\$ 708,338	(\$ 41,252 )	\$ 80,868	\$ 10,539,032

The accompanying notes are an integral part of these parent company only financial statements.

SCINOPHARM TAIWAN, LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31,	
	Notes	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 467,651	\$ 488,776
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on valuation of financial assets and liabilities		( 409 )	( 2,822 )
Gain on reversal of expected credit losses	12	( 95 )	-
Reversal of allowance for doubtful accounts	6(18) and 12	-	( 488 )
(Reversal of allowance for) loss on inventory market price decline	6(4)	( 40,832 )	24,970
Provision for obsolescence of supplies		7,183	9,677
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	306,232	316,481
Depreciation	6(7)(21)	284,363	329,007
Property, plant and equipment transferred to loss	6(7)	14,349	-
(Gain) loss on disposal of property, plant and equipment	6(19)	( 78 )	62
Gain on reversal of impairment loss	6(7)(8)(19)	( 2,322 )	( 3,741 )
Amortization	6(21)	5,238	5,038
Employee stock option compensation cost	6(13)(14)	5,683	11,036
Interest income	6(18)	( 20,677 )	( 18,612 )
Interest expense	6(20)	4,456	22
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		16,477	20,695
Other receivables		( 3,937 )	( 423 )
Other receivables - related parties		( 3,028 )	4,183
Inventory		297,825	126,881
Prepayments		11,988	88,902
Changes in operating liabilities			
Contract liabilities - current		( 825 )	-
Notes payable		( 13 )	160
Accounts payable		( 204 )	17,017
Accounts payable - related parties		( 14,621 )	20,828
Other payables		12,918	( 43,467 )
Advance receipts		-	( 39,018 )
Net defined benefit liabilities - non-current		( 777 )	( 425 )
Cash inflow generated from operations		1,346,545	1,354,739
Interest received		21,398	18,612
Interest paid		( 3,578 )	( 22 )
Income tax paid		( 123,172 )	( 205,523 )
Net cash flows from operating activities		1,241,193	1,167,806

(Continued)

SCINOPHARM TAIWAN, LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value	6(5)		
through other comprehensive income		\$ 3,733	\$ -
Increase in financial assets measured at cost - non-current		-	( 27,008 )
Acquisition of investments accounted for under the equity method - subsidiary		( 409,150 )	( 179,880 )
Cash paid for acquisition of property, plant and equipment	6(25)	( 50,033 )	( 217,006 )
Proceeds from disposal of property, plant and equipment		78	50
Acquisition of intangible assets		( 2,888 )	( 3,157 )
Increase in prepayment for equipment		( 65,325 )	( 78,313 )
Decrease (increase) in guarantee deposits paid		326	( 284 )
Increase in other financial assets - non-current		( 439 )	-
Net cash flows used in investing activities		( 523,698 )	( 505,598 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(26)	61,694	-
Decrease in guarantee deposits received	6(26)	( 2 )	( 19,998 )
Payment of cash dividends	6(15)	( 379,555 )	( 228,098 )
Net cash flows used in financing activities		( 317,863 )	( 248,096 )
Net increase in cash and cash equivalents		399,632	414,112
Cash and cash equivalents at beginning of year	6(1)	3,675,824	3,261,712
Cash and cash equivalents at end of year	6(1)	\$ 4,075,456	\$ 3,675,824

The accompanying notes are an integral part of these parent company only financial statements.

## **Appendix 4**

### REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ScinoPharm Taiwan, Ltd.

#### ***Opinion***

We have audited the accompanying consolidated balance sheets of ScinoPharm Taiwan, Ltd. and subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

#### ***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s consolidated financial statements of 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Group’s consolidated financial statements of the current period are stated as follows:

#### ***Cutoff of export revenue from Taiwan***

##### **Description**

Please refer to Note 4(27) to the consolidated financial statements for accounting policy on revenue recognition.

The Group’s sales revenue mainly arise from manufacture and sale of Active Pharmaceutical Ingredient (“API”), which primarily consists of export sales. The Group recognises export sales revenue based on the terms and conditions of transactions which vary with different customers. As revenue recognition involves manual processes, and is material to the financial statements, we consider the cutoff of export revenue from Taiwan a key audit matter.

#### How our audits addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Understood and assessed the effectiveness of internal controls over cutoff of sales revenue, and tested the effectiveness of internal controls over shipping and billing.
2. Checked the completeness of the export sales details for a certain period around balance sheet date, and performed cutoff tests on a random basis, which include checking the terms and conditions of transactions, verifying against supporting documents, and checking whether inventory movements and costs of sales were recognised in the appropriate period.

### ***Inventory valuation***

#### Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2)1. for the uncertainty of accounting estimates and assumptions applied in inventory valuation, and Note 6(5) for details of inventories. As of December 31, 2018 the balances of inventory and allowance for inventory valuation losses were \$1,889,295 thousand and \$525,498 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of API. As the manufacturing process is relatively complicated and time consuming, materials require longer lead time, the waiting period for product registration is long, and the timing of the product launch may be deferred, there is higher risk of incurring loss on inventory valuation. For inventories sold under normal terms, the Group measures inventories at the lower of cost and net realisable value. For inventories aging over a certain period of time and are individually identified as obsolete inventories, the net realisable value is calculated based on the historical information of inventory turn-over. Since the calculation of net realisable value involves subjective judgement and the ending balance of inventory is material to the financial statements, we consider the valuation of inventory a key audit matter.

#### How our audits addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Evaluated the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including the historical data of inventory turn-over and judgement of obsolete inventory.
2. Verified whether the date used in the inventory aging reports that the Group applied to value inventories were accurate. Recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm that the reported information was in line with the Group's policies.
3. Selected samples from inventory items by each sequence number to verify its realisable value and to evaluate the reasonableness of allowance for inventory valuation loss.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unmodified opinion on the parent company only financial statements of ScinoPharm Taiwan, Ltd. as at and for the years ended December 31, 2018 and 2017.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Accountants  
Lin, Yung-Chih  
Liu, Tzu-Meng

PricewaterhouseCoopers, Taiwan  
Republic of China  
March 25, 2019

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,203,338	34	\$ 3,910,791	31
1110	Financial assets at fair value through profit or loss - current	6(2) and 12	409	-	-	-
1136	Financial assets at amortised cost - current	6(3)	178,615	1	-	-
1170	Accounts receivable, net	6(4) and 12	558,950	4	567,318	4
1200	Other receivables		104,021	1	197,620	2
130X	Inventories	5 and 6(5)	1,363,797	11	1,675,088	13
1410	Prepayments		97,037	1	116,310	1
11XX	Total current assets		6,506,167	52	6,467,127	51
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(6) and 12	468,117	4	-	-
1543	Financial assets carried at cost - non-current	12	-	-	391,097	3
1600	Property, plant and equipment	6(7)(9)(27)	4,758,846	38	5,088,713	40
1780	Intangible assets		16,753	-	23,334	-
1840	Deferred income tax assets	5 and 6(25)	593,103	5	503,570	4
1915	Prepayments for equipment	6(7)(27)	108,869	1	110,529	1
1920	Guarantee deposits paid		6,885	-	9,179	-
1980	Other financial assets - non-current	8	29,270	-	28,831	-
1985	Long-term prepaid rents	6(8)	75,318	-	79,009	1
15XX	Total non-current assets		6,057,161	48	6,234,262	49
1XXX	Total assets		\$ 12,563,328	100	\$ 12,701,389	100

(Continued)



**SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)(28)	\$ 233,290	2	\$ 374,713	3
2130	Contract liabilities - current	6(19) and 12	30,617	-	-	-
2150	Notes payable		1,148	-	1,161	-
2170	Accounts payable		89,393	1	90,784	1
2200	Other payables	6(11)(27)	347,319	3	350,117	3
2230	Current income tax liabilities	6(25)	65,374	-	50,251	-
2310	Advance receipts	6(19)	-	-	28,896	-
2320	Long-term liabilities, current portion	6(12)(28) and 9	1,178,503	9	219,536	2
21XX	Total current liabilities		1,945,644	15	1,115,458	9
Non-current liabilities						
2540	Long-term borrowings	6(12) and 9	-	-	1,097,682	9
2570	Deferred income tax liabilities	6(25)	81	-	-	-
2640	Net defined benefit liabilities	6(13)	76,863	1	69,312	-
2645	Guarantee deposits received	6(28)	1,708	-	1,712	-
25XX	Total non-current liabilities		78,652	1	1,168,706	9
2XXX	Total liabilities		2,024,296	16	2,284,164	18
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(14)(17)	7,907,392	63	7,907,392	62
3200	Capital surplus	6(15)(16)	1,292,555	10	1,286,872	10
Retained earnings		6(6)(14)(17)(24)				
3310	Legal reserve		568,302	4	526,065	4
3320	Special reserve		22,829	-	22,829	-
3350	Unappropriated earnings		708,338	6	693,832	6
3400	Other equity interest	6(18) and 12	39,616	1	( 19,765)	-
3XXX	Total equity		10,539,032	84	10,417,225	82
Significant contingent liabilities and unrecognised contract commitments		9				
3X2X	Total liabilities and equity		\$ 12,563,328	100	\$ 12,701,389	100

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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2018		2017	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(19) and 12		\$ 3,524,263	100	\$ 3,516,481	100
5000 <b>Operating costs</b>	6(5)(23)(24) and 9	(	1,981,749)	( 56)	( 1,966,324)	( 56)
5900 <b>Net operating margin</b>			<u>1,542,514</u>	<u>44</u>	<u>1,550,157</u>	<u>44</u>
<b>Operating expenses</b>	6(8)(23)(24), 7, 9 and 12					
6100 Selling expenses		(	146,931)	( 4)	( 145,756)	( 4)
6200 General and administrative expenses		(	524,047)	( 15)	( 531,163)	( 15)
6300 Research and development expenses		(	313,208)	( 9)	( 314,276)	( 9)
6450 Gain on reversal of expected credit losses			<u>84</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000 <b>Total operating expenses</b>		(	<u>984,102</u>	<u>( 28)</u>	<u>991,195</u>	<u>( 28)</u>
6900 <b>Operating profit</b>			<u>558,412</u>	<u>16</u>	<u>558,962</u>	<u>16</u>
<b>Non-operating income and expenses</b>						
7010 Other income	6(20) and 12		48,597	1	39,522	1
7020 Other gains and losses	6(2)(9)(21) and 12	(	36,299)	( 1)	( 46,551)	( 1)
7050 Finance costs	6(7)(22)(27)	(	80,169)	( 2)	( 76,631)	( 2)
7000 <b>Total non-operating income and expenses</b>		(	<u>67,871</u>	<u>( 2)</u>	<u>83,660</u>	<u>( 2)</u>
7900 <b>Profit before income tax</b>			490,541	14	475,302	14
7950 Income tax expense	6(25)	(	47,563)	( 1)	( 52,935)	( 2)
8200 <b>Profit for the year</b>		\$	<u>442,978</u>	<u>13</u>	<u>422,367</u>	<u>12</u>
<b>Other comprehensive income (loss)</b>						
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
8311 Actuarial (losses) gains on defined benefit plans	6(13)	(\$	8,328)	-	\$ 316	-
8316 Unrealised losses from equity instrument measured at fair value through other comprehensive income	6(6)(18)	(	67,722)	( 2)	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)		1,763	-	( 54)	-
<b>Components of other comprehensive loss that will be reclassified to profit or loss</b>						
8361 Financial statements translation differences of foreign operations	6(18)	(	21,487)	( 1)	( 16,311)	-
8300 <b>Total other comprehensive loss for the year</b>		(\$	<u>95,774</u>	<u>( 3)</u>	<u>16,049</u>	<u>-</u>
8500 <b>Total comprehensive income for the year</b>		\$	<u>347,204</u>	<u>10</u>	<u>406,318</u>	<u>12</u>
<b>Profit attributable to:</b>						
8610 Owners of the parent		\$	<u>442,978</u>	<u>13</u>	<u>422,367</u>	<u>12</u>
<b>Comprehensive income attributable to:</b>						
8710 Owners of the parent		\$	<u>347,204</u>	<u>10</u>	<u>406,318</u>	<u>12</u>
<b>Earnings per share (in dollars)</b>	6(26)					
9750 <b>Basic</b>		\$	<u>0.56</u>		<u>0.53</u>	
9850 <b>Diluted</b>		\$	<u>0.56</u>		<u>0.53</u>	

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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							Total equity
		Share capital – common stock	Capital reserve	Retained earnings			Other equity interest		
				Legal reserve	Special reserve	Unappropriated earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>For the year ended December 31, 2017</u>									
Balance at January 1, 2017		\$ 7,603,262	\$ 1,275,660	\$ 460,196	\$ 22,829	\$ 869,300	(\$ 3,454 )	\$ -	\$ 10,227,793
Net income for the year ended December 31, 2017		-	-	-	-	422,367	-	-	422,367
Other comprehensive income (loss) for the year ended December 31, 2017	6(18)	-	-	-	-	262	( 16,311 )	-	( 16,049 )
Total comprehensive income (loss) for the year ended December 31, 2017		-	-	-	-	422,629	( 16,311 )	-	406,318
Distribution of 2016 net income:									
Legal reserve		-	-	65,869	-	( 65,869 )	-	-	-
Cash dividends	6(17)	-	-	-	-	( 228,098 )	-	-	( 228,098 )
Stock dividends	6(14)(17)	304,130	-	-	-	( 304,130 )	-	-	-
Employee stock option compensation cost	6(15)(16)	-	11,212	-	-	-	-	-	11,212
Balance at December 31, 2017		\$ 7,907,392	\$ 1,286,872	\$ 526,065	\$ 22,829	\$ 693,832	(\$ 19,765 )	\$ -	\$ 10,417,225
<u>For the year ended December 31, 2018</u>									
Balance at January 1, 2018		\$ 7,907,392	\$ 1,286,872	\$ 526,065	\$ 22,829	\$ 693,832	(\$ 19,765 )	\$ -	\$ 10,417,225
Effect on retrospective application and restatement	6(18) and 12	-	-	-	-	-	-	148,475	148,475
Balance after restatement on January 1, 2018		7,907,392	1,286,872	526,065	22,829	693,832	( 19,765 )	148,475	10,565,700
Net income for the year ended December 31, 2018		-	-	-	-	442,978	-	-	442,978
Other comprehensive loss for the year ended December 31, 2018	6(6)(18)	-	-	-	-	( 6,565 )	( 21,487 )	( 67,722 )	( 95,774 )
Total comprehensive income (loss) for the year ended December 31, 2018		-	-	-	-	436,413	( 21,487 )	( 67,722 )	347,204
Distribution of 2017 net income:									
Legal reserve		-	-	42,237	-	( 42,237 )	-	-	-
Cash dividends	6(17)	-	-	-	-	( 379,555 )	-	-	( 379,555 )
Employee stock option compensation cost	6(15)(16)	-	5,683	-	-	-	-	-	5,683
Disposal of equity instruments at fair value through other comprehensive income	6(6)(18)	-	-	-	-	( 115 )	-	115	-
Balance at December 31, 2018		\$ 7,907,392	\$ 1,292,555	\$ 568,302	\$ 22,829	\$ 708,338	(\$ 41,252 )	\$ 80,868	\$ 10,539,032

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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 490,541	\$ 475,302
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on valuation of financial assets and liabilities		( 409 )	( 2,822 )
Gain on reversal of expected credit losses	12	( 84 )	-
Reversal of allowance for doubtful accounts	6(20) and 12	-	( 516 )
(Reversal of allowance for) loss on inventory market price decline	6(5)	( 28,851 )	53,212
Provision for obsolescence of supplies		8,980	11,088
Depreciation	6(7)(23)	395,379	423,322
Property, plant and equipment transferred to loss	6(7)	14,349	-
Loss on disposal of property, plant and equipment	6(21)	75	300
Gain on reversal of impairment loss	6(7)(9)(21)	( 2,273 )	( 3,741 )
Amortisation	6(23)	10,442	9,217
Amortisation of long-term prepaid rent	6(8)	1,858	1,835
Employee stock option compensation cost	6(15)(16)	5,683	11,212
Interest income	6(20)	( 33,234 )	( 25,083 )
Interest expense	6(22)	80,169	76,631
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		8,453	71,604
Other receivables		92,033	422
Inventories		340,142	101,410
Prepayments		7,320	83,456
Changes in operating liabilities			
Contract liabilities - current		1,721	-
Notes payable		( 13 )	160
Accounts payable		( 1,391 )	21,054
Other payables		6,429	( 34,800 )
Advance receipts		-	( 33,488 )
Net defined benefit liabilities - non-current		( 777 )	( 425 )
Cash inflow generated from operations		1,396,542	1,239,350
Interest received		31,668	24,938
Interest paid		( 76,487 )	( 87,051 )
Income tax paid		( 120,129 )	( 205,523 )
Net cash flows from operating activities		1,231,594	971,714

