

ScinoPharm Taiwan, Ltd.
2017 Annual General Shareholders' Meeting Minutes
(Translation)

Time and Date: 9:30a.m., Tuesday, 27 June 2017

Place: ScinoPharm Taiwan, Ltd. Administration Building
1F, 1 Nan-Ke 8th Road, Southern Taiwan Science Park, Shan-Hua, Tainan, Taiwan

Total shares represented by shareholders present in person or by proxy: 610,049,602 shares (including 365,383,485 shares voted electronically), accounted for 80.23% of the total 760,326,175 outstanding shares.

Attended Directors: Chih-Hsien Lo、Tsun-Ming Su、Kun-Shun Tsai、Tsun-Pin Wu、Yung-Fa Chen、Po-Wu Gean、Ming-Shi Chang、Chiou-Ru Shih、Kuo-His Wang、Ih-Jen Su (independent director)、Wei-Te Ho(independent director- Chairman of the Audit committee)

Leave of absence: Mr. Kao-Huei Cheng, Chairman of the Board of Directors
(Appointed Director-Mr. Chih-Hsien Lo as Deputy Chairman)

Attendees: Accountant (Yung-Chih Lin, Ming-Hsien Lee, Tzu-Meng Liu), Attorney (Albert Fang)

Chairperson: Director-Mr. Chih-Hsien Lo

Recorder: Jane Liu

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The chairman called the meeting to order.

A. Chairperson's address (omitted)

B. Reports

(1) Business Report on 2016. (Please see Appendix 1)

(2) Audit Committee's review opinions on 2016 Financial Results. (Please see Appendix 2).

(3) Distributable compensation for employees and directors on 2016.

Explanation:

- a. The Distributable compensation for employees and directors on 2016 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 2016 was NTD82,180,593, making up 8.97% of the year's profits; director compensation was NTD 11,733,766, making up 1.28% of the year's profits; all compensation was distributed in cash form. The aforementioned amounts differed from budgeted amounts by 0 for employee compensation, and by 4 NTD for director compensation; these figures have been listed as gain (loss) in year 2017.

C. Matters Proposed for ratification

(1) Business Report and Financial Statements for 2016 (as adopted by the meeting of the Board of Directors)

Explanation:

- a. The non-consolidated and consolidated financial statements of 2016 of the Company as adopted by the March 28 2017 meeting of the Board of Directors and duly certified by Yung-Chih Lin, Certified Public Accountant and Ming-Hsien Lee, 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 and Appendices 3~4 for the Business Report, Auditors' Reports, parent and consolidated financial statements.
- c. It is proposed that resolution be adopted to ratify the above reports, books, records and financial statements.

Resolution:

Voting Result - The number of shares with voting rights represented by the shareholders present at the time of voting was 610,049,602 votes.

The number of votes for approval was 602,194,793 (including 357,533,922 exercised via electronic transmission), accounted for 98.71% of total shares with voting rights present.

The number of votes for disapproval was 59,297 (including 59,297 exercised via electronic transmission), accounted for 0.01% of total shares with voting rights present.

The number of votes for abstaining/no vote was 7,795,512 (including 7,790,266 exercised via electronic transmission), accounted for 1.28% of total shares with voting rights present.

The number of Invalid votes was 0, accounted for 0% of total shares with voting rights present.

The resolution is adopted by a majority vote of the shareholders who represent a majority of the total number of its outstanding shares.

Approved and acknowledged as proposed by the Board of Directors by voting.

(2) Proposed earnings distribution plan for fiscal year 2016 (as adopted by the meeting of the Board of Directors)

Explanation:

- a. The Company's earnings distribution for fiscal year 2016 is proposed in accordance with the Company Act and its Articles of Incorporation, by the Board of Directors as follows:
- b. With TWD803,431,123 of cumulative distributable earnings for the period of 2016, the Company proposes to pay a cash dividend of TWD0.3/shares and a stock dividend of TWD0.4/share for each share held.
- c. In the event that, before the distribution record date, the proposed profit distribution is affected by any change in equity, it is proposed that the Board of Directors be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution. It is proposed that the Board of Directors be authorized to determine the necessary action.