(Continued)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Increase in financial assets at amortised cost - current		( \$	1,214,112 )	\$	-
Proceeds from disposal of financial assets at amortised cost			1,035,497		-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)		3,733		-
Increase in financial assets carried at cost - non-current			-	(	27,008 )
Cash paid for acquisition of property, plant and equipment	6(27)	(	51,290 )	(	289,479 )
Interest paid for acquisition of property, plant and equipment	6(7)(22)(27)		-	(	10,964 )
Proceeds from disposal of property, plant and equipment			79		50
Acquisition of intangible assets		(	4,076 )	(	8,625 )
Increase in prepayment for equipment		(	71,681 )	(	101,859 )
Decrease in guarantee deposits paid			2,294		560
Increase in other financial assets - non-current		(	439 )		-
Net cash flows used in investing activities		(	299,995 )	(	437,325 )

**CASH FLOWS FROM FINANCING ACTIVITIES**

Decrease in short-term borrowings	6(28)	(	137,723 )	(	583,878 )
Increase in long-term borrowings	6(28)		163,736		572,084
Decrease in long-term borrowings	6(28)	(	273,493 )	(	54,023 )
Decrease in guarantee deposits received	6(28)	(	2 )	(	19,999 )
Payment of cash dividends	6(17)	(	379,555 )	(	228,098 )
Net cash flows used in financing activities		(	627,037 )	(	313,914 )
Effect of foreign exchange rate changes		(	12,015 )	(	16,835 )
Net increase in cash and cash equivalents			292,547		203,640
Cash and cash equivalents at beginning of year	6(1)		3,910,791		3,707,151
Cash and cash equivalents at end of year	6(1)	\$	4,203,338	\$	3,910,791

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

## **Appendix 5**

### **ScinoPharm Taiwan, Ltd. Earnings Distribution Plan for Fiscal Year Ended December 31, 2018**

Item	Amount (TWD)
After-tax net profit earned in 2018	\$442,978,322
Less: Legal reserve	(44,297,833)
Plus: Actuarial gain(loss) presented in retained earnings	(6,663,126)
Plus: Effects by tax rate variations	96,822
Less: Unrealised losses from equity instrument measured at fair Value through other comprehensive income	(115,582)
Distributable profit from this period	391,998,603
Plus: Accumulated undistributed earnings from previous period	272,040,218
Total distributable earnings as of this period	664,038,821
Dividends to shareholders (Cash dividend TWD 490 on each 1,000 shares held)	(387,462,219)
Undistributed earnings as of the end of the period	\$276,576,602

#### Notes:

1. In terms of earnings distribution for fiscal year 2018, priority is given to distributing the earnings posted in the given fiscal year while retained earnings from the previous fiscal year is drawn on to make up for any deficiency.
2. The actual amount of cash dividend paid to the shareholders shall be paid up to the rounded number with the fraction (if any) to be accounted as Other Income of the Company

Chairperson : Chih-Hsien Lo

CEO : Tsung-Ming Su

Chief Accountant : Carrie Lin

## Appendix 6

### ScinoPharm Taiwan, Ltd. Proposed Revision of the Articles of Incorporation

Current Provision	Revision Provision	Remark
<b>Article 1</b> The Company is duly organized under the Company Act of the Republic of China (Taiwan) as a company limited by shares and <u>named</u> ScinoPharm Taiwan, Ltd.	<b>Article 1</b> The Company is duly organized under the Company Act of the Republic of China (Taiwan) as a company limited by shares and named <u>ScinoPharm Taiwan Ltd. in English.</u>	Specification of the company's English name in the Articles of Incorporation, in line with article 392-1 of the Company Act.
<b>Article 7</b> <u>All</u> of the shares of the Company are <u>registered shares</u> each bearing the signature or seal of <u>three or more</u> Directors of the Company and shall be issued upon <u>certification thereof by the competent authority or its authorized registrar.</u> The Company may elect not to produce the share certificate on the <u>shares issued,</u> provided that the Company must complete the registration of the issued shares with the securities central depository institution.	<b>Article 7</b> All of the Company's shares bear the signatures and seals of the <u>Company's directors</u> and shall be issued <u>with certification by banks with qualification to be legally authorized registrars</u> for stock issuance. The Company may elect not to produce the certificates on the <u>shares issued</u> after completing the registration of the issued shares with the centralized securities depository institution.	Revision made in line with article 162 of the Company Act.
<b>Article 8</b> All of the shares of the Company are <u>registered shares.</u> The individual shareholder will have his/her personal name and address and the corporate shareholder will have its corporate designation and its legal representative's personal name and address recorded in the Company's shareholders' roster. Joint shareholders of the share (if any) shall elect one among themselves for the purpose of the above recordation in the shareholders' roster.	<b>Article 8</b> All of the shares of the Company are registered <u>ones.</u> The individual shareholder will have his/her personal name and address and the corporate shareholder will have its corporate designation and its legal representative's personal name and address recorded in the Company's shareholders' roster. Joint shareholders of the share (if any) shall elect one among themselves for the purpose of the above recordation in the shareholders' roster.	Revision made in line with the spirit of related legislation.
<b>Article 9</b> The shareholder or the legal holder of the share certificate lost or destroyed shall make a report to the police upon information of the loss or destruction and fill out the relevant request form to have the loss or destruction of the share certificate registered with the Company. The shareholder or the legal holder shall at the same time file a request with the competent district court to have a relevant public notice made pursuant to the Taiwan Code of Civil Procedure and present the court judgment on the exclusion of rights in the share(s) affected to the <u>stock affairs agency</u> of the Company to request for <u>re-issuance of the share certificate.</u>	<b>Article 9</b> The shareholder or the legal holder of the share certificate lost or destroyed shall make a report to the police upon information of the loss or destruction and fill out the relevant request form to have the loss or destruction of the share certificate registered with the Company. The shareholder or the legal holder shall at the same time file a request with the competent district court to have a relevant public notice made pursuant to the Taiwan Code of Civil Procedure and present the court judgment on the exclusion of rights in the share to the Company for <u>registry.</u>	Revision made, in accordance with the fact that the company no longer issues physical share

Current Provision	Revision Provision	Remark
<b>Article 10</b> The stock affairs agency of the Company may collect reasonable procedural charges on each request for re-issuance of share certificate on account of the transfer, division of the share or the loss, damage or destruction of the share certificate.	<b>Article 10</b> The stock affairs agency of the Company may collect reasonable procedural charges on each request for re-issuance of share certificate on account of the transfer, division of the share or the loss, damage or destruction of the share certificate <u>according to the "Criteria Governing Handling of Stock Affairs by Public Stock Companies," unless there is different stipulation in legislation and securities regulations.</u>	Revision made on item 2 of Article 10 in line with the spirit of related legislation.
<b>Article 11</b> The shareholder shall disclose his/her/its legal name and address of his/her/its domicile to the stock affairs agency of the Company and fill out and deliver the specimen card of his/her/its seal to the Company for record. <u>Except as otherwise provided by the relevant laws, orders or securities related regulations, the public offering of the shares of the Company shall be in accordance with the "Criteria Governing Handling of Stock Affairs by Public Stock Companies".</u>	<b>Article 11</b> The shareholder shall report his/her/its legal name and the address of his/her/its domicile, as well as the specimen card of his/her/its seal for keeping by the Company.	Revision made from Article 2 to Article 10 in line with the spirit of related legislation.
<b>Article 13</b> <u>Transfer of shares of the Company will cease for a period of thirty (30) days prior to the General Shareholders' Meeting, fifteen (15) days prior to the Extraordinary Shareholders' Meeting, and five (5) days prior to the start date of distribution of dividend, bonus or other interests in the shares held. Subject to the public offering of the Company, the Company shall cease the transfer of shares of the Company within a period of sixty (60) days prior to the General Shareholders' Meeting and thirty (30) days prior to an Extraordinary Shareholders' Meeting.</u>	<b>Article 13</b> Transfer of shares of the Company <u>cannot be made</u> within a period of <u>sixty (60) days prior to the General Shareholders' Meeting, thirty (30) days prior to an Extraordinary Shareholders' Meeting, and five (5) days prior to the start date of distribution of dividend, bonus or other interests in the shares held.</u>	Revision made in line with the listing of the company's shares and article 165 of the Company Act.
<b>Article 16</b> Except as otherwise provided by the Company Act, <u>the Shareholders' Meeting</u> must be attended by the shareholders whose total shares held represent the majority of the total issued shares of the Company. The resolution of the Shareholders' Meeting must be adopted by the majority of the votes represented at the meeting.	<b>Article 16</b> Except as otherwise provided by the Company Act and <u>other legislations, the Shareholders' Meeting</u> must be attended by the shareholders <u>in person or their proxies</u> representing over half of the shares in issued. The resolution of the Shareholders' Meeting must be adopted by the majority of the votes represented at the meeting.	Revision made to adjust the original partial content of item 2 in Article 19 and expressed at this article in line with the spirit of related legislation.
<b>Article 18</b> The shareholder who for whatever reason is unable to attend the Shareholders' Meeting in person may designate a proxy to attend and act in his/her stead at the meeting by executing the proxy letter form prepared by the Company specifying the scope of authorization to the proxy. The proxy designated may be a non-shareholder of the Company. <u>Subject to the public offering of the Company, designation of proxies for the purpose of the Shareholders' Meeting of</u>	<b>Article 18</b> The shareholder who for whatever reason is unable to attend the Shareholders' Meeting in person may designate a proxy to attend and act in his/her stead at the meeting by executing the proxy letter form prepared by the Company specifying the scope of authorization to the proxy. The proxy designated may be a non-shareholder of the Company. <u>Subject to the public offering of the Company, The related operation shall be in accordance with the "Rules Governing</u>	Revision made in line with the listing of the company's shares to delete and adjust partial contents.



Current Provision	Revision Provision	Remark
the Company shall be in accordance with the “Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”.	the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” <u>and other related legislations.</u>	
<p><b>Article 19</b> The meeting of the shareholders of the Company shall be convened by the Board of Directors and presided by the Chairman/Chairwoman of the Board of Directors. If he/she has requested for leave from the meeting or is for whatever reason unable to attend and exercise his/her powers and duties at the meeting to, the Chairman/Chairwoman shall designate a Director to act in his/her stead. Absent the above designation by the Chairman/Chairwoman, the Directors shall elect one from among themselves to act as the chairperson of the meeting. Where the Shareholders’ Meeting is not convened by the Board of Directors, the meeting shall be presided by the person who convened the meeting. <u>Except as otherwise provided by the Company Act or the relevant laws and regulations, the Shareholders’ Meeting of the Company must be attended by the shareholders (attending the meeting in person or by proxy) whose total shares held represent the majority of the total issued shares of the Company and a resolution must be adopted by the majority of the votes represented at the meeting. A resolution may be deemed adopted when no objection or opposition is expressed by any of the shareholders present at the meeting in response to the chairperson’s inquiry for opinion, which resolution shall be as effective and binding as one adopted by voting.</u></p>	<p><b>Article 19</b> <u>Unless stipulated otherwise in the Company Act,</u> the shareholders' meeting of the Company shall be convened by the board of directors and chaired by the chairperson of the board of directors. In case the chairperson cannot exercise the duty, whether on leave or for other reasons, he/she shall designate a director in his/her stead. If the chairperson fails to make the designation, other directors share elect one among them to chair the meeting. In case the shareholders' meeting is not convened by the board of the directors, the convener shall chair the meeting. If there are two or more conveners, they shall elect one among them to chair the meeting.</p>	Revision made in line with the regulator's policy pushing voting for each motion by deleting item 2 of this article to cope with contents of article 16 and comply the spirit of corporate governance.
<p><b>Article 24</b> The Directors each of the Company will serve an office term of three years and may be re-elected; but the independent director shall serve in office for a term of not more than three terms. Subject to the relevant resolution adopted by the meeting of the Board of Directors, liabilities insurance will be procured for the Director elect. <u>Subject to the public offering of the Company, the total shareholding of the Directors of the Company shall be in accordance with the Company Act and the regulations prescribed by the competent securities authority.</u> The Company has an Audit Committee formed by all of the independent directors under the Securities and Exchange Act. The establishment, functions, powers and authorities, rules for the meetings and other legal compliance matters of the Audit Committee shall be in accordance with the relevant regulations issued by the competent securities authority.</p>	<p><b>Article 24</b> The Directors each of the Company will serve an office term of three years and may be re-elected; but the independent director shall serve in office for a term of not more than three terms. Subject to the relevant resolution adopted by the meeting of the Board of Directors, liabilities insurance will be procured for the Director elect. <u>Percentage of total shares owned by directors is set according to the Company Act and the prescribed by the competent securities authority.</u> The Company has an Audit Committee formed by all of the independent directors under the Securities and Exchange Act. The establishment, functions, powers and authorities, rules for the meetings and other legal compliance matters of the Audit Committee shall be in accordance with the relevant regulations issued by the competent securities authority.</p>	Revision made in line with the listing of the company's shares to delete and adjust partial contents.

Current Provision	Revision Provision	Remark
<b>Article 27</b> The meeting of the Board of Director shall be convened by the <u>Chairman/Chairwoman of the Board of Directors except the first meeting of a new Board of Directors that shall be convened by the Director who won the highest vote of all Directors elect.</u> A written notice of the meeting of the Board of Directors shall be issued by facsimile or by email to the Directors each at least seven (7) days prior to the scheduled meeting date, which notice shall explicitly indicate the scheduled date, venue and agenda of the meeting. In the event of urgency, the meeting of the Board of Directors may be convened at any time with or without the above notice being issued.	<b>Article 27</b> Unless stipulated otherwise in the <u>Company Act, the meeting of the board of directors</u> shall be convened by the chairperson of the board of directors, who shall notify, in written form or via fax or e-mail, directors on the date, venue, and agenda seven days prior to the meeting. In the event of urgency, the meeting of the board of directors can be convened anytime via the aforementioned methods of notification.	Revision made in line with the new content of Article 203 and addition on Item one of Article 203 of the Company Act.
<b>Article 29</b> The Directors shall vote to approve or disapprove and exercise their powers and duties with respect to the matters proposed on the agenda at the relevant meeting of the Board of Directors which shall be convened at least once every quarter. Except as otherwise provided by the Company Act, the resolution with respect to the revision of these Articles of Incorporation as provided in subparagraph (1) below must be adopted by three fourths (3/4) or more of all of the Directors of the Company and with respect to other matters by two thirds (2/3) or more of all of the Directors of the Company: (1)~(10) omitted (11) Proposed earnings distribution plan (or loss <u>makeup</u> plan). (12)~(20) Omitted	<b>Article 29</b> The Directors shall vote to approve or disapprove and exercise their powers and duties with respect to the matters proposed on the agenda at the relevant meeting of the Board of Directors which shall be convened at least once every quarter. Except as otherwise provided by the Company Act, the resolution with respect to the revision of these Articles of Incorporation as provided in subparagraph (1) below must be adopted by three fourths (3/4) or more of all of the Directors of the Company and with respect to other matters by two thirds (2/3) or more of all of the Directors of the Company: (1)~(10) omitted (11) Proposed earnings distribution plan (or loss <u>appropriation</u> plan). (12)~(20) omitted	Revision made in line with the new contents of article 228 of the Company Act.
<b>Article 36</b> The Company may have a general manager, a number of deputy general managers <u>and managers. The general manager and the deputy general manager shall be appointed / dismissed by the meeting of the Board of Directors. The managers each shall be appointed / dismissed by the general manager, which appointment / dismissal shall be reported to the Board of Directors for reference.</u>	<b>Article 36</b> The company institutes <u>managerial staffers, including a general management and a number of deputy general managers, whose appointment, dismissal, and compensations shall be made according to the resolutions of the board of directors.</u>	Revision made, to provide concrete explanation of the appointment, dismissal, and management of managerial staffers
<b>Article 39</b> The Company shall produce and present the following <u>statements</u> and documents after the end of each fiscal year to the meeting of the Board of Directors for adoption and thereafter to the General Shareholders' Meeting for ratification: (1) Business report. (2) Financial statements. (3) Proposed earnings distribution plan or loss makeup plan.	<b>Article 39</b> The Company shall produce and present the following documents after the end of each fiscal year to the meeting of the Board of Directors for adoption and thereafter to the General Shareholders' Meeting for ratification: (1) Business report. (2) Financial statements. (3) Proposed earnings distribution plan or <u>loss appropriation</u> plan.	Revision made in line with the new contents of article 228 of the Company Act.

Current Provision	Revision Provision	Remark
<p><b>Article 41</b> Given the changeful industrial environment for the Company's business, in formulating earnings distribution plan, the board of directors shall take into account the Company's project for capital outlays and funding needs, as well as the use of earnings to meet the financial needs, before determining the allocation of earnings for reserved earnings or distribution, including the amount of distribution and dividend payout for shareholders in cash.</p> <p>In case there are earnings in the Company's annual final accounts, the earnings shall be appropriated for payment of business income tax and makeup for accumulated debts from past years. Afterwards, ten percent of the surplus, should it exist, shall be appropriated for legal reserve, <u>and</u> can be appropriated for special reserve, with the balance to be added to the accumulated undistributed earnings from past years as accumulated distributable earnings. Dividends for shareholders shall be equivalent to 50% to 100% of the accumulated distributable earnings, with cash dividends no less than 30% of the total dividend payment of the year. The board of directors formulates the earnings distribution plan for ratification by shareholders' meeting before execution of the payout.</p>	<p><b>Article 41</b> Given the changeful industrial environment for the Company's business, in formulating earnings distribution plan, the board of directors shall take into account the Company's project for capital outlays and funding needs, as well as the use of earnings to meet the financial needs, before determining the allocation of earnings for reserved earnings or distribution, including the amount of distribution and dividend payout for shareholders in cash.</p> <p>In case there are earnings in the Company's annual final accounts, the earnings shall be appropriated for payment of business income tax and makeup for accumulated debts from past years. Afterwards, ten percent of the surplus, should it exist, shall be appropriated for legal reserve, <u>unless the accumulated legal reserve has exceeded the Company's paid-in capital. The remainder, if any,</u> can be appropriated for special reserve, with the balance to be added to the accumulated undistributed earnings from past years as accumulated distributable earnings. Dividends for shareholders shall be equivalent to 50% to 100% of the accumulated distributable earnings, with cash dividends no less than 30% of the total dividend payment of the year. The board of directors formulates the earnings distribution plan for ratification by shareholders' meeting before execution of the payout.</p>	<p>Revision made in line with the partial contents on Item one of Article 228 of the Company Act.</p>
<p><b>Article 43</b> These Articles of Incorporation established on October 16, 1997, have been revised as follows: 1st revision of March 17, 1998, 2nd revision of April 7, 1999, 3rd revision of July 21, 2000, 4th revision of December 3, 2001, 5th revision of June 13, 2002, 6th revision of March 13, 2003, 7th revision of June 30, 2003, 8th revision of June 30, 2003, 9th revision of May 14, 2004, 10th revision of June 3, 2005, 11th revision of October 3 2005, 12th revision of February 15, 2006, 13th revision of June 7, 2006, 14th revision of June 18, 2009, 15th revision of September 25, 2009, 16th revision of April 29, 2010, 17th revision of December 9, 2010, 18th revision of June 13, 2012, 19th revision of June 21, 2013, 20th revision of June 18, 2014, 21st revision of June 27, 2016 and 22nd revision of June 27, 2018.</p>	<p><b>Article 43</b> These Articles of Incorporation established on October 16, 1997, have been revised as follows: 1st revision of March 17, 1998, 2nd revision of April 7, 1999, 3rd revision of July 21, 2000, 4th revision of December 3, 2001, 5th revision of June 13, 2002, 6th revision of March 13, 2003, 7th revision of June 30, 2003, 8th revision of June 30, 2003, 9th revision of May 14, 2004, 10th revision of June 3, 2005, 11th revision of October 3 2005, 12th revision of February 15, 2006, 13th revision of June 7, 2006, 14th revision of June 18, 2009, 15th revision of September 25, 2009, 16th revision of April 29, 2010, 17th revision of December 9, 2010, 18th revision of June 13, 2012, 19th revision of June 21, 2013, 20th revision of June 18, 2014, 21st revision of June 27, 2016, 22nd revision of June 27, 2018 <u>and 23rd revision of June 27, 2019.</u></p>	<p>Revision dates have been added.</p>

## Appendix 7

### ScinoPharm Taiwan, Ltd.

#### Proposed Revision of the Procedures for Acquisition and Disposal of Assets

Current Provision	Revision Proposed	Remark
<p><b>Article 2 Scope of applicability</b> The handling procedure is applicable to the following assets:</p> <p>(1) securities, including stock, government bond, corporate bond, financial bond, and mutual fund, depository certificate, call (put) warrant, beneficiary certificates, and assets-backed securities;</p> <p>(2) real estate (including land, houses and buildings, investment-oriented properties, <u>easement</u>) and equipment.</p> <p>(3) membership certificate;</p> <p>(4) intangible assets, such as patent right, copyright, trade-mark ownership, franchise;</p> <p>(5) debt-claim right of financial institutions (including accounts receivable, discount for forex purchase, and overdue receivables);</p> <p>(6) derivatives;</p> <p>(7) other assets obtained from or resulting from disposal of legal merger, spin-off, purchase, or share assignment;</p> <p>(8) other important assets.</p>	<p><b>Article 2 Scope of applicability</b> The handling procedure is applicable to the following assets:</p> <p>(1) securities, including stock, government bond, corporate bond, financial bond, and mutual fund, depository certificate, call (put) warrant, beneficiary certificates, and assets-backed securities;</p> <p>(2) real estate (including land, houses and buildings, and investment-oriented properties,) and equipment</p> <p>(3) membership certificate;</p> <p>(4) intangible assets, such as patent right, copyright, trade-mark ownership, franchise;</p> <p>(5) <u>right-of-use assets;</u></p> <p>(6) debt-claim right of financial institutions (including accounts receivable, discount for forex purchase, and overdue receivables);</p> <p>(7) derivatives;</p> <p>(8) other assets obtained from or resulting from disposal of legal merger, spin-off, purchase, or share assignment;</p> <p>(9) other important assets.</p>	<p>Addition of item (5), in compliance with the regulation of IFRS (International Financial Reporting Standard) 16 Leases, which incorporates superficies right originally covered in item (2).</p>
<p><b>Article 3 Definitions of terms</b> The terms used in the handling procedure are defined as follows: '</p> <p>(1) Derivatives: refer to forward contracts deriving from <u>assets, interest rates, exchange rates, forward contract from index or other interests, options contract, futures contract, leveraged deposit contract, swap contract, and compound contracts resulting from combinations of aforementioned commodities.</u> The aforementioned forward contracts exclude insurance contracts, performance contracts, after-sales contracts, long-term lease contracts, and long-term purchase (sales) <u>contracts.</u></p> <p>(2) Assets obtained from or resulting from disposal of legal merger, spin-off, acquisition, or share assignment: refer to assets obtained from or resulting from disposal of merger, spin-off, acquisition, or share assignment, based on Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other applicable laws, or by way of assignment of another company's shares by issuing new shares (hereinafter "share assignment"), in accordance with the <u>eighth</u> item of article 156 of the Company Act.</p> <p>(3)~(6) Omitted</p>	<p><b>Article 3 Definitions of terms</b> The terms used in the handling procedure are defined as follows: '</p> <p>(1) Derivatives: refer to forward contracts deriving from <u>specific interest rates, prices of financial instruments, commodity prices, exchange rates, price or rate indices, credit rating or credit line indices;</u> options contract, futures contract, leveraged deposit contract, swap contract, and compound contracts resulting from <u>combinations of aforementioned commodities, or combination contracts or structured commodities with embedded derivatives.</u> The aforementioned forward contracts exclude insurance contracts, performance contracts, after-sales contracts, long-term lease contracts, and long-term purchase (sales) <u>contracts.</u></p> <p>(2) Assets obtained from or resulting from disposal of legal merger, spin-off, acquisition, or share assignment: refer to assets obtained from or resulting from disposal of merger, spin-off, acquisition, or share assignment, based on Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other applicable laws, or by way of assignment of another company's shares by issuing new shares (hereinafter "share assignment"), in accordance with the <u>(third)</u> item of article 156 of the Company Act.</p>	<p>1. Revision made concerning the scope of derivatives, in line with the definition of financial instrument in IFRS 9 (International Financial Reporting Standard 9).</p> <p>2. Revision made, in line with the revision of the Company Act, promulgated on Aug. 1, 2018 and implemented on Nov. 1, 2018.</p> <p>3. Addition of explanations for related terms</p>

Current Provision	Revision Proposed	Remark
	<p>(3)~(6) Omitted</p> <p>(7) Professional investors: refer to <u>financial holding companies, banks, insurance companies, bills finance companies, trust companies, securities for dealer business or underwriting business, futures firms for dealer business, securities investment trust companies, securities investment consulting companies, and fund management companies.</u></p> <p>(8) Stock exchange: domestic stock exchange refers to Taiwan Stock Exchange and foreign stock exchanges refer to <u>organized securities trading markets under the jurisdiction of the securities regulators of the host countries.</u></p> <p>(9) Business places of securities companies: <u>business places of domestic securities companies refer to places with trading counters established by securities companies according to "Regulations Governing Trading of Securities on Over-the-Counter Markets," while business places of foreign securities companies refer to business places of foreign financial institutions permitted to engage in securities business under the jurisdiction of foreign securities regulators.</u></p>	
<p><b>Article 4 Procedure of evaluation and operation</b></p> <p>(A) Long- and short-term investments in securities</p> <p>1~2 (Omitted)</p> <p>3. Authority for approval of securities investments</p> <p>(1) The general manager is authorized to determine investments in securities not traded on the centralized securities exchange market or over-the-counter market with value less than NT\$10 million. For such investments with value reaching NT\$10 million or more, the general manager shall submit the cases to the board of directors for discussion or acknowledgment. Related operations are <u>carried out</u> by financial and accounting unit.</p> <p>(2) The <u>board of directors authorizes</u> financial and accounting unit to invest in securities traded on the centralized securities exchange market or over-the-counter market at current market prices.</p> <p>(3) <u>The general manager is authorized to make short-term funding operations, such as purchase of bond/money funds and bills/bonds with repurchase agreement, with value less than NT\$300 million. For such investments with value reaching NT\$300 million or more, the general manager shall submit the cases</u></p>	<p><b>Article 4 Procedure of evaluation and operation</b></p> <p>(A) Long- and short-term investments in securities</p> <p>1~2 (Omitted)</p> <p>3. Authority for approval of securities investments</p> <p>(1) The general manager is authorized to determine investments in securities not traded on the centralized securities exchange market or over-the-counter market with value less than NT\$10 million. For such investments with value reaching NT\$10 million or more, the general manager shall submit the cases to the board of directors for discussion or acknowledgment. Related operations are <u>carried out</u> by financial and accounting unit.</p> <p>(2) Plan to invest in securities traded on the centralized securities exchange market or over-the-counter market <u>shall be submitted by the general manager to the board of directors for discussion or acknowledgment.</u> Related operations are carried out by financial and accounting unit via the centralized securities exchange market or over-the-counter market at current market prices.</p> <p>(original (3) removed)</p> <p>(B) (Omitted)</p> <p>(C) For acquisition or disposal of real estate, equipment, or <u>their right-of-use</u></p>	<p>1. Revision of text, in line with current actual operation of securities investments.</p> <p>2. Given difference of instruments of short-term fund utilization, as listed item 3-3-3, from other securities, in terms of nature and risk, and exclusion by the regulator of the requirement for publication of major information on such instruments, related contents are deleted, with such investments being subject to the discretion of staffers with assigned authority.</p> <p>3. Right-of-use assets are</p>

Current Provision	Revision Proposed	Remark
<p><u>to the board of directors for discussion or acknowledgment. Related operations are carried out by financial and accounting unit.</u></p> <p>(B) (Omitted)</p> <p>(C) For acquisition or disposal of real estate <u>and</u> equipment, the unit using the assets and the unit with related authority shall formulate capital outlay plan and conduct feasibility evaluation on the purpose of acquisition or disposal and expected benefits, and carry out related operations, plus necessary oversight, according to article 6 of the handling procedure. For acquisition of <u>real estate from</u> stakeholders, evaluation shall be made on the reasonableness of trading terms before handling of related operations, plus necessary oversight, according to article 6 and 7 of the handling procedure.</p> <p>(D) (Omitted)</p> <p>(E) For acquisition or disposal of <u>membership certificates or other</u> intangible assets with value amounting to 20% of the company's paid-in capital or over NT\$300 million, except cases involving trading with government agencies, opinions of certified public accounts on the reasonableness of trading prices should be solicited beforehand. Evaluation by CPAs should be carried out according to the auditing criteria No. 20 publicized by the Accounting Research and Development Foundation of Taiwan.</p> <p>(F) (Omitted)</p> <p>(G) Except reference to professional appraisal and the opinions of certified public accountant and other experts, in acquisition or disposal of assets by the Company prices should be set according to the following methods:</p> <p>1~2 (Omitted)</p> <p>3. In acquisition or disposal of membership certificates, take into account possible benefits and recent transaction prices as basis for price negotiation; in acquisition or disposal of intangible assets, including patent right, copyright, trade-mark ownership, franchise, consider international or market practices, length of usage period, and the effect on the Company's technology and business as the basis for price negotiation.</p> <p>4. In acquisition or disposal of real estate <u>and</u> equipment, refer to government-assessed land value, appraised current value, and transaction prices of nearby real estate or book</p>	<p><u>assets</u>, the unit using the assets and the unit with related authority shall formulate capital outlay plan and conduct feasibility evaluation on the purpose of acquisition or disposal and expected benefits, and carry out related operations, plus necessary oversight, according to article 6 of the handling procedure. <u>Cases with transaction value exceeding 20% of the Company's paid-in capital or NT\$300 million should be submitted to the board of directors for discussion or acknowledgment.</u> For acquisition <u>or disposal of assets from</u> stakeholders, evaluation shall be made on the reasonableness of trading terms before handling of related operations, plus necessary oversight, according to article 6 and 7 of the handling procedure.</p> <p>(D) (Omitted)</p> <p>(E) For acquisition or disposal of intangible assets, <u>their right-of-use assets, or membership certificates</u> with value amounting to 20% of the company's paid-in capital or over NT\$300 million, except cases involving trading with <u>domestic</u> government agencies, opinions of certified public accountants on the reasonableness of trading prices should be solicited beforehand. Evaluation by CPAs should be carried out according to the auditing criteria No. 20 publicized by the Accounting Research and Development Foundation of Taiwan.</p> <p>(F) (Omitted)</p> <p>(G) Except reference to professional appraisal and the opinions of certified public accountant and other experts, in acquisition or disposal of assets by the Company prices should be set according to the following methods:</p> <p>1~2 (Omitted)</p> <p>3. In acquisition or disposal of membership certificates, take into account possible benefits and recent transaction prices as basis for price negotiation; in acquisition or disposal of intangible assets <u>or their right-of-use assets</u>, including patent right, copyright, trade-mark ownership, franchise, consider international or market practices, length of usage period, and the effect on the Company's technology and business as the basis for price negotiation.</p> <p>4. In acquisition or disposal of real estate, <u>equipment, or their right-of-use assets</u>, refer to government-assessed land value, appraised current value, and transaction prices of nearby real estate or book value, and quotes by suppliers as the</p>	<p>included, in line with IFRS (International Financial Reporting Standard) 16 Leases</p> <p>4. Addition of the level of authority for approving transactions for real estate or other assets with non-stakeholders</p> <p>5. Given low likelihood for price manipulation in transactions with central and municipal government agencies, the regulator exempts the need for soliciting experts' opinions for such transactions. The exception, however, doesn't include foreign government agencies, due to vagueness of related regulations and price-negotiation mechanism.</p>