- d. Subject to approval of the proposed earnings distribution plan by the shareholders' meeting, it is proposed that the Board of Directors be authorized to determine the ex-dividend date, dividend distribution date and other relevant matters.

ScinoPharm Taiwan, Ltd.
Earnings Distribution Plan for Fiscal Year Ended 31 December 2016

Item	Amount (TWD)
After-tax net profit earned in 2016	\$658,693,446
Less: Legal reserve	(65,869,345)
Plus: Actuarial gain(loss) presented in retained earnings	(6,135,763)
Distributable profit from this period	<u>586,688,338</u>
Plus: Accumulated undistributed earnings from previous period	216,742,785
Total distributable earnings as of this period	<u>803,431,123</u>
Dividends to shareholders	
(Cash dividend TWD 300 on each 1,000 shares held)	(228,097,853)
(Stock dividend 40 shares on each 1,000 shares held)	(304,130,470)
Undistributed earnings as of the end of the period	<u><u>\$271,202,800</u></u>

Notes:

1. In terms of earnings distribution for fiscal year 2016, 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 : Kao-Huei Cheng

CEO : Yung-Fa Chen

Chief Accountant : Carrie Lin

- e. It is proposed that resolution be adopted for the authorization proposed above.

Resolution:

Voting Result - The number of shares with voting rights represented by the shareholders present at the time of voting was 610,049,602 votes.

The number of votes for approval was 602,124,036 (including 357,463,165 exercised via electronic transmission), accounted for 98.70% of total shares with voting rights present.

The number of votes for disapproval was 130,054 (including 130,054 exercised via electronic transmission), accounted for 0.02% of total shares with voting rights present.

The number of votes for abstaining/no vote was 7,795,512 (including 7,790,266 exercised via electronic transmission), accounted for 1.28% of total shares with voting rights present.

The number of Invalid votes was 0, accounted for 0% of total shares with voting rights present.

The resolution is adopted by a majority vote of the shareholders who represent a majority of the total number of its outstanding shares.

Approved and acknowledged as proposed by the Board of Directors by voting.

D. Matters Proposed for discussion and resolution

(1) Capital increase by issuing new shares on retained earnings. (as adopted by the meeting of the Board of Directors)

Explanation:

- a. In consideration of the capital call for the business expansion of the Company, it is proposed that TWD304,130,470 of the undistributed earnings accumulated from the previous period be capitalized to issue 30,413,047 new shares for distributable stock dividend with 40 shares distributed on each 1,000 shares held.
- b. Subject to the Authority's approval of the above capital increase by issuing new shares, the ex-dividend date and the relevant matters will be determined by the Board of Directors, who is authorized to do so and the new shares will be distributed to the shareholders as proposed according to the shareholding indicated in the shareholder registry as of the ex-dividend date with a relevant notice issued to each shareholder.
- c. The shareholder may by himself/herself seek to pool within five days from the ex-dividend date the fractional dividend share (if any) received. The stock dividend will be distributed in cash *pro rata* on each fraction of a share held (if any) up to the full TWD dollar. The remaining fractional shares (if any) may be purchased by such particular principal according to the par value as contacted by the Chairman of the Board of Directors authorized to do so.
- d. Subject to approval of the proposed earnings distribution plan by the shareholders' meeting, if the proposed profit distribution is affected by any change in equity, it is proposed that the Board of Directors be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution. It is also proposed that the Board of Directors be authorized to determine the necessary action. The shareholder will have in the new shares the same rights and obligations as those in the original shares held.
- e. The Company will have TWD7,907,392,220 in paid-in capital after the above capital increase.
- f. It is proposed that resolution be adopted for the proposed issuance of new shares for capital increase.

Resolution:

Voting Result - The number of shares with voting rights represented by the shareholders present at the time of voting was 610,049,602 votes.

The number of votes for approval was 602,193,052 (including 357,532,181 exercised via electronic transmission), accounted for 98.71% of total shares with voting rights present.