Current Provision	Revision Proposed	Remark
value, and quotes by suppliers as the basis for price negotiation. For purchase of real estate from stakeholders, make imputation according to article 7 of the handling procedure to evaluate whether the proposed transaction price is reasonable. (following paragraphs Omitted)	basis for price negotiation. For purchase of real estate <u>or their right-of-use assets</u> from stakeholders, make imputation according to article 7 of the handling procedure to evaluate whether the proposed transaction price is reasonable. (the following paragraphs Omitted)	
<b>Article 5 Quota for investment in real estate and securities unrelated to the Company's business</b> (A) Total value of real estate acquired by the Company not for business usage shall not exceed 50% of the shareholders' equity; in the case of securities, total value of investment not for business usage shall not exceed 150% of shareholders' equity. Value of investment in a specific security not for business usage is capped at 30% of shareholders' equity, except cases with approval by shareholders' meeting. (B) Quota for <u>investments</u> by subsidiaries are subject to the following restrictions: 1. For subsidiaries not dedicated to investment business, total value of <u>purchase</u> in real estate not for business usage shall not exceed paid-in capital or 50% of shareholders' equity, whichever is higher. The ceiling is set at paid-in capital or 150% of shareholders' equity, whichever is higher, for <u>purchase</u> in securities and paid-in capital or 50% of shareholders' equity, whichever higher, for investment in a specific security. 2. For subsidies dedicated to investment business, total value of <u>purchase</u> in real estate not for business usage shall not exceed 50% of total assets and the ceiling is set at 100% of total assets for <u>investment</u> in securities and 100% for a specific security. 3. For <u>investments</u> exceeding the said quotas, subsidiaries can submit the cases to the Company's board of directors for acknowledgment.	<b>Article 5 Quota for <u>acquisition</u> in real estate <u>or right-of-use assets</u> and securities not for business usage</b> (A) Total value of real estate <u>or right-of-use assets</u> acquired by the Company not for business usage shall not exceed 50% of the shareholders' equity; in the case of securities, total value of investment shall not exceed 150% of shareholders' equity. Value of investment in a specific security is capped at 30% of shareholders' equity, except cases with approval by shareholders' meeting. (B) Quota for <u>acquisition</u> by subsidiaries are subject to the following restrictions: 1. For subsidiaries not dedicated to investment business, total value of <u>acquisition</u> in real estate <u>or right-of-use assets</u> not for business usage shall not exceed paid-in capital or 50% of shareholders' equity, whichever is higher. The ceiling is set at paid-in capital or 150% of shareholders' equity, whichever is higher, for <u>acquisition</u> in securities and paid-in capital or 50% of shareholders' equity, whichever higher, for <u>acquisition</u> in a specific security. 2. For subsidies dedicated to investment business, total value of <u>acquisition</u> in real estate <u>or right-of-use assets</u> not for business usage shall not exceed 50% of total assets and the ceiling is set at 100% of total assets for <u>acquisition</u> in securities and 100% for a specific security. 3. For <u>acquisition</u> exceeding the said quotas, subsidiaries can submit the cases to the Company's board of directors for acknowledgment.	Revision made, in line with IFRS (International Financial Reporting Standard) 16 Leases and revision of local legislations by the regulator.
<b>Article 6 Procedure for appraisal of assets</b> For acquisition or disposal of real estate <u>or</u> equipment, except cases of transaction with government agencies, commissioned construction on own land, commissioned construction on leased land, or acquisition or disposal of business-related equipment, appraisal report by professionals shall be secured beforehand for cases with transaction value exceeding 20% of the Company's paid-in capital or NT\$300 million, on top of compliance with the following regulations: (A) Transactions at restrictive price,	<b>Article 6 Procedure for appraisal of assets</b> For acquisition or disposal of real estate, <u>equipment, or right-of-use assets</u> , except cases of transaction with <u>domestic</u> government agencies, commissioned construction on own land, commissioned construction on leased land, or acquisition or disposal of business-related equipment <u>or right-of-use assets</u> , appraisal report by professionals shall be secured beforehand for cases with transaction value exceeding 20% of the Company's paid-in capital or NT\$300 million, on top of compliance with the following	1. Incorporation of usage-right assets, in line with IFRS (International Financial Reporting Standard) 16 Leases and revision of local legislations by the regulator 2. Given low likelihood for price manipulation in transactions with central and

Current Provision	Revision Proposed	Remark
<p>specific price, or price with specific price as reference for special reasons must be submitted to the board of directors for approval and <u>the same procedure must be followed</u>, in case transaction conditions are changed <u>in the future</u>. (B)~(D) (Omitted)</p>	<p>regulations: (A) Transactions at restrictive price, specific price, or price with specific price as reference for special reasons must be submitted to the board of directors for approval and <u>the same</u> procedure must be followed, in case transaction conditions are <u>changed subsequently</u>. (B)~(D) (Omitted)</p>	<p>municipal government agencies, the regulator exempts the need for soliciting experts' opinions for such transactions. The exception, however, doesn't include foreign government agencies, due to vagueness of related regulations and price-negotiation mechanism.</p>
<p><b>Article 7 Trading with stakeholders</b> (A) (Omitted) (B) Procedure for resolution Except trading in government bonds, bonds with repurchase or reverse repurchase agreement, subscription to or redemption of money funds issued by domestic investment trust companies, for transactions with stakeholders, including acquisition or disposal of real estate or acquisition or disposal of non-realty assets with value reaching 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or higher, the unit for executing the deals should submit the following data to the board of directors for approval <u>and to supervisors for acknowledgment</u> before signing trading contract and making payment: 1.~2. (Omitted) 3. For acquisition of real estate from stakeholders, provide related data on evaluation of the reasonableness of the planned trading conditions, according to item 3 and 4 of the article. 4~7 (Omitted) The aforementioned trading value should be calculated according to item 2 of article 10. The said one year period is the one year prior to the date for the occurrence of trading. Cases having secured approval by the board of directors <u>and acknowledgment by supervisors</u> according to the handling procedure are excluded from the calculation. For the trading less than NT\$300 million in value involving <u>acquisition or disposal of equipment for business usage between the company or the parent company of the company and subsidiaries</u>, the chairman is authorized by the board of directors to make decision before submitting to the next</p>	<p><b>Article 7 Trading with stakeholders</b> (A) (Omitted) (B) Procedure for resolution Except trading in <u>domestic</u> government bonds, bonds with repurchase or reverse repurchase agreement, subscription to or redemption of money funds issued by domestic investment trust companies, for transactions with stakeholders, including acquisition or disposal of real estate <u>or right-of-use assets</u> or acquisition or disposal of non-realty assets with value reaching 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or higher, the unit for executing the deals should submit the following data to the <u>Audit committee for endorsement and</u> board of directors for approval and to supervisors for acknowledgment before signing trading contract and making payment: 1.~2. (Omitted) 3. For acquisition of real estate <u>or right-of-use assets</u> from stakeholders, provide related data on evaluation of the reasonableness of the planned trading conditions, according to item 3 and 4 of the article. 4~7 (Omitted) The aforementioned trading value should be calculated according to item 2 of article 10. The said one year period is the one year prior to the date for the occurrence of trading. Cases having secured <u>endorsement by the Audit committee and</u> approval by the board of directors according to the handling procedure are excluded from the calculation. For the trading less than NT\$300 million in value involving acquisition or disposal of equipment for business usage <u>between the company, the parent company or the company and</u></p>	<p>1. Inclusion of <u>right-of-use assets</u> the coverage of the article, in line with IFRS (International Financial Reporting Standard) 16 Leases and revision of local legislations by the regulator; 2. Trading in the nation's central and municipal government bonds need not be submitted to the board of directors for approval, given their definite credit standing, plus accessibility of such information, in contrast to the varied credit standing of foreign government bonds. 3. The chairman is authorized to decide trading for acquisition or disposal of equipment for business usage between public company and its parent company,</p>



Current Provision	Revision Proposed	Remark
<p>meeting of the board of directors for acknowledgement.  <u>In case independent directors are instituted</u>, their opinions should be taken into account fully when cases are submitted to the board of directors for discussion according to the aforementioned regulations. Opinions of reservation of opposition of independent directors should be recorded in the minutes of the meeting of the board of directors.  <u>In case the Audit committee is instituted</u>, the aforementioned cases <u>needing acknowledgement by supervisors</u> should be endorsed by over a half of all the members of the committee before being submitted to the board of directors for approval. Cases failing to gain endorsement by over half of Audit committee members need support by over two thirds of all the directors and the resolution of the Audit committee should be recorded in the minute of the meeting of the board of directors.  All the Audit committee members and all the directors, as aforementioned, refer to all the incumbents.  (C) Evaluation of the reasonableness of trading conditions  1. For acquisition of real estate by the Company from stakeholders, evaluation of the reasonableness of the trading conditions should be made according to the following methods, in addition to securing the review and opinions of certified public accountant,  (1)~(2) (Omitted)  (3) For combined purchase of the same land and house, trading cost for the land and house shall be evaluated respectively, according to any method listed in (1) and (2).  2. Acquisition of real estate by the Company from stakeholders with one of the following situations should be carried out according to item 2 of the article:  (1) real estate acquired by stakeholder via inheritance or gift;  (2) the period between acquisition of the real estate by stakeholder and the date of trading contract exceeds five years;  (3) (Omitted)  (D) When the imputed trading cost is lower than the transaction price, the following measures should be carried out:  When the trading cost evaluated according to the aforementioned regulation is lower than transaction price, measure must be carried according to the</p>	<p><u>subsidiaries, or between subsidiaries 100% owned by the Company</u>, the chairman is authorized by the board of directors to make decision before submitting to the next meeting of the board of directors for acknowledgement;  <u>1. acquisition or disposal of equipment or right-of-use assets for business usage.</u>  <u>2, acquisition or disposal of real estate right-of-use assets for business usage.</u>  When cases are submitted to the board of directors for discussion according to the aforementioned regulations, the opinions of independent directors should be taken into account fully. Opinions of reservation of opposition of independent directors should be recorded in the minutes of the meeting of the board of directors.  <u>Cases forward to the Audit committee</u> for review according to the aforementioned regulation should be endorsed by over a half of all the members of the committee before being submitted to the board of directors for approval.  Cases failing to gain endorsement by over half of Audit committee members need support by over two thirds of all the directors and the resolution of the Audit committee should be recorded in the minute of the meeting of the board of directors.  All the Audit committee members and all the directors, as aforementioned, refer to all the incumbents.  (C) Evaluation of the reasonableness of trading conditions  1. For acquisition of real estate by <u>or right-of-use assets</u> by the Company from stakeholders, evaluation of the reasonableness of the trading conditions should be made according to the following methods, in addition to securing the review and opinions of certified public accountant;  (1)~(2) (Omitted)  (3) For combined purchase <u>or lease</u> of the same land and house, trading cost for the land and house shall be evaluated respectively, according to any method listed in (1) and (2)  2. Acquisition of real estate <u>or right-of-use assets</u> by the Company from stakeholders with one of the following situations should be carried out according to item 2 of the article:  (1) real estate <u>or right-of-use assets</u> acquired by stakeholder via inheritance or gift;  (2) the period between acquisition of the real estate <u>or right-of-use assets</u> by</p>	<p>between public company and its subsidiaries, or between its 100% owned, directly or indirectly, subsidiaries, due to the need of collective purchase or lease of equipment for business usage before transfer of transaction or lease of division of lease, for the sake of overall business planning, plus involvement of lower trading risk. Such transactions are also exempt from the requirement of evaluating and proving the reasonableness of transaction prices for acquisition or lease of real estate, as well as the requirement of appropriating special reserve.  4. In line with the practice of realty lease, such as for factory building, relax the requirement of using lease cases involving non-stakeholders in neighboring area within recent one year as the basis in imputing or inferring the reasonableness of transaction prices.  5. Revision made, in line with the institution of the Audit Committee by the Company, substituting for supervisors.</p>

Current Provision	Revision Proposed	Remark
<p>regulation of item 5, except causes resulting from the following situations, with objective proofs and opinions of professional realty appraiser and public certified accountant supporting the reasonableness of the trading cost:</p> <p>1. Construction built on vacant lot of leased lot by stakeholder which meet one of the following conditions with proof:</p> <p>(1) (Omitted)</p> <p>(2) <u>Transactions</u> involving non-stakeholders for other floors in the same construction or <u>transactions</u> for realty in neighboring area within recent one year with similar space and trading conditions evaluated to be reasonable according to the convention of realty transactions;</p> <p>(3) <u>Cases of lease involving non-stakeholders for other floors in the same construction within recent one year with trading conditions evaluated to be reasonable according to the convention of realty lease.</u></p> <p>2. The company proves that trading conditions for its purchase of real estate from stakeholders are similar to trading conditions for <u>transactions</u> for realty with similar space in neighboring involving non-stakeholders within recent on year. The aforementioned <u>transactions</u> in neighboring area refers in principle to transactions in the same or neighboring block within a radius of 500 meters or with similar government assessed land value. Similar space means in principle similar transactions involving non-stakeholder with space no less than 50% of the transaction target. The said recent one year refers to one year prior to the date for the acquisition of the realty</p> <p>(E) For acquisition of real estate from stakeholders by the Company, the following measures should be carried out if trading cost is lower than transaction price as shown by the evaluation conducted according to (C) and (D) of the article:</p> <p>1. Appropriate special reserve for the difference between transaction price and evaluated cost of real estate, which cannot be paid out or used in capital increment, according to Article41-1 of the Securities and Exchange Act. For investment by public company in the Company according to the evaluation of equity method, special reserve should also be appropriated according to article 41-1 of the Securities and Exchange Act.</p>	<p>stakeholder and the date of trading contract exceeds five years;</p> <p>(3) (Omitted)</p> <p>(4) <u>Trading for acquisition of realty right-of-use assets for business usage between the company and the parent company of the company and subsidiaries, or between subsidiaries 100% owned by the Company, in terms of issued shares of paid-in capital.</u></p> <p>(D) When the imputed trading cost is lower than the transaction price, the following measures should be carried out:</p> <p>When the trading cost evaluated according to the aforementioned regulation is lower than transaction price, measure must be carried according to the regulation of item 5, except causes resulting from the following situations, with objective proofs and opinions of professional realty appraiser and public certified accountant supporting the reasonableness of the trading cost:</p> <p>1. Construction built on vacant lot of leased lot by stakeholder which meet one of the following conditions with proof:</p> <p>(1) (Omitted)</p> <p>(2) <u>Transactions</u> involving non-stakeholders for other floors in the same construction or <u>transactions</u> for realty in neighboring area within recent one year with similar space and trading conditions evaluated to be reasonable according to the convention of realty <u>or lease</u> transactions;</p> <p>The original item (3) is removed</p> <p>2. The company proves that trading conditions for its purchase <u>or lease of real estate right-of-use assets</u> from stakeholders are similar to trading conditions for similar transactions for realty with similar space in neighboring involving non-stakeholders within recent on year.</p> <p>The aforementioned <u>transactions</u> in neighboring area refers in principle to transactions in the same or neighboring block within a radius of 500 meters or with similar government assessed land value. Similar space means in principle similar <u>transactions</u> involving non-stakeholder with space no less than 50% of the transaction target. The said recent one year refers to one year prior to the date for the acquisition of the realty <u>or right-of-use assets.</u></p> <p>(E) For acquisition of real estate <u>or right-of-use assets</u> from stakeholders by the Company, the following measures should be carried out if trading cost is</p>	

Current Provision	Revision Proposed	Remark
<p>The special reserve shall not be utilized until falling-price loss has been recognized for the assets purchased at high prices, or the assets have been disposed, or compensated properly, or restored to original state, or proofs have been presented confirming absence of unreasonableness and endorsed by the Financial Supervisory Commission.</p> <p>2. <u>Supervisors</u> shall make arrangement, according to article 218 of the Company Act.</p> <p>3. Handling situation according to 1 and 2 shall be submitted to Shareholders' Meeting and detailed contents of the transaction shall be disclosed in annual report and prospectus.</p> <p>Acquisition of real estate by the Company from stakeholder found with proof to be at odds with business convention should be handled according to the regulation of the item.</p>	<p>lower than transaction price as shown by the evaluation conducted according to (C) and (D) of the article:</p> <p>1. Appropriate special reserve for the difference between transaction price and evaluated cost of real estate <u>or right-of-use assets</u>, which cannot be paid out or used in capital increment, according to Article 41-1 of the Securities and Exchange Act. For investment by public company in the Company according to the evaluation of equity method, special reserve should also be appropriated according to article 41-1 of the Securities and Exchange Act.</p> <p>The special reserve shall not be utilized until falling-price loss has been recognized for the assets purchased <u>or leased</u> at high prices, or the assets have been disposed, <u>、 lease terminated</u> or compensated properly, or restored to original state, or proofs have been unreasonableness and endorsed by the Financial Supervisory Commission.</p> <p>2. <u>The independent directors in the Audit committee</u> shall make arrangement, according to article 218 of the Company Act.</p> <p>3. Handling situation according to 1 and 2 shall be submitted to Shareholders' Meeting and detailed contents of the transaction shall be disclosed in annual report and prospectus.</p> <p>Acquisition of real estate <u>or right-of-use assets</u> by the Company from stakeholder found with proof to be at odds with business convention should be handled according to the regulation of the item.</p>	
<p><b>Article 8 Control of trading in derivatives</b></p> <p>(A) Principles and direction of trading</p> <p>1.~2. (Omitted)</p> <p>3. Division of authority</p> <p>(1) Omitted</p> <p>(2) Confirmation and settlement officer: Non-trading staffers of the financial department are in charge, separately, of confirmation of and fund maneuvering for, as well as delivery for, trading in derivatives.</p> <p>(3) (Omitted)</p> <p>(4) Ceiling for the sum of contracts and loss value:</p> <p>(1) Sum of contracts</p> <p>a. risk-hedging trading</p> <p>Risk-hedging trading is capped at the net position of forex or liabilities following consolidation of assets and liabilities (including forecast net position in the future.</p> <p>b. (Omitted)</p> <p>(2)~(3) (Omitted)</p> <p>5. (Omitted)</p>	<p><b>Article 8 Control of trading in derivatives</b></p> <p>(A) Principles and direction of trading</p> <p>1.~2. (Omitted)</p> <p>3. Division of authority</p> <p>(1) Omitted</p> <p>(2) Confirmation and settlement officer: Non-trading staffers of the financial department are in charge, separately, of confirmation of and fund maneuvering for, as well as delivery for, trading in derivatives.</p> <p>(3) (Omitted)</p> <p>(4) Ceiling for the sum of contracts and loss value:</p> <p>(1) Sum of contracts</p> <p>a. risk-hedging trading</p> <p><u>Risk-hedging trading is capped at the net position of forex risk for liabilities of assets (including forecast net position in the future) and the position of liabilities.</u></p> <p>b. (Omitted)</p> <p>(2)~(3) (Omitted)</p> <p>5. (Omitted)</p> <p>(B) (Omitted)</p>	<p>1. Revision made, in line of status of the appointment of deputies for settlement officers;</p> <p>2. Change of some wording to make meaning clear;</p> <p>3. Revision made, in line with the change that the company has gone public and instituted independent directors and Audit committee, in place of supervisors.</p>