The number of votes for disapproval was 60,048 (including 60,048 exercised via electronic transmission), accounted for 0.01% of total shares with voting rights present.

The number of votes for abstaining/no vote was 7,796,502 (including 7,791,256 exercised via electronic transmission), accounted for 1.28% of total shares with voting rights present.

The number of Invalid votes was 0, accounted for 0% of total shares with voting rights present.

The resolution is adopted by a majority vote of the shareholders who represent a majority of the total number of its outstanding shares.

Approved and acknowledged as proposed by the Board of Directors by voting.

(2) Proposed Revision of the Rules Governing the procedures for Handling Acquisition and Disposal of Assets. (as adopted by the meeting of the Board of Directors)

Explanation:

- a. In accordance with Decree No. 1060001296 and Decree No. 1060004523, (respectively promulgated on February 9, 2017 and February 13, 2017 by the Financial Supervisory Commission), which amended a number of articles in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to adhere to industry practices through amendment of terms and relaxing of restrictions relating to certain provisions and public announcements, we have amended our Rules Governing the procedures for Handling Acquisition and Disposal of Assets.
- b. For a comparison of the original and revised Rules Governing the procedures for Handling Acquisition and Disposal of Assets, please refer to Appendix 5.
- c. It is proposed that resolution be adopted for the proposed revision.

Resolution:

Voting Result - The number of shares with voting rights represented by the shareholders present at the time of voting was 610,049,602 votes.

The number of votes for approval was 602,191,385 (including 357,530,514 exercised via electronic transmission), accounted for 98.71 % of total shares with voting rights present.

The number of votes for disapproval was 57,379 (including 57,379 exercised via electronic transmission), accounted for 0.01% of total shares with voting rights present.

The number of votes for abstaining/no vote was 7,800,838 (including 7,795,592 exercised via electronic transmission), accounted for 1.28% of total shares with voting rights present.

The number of Invalid votes was 0, accounted for 0% of total shares with voting rights present.

The resolution is adopted by a majority vote of the shareholders who represent a majority of the total number of its outstanding shares.

E. Extempore motions

F. End of meeting

Appendix 1

Business Report

Dear Shareholders,

ScinoPharm had another great year in 2016. We were faced with numerous obstacles from the global pharmaceutical industry, such as price erosion for generic drugs and market concentrations caused by mergers and acquisitions, making the market even more limited. However, ScinoPharm saw steady progress in its transformation. Both revenues and profits were up with maintaining our leading status in cancer APIs and alliance with our flexible marketing strategies.

Financial Performance

ScinoPharm's consolidated revenues for 2016 were NT\$4.031 billion, which was a 2% increase compared to our NT\$3.955 billion revenues from the previous year. Consolidated net profits after tax were NT\$659 million, a 4% increase compared to the previous year's NT\$635 million.

At the end of the previous year, our paid-up capital was NT\$7.6 billion; earnings per share after tax was NT\$0.87. Our shareholders' equity was NT\$10.2 billion, making up 80% of total assets, which equaled NT\$12.8 billion. Long-term debt was 2.1 times fixed assets, and our flow ratio was 3.9%. These results indicate that our financial structure continues to be sound.

Strengthen Competitive Advantages and Continued Growth

In 2016, overall revenue increased primarily as a result of the sales boost from generic APIs, including an increased market share of Gemcitabine combined with more flexible strategies, increased shipments of Paclitaxel, as well as greater customer needs for Entecavir (HBV) and Riluzole (ALS) in anticipation of their commercial launch. In terms of contract research services (CRO), several customers have achieved favorable clinical results in their Phase III trials, suggesting a future increase in shipment volumes and revenues. Meanwhile, revenues from contract manufacturing services (CMO) suffered a sharp reduction due to less order volume of anti-depressants and anti-obesity drugs, but the overall performance of 2016 was positive and increased profit is evident in an overall gross profit margin of 45%; this is a result of a favorable blend of products and clients, especially with increased sales volume of higher profit oncology products and CRO projects. The strategic entry of oncology API Gemcitabine also contributed strongly in our gross margin increase. ScinoPharm also demonstrated profitability improvement via tighter cost controls, process optimization, and enhanced management efficiency.