Current Provision	Revision Proposed	Remark
<p>(B) (Omitted)</p> <p>(C) Internal auditing system: 1. Internal auditing system: The company's in-house auditors should periodically look into the propriety of the internal control for trading in derivatives and conduct monthly auditing of the compliance of the trading department in the operating procedure for trading in derivative with the regulation for production of auditing report. Major irregularities, if discovered, should be reported to the chairman and ranking manager designated by the board of directors before notifying <u>supervisors</u> in written form.</p> <p>2. <u>After going public</u>, the company should deliver the aforementioned auditing report and improvement on irregularities to the Financial Supervisory Commission for reference, according to "Regulations Governing Establishment of Internal Control Systems by Public Companies."</p> <p>(D) Periodic evaluation method and handling of irregularities: 1.~2. (Omitted)</p> <p>3. General manager or ranking manager authorized by the board of directors should manage trading in derivatives according to the following principles: (1) (Omitted) (2) Supervise trading and benefit/loss and adopt necessary countermeasures upon discovery of irregularities and report them to the board of directors immediately. <u>Independent directors, if instituted</u>, should attend the meeting of the board of directors and express opinions. (4)~(5) (Omitted)</p>	<p>(C) Internal auditing system: 1. Internal auditing system: The company's in-house auditors should periodically look into the propriety of the internal control for trading in derivatives and conduct monthly auditing of the compliance of the trading department in the operating procedure for trading in derivative with the regulation for production of auditing report. Major irregularities, if discovered, should be reported to the chairman and ranking manager designated by the board of directors before notifying the <u>Audit committee</u> in written form.</p> <p>2. The company should deliver the aforementioned auditing report and improvement on irregularities to the Financial Supervisory Commission for reference, according to "Regulations Governing Establishment of Internal Control Systems by Public Companies."</p> <p>(D) Periodic evaluation method and handling of irregularities: 1.~2. (Omitted)</p> <p>3. General manager or ranking manager authorized by the board of directors should manage trading in derivatives according to the following principles: (1) (Omitted) (2) Supervise trading and benefit/loss and adopt necessary countermeasures upon discovery of irregularities and report them to the board of directors immediately. Independent directors should attend the meeting of the board of directors and express opinions. (4)~(5) (Omitted)</p>	
<p><b>Article 10 Publication of declaration procedure</b> (A) For acquisition or disposal of assets with the following situations, the Company shall publicize declaration for related information, with required format and contents according to its nature, on the website designated by the Financial Supervisory Commission within two days from the date for the occurrence of the move: 1. Acquisition or disposal of real estate from stakeholders or acquisition or disposal of non-realty assets from stakeholders with trading value amounting to more than 20% of paid-in capital, or 10% of assets, or NT\$300 million, except trading in government bonds, bonds with repurchase agreement or reverse repurchase agreement, subscription to or redemption of money funds issued by domestic securities investment trust companies. 2. ~3. (Omitted)</p> <p>4. Acquisition or disposal of <u>kinds of assets</u> for business usage from non-stakeholders with trading value</p>	<p><b>Article 10 Publication of declaration procedure</b> (A) For acquisition or disposal of assets with the following situations, the Company shall publicize declaration for related information, with required format and contents according to its nature, on the website designated by the Financial Supervisory Commission within two days from the date for the occurrence of the move: 1. Acquisition or disposal of real estate <u>or right-of-use assets</u> from stakeholders or acquisition or disposal of non-realty assets <u>or right-of-use assets</u> from stakeholders with trading value amounting to more than 20% of paid-in capital, or 10% of assets, or NT\$300 million, except trading in <u>domestic</u> government bonds, bonds with repurchase agreement or reverse repurchase agreement, subscription to or redemption of money funds issued by domestic securities investment trust companies. 2. ~3. (Omitted)</p> <p>4. Acquisition or disposal of equipment</p>	<p>1. Inclusion of right-of-use assets in the coverage of the article, in line with IFRS (International Financial Reporting Standard) 16 Leases; 2. Trading in the nation's central and municipal government bonds need not be submitted to the board of directors for approval, given their definite credit standing, plus accessibility of such information, in contrast to the varied credit</p>

Current Provision	Revision Proposed	Remark
<p>meeting one of the following conditions: (1)~(2) (Omitted) 5. Acquisition of real estate by the Company with investment expected to exceed NT\$500 million via commissioned construction on own lot, commissioned construction on leased lot, joint construction with allocation of completed works, joint construction with allocation of proceeds, joint construction with separate sales. 6. Trading in assets or investment in mainland China except item-5 cases with value exceeding 20% of the Company's paid-in capital or NT\$300 million, except the following conditions: (1) Trading in government bonds. (2) Trading by professional investors in securities at domestic or overseas exchanges or business sites of securities firms, or common corporate bonds floated on the domestic primary market or common financial bounds without share right. (3) Trading in bonds with repurchase agreement or reverse repurchase agreement and subscription to or redemption of money funds issued by domestic securities investment companies. (B) Trading value mentioned in item 1 is calculated via the following methods: 1. ~2. (Omitted) 3. Accumulated value for acquisition or disposal (calculated separately) of real estate within one year for the same development project. 4. (Omitted) (The following Omitted)</p>	<p><u>or right-of-use assets</u> for business usage from non-stakeholders with trading value meeting one of the following conditions: (1)~(2) (Omitted) 5. Acquisition of real estate by the Company <u>from non-stakeholders</u> with investment expected to exceed NT\$500 million via commissioned construction on own lot, commissioned construction on leased lot, joint construction with allocation of completed works, joint construction with allocation of proceeds, joint construction with separate sales. 6. Trading in assets or investment in mainland China except item-5 cases with value exceeding 20% of the Company's paid-in capital or NT\$300 million, except the following conditions: (1) Trading in <u>domestic</u> government bonds. (2) Trading by professional investors in securities at domestic or overseas exchanges or business sites of securities firms, or common corporate bonds floated on the domestic primary market or common financial bounds without share right. (3) Trading in bonds with repurchase agreement or reverse repurchase agreement and subscription to or redemption of money funds issued by domestic securities investment companies. (B) Trading value mentioned in item 1 is calculated via the following methods: 1. ~2. (Omitted) 3. Accumulated value for acquisition or disposal (calculated separately) of real estate <u>or right-of-use assets</u> within one year for the same development project. 4. (Omitted) (The following Omitted)</p>	<p>standing of foreign government bonds. 3. Revision made, to give a clear guideline for trading with stakeholders and non-stakeholders.</p>
<p><b>Article 11 Control and management for the acquisition or disposal of assets by subsidiaries</b> (A) (Omitted) (B) The Company's subsidiaries shall report the Company by the <u>8th</u> every month trading in derivatives as of the end of the previous month, as well as acquisition or disposal of assets in the previous month and as of the end of the previous month by the <u>12th</u> every month. (C) The Company's subsidiaries, which are not public companies, shall notify the Company on the day for the acquisition or disposal of assets meeting the standard for public declaration for the latter to make public declaration on designated website, in line with regulation. The standard of <u>20%</u> of paid-in capital or <u>10%</u> of total assets for the aforementioned public declaration by subsidiaries, as stipulated in article 10-1-5, refers to the Company's paid-in capital or assets.</p>	<p><b>Article 11 Control and management for the acquisition or disposal of assets by subsidiaries</b> (A) (Omitted) (B) The Company's subsidiaries shall report the Company by the <u>eighth</u> every month trading in derivatives as of the end of the previous month, as well as acquisition or disposal of assets in the previous month and as of the end of the previous month by the <u>twelfth</u> every month. (C) The Company's subsidiaries, which are not public companies, shall notify the Company on the day for the acquisition or disposal of assets meeting the standard for public declaration for the latter to make public declaration on designated website, in line with regulation. The standard of paid-in capital or total assets for the aforementioned public declaration by subsidiaries, as stipulated in article 10-1, refers to the Company's paid-in capital or assets.</p>	<p>Revision made, in line with change of the standard for public declaration by the regulator.</p>

Current Provision	Revision Proposed	Remark
<p><b>Article 12 penalties</b> For violation of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," promulgated by the Financial Supervisory Commission, for the handling procedure, staffers in charge and managerial staffers will be subject to oral reprimand for the first time and written warning for the second time, followed by job transfer for repeat offense for major violations or mandatory attendance of training courses on internal-control system, when necessary, in addition to inclusion in the references for annual performance evaluation. Meanwhile, for violation of related regulations or shareholders' meeting by the board of directors or directors in performing their duties, <u>supervisors shall notify them to stop the behaviors, according to article 218-2 of the Company Act. If the company has instituted the Audit committee, the aforementioned function shall be exercised by the committee.</u></p>	<p><b>Article 12 penalties</b> For violation of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," promulgated by the Financial Supervisory Commission, for the handling procedure, staffers in charge and managerial staffers will be subject to oral reprimand for the first time and written warning for the second time, followed by job transfer for repeat offense for major violations or mandatory attendance of training courses on internal-control system, when necessary, in addition to inclusion in the references for annual performance evaluation. Meanwhile, for violation of related regulations or shareholders' meeting by the board of directors or directors in performing their duties, <u>the Audit committee shall notify them to stop the behaviors, according to article 218-2 of the Company Act.</u></p>	<p>Revision made, in line with the institution of the Audit committee by the Company, in place of supervisors</p>
<p><b>Article 13 Other important items</b> (A) Omitted (B) For acquisition by the Company of appraisal report or opinions of certified public accountants, attorneys at law, securities underwriters, such professional appraisers, certified public accountants, attorneys at law, or securities underwriters <u>cannot be stakeholders of the trading party.</u> (C) Following endorsement <u>by the board of directors, the handling procedure shall be forwarded to supervisors and then submitted to shareholders' meeting for approval before implementation. Should there be contrary opinions by directors on record or in written form; data on such opinions should be forwarded to supervisors.</u> <u>In case independent directors have been instituted, their opinions should be taken into account fully by the board of directors when discussing the handling procedure and their contrary or reserved opinions, if any, should be recorded in the minute of the meeting.</u> <u>In case the Audit committee has been instituted and formulation or revision of the handling procedure fails to win the endorsement of over a half of the committee members, it will need agreement by over two thirds of the directors, with the resolution of the Audit committee to be recorded in the meeting of the board of directors.</u> All the Audit committee members and all the directors, as aforementioned, refer to all the incumbents. (D) For acquisition or disposal of assets by the Company which needs approval by the board of directors according to the</p>	<p><b>Article 13 Other important items</b> (A) Omitted (B) For acquisition by the Company of appraisal report or opinions of certified public accountants, attorneys at law, securities underwriters, such professional appraisers, certified public accountants, attorneys at law, or securities underwriters <u>have to conform to the following regulations:</u> <u>1. without sentence to over one year of imprisonment, for violation of the Securities and Exchange Act, the Company Act, the Banking Law, the Insurance Law, the Financial Holding Company Act, and the Business Entity Accounting Act, or the crimes of fraud, breach of trust, misappropriation, forgery, and other business-related crimes, unless the sentence has been served fully, or probation period has ended, or it has exceeded three years after amnesty.</u> <u>2. not a stakeholder or a stakeholder in essence of the trading party.</u> <u>3. in case more than two appraisal reports from different professional appraisers are required, the appraisers cannot have the relationship of stakeholders or stakeholders in essence.</u> (C) Following endorsement <u>by over a half of all the Audit committee members and approval by the board of directors, the handling procedure shall be submitted to Shareholders' Meeting for ratification before implementation; the same procedure also applies to the revision of the handling procedure. Should there be contrary opinions by directors on record</u></p>	<p>1. Addition of negative conditions for professional appraisers and their staffers, certified public accountants, attorneys at law, or securities underwriters; 2. revisions made, in line with the institution by the Company of independent directors, in place of supervisors, and Audit committee; 3. Revision made, in line with the fact that the Company's stock is not stock without par value or with par value other than NT\$10.</p>

Current Provision	Revision Proposed	Remark
<p>handling procedure or other legal requirements, data on contrary opinions of directors on record or in written form, if any, should be forward to <u>supervisors</u>. <u>If the Company has instituted independent directors</u>, the board of directors should take into account independent directors' opinions fully when discussing the aforementioned acquisition or disposal of assets, with contrary or reserved opinions of independent directors, if any, to be recorded in the minute of the meeting of the board of directors.</p> <p><u>If the Company has instituted Audit committee</u>, trading in major assets or derivatives needs endorsement by over half of the Audit committee members before being submitted to the board of directors for approval. Otherwise, such trading cases need agreement of over two thirds of directors, with the resolution of the Audit committee to be recorded in the minute of the meeting of the board of directors.</p> <p>All the Audit committee members and all the directors, as aforementioned, refer to all the incumbents.</p> <p><u>(E) If the Company has instituted Audit committee, regulations on supervisors stipulated in article 7-2, article 8-3-1, article 13-3 and -4 apply to Audit committee members; regulation stipulated in article 7-5-2 applies to independent directors who are members of the Audit committee.</u></p> <p><u>(F) The reference to 10% of total assets in the handling procedure is calculated according to the total value of assets included in the latest individual or separate financial statements, in line with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."</u></p> <p><u>(G) For stocks without par value or with par value other than NT\$10, the reference to 20% of paid-in capital in the handling procedure is calculated according to 10% of parent company's equity ownership.</u></p>	<p>or in written form; data on such opinions should be forwarded to the <u>Audit committee</u>.</p> <p>The board of directors takes the opinions of independent directors into account fully when discussing the handling procedure and their contrary or reserved opinions, if any, should be recorded in the minute of the meeting.</p> <p>In case the formulation or revision of the handling procedure fails to win the endorsement of over a half of the Audit committee members, it will need agreement by over two thirds of the directors, with the resolution of the Audit committee to be recorded in the meeting of the board of directors.</p> <p>All the Audit committee members and all the directors, as aforementioned, refer to all the incumbents.</p> <p>(D) For acquisition or disposal of assets by the Company which needs approval by the board of directors according to the handling procedure or other legal requirements, data on contrary opinions of directors on record or in written form, if any, should be forward to the <u>Audit committee</u>.</p> <p>The board of directors should take into account independent directors' opinions fully when discussing the aforementioned acquisition or disposal of assets, with contrary or reserved opinions of independent directors, if any, to be recorded in the minute of the meeting of the board of directors.</p> <p>Trading in major assets or derivatives needs endorsement by over half of the Audit committee members before being submitted to the board of directors for approval. Otherwise, such trading cases need agreement of over two thirds of directors, with the resolution of the Audit committee to be recorded in the minute of the meeting of the board of directors.</p> <p>All the Audit committee members and all the directors, as aforementioned, refer to all the incumbents.</p> <p>(the original item (E) is deleted)</p> <p><u>(E) The reference to 10% of total assets in the handling procedure is calculated according to the total value of assets included in the latest individual or separate financial statements, in line with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."</u></p> <p>(the original item (G) is deleted)</p>	
<p><b>Article 14 Formulation and revision</b></p> <p>The handling procedure was approved by shareholders' meeting on Sept. 25, 2009, with revisions passed by shareholders' meeting on June 13, 2012, June 21, 2013, June 16, 2014, and June 27, 2017.</p>	<p><b>Article 14 Formulation and revision</b></p> <p>The handling procedure was approved by shareholders' meeting on Sept. 25, 2009, with revisions passed by shareholders' meeting on June 13, 2012, June 21, 2013, June 16, 2014, June 27, 2017, <u>and June 27, 2019.</u></p>	<p>Addition of revision date</p>

## Appendix 8

Details of the Duties subject to releasing directors and independent Directors  
from Non-competition

As of 05/07/2019

Name	Current Position with Other Company
Uni-President Enterprises Corp. Representative Chih-Hsien Lo	<p><b>Chairman of :</b>            Uni-President Enterprises corp., President Chain Store Corp., Ton Yi Industrial Corp., TTET Union Corp., Prince Housing &amp; development Corp., Prince Corp., Prince Real Estate Co., President Natural Industrial Corp., Cheng-Shi Investment Holding Co., Times Square International Holding Co., Ltd., Time Square International Co., Ltd., Times Square International Stays Corp., Kai Yu Investment Co., President Packaging Corp., Uni-President Dream Parks Corp., President Property Corp., President International Development Corp., Uni-President Cold Chain Corp., Presco Netmarketing Inc., Uni-OAO Travel Service Corp., Kai Nan Investment Co., Ltd., President Century Corp., Uni-President China Holdings Ltd., President Enterprises (China) Investment Co., Ltd., Tong Ren Corp., ZhangliaGang President Nissan Food Co., Uni-President (Philippines) Corp., Uni-President (Thailand) Ltd., Ltd., Uni-President (Vietnam) Co., Ltd.,</p> <p><b>Vice Chairman of :</b> President Nisshin Corp.</p> <p><b>Director of :</b>            President Baseball Team Corp., Nanlien International Corp., Tone Sang Construction Corp., Retail Support International Corp., Presicarre Corp., President Fair Development Corp., Uni-Wonder Corp., Uni-President Organics Corp., PK Venture Capital Corp., Uni-President Glass Industrial Co., Ltd., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Co., Ltd., Uni-President Development Corp., Tait Marketing &amp; Distribution Co., Ltd., Weilih Food Corp., Keng Ting Enterprises Co., Ltd., Prince Property Management Consulting Co., Kao Chyuan Inv. Corp., PCS (BVI) Holdings Ltd., PCS (Labuan) Holdings Ltd., Cayman President Holdings Ltd., Kai Yu (BVI) Investment Co., Ltd., Uni-President Southeast Asia Holdings Ltd., President Packaging Holdings Ltd., PT., President Energy Development (Cayman Islands) Ltd., Uni-President Asia Holdings Ltd., Uni-President International (HK) Co., Ltd., Hefei President Enterprises Co., Ltd., Zhenzhou President Enterprises Co., Ltd., Nanchang President Enterprises Co., Ltd., Guangzhou President Enterprises Co., Ltd., Fuzhou President Enterprises Co., Ltd., Shenyang President Enterprises Co., Ltd., Changsha President Enterprises Co., Ltd., Nanning President Enterprises Co., Ltd., Zhanjiang President Enterprises Co., Ltd., Chongqing President Enterprises Co., Ltd., Taizhou President Enterprises Co., Ltd., Changchun President Enterprises Co., Ltd., Baiyin President Enterprises Co., Ltd., Hainan President Enterprises Co., Ltd., Guiyang President Enterprises Co., Ltd., Jinan President Enterprises Co., Ltd., Hangzhou President Enterprises Co., Ltd., Xuzhou President Enterprises Co., Ltd., Henan President Enterprises Co., Ltd., Shaanxi President Enterprises Co., Ltd., Jiangsu President Enterprises Co., Ltd., Ningxia President Enterprises Co., Ltd., President Enterprises (Shanghai) Co., Ltd., Shanxi President Enterprises Co., Ltd., Uni-President Enterprises (Tianjin) Co., Ltd., Hunan President Enterprises Co., Ltd., Harbin President Enterprises Co., Ltd., Akesu President Enterprises Co., Ltd., President Enterprises (Inner Mongolia) Co., Ltd., Shijiazhuang President Enterprises Co., Ltd., Xinjiang President Enterprises Food Co., Ltd., Wuhan President Enterprises Food Co., Ltd., Kunshan President Enterprises Food Co., Ltd., Chengdu President Enterprises Food Co., Ltd., Kunming President Enterprises Food Co., Ltd., Beijing President Enterprises Drinks Co., Ltd., Uni-President Enterprises (Shanghai) Drink &amp; Food Co., Ltd., Uni-President Enterprises (Kunshan) Food Technology Co., Ltd.,</p>



Name	Current Position with Other Company
	<p>President (Kunshan) Trading Co., Ltd., Uni-President Trading (Hubei) Co., Ltd., President (Shanghai) Trading Co., Ltd., Yantai Tongli Beverage Industries Co., Ltd., Bama President Mineral Water Co., Ltd., Wuxue Uni Mineral Water Co., Ltd., Wuyuan President Enterprises Mineral Water Co., Ltd., Changbaishan Mountain President Enterprises (Jilin) Mineral Water Co., Ltd., Champ Green Capital Limited, Champ Green (Shanghai) Consulting Co. Ltd., Uni-President (Shanghai) Pearly Century Co., Ltd., Uni-President Enterprise (Hutubi) Tomato Products Technology Co., Ltd.,</p> <p><b>President of :</b> Presco Netmarketing Inc.</p>
<p>Uni-President Enterprises Corp. Representative: Tsung-Ming Su</p>	<p><b>Chairman of :</b> President Life Sciences Co., Ltd., Uni-President Development Corp., AndroSciences Corp. Tong Yu Investment Corp.</p> <p><b>Director of :</b> Kai Yu Investment Co., Ltd., Grand Bills Finance Corp., President Fair Development Corp., President International Development Corp., Uni-President China Holdings Ltd. President Tokyo Corp., Uni-President Hong Kong Holdings Limited, President Chain Store Corp., Kai Nan Investment Co., President Property Corporation, Tong Yu Investment Corp., President (BVI) International Investment Holdings Ltd., President Energy Development (Cayman Islands) Ltd., President Life Sciences Cayman Co., Ltd., SPT International, Ltd., President Tokyo Auto Leasing Corp., Tong-Sheng Finance Leasing Co., Ltd., Tong Sheng (Suzhou) Car Rental Co., Ltd., Tanvex Biologics, Inc., CDIM &amp; Partners Investment Holding Corp., Ltd., Xiang Lu Industrial Ltd.,</p> <p><b>Independent Director of:</b> Senao International Co., Ltd.</p> <p><b>Supervisor of :</b> Presicarre Corp., Presco Netmarketing Inc., Uni-President Enterprises (China) Investment Co., Ltd.</p> <p><b>President of :</b> President International Development Corp., President Property Corporation</p>
<p>Kao Chyuan Inv. Corp. Representative: Shiow-Ling Kao</p>	<p><b>Chairman of :</b> Kao Chyuan Inv. Corp., President Being Corp., President Fair Development Corp., Uni-President Department Store Corp. › President Pharmaceutical Corp., President Drugstore Business Corp.,</p> <p><b>Director of :</b> Uni-President Enterprises Corp., President Chain Store Corp., Ton Yi Industrial Corp., Prince Housing &amp;Development Corp., President International Development Corp., Uni-President Development Corp., Time Square International Co., Ltd., Times Square International Holding Co., Uni-Wonder Corp., President Century Corp., President (Shanghai) Health Product Trading Company Ltd., Beauty Wonder (Zhejiang)Trading Co., Ltd.</p> <p><b>President of :</b> Kao Chyuan Inv. Corp.</p>
<p>Tainan Spinning Co., Ltd. Representative: Po-Ming Hou</p>	<p><b>Chairman of :</b> Tainan Spinning Co., Ltd., Nan-Fan Housing Development Co., Ltd. Tainan Spinning Retail &amp; Distribution Co., Ltd., Tainan Spinning Co., Ltd.(Vietnam)</p> <p><b>Vice Chairman of :</b> Tainan Spinning Retail &amp;Distribution Co., Ltd.</p> <p><b>Managing Director of :</b> Nantex Industry Co., Ltd.</p> <p><b>Director of :</b> South Neighbor International Co., Ltd. Prince Housing Development Corp., Uni-President Enterprises Corp., President International Trade &amp; Investment Corp., Keng Ting EnterprisesCo., Ltd.,</p>

Name	Current Position with Other Company
Uni-President Enterprises Corp. Representative: Kun-Shun Tsai	<b>Chairman of :</b> Uni-President Oven Bakery Corp., <b>Director of :</b> Tung –Ren Pharmaceutical Corp.,
Uni-President Enterprises Corp. Representative: Tsung-Pin Wu	<b>Chairman of :</b> Tung –Ren Pharmaceutical Corp., President Assets Management Co., Ltd. <b>Director of :</b> President Chain Store Corp., Prince Housing & Development Corp., Prince Real Estate Co., Ltd., Cheng-Shi Investment Holding Co., Times Square International Holding Co., Ltd., Time Square International Co., Ltd., Tone Sang Construction Corp., Kai Nan Investment Co., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Co, Ltd., Tong Yu Investment Corp., Uni-President Hong Kong Holdings Limited, President International Trade & Investment Corp., Uni-President (Vietnam) Co., Ltd. <b>Supervisor of :</b> President Baseball Team Corp., Nanlien International Corp., President Entertainment Corp., President Kikkoman Inc., Kai Yu Investment Co., Ltd., President International Development Corp., President Century Corp., President Property Corporation, President Life Sciences Co., Ltd., Times Square International Stays Corp., Mean Da Enterprise Co., Ltd., Kunshan President Kikkoman Biotechnology Co., Ltd., President Kikkoman Zhenji Foods Co., Ltd.
Uni-President Enterprises Corp. Representative: Jia-Horng Guo	<b>Vice Chairman of :</b> Taishin Securities Co., Ltd. <b>Independent Director of :</b> Partner Tech Corp., Global Brands Manufacture Ltd. <b>Supervisor of :</b> Standard Motor Corp.
President International Development Corp. Representative: Chiou-Ru Shih	<b>Director of :</b> Kang Na Hsiung Enterprise Co.,Ltd. SyNergy ScienTech Corp., President Life Sciences Co., Ltd. Outlook Investment Pte Ltd. , President Life Sciences Cayman Co., Ltd. , Taiwan Branch Allianz Pharmascience Ltd., Helios Bioelectronics Inc., Grand Bills Finance Corp., IMQ Technology Inc., Dabomb Protein Corp. <b>Vice President of :</b> President International Development Corp.
National Development Fund, Executive Yuan	<b>Director of :</b> Taiwan Flower Biotechnology Co., Ltd., United Biomedical Inc. (Asia), TaiGen Biopharmaceuticals Holdings Ltd., PharmaEssentia Corp.,PharmaEngine Inc., ˆ TaiAn Technologies Corp., Mycenax Biotech Inc., TaiMed Biologics Inc., EirGenix Inc., MetaTech Inc.
National Development Fund, Executive Yuan Representative: Ming-Chuan Hsieh	<b>Director of :</b> Harbinger VI Venture Capital Corp., Harbinger VII Venture Capital Corp., <b>Independent Director of :</b> Uni Pharma Co., Ltd <b>Supervisor of :</b> Han Tong Investment Inc. <b>Remuneration Committee member of :</b> PharmaEssentia Corp.
Taiwan Sugar Corp.	Taiwan Sugar Corp. <b>Director :</b> United Biomedical Inc. (Asia), TaiGen Biopharmaceuticals Holdings Ltd.
Taiwan Sugar Corp. Representative: Kuo-Hsi Wang	<b>Vice President of :</b> Taiwan Sugar Corporation <b>Director of :</b> TaiGen biotechnology Co., Ltd.
Wei-Te Ho	<b>Independent Director of :</b> Tainan Spinning Co., Ltd.
Wen-Chang Chang	<b>Chairman of :</b> Taipei Medical University <b>Independent Director of :</b> Universal Cement Corporation

## **IV. Exhibits**

### **Exhibit 1**

#### **ScinoPharm Taiwan, Ltd. Rules Governing Shareholders' Meetings**

Adopted by the Shareholders' Meeting of 23 June 2015

##### **Article 1**

These Rules are established for the purpose of good governance of the meeting of the shareholders, healthy supervision and strengthened control of the Company.

##### **Article 2**

The meeting of the shareholders of the Company shall be in accordance with these Rules except as otherwise provided by laws, regulations or the Articles of Incorporation of the Company.

##### **Article 3**

(Deleted.)

##### **Article 4**

(Deleted.)

##### **Article 5**

Except as otherwise provided by laws or regulations, the meeting of the shareholders of the Company shall be convened by the Board of Directors.

The Company shall produce the electronic files of the notice of Shareholders' Meeting, the proxy form, and the matters proposed with explanation given for ratification, discussion, proposed election or dismissal of directors by the meeting and have the files uploaded to the M.O.P.S. thirty (30) days ahead of the scheduled meeting date for a General Shareholders' Meeting and fifteen (15) days ahead for an Extraordinary Shareholders' Meeting. The Company shall produce and upload to the M.O.P.S. the electronic files of the meeting agenda and relevant supplemental materials twenty-one (21) days ahead of the scheduled meeting date for a General Shareholders' Meeting and fifteen (15) days ahead for an Extraordinary Shareholders' Meeting. The Company shall produce and display paper copies of the meeting agenda with relevant supplemental materials at the premises of the Company as well as the stock affairs agency entrusted by the Company fifteen (15) days prior to the meeting date ready for the shareholders to collect/read at any time, which shall also be distributed at the meeting site.

The (personal) notice and the public notice of the Shareholders' Meeting both shall manifestly indicate the cause of the meeting and may, subject to the prior consent of the shareholder concerned, be delivered to the shareholder electronically.

Proposed election, removal of a director or supervisor, proposed revision of the Articles of Incorporation, proposed dissolution, merger, division of the Company or any of the matters provided in paragraph one of Article 185 of the Company Act, Article 26-1 or Article 43-6 of the Securities and Exchange Act and/or Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (if any) must be listed in the proposed agenda and cannot be proposed by way of an extempore motion at the meeting.

The shareholder(s) whose total shares held represent one percent (1%) or more of the total issued shares of the Company may make to the Company one and only one motion to be listed in the proposed agenda of the General Shareholders' Meeting. The Board of Directors may decide not to include the above motion in the agenda if the motion proposed runs into any of the circumstances provided in paragraph four of Article 172-1 of the Company Act.

The Company shall make a public notice to announce the time period (which shall not be less than ten days) and the place where the shareholder shall send his/her motion to be proposed to the General Shareholders' Meeting, which public notice shall be made prior to the start date of the duration when the transfer of the shares of the Company shall cease for the purpose of the convention of the Shareholders' Meeting.

The text of the motion proposed by the shareholder shall have not more than 300 words or the motion in its entirety will not be included in the proposed agenda. The movant shareholder(s) shall attend the General Shareholders' Meeting in person or by proxy and participate in the discussion of the motion he/she has proposed.

The Company will, prior to the scheduled date to issue the notice of the Shareholders' Meeting, give a notice to the movant shareholder(s) of the result of the handling of his/her motion proposed and list in the proposed agenda to be delivered to the shareholders each every motion proposed in accordance with this Article. The Board of Directors shall explain at the Shareholders' Meeting the reason(s) why certain motions proposed by the shareholders have not been included in the agenda.

#### **Article 6**

The venue of the Shareholders' Meeting shall be located at the place where the Company is located or where it is appropriate and convenient for the shareholders to attend the meeting. The meeting shall begin no earlier than the hour of 09:00 and no later than the hour of 15:00. The venue and time of the Shareholders' Meeting shall be determined in consideration of the relevant opinion expressed by the independent director(s), if any, of the Company.

#### **Article 7**

The shareholder may designate a proxy to attend the Shareholders' Meeting in his/her stead by execute the proxy letter form produced by the Company indicating therein the scope of authorization to the proxy.

A shareholder may execute one and only one proxy letter to designate one and only one proxy for the purpose of the Shareholders' Meeting. The executed proxy letter must be served to the Company five days prior to the meeting date. Where the shareholder has served more than one executed proxy letters to the Company, the earliest served to the Company shall govern except where the shareholder has expressed his/her withdraw of the proxy.

The shareholder who has served his executed proxy letter to the Company may still attend the Shareholders' Meeting in person or exercise his/her voting right in writing or electronically, provided that he/she gives a written notice to the Company to withdraw the proxy, which written notice must be served to the Company no later than two days before the meeting date or the voting right exercised by his/her designated proxy shall govern.

## **Article 8**

The Company shall indicate in the notice of Shareholders' Meeting the hour when and the place where the shareholders shall check-in to attend the meeting and other matters for attention.