Research and Development for the Continued Pursuit of Innovation in the Future

ScinoPharm attaches great importance to innovation capability. Since its inception, the company has considered research and design (R&D) as its most important strategic investment. To date, ScinoPharm has developed 72 generic APIs, including 25 marketed products. Numerous others are awaiting the subsequent expiration of patents. In order to expand our long-term competitive advantages, we have successfully developed significant intellectual property patents. Last year, applications for 63 product process or polymorph patents were filed. As of the end of 2016, ScinoPharm has obtained 314 patents worldwide for its 59 inventions.

Oncology products continue to be the mainstay of the company's portfolio. The three primary products in the last year include Paclitaxel to treat ovarian, lung, and breast cancer, Irinotecan for colorectal cancer, and Gemcitabine for small cell lung and breast cancer. These three products retained ScinoPharm's market share dominance worldwide, which reaffirms the company position as a global leader in oncology product supply. Our regulatory presence in oncology is demonstrated and strengthened by the number of completed drug master files (DMF): ScinoPharm has applied for 753 DMFs worldwide, including 53 in the United States (US). Of the 53 US DMFs, 32 are for oncology products. This is an unparalleled number of total DMFs among the independent global providers of APIs and proof of the company's persistent efforts in oncology products.

Speed Up Enterprise Transformation by Actively Developing the China and Japan Markets

ScinoPharm continues to pursue strategic alliances in order to enhance its position as a developer and manufacturer of innovative products with high added value. Currently, two abbreviated new drug application (ANDA) submissions have been filed: an oncology injectable drug jointly developed with US-based SAGENT Pharmaceuticals, and ScinoPharm-developed Fondaparinux. Product partnerships based on co-development and profit-sharing models have been established for 11 products. Furthermore, ScinoPharm is currently negotiating with major international companies for exclusive distribution rights in the EU and the US for niche drug products. The in-house Good Manufacturing Practice (GMP)-compliant manufacturing injectable plant is being positioned to prepare its first registration batch this year. Adopting state-of-the-art design and isolator-based aseptic filling systems, ScinoPharm is ready to partner with customers by offering high quality injectable products.

The Changshu site in Jiangsu, China, initiated full-scale operations after the US FDA inspection in December 2015, contributing to ScinoPharm's overall revenues in 2016. In efforts to expand the existing CRO and CMO business operations, the company is focusing on mid- to late-phase projects. The Changshu site is also seeking large-volume generic APIs and intermediates to increase production utilization and is exploring partnerships with generic formulation firms to maximize market share in China via joint development and registration.

The other focal point is in a high-potential market, Japan. Revenues for the Japan market have grown each year. Of the top 10 pharmaceutical factories in Japan, six are currently our clients. We strive to develop more flexible partnerships with local generic drug companies in the face of ever-increasing market concentration by lowering distribution costs and broadening the product scope in order to increase revenues and profits.

Strive to Become the Industry Leader

ScinoPharm has been dedicated to the growth of the pharmaceutical industry for nearly two decades. We abide strictly by the International cGMP regulation, creating an international image of high-quality APIs. Last year, we passed inspection by the European Directorate for the Quality of Medicines (EDQM) and the official pharmaceutical regulation institution of Germany. This means that the quality control system of ScinoPharm is recognized by the EU pharmaceutical regulation organizations.

Furthermore, ScinoPharm has also been listed as an excellent company for two years in a row as part of the Corporate Governance Evaluation conducted by the Taiwan Stock Exchange. We are also the only healthcare company in the top five percent of all listed companies. In 2016, we were also recognized for excellent performance in the “Healthy Workplace Self-Management Counseling and Evaluation” program promoted by the Southern Taiwan Science Park Bureau. This is a testament to our efforts to enhance the health of our employees. By the end of the year, we even achieved an Authorized Economic Operator recognition from the Customs Office, Ministry of Finance for the third year running. These various recognitions symbolize ScinoPharm’s efforts and faith in the pursuit of excellence.