The hour when the shareholders may check-in to attend the meeting as provided in the preceding paragraph shall commence no later than thirty (30) minutes before the meeting is called to order. The check-in desk shall bear a conspicuous signboard with suitable personnel to process shareholders check-in.

The shareholder or his/her designated proxy (hereinafter "shareholder") shall present his/her attendance identification, attendance card or other evidence of attendance to be admitted to the meeting. The Company must not without due authorization request the shareholder or authorized proxy to present any additional evidence or document to prove their entitlement to attend the meeting. A proxy solicitor shall present his/her identification document for verification.

The Company shall prepare an attendance book for the shareholder attending the Shareholders' Meeting to sign in. The shareholder attending the meeting in person may turn in his/her signed attendance card instead of signing in the attendance book.

The Company shall have the agenda, annual report, attendance tag, request form for requesting to take the platform, ballot forms, other meeting materials, and where applicable, the ballot forms to be used to elect directors and/or supervisor delivered to each of the shareholders present at the meeting.

A government or corporate shareholder may be represented at the Shareholders' Meeting of the Company by one or more representatives. A juristic person acting in proxy at the Shareholders' Meeting of the Company may appoint one and only one individual to act as its representative at the meeting.

## **Article 9**

The Shareholders' Meeting convened by the Board of Directors shall be presided by the Chairman/Chairwoman of the Board of Directors. If he/she has requested for leave from or for whatever reason is unable to perform his/her powers and duties at the meeting, the Chairman/Chairwoman of the Board of Directors shall appoint a director to act in his/her stead. Absent the above appointment, the directors shall elect one from among themselves to preside at the meeting.

The director or the representative of the corporate director appointed to preside at the Shareholders' Meeting acting instead of the Chairman / Chairwoman of the Board of Directors provided in the preceding paragraph must have held his/her directorship for a period of six months or more and must be well informed of the financial standing and business of the Company.

The Shareholders' Meeting convened by the Board of Directors should be presided by the Chairman of the Board of Directors and attended by the majority of the directors and one or more supervisors, and one or more members for each of the function-oriented committees established; and the attendance to the meeting shall be recorded in the minutes of the meeting.

The Shareholders' Meeting convened by a person other than the Board of Directors authorized to do so shall be presided by that person. Where the Shareholders' Meeting is convened by two or more persons, they shall elect one from among themselves to preside at the meeting.

The Company may appoint legal counsel(s), certified public accountant(s) or relevant personnel to attend the Shareholders' Meeting as non-voting delegates.

#### **Article 10**

The attendance at the Shareholders' Meeting shall be counted based on the number of shares represented at the meeting, which number shall be counted by adding up the shares represented by signed attendance book, the signed attendance card and the shares represented by the voting right exercised in writing or electronically.

The chairperson of the meeting shall announce to commence the meeting in due course, which announcement may be postponed twice and only twice and up to not more than an hour in total pending the fulfillment of representation of the majority of the total issued shares of the Company. If the total shares represented at the meeting still account for less than one third (1/3) of the total issued shares of the Company after the chairperson has duly twice postponed commencing the meeting, the chairperson shall announce the call for the meeting unsuccessful.

Where the total shares represented at the meeting not amounting to the quorum attains one third (1/3) or more of the total issued shares of the Company after the commencement of the meeting is duly twice postponed in accordance with the preceding paragraph, tentative resolutions may be adopted by the meeting under paragraph one of Article 175 of the Company Act, which tentative resolutions must be notified to the shareholders each with the notice of a re-scheduled Shareholders' Meeting to be held within a month.

If the quorum of due representation of the majority of the total issued shares of the Company is fulfilled before the meeting ends, the chairperson shall submit the tentative resolutions adopted (if any) to the meeting for re-voting and adoption by the meeting pursuant to Article 174 of the Company Act.

#### **Article 11**

The Company shall take video and sound recording of the whole proceeding of the Shareholders' Meeting.

The recording provided in the preceding paragraph shall be kept for a term of not less than one year except in case of any shareholder's action initiated under Article 189 of the Company Act where the above recording shall be kept through the action concluded with a final judgment with binding effects.

#### **Article 12**

The agenda of the Shareholders' Meeting convened by the Board of Directors shall be compiled and produced by the Board of Directors. The meeting shall proceed strictly in accordance with the agenda except as otherwise changed by the relevant resolution adopted by the Shareholders' Meeting.

The preceding paragraph shall apply with necessary and appropriate alteration to the Shareholders' Meeting convened by the person authorized to do so other than the Board of Directors.

Except as approved by the resolution adopted by the meeting for him/her to do so, the chairperson must not announce to adjourn the meeting before the agenda duly ends (including extempore motions, if any) pursuant to the two preceding paragraphs or the other members of the Board of Directors shall instantly assist the shareholders present at the meeting in re-electing one from among them by the majority votes represented at the meeting to act as the chairperson to continue the meeting.

The chairperson shall accord each of the issues proposed and the revision or extempore motion proposed by the shareholders sufficient time for explanation and discussion and may announce that the discussion be ceased and voting be taken when he/she considers it appropriate to do so.

### **Article 13**

The shareholder who wishes to take the platform at the meeting shall fill out the request form indicating therein the gist of his/her speech and his/her shareholder account number (or attendance tag number) and name. The order for the shareholders to speak at the meeting, who have duly requested to take the platform, shall be determined by the chairperson.

The shareholder who has filled out the request form but does not take the platform shall be deemed not to have spoken. In case of discrepancy between the actual speech and the gist of speech written in the signed request form, the former shall govern.

Except as approved by the chairperson, the shareholder who has duly requested to take the platform on certain issue proposed may speak twice and only twice on that issue for a duration of not more than five (5) minutes each. Notwithstanding, the chairperson may cease the shareholder's speech or announce to cease the discussion and forthwith move on with the rest of the agenda or the relevant procedure if the shareholder has spoken in breach of the relevant rules, outside the scope of the issue at hand or at the cost of the order of the meeting.

Except as approved by both of the chairperson and the shareholder duly taking the platform, no shareholder may interrupt the speech made by the speaker shareholder. The chairperson is authorized to prevent and remove unapproved interruption of the shareholder's speech, if any.

Where a corporate person has appointed two or more representatives to act in its stead at the Shareholders' Meeting, only one elected by the representatives from among themselves may take the platform on the issue at hand.

The chairperson may personally or designate the relevant personnel to answer the speech made by the shareholder who has duly taken the platform.

### **Article 14**

The shareholder will have one vote on each share held. Notwithstanding, the holder will have no voting right on the shares described in paragraph two of Article 179 of the Company Act.

### **Article 15**

The voting at the Shareholders' Meeting shall be counted according to the number of shares represented by the votes received.

For the purpose of counting the votes on the resolution adopted by the Shareholders' Meeting, non-voting shares shall be excluded from the counting of the total issued shares of the Company.

The shareholder whose own interests in the issue at hand conflicts against the interests of the Company must not vote on the issue nor appoint another shareholder to do so in his/her stead.

The shares represented by the voting rights barred by the preceding paragraph on the issue at hand shall be excluded from the counting of the total shares represented at the meeting for the purpose of voting on that particular issue.

Except for trust enterprises or stock affair institutions authorized by the competent securities authority, a proxy acting at the meeting for two or more shareholders may exercise the voting rights up to the extent and only the extent where the voting rights exercised represent no more than 3% of the total issued voting shares of the Company. Voting exercised by the above proxy in excess of said limitation of voting right will be disregarded.

#### **Article 16**

The voting right of the shareholder shall be exercised electronically and may be exercised in writing and the method of exercising the voting right shall be manifestly indicated in the notice of the Shareholders' Meeting. The shareholder who elects to exercise his/her voting right in writing or electronically will be deemed to have attended the meeting in person, provided that he/she will be deemed to waive his/her voting right with respect to the revision proposed on an issue listed in the agenda or new issues proposed by way of an extempore motion at the meeting; the Company shall accordingly avoid initiating any proposal to change the agenda or any extempore motions.

The shareholder exercising his/her voting right in writing or electronically under the preceding paragraph shall serve the notice of his/her voting to the Company two days before the scheduled meeting date. Where the shareholder has served more than one notice of his/her voting to the Company, the earliest served to the Company shall govern except where the shareholder has expressed to withdraw the notice.

If the shareholder who has exercised his/her voting right in writing or electronically wishes to attend the Shareholders' Meeting in person, the shareholder shall have the notice of withdrawal of his/her voting served to the Company by the same method as he/she exercised his/her voting right (in writing or electronically) no later than two days before the scheduled meeting date or his/her voting indicated in the notice served to the Company shall govern. Where the shareholder has exercised his/her voting right in writing or electronically has designated a proxy to act in his/her stead at the meeting, the voting exercised by the proxy in his/her stead shall govern.

#### **Article 17**

Except as otherwise provided by the Company Act, the resolution of the Shareholders' Meeting must be adopted by the majority votes represented at the meeting. When a proposal is submitted for voting by the meeting, the chairperson or the relevant personnel appointed by the chairperson shall announce in advance the total amount of votes accountable to be voted on the issue and the number of approval votes, disapproval votes and waivers each shall be published on the M.O.P.S. on the day following the end of the Shareholders' Meeting.

Where of the same issue is proposed a revision and a replacement, the chairperson shall determine the order of the voting on the three proposals: the original as proposed, the original with the revision proposed and the proposed replacement respectively. Once the resolution is adopted on one of the three proposals, the others shall be deemed denied without voting.



The personnel to supervise the voting and count the ballots voted shall be appointed by the chairperson, provided that the personnel to supervise the voting must be the shareholder(s) of the Company.

The ballots voted either for adopting a resolution or election shall be openly counted at the meeting and the result of the voting (including the calculation of the ballots) shall be forthwith announced upon completion of the counting of the ballots and recorded in the meeting minutes.

#### **Article 18**

The election (if any) of the director(s) and/or supervisor(s) of the Company at the Shareholders' Meeting shall be in accordance with the relevant bylaw of the Company and the result of the election shall be announced at the meeting including the name of each director elect, each supervisor elect and the amount of votes for them each.

The ballots voted on the election provided in the preceding paragraph shall be sealed and signed by the voting-supervising personnel and property kept for a period of at least one year. Notwithstanding, in the event of any shareholder's action initiated under Article 189 of the Company Act, the ballots shall be kept through the action concluded with a final judgment with binding effects.

#### **Article 19**

The resolutions adopted by the Shareholders' Meeting shall be recorded in writing, which meeting minutes shall be signed or sealed by the chairperson and distributed to the shareholders each within twenty (20) days after the meeting. The meeting minutes may be produced and distributed electronically.

The Company may distribute the above meeting minutes to the shareholders by public notice on the M.O.P.S.

The meeting minutes shall accurately indicate the year, month, date, the venue, name of the chairperson, method of adopting resolutions, the gist of the proceeding and the conclusion of the meeting and kept by the Company throughout the existence of the Company.

#### **Article 20**

The Company shall calculate and compile a statement on the number of shares to be represented at the meeting by the proxy solicitors and the proxies respectively and have the statement produced manifestly displayed at the meeting in accordance with the required form and substance.

The Company shall have the resolutions adopted by the Shareholders' Meeting published through the Market Observation Post System within the required time period, which resolutions are by definition important information under the relevant laws and regulations or required by the Taiwan Stock Exchange Corporation (Nonprofit Organization Gre Tai Securities Market).

#### **Article 21**

The meeting affairs personnel working at the Shareholders' Meeting shall each wear a working staff identification badge or arm-band indicating so.

The chairperson may direct the order-maintaining working personnel or the security guards to assist in maintaining the order of the meeting, who shall each wear a badge or arm-band indicating Order-maintaining Personnel.

The chairperson may act to cease the shareholder who speaks out at the meeting by using whatever equipment other than the loud speaker facility the Company has prepared for the meeting.

The chairperson may direct the order-maintaining personnel or the security guard to usher out of or remove from the venue of the meeting the shareholder who acts in violation of the rules for the meeting or interrupts the proceeding of the meeting and refuses to rectify his/her conduct after being advised to do so by the chairperson.

#### **Article 22**

The chairperson may announce to recess the meeting in the process of the meeting. In the event of force majeure, the chairperson may decide to temporarily suspend the meeting and, if necessary, announce the time when the meeting shall be resumed.

The Shareholders' Meeting may adopt the resolution to continue the meeting elsewhere if the venue should become unavailable before the agenda of the meeting (including extempore motions) is duly concluded.

The Shareholders' Meeting may adopt the resolution under Article 182 of the Company Act to postpone or continue the meeting within five (5) days.

#### **Article 23**

Provisions of these Rules applicable to Supervisors shall apply to the Audit Committee of the Company (if any) with necessary and appropriate alterations.

#### **Article 24**

These Rules and all subsequent amendments shall come into force on the relevant resolution adopted by the Shareholders' Meeting.

## **Exhibit 2**

### **ScinoPharm Taiwan, Ltd. Articles of Incorporation**

#### **Chapter 1 General Provisions**

##### **Article 1**

The Company is duly organized under the Company Act of the Republic of China (Taiwan) as a company limited by shares and named ScinoPharm Taiwan, Ltd.

##### **Article 2**

The business items of the Company are as follows:

- (1) C802041 Manufacture of pharmaceuticals;
- (2) C801990 Manufacture of other chemical materials;
- (3) IG01010 Biotechnological services;
- (4) F601010 Intellectual property rights related services
- (5) F401010 International trade.

<<1. Research, development, production, manufacture and distribution of the following products: (1) generic APIs, (2) protein drugs, (3) oligonucleotide, (4) peptide, (5) injection formulation, (6) small-molecule new drugs.

2. Consulting, advisory and technical services relating to the above products.

3. International trade in connection with the above products.>>

##### **Article 3**

The Company having its head office established at the Southern Taiwan Science Park may, where necessary, set up branch offices and representative offices at home or abroad in accordance with the relevant resolution adopted by the meeting of the Board of Directors subject to the approval of the competent authority.

##### **Article 4**

Subject to the resolution adopted by the meeting of the Board of Directors, the Company may act as guarantor pursuant to the Company's relevant policy in consideration of meeting business needs.

##### **Article 5**

The total amount of investments made the Company may account for 40% or more of the paid-in capital of the Company irrespective of the limitation provided in Article 13 of the Company Act, provided that the investments must be in accordance with the relevant resolution adopted by the meeting of the Board of Directors.

#### **Chapter 2 Capital**

##### **Article 6**

The Company has Ten Billion New Taiwan Dollars (TWD10,000,000,000) in authorized capital divided into one billion shares (1,000,000,000) with a value of Ten New Taiwan Dollars each (TWD10) to be issued in separate batches by the Board of Directors authorized to do so with a total of 7,000,000 shares to be reserved for issuance of stock option certificates.

**Article 7**

All of the shares of the Company are registered shares each bearing the signature or seal of three or more Directors of the Company and shall be issued upon certification thereof by the competent authority or its authorized registrar. The Company may elect not to produce the share certificate on the shares issued, provided that the Company must complete the registration of the issued shares with the securities central depository institution.

**Article 8**

All of the shares of the Company are registered shares. The individual shareholder will have his/her personal name and address and the corporate shareholder will have its corporate designation and its legal representative's personal name and address recorded in the Company's shareholders' roster. Joint shareholders of the share (if any) shall elect one among themselves for the purpose of the above recordation in the shareholders' roster.

**Article 9**

The shareholder or the legal holder of the share certificate lost or destroyed shall make a report to the police upon information of the loss or destruction and fill out the relevant request form to have the loss or destruction of the share certificate registered with the Company. The shareholder or the legal holder shall at the same time file a request with the competent district court to have a relevant public notice made pursuant to the Taiwan Code of Civil Procedure and present the court judgment on the exclusion of rights in the share(s) affected to the stock affairs agency of the Company to request for re-issuance of the share certificate.

**Article 10**

The stock affairs agency of the Company may collect reasonable procedural charges on each request for re-issuance of share certificate on account of the transfer, division of the share or the loss, damage or destruction of the share certificate.

**Article 11**

The shareholder shall disclose his/her/its legal name and address of his/her/its domicile to the stock affairs agency of the Company and fill out and deliver the specimen card of his/her/its seal to the Company for record.

Except as otherwise provided by the relevant laws, orders or securities related regulations, the public offering of the shares of the Company shall be in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

**Article 12**

The shareholder who lost his/her/its seal the specimen of which is imprinted in the seal specimen card kept by the Company for record shall give a written notice to the Company upon information of the loss and issue a request to the stock affairs agency of the Company to have his/her/its new seal registered.