Cultivate Energy for Growth and Prepare to Create a Brand New Prosperity

For the immediate future, ScinoPharm will continue to optimize existing generic APIs, maintaining our market share and boosting the profits of the top five marketed products to maximize ROI. On the CRO front, the projects we have developed for years are gradually coming to fruition. Many client products are already in clinical phase three or available for selling in the open market. If the products are successfully launched, company growth would be strengthened. As for the future selection of new medicines, we will focus on small-molecule targeted therapies and central nervous system agents based on a new mode of action. We will also provide integrated services from API towards the formulation of niche injectables.

ScinoPharm will also utilize strategic alliances to develop formulation businesses in order to enter high-value markets through shared costs and profits. This has speed up our growth in the pharmaceutical preparation field. Once the injectable plants become operational, ScinoPharm’s industrial chain value and long-term competitiveness will be further enhanced.

ScinoPharm believes that our foundation will continue to be strengthened through the efforts of our staff and the support of our shareholders. We aspire to grasp opportunities of demands in the global pharmaceutical market in order to steadily develop our enterprise and increase profits to give back to our shareholders, clients and employees.

Finally, ScinoPharm would like to express its utmost gratitude for the continued support and advice from our shareholders!



Kao-Huei Cheng, Chairman

Appendix 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2016 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 28, 2017

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 balance sheets of ScinoPharm Taiwan, Ltd. as at December 31, 2016 and 2015, 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 ScinoPharm Taiwan, Ltd. as at December 31, 2016 and 2015, 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 2016. 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.

Cutoff of export revenue

Description

Please refer to Note 4(26) to the parent company only financial statements for accounting policy on revenue recognition.

The Company's sales revenue mainly arose from manufacture and sale of generic drugs and primarily are export sales. The Company recognizes export sales revenue based on the terms and conditions of transactions which vary with different customers. For sales transactions in a certain period around balance sheet date, it is essential to ensure whether the significant risks and rewards of ownership have been transferred to the customers. As revenue recognition of export sales is subject to management's judgement on whether risks and rewards has been properly transferred, and contains the risk of inappropriate recognition timing, we consider the cutoff of export revenue a key audit matter.

How our audit addressed the matter

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

1. We obtained understanding and assessed the effectiveness of internal controls over cutoff of sales revenue, and tested the effectiveness of internal controls on shipment and billing.
2. We checked the completeness and performed cutoff tests on a random basis on the export sales details in a certain period around balance sheet date, which includes checking the terms and conditions of transaction, verifying against supporting documents, and checking whether inventory changes records and sales cost had been recognized in the proper period.

Inventory valuation

Description

Please refer to Note 4(10) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(3) for detailed items of inventories. As of December 31, 2016, the balances of inventory and allowance for inventory valuation losses were \$ 2,059,326 thousand and \$ 406,894 thousand, respectively.

The Company is primarily engaged in antineoplastic drug and advanced generic drugs. As the manufacturing process is long and complex, causing longer materials lead time, in addition, the waiting period for product registration is long, and customers' product launch time might be deferred, there is higher risk of incurring loss an inventory valuation. For inventories sold in regular way, the Company measures inventories at the lower of cost and net realisable value. For inventories age 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 uncertainty and the ending balance of inventory was material to the financial statements, we consider the valuation of inventory a key audit matter.

How our audit addressed the matter

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

1. We assessed 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. We checked the accuracy of inventory aging report, and recalculated the reasonableness of allowance for inventory valuation losses to ensure the report is consistent with the Company's policy.
3. We selected inventory part numbers on a random basis and verified its net realizable value to evaluate the reasonableness of allowance for inventory valuation losses.