**Article 13**

Transfer of shares of the Company will cease for a period of thirty (30) days prior to the General Shareholders' Meeting, fifteen (15) days prior to the Extraordinary Shareholders' Meeting, and five (5) days prior to the start date of distribution of dividend, bonus or other interests in the shares held. Subject to the public offering of the Company, the Company shall cease the transfer of shares of the Company within a period of sixty (60) days prior to the General Shareholders' Meeting and thirty (30) days prior to an Extraordinary Shareholders' Meeting.

## **Chapter 3 Shareholders' Meeting**

### **Article 14**

The meeting of the shareholders of the Company will be the General Shareholders' Meeting to be convened by the Board of Directors each year within six (6) months after the end of that fiscal year or an extraordinary Shareholders' Meeting to be duly convened from time to time when necessary.

### **Article 15**

The meeting of the shareholders of the Company shall be convened in accordance with the Company Act, Securities and Exchange Act, and the relevant laws and regulations according to the public announcement or notice issued by the competent securities authority.

The notice of the meeting of the shareholders of the Company may be issued electronically on the consent of the shareholder.

### **Article 16**

Except as otherwise provided by the Company Act, the Shareholders' Meeting must be attended by the shareholders whose total shares held represent the majority of the total issued shares of the Company. The resolution of the Shareholders' Meeting must be adopted by the majority of the votes represented at the meeting.

### **Article 17**

Except those subject to restrictions or in one of events provided in Article 179 of the Company Act, the shareholder of the Company will have one vote on each share held.

The shareholder may cast his/her vote at the Shareholders' Meeting in writing or electronically in accordance with the Company Act and the laws, regulations established and orders issued by the competent securities authority.

### **Article 18**

The shareholder who for whatever reason is unable to attend the Shareholders' Meeting in person may designate a proxy to attend and act in his/her stead at the meeting by executing the proxy letter form prepared by the Company specifying the scope of authorization to the proxy. The proxy designated may be a non-shareholder of the Company. Subject to the public offering of the Company, designation of proxies for the purpose of the Shareholders' Meeting of the Company shall be in accordance with the Regulations Governing Use of Proxy Letters to Attend the Shareholders' Meetings of Public Companies.

### **Article 19**

The meeting of the shareholders of the Company shall be convened by the Board of Directors and presided by the Chairman/Chairwoman of the Board of Directors. If he/she has requested for leave from the meeting or is for whatever reason unable to attend and exercise his/her powers and duties at the meeting to, the Chairman/Chairwoman shall designate a Director to act in his/her stead. Absent the above designation by the Chairman/Chairwoman, the Directors shall elect one from among themselves to act as the chairperson of the meeting. Where the Shareholders' Meeting is not convened by the Board of Directors, the meeting shall be presided by the person who convened the meeting.

Except as otherwise provided by the Company Act or the relevant laws and regulations, the Shareholders' Meeting of the Company must be attended by the shareholders (attending the meeting in person or by proxy) whose total shares held represent the majority of the total issued shares of the Company and a resolution must be adopted by the majority of the votes represented at the meeting. A resolution may be deemed adopted when no objection or opposition is expressed by any of the shareholders present at the meeting in response to the chairperson's inquiry for opinion, which resolution shall be as effective and binding as one adopted by voting.

#### **Article 20**

The issues presented for discussion and/or resolution at the Shareholders' Meeting and the resolution adopted by the meeting shall each be recorded in the minutes of the meeting, which meeting minutes must be signed or sealed by the chairperson and a copy of which shall be distributed to the shareholders of the Company each within twenty (20) days after the meeting. The above meeting minutes may be produced and distributed electronically. The minutes of the Shareholders' Meeting shall be kept by the Company together with the relevant signed attendance book and proxy letters received. The Company may distribute the above minutes of the Shareholders' Meeting electronically.

#### **Article 21**

Subject to the public offering of the Company, the Company may withdraw the public offering on and only on the relevant resolution adopted by the Shareholders' Meeting other than that adopted by the meeting of the Board of Directors.

### **Chapter 4 Directors**

#### **Article 22**

Compensation to the Directors of the Company will be determined by the Board of Directors by reference to the common standards adopted by the trade home and abroad.

#### **Article 23**

The Company will have fifteen (15) Directors to be elected by the Shareholders' Meeting from the shareholders with disposing capacity.

Two or more of the above Directors shall be independent directors, and the total number of independent directors shall account for not less than one fifth (1/5) of the total number of directors.

Directors are to be elected by the Shareholders' Meeting from among the candidates nominated.

The special qualification, required shareholding, restriction on concurrent positions held, determination of impartiality, method of nomination and method of election of the independent directors and other relevant legally required matters shall be in accordance with the Company Act and the relevant laws and regulations prescribed by the competent securities authority.

#### **Article 24**

The Directors each of the Company will serve an office term of three years and may be re-elected; but the independent director shall serve in office for a term of not more than three terms. Subject to the relevant resolution adopted by the meeting of the Board of Directors,

liabilities insurance will be procured for the Director elect. Subject to the public offering of the Company, the total shareholding of the Directors and the Supervisors of the Company as a whole shall be in accordance with the Company Act and the regulations prescribed by the competent securities authority.

The Company has an Audit Committee formed by all of the independent directors under the Securities and Exchange Act. The establishment, functions, powers and authorities, rules for the meetings and other legal compliance matters of the Audit Committee shall be in accordance with the relevant regulations issued by the competent securities authority.

#### **Article 25**

The Directors shall elect one from among themselves to act as the Chairman/Chairwoman of the Board of Directors of the Company.

#### **Article 26**

The Chairman/Chairwoman of the Board of Directors shall externally represent the Company and internally preside the Shareholders' Meetings and the meetings of the Board of Directors.

#### **Article 27**

The meeting of the Board of Director shall be convened by the Chairman/Chairwoman of the Board of Directors except the first meeting of a new Board of Directors that shall be convened by the Director who won the highest vote of all Directors elect. A written notice of the meeting of the Board of Directors shall be issued by facsimile or by email to the Directors each at least seven (7) days prior to the scheduled meeting date, which notice shall explicitly indicate the scheduled date, venue and agenda of the meeting. In the event of urgency, the meeting of the Board of Directors may be convened at any time with or without the above notice being issued.

#### **Article 28**

The meeting of the Board of Directors shall be presided by the Chairman/Chairwoman of the Board of Directors. If he/she is for whatever reason unable to preside the meeting, he/she shall designate a Director to act in his/her stead. Absent the above designation, the Directors shall elect one from among themselves to preside the meeting in deputy.

#### **Article 29**

The Directors shall vote to approve or disapprove and exercise their powers and duties with respect to the matters proposed on the agenda at the relevant meeting of the Board of Directors which shall be convened at least once every quarter. Except as otherwise provided by the Company Act, the resolution with respect to the revision of these Articles of Incorporation as provided in subparagraph (1) below must be adopted by three fourths (3/4) or more of all of the Directors of the Company and with respect to other matters by two thirds (2/3) or more of all of the Directors of the Company:

- (1) Revision of these Articles of Incorporation.
- (2) Contract with a proposed value equal to or exceeding the relevant authorized amount (which authorized amount is to be defined by the Board of Directors authorized to do so).
- (3) Major capital expenditure not included in the relevant approved budget with a proposed sum equal to or exceeding the relevant authorized amount (which authorized amount is to be defined by the Board of Directors authorized to do so), which proposed sum cannot be divided into smaller amounts to obtain easy approval and which proposed sum as approved cannot be divided for spending.

- (4) Establishment of company bylaws with respect to the handling of transactions where the Company is to externally provide guaranty, endorsement, accept to honor, commit, advance payments, provide lending, procure loan, sell account receivables.
- (5) Establishment and removal of branches and offices of the Company.
- (6) Investment in, merge or acquire other businesses.
- (7) Transfer, assignment, sale, lease, pledge, mortgage or otherwise dispose of the entire assets or important assets of the Company.
- (8) Transaction by and between the Company and its affiliate or the shareholder, director of the Company or their relative.
- (9) Approval and revision of agreements proposed on transfer or licensing of technology, know-how or patent right.
- (10) Approval and revision of trademark license agreement with an effective term of one year or more.
- (11) Proposed earnings distribution plan (or loss makeup plan).
- (12) Review and approval of proposed budgetary plan and final accounting.
- (13) Proposed increase or decrease in the capital of the Company.
- (14) Proposed operation plan; proposed factory construction or expansion projects.
- (15) Appointment, re-appointment and dismissal of the certified public accountant, legal counsel of the Company and the lead underwriter and secondary underwriter handling the public listing or over-the-counter trading of the shares of the Company.
- (16) Appointment and dismissal of the general manager of the Company.
- (17) Establishment of the bylaws with respect to the powers and authorization to be exercised by the Chairman of the Board of Directors and the general manager respectively.
- (18) Establishment of bylaws with respect to the hiring, promotion of employees and the salary payment policy.
- (19) Other bylaws with respect to the organization of the Company and the relevant implementation rules.
- (20) Other matters proposed that must be duly submitted to the Shareholders' Meeting for approval.

### **Article 30**

The Director may issue a written proxy to designate another Director to attend the meeting of the Board of Directors and exercise his/her voting right on all proposed matters at the meeting in his/her stead; provided that a Director may act as the proxy for one and only one of the other Directors.

### **Article 31**

The resolutions adopted by the meeting of the Board of Directors shall be recorded in the minutes of the meeting, which meeting minutes must be signed or sealed by the Chairman of the Board of Directors or the chairperson of the meeting with a copy thereof distributed to the Directors each. The meeting minutes shall be kept by the Company together with the relevant attendance book and written proxies received.

### **Article 32**

The functions, powers and duties exercised by Supervisors under the Company Act, Securities and Exchange Act and other laws and regulations shall apply to the Audit Committee with necessary and appropriate alterations upon the establishment of the Audit Committee.

### **Article 33**

The Company may establish various functional boards or committees under the relevant



organization rules to be prescribed by the meeting of the Board of Directors in accordance with the relevant laws and regulations.

#### **Article 34**

The Board of Directors may have a number of secretaries or assists to take charge of keeping the minutes of the meetings of the Board of Directors and the Shareholders' Meetings and all of the important documents, contracts, agreements and instruments of the Company.

#### **Article 35**

The Company shall be liable and reimburse for the loss incurred in the course of the Director's performance of his/her functions and duties, which loss is not attributable to the same Director. For the purpose of protecting the Company from the above liability, the Company shall procure liabilities insurance for the Directors each by reference to the coverage commonly adopted by the trade home and abroad.

### **Chapter 5 Managerial Officers**

#### **Article 36**

The Company may have a general manager a number of deputy general managers and managers. The general manager and the deputy general manager shall be appointed / dismissed by the meeting of the Board of Directors. The managers each shall be appointed / dismissed by the general manager, which appointment / dismissal shall be reported to the Board of Directors for reference.

#### **Article 37**

The general manager acting in accordance with the instruction of the Chairman of the Board of Directors shall take general charge of the day-to-day affairs of the Company and supervise, carry out and manage the operation of the Company.

#### **Article 38**

The Company shall be held liable and reimburse for the loss incurred in the course of the general manager's and the deputy general manager's performance of their functions and duties, which loss is not attributable to him/her. For the purpose of protecting the Company from the above liability, the Company shall procure liabilities insurance for the general manager and the deputy general manager each by reference to the coverage commonly adopted by the trade home and abroad.

### **Chapter 6 Fiscal Reports**

#### **Article 39**

The Company shall produce and present the following statements and documents after the end of each fiscal year to the meeting of the Board of Directors for adoption and thereafter to the General Shareholders' Meeting for ratification:

- (1) Business report.
- (2) Financial statements.
- (3) Proposed earnings distribution plan or loss makeup plan.

#### **Article 40**

Should the Company earn surpluses within the current term, at least two percent of surpluses should be set aside for employee compensation, and no more than two percent of surpluses

should be set aside for director compensation. However, if the Company has accumulated losses, surpluses should be held in reserve to make up said loss.

The surpluses within the current term of the previous paragraph refer to pre-tax profits prior to deduction of employee and director compensation.

Recipients of employee compensation include employees subordinate to the Company that comply with certain conditions.

#### **Article 41**

In consideration of the changeable environment of the Company's business, the Board of Directors shall take into account the Company's future capital expenditures and capital calls to determine the proposed amounts of reserved earnings, the distributable earnings, and the cash dividends when drawing up the proposed earnings distribution plan. Ten percent (10%) of the Company's surplus as of the final accounting of the fiscal period net of the business income tax payable for the period, makeup for losses accumulated from previous year(s), shall be allocated for legal reserves. The balance (if any), less the duly allocated or transferred amount for special reserves, the sum of said balance combined with the undistributed earnings carried forward from the previous period will be the accumulative earnings distributable for the term, and fifty to one hundred percent (50%~100%) of which sum will be the total amount of dividend to be distributed to the shareholders of the Company with 30% or more thereof distributed in cash. Subject to the relevant resolution adopted by the Shareholders' Meeting, the accumulative earnings distributable will be distributed according to the distribution plan proposed by the Board of Directors.

### **Chapter 7 Supplemental Provisions**

#### **Article 42**

Matters not addressed herein shall be in accordance with the Company Act of the Republic of China (Taiwan) and the relevant laws and regulations prescribed and announced by the competent authority.

#### **Article 43**

These Articles of Incorporation established on October 16, 1997, have been revised as follows: 1st revision of March 17, 1998, 2nd revision of April 7, 1999, 3rd revision of July 21, 2000, 4th revision of December 3, 2001, 5th revision of June 13, 2002, 6th revision of March 13, 2003, 7th revision of June 30, 2003, 8th revision of June 30, 2003, 9th revision of May 14, 2004, 10th revision of June 3, 2005, 11th revision of October 3, 2005, 12th revision of February 15, 2006, 13th revision of June 7, 2006, 14th revision of June 18, 2009, 15th revision of September 25, 2009, 16th revision of April 29, 2010, 17th revision of December 9, 2010, 18th revision of June 13, 2012, 19th revision of June 21, 2013, 20th revision of June 18, 2014 and 21st revision of June 27, 2016 and 22nd revision of June 27, 2018.

**ScinoPharm Taiwan, Ltd.**  
**Chih-Hsien Lo**  
**Chairman of the Board of Directors**

### **Exhibit 3**

#### **The Impact of Stock dividend issuance on Business Performance, EPS, and Shareholder Return Rate :**

Not applicable because the Company's Board of Directors did not propose stock dividend distribution for the year of 2018.

**Exhibit 5****Required Minimum and Actual Shareholding data by Directors**

1. According to Article 26 of the Securities and Exchange Act, the total amount of shares held by the directors of the Company as a whole shall account for no less than 25,303,655 shares.
2. According to the Company's shareholders register as of the suspension of transfer of the shares of the Company for this General Shareholders' Meeting, the shareholding of the directors each is detailed as follows:

As of April 29, 2019

<b>Title</b>	<b>Name</b>	<b>Amount of shares held</b>
Chairman of the Board of Directors	Uni-President Enterprises Corp. Representatives: Chih-Hsien Lo	299,968,639
Director	Uni-President Enterprises Corp. Representatives: Tsung-Ming Su , Kun-Shun Tsai, Tsung-Pin Wu, Jia-Horng Guo Fu-Jung Lai	299,968,639
Director	National Development Fund, Executive Yuan Representatives: Ming-Chuan Hsieh Ya-Po Yang	109,539,014
Director	Tainan Spinning Co., Ltd. Representative: Po-Ming Hou	23,605,921
Director	Kao Chyuan Investment Co., Ltd. Representative: Shiow-Ling Kao	14,832,733
Director	President International Development Corp. Representative: Chiou-Ru Shih	28,673,421
Director	Taiwan Sugar Corporation Representative: Kuo-Hsi Wang	32,581,963
Independent Director	Wei-Te Ho	–
Independent Director	Wen-Chang Chang	–
Independent Director	Li-Tzong Chen	–
<b>Total</b>		<b>509,201,691</b>

Notes:

- (1) Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies stipulates that "if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors shall be decreased by 20 percent."
- (2) As the Company has set up an audit committee, provisions with regard to minimum shareholdings required of supervisors are not applicable.



ScinoPharm

台灣神隆股份有限公司

74144 南部科學園區

台南市善化區南科八路一號

電話：886-6-505-2888 傳真：886-6-505-2898

網址：[www.scinopharm.com.tw](http://www.scinopharm.com.tw)

ScinoPharm Taiwan, Ltd.

No. 1, Nan-Ke 8th Road, Southern Taiwan Science Park,  
Shan-Hua, Tainan, 74144, Taiwan

TEL:886-6-505-2888 FAX:886-6-505-2989

<http://www.scinopharm.com>