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 non-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 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 entities or business activities within the Company to express an opinion on the parent company only 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 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

Lee, Ming-Hsien

PricewaterhouseCoopers, Taiwan

Republic of China

March 28, 2017

The accompanying 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 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	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,261,712	30	\$ 1,981,296	19
1170	Accounts receivable, net	6(2)	587,329	5	840,479	8
1200	Other receivables		12,018	-	16,235	-
1210	Other receivables - related parties	7	6,780	-	5,268	-
130X	Inventory	5(2) and 6(3)	1,652,432	15	1,942,181	19
1410	Prepayments		198,023	2	143,031	1
11XX	Total current assets		<u>5,718,294</u>	<u>52</u>	<u>4,928,490</u>	<u>47</u>
Non-current assets						
1543	Financial assets measured at cost	6(4)(15)(24)				
	- non-current		364,089	3	338,907	3
1550	Investments accounted for under	6(4)(5)(24)				
	equity method		816,854	8	1,146,016	11
1600	Property, plant and equipment	6(6)(7)(24) and 7	3,722,375	34	3,718,257	36
1780	Intangible assets		12,633	-	12,656	-
1840	Deferred income tax assets	5(2) and 6(22)	277,852	3	238,020	3
1915	Prepayments for equipment	6(6)(24)	20,401	-	17,438	-
1920	Guarantee deposits paid		945	-	1,113	-
1980	Other financial assets - non-	8				
	current		28,831	-	24,734	-
15XX	Total non-current assets		<u>5,243,980</u>	<u>48</u>	<u>5,497,141</u>	<u>53</u>
1XXX	Total assets		<u>\$ 10,962,274</u>	<u>100</u>	<u>\$ 10,425,631</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2016		December 31, 2015	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2120	Financial liabilities at fair value	6(8)			
	through profit or loss - current		\$ 2,822	-	\$ 145
2150	Notes payable		1,001	-	995
2170	Accounts payable		56,926	1	32,639
2180	Accounts payable - related parties	7	33,100	-	-
2200	Other payables	6(9)(24) and 7	374,790	3	314,035
2230	Current income tax liabilities	6(22)	110,910	1	100,009
2310	Advance receipts		62,384	1	31,196
21XX	Total current liabilities		<u>641,933</u>	<u>6</u>	<u>479,019</u>
Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	877	-	3,368
2640	Net defined benefit liabilities - non-current	6(10)	70,053	1	62,854
2645	Guarantee deposits received		21,618	-	23,397
25XX	Total non-current liabilities		<u>92,548</u>	<u>1</u>	<u>89,619</u>
2XXX	Total liabilities		<u>734,481</u>	<u>7</u>	<u>568,638</u>
Equity					
Share capital					
3110	Share capital - common stock	6(11)(14)	7,603,262	69	7,310,829
3200	Capital surplus	6(12)(13)	1,275,660	12	1,265,544
Retained earnings					
3310	Legal reserve	6(11)(14)(22)	460,196	4	396,699
3320	Special reserve		22,829	-	22,829
3350	Unappropriated earnings		869,300	8	791,997
3400	Other equity interest	6(15)	(3,454)	-	69,095
3XXX	Total equity		<u>10,227,793</u>	<u>93</u>	<u>9,856,993</u>
Significant contingent liabilities and unrecognized contract commitments					
3X2X	Total liabilities and equity		<u>\$ 10,962,274</u>	<u>100</u>	<u>\$ 10,425,631</u>

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

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

Items	Notes	Years ended December 31			
		2016		2015	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(16)	\$ 3,888,611	100	\$ 3,897,137	100
5000 Operating costs	6(3)(10)(20)(21), 7 and 9	(2,040,535)	(53)	(2,231,449)	(57)
5900 Net operating margin		<u>1,848,076</u>	<u>47</u>	<u>1,665,688</u>	<u>43</u>
Operating expenses	6(2)(10)(20)(21), 7 and 9				
6100 Selling expenses		(177,964)	(5)	(164,464)	(4)
6200 General and administrative expenses		(400,236)	(10)	(346,991)	(9)
6300 Research and development expenses		(203,680)	(5)	(233,502)	(6)
6000 Total operating expenses		<u>(781,880)</u>	<u>(20)</u>	<u>(744,957)</u>	<u>(19)</u>
6900 Operating profit		<u>1,066,196</u>	<u>27</u>	<u>920,731</u>	<u>24</u>
Non-operating income and expenses					
7010 Other income	6(2)(17) and 7	40,029	1	38,972	1
7020 Other gains and losses	6(4)(6)(7)(8)(18) and 12	(27,704)	(1)	96,240	2
7050 Finance costs	6(19)	(11)	-	(28)	-
7070 Share of loss of associates and joint ventures accounted for using equity method	6(5)	(256,704)	(6)	(285,806)	(7)
7000 Total non-operating income and expenses		<u>(244,390)</u>	<u>(6)</u>	<u>(150,622)</u>	<u>(4)</u>
7900 Profit before income tax		821,806	21	770,109	20
7950 Income tax expense	6(22)	(163,113)	(4)	(135,144)	(4)
8200 Profit for the year		<u>\$ 658,693</u>	<u>17</u>	<u>\$ 634,965</u>	<u>16</u>
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(10)	(\$ 7,393)	-	\$ 6,821	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	1,258	-	(1,160)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Other comprehensive income, before tax, exchange differences on translation	6(15)	(72,549)	(2)	(31,579)	-
8300 Other comprehensive loss for the year		<u>(\$ 78,684)</u>	<u>(2)</u>	<u>(\$ 25,918)</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 580,009</u>	<u>15</u>	<u>\$ 609,047</u>	<u>16</u>
Earnings per share (in dollars)	6(23)				
9750 Basic		\$	0.87	\$	0.84
9850 Diluted		\$	0.86	\$	0.83

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

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

	Notes	Share capital - common stock	Capital reserves	Retained Earnings			Other Equity	Total equity
				Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	
For the year ended December 31, 2015								
Balance at January 1, 2015		\$ 7,029,643	\$ 1,257,277	\$ 348,285	\$ 22,829	\$ 621,563	\$ 100,674	\$ 9,380,271
Distribution of 2014 net income (Note):								
Legal reserve		-	-	48,414	-	(48,414)	-	-
Cash dividends	6(14)	-	-	-	-	(140,592)	-	(140,592)
Stock dividends	6(11)(14)	281,186	-	-	-	(281,186)	-	-
Employee stock option compensation cost	6(12)(13)	-	8,267	-	-	-	-	8,267
Net income for the year ended December 31, 2015		-	-	-	-	634,965	-	634,965
Other comprehensive loss for the year ended December 31, 2015		-	-	-	-	5,661	(31,579)	(25,918)
Balance at December 31, 2015		<u>\$ 7,310,829</u>	<u>\$ 1,265,544</u>	<u>\$ 396,699</u>	<u>\$ 22,829</u>	<u>\$ 791,997</u>	<u>\$ 69,095</u>	<u>\$ 9,856,993</u>
For the year ended December 31, 2016								
Balance at January 1, 2016		\$ 7,310,829	\$ 1,265,544	\$ 396,699	\$ 22,829	\$ 791,997	\$ 69,095	\$ 9,856,993
Distribution of 2015 net income (Note):								
Legal reserve		-	-	63,497	-	(63,497)	-	-
Cash dividends	6(14)	-	-	-	-	(219,325)	-	(219,325)
Stock dividends	6(11)(14)	292,433	-	-	-	(292,433)	-	-
Employee stock option compensation cost	6(12)(13)	-	10,116	-	-	-	-	10,116
Net income for the year ended December 31, 2016		-	-	-	-	658,693	-	658,693
Other comprehensive loss for the year ended December 31, 2016		-	-	-	-	(6,135)	(72,549)	(78,684)
Balance at December 31, 2016		<u>\$ 7,603,262</u>	<u>\$ 1,275,660</u>	<u>\$ 460,196</u>	<u>\$ 22,829</u>	<u>\$ 869,300</u>	<u>(\$ 3,454)</u>	<u>\$10,227,793</u>

(Note) The employees' compensation were \$868 and \$77,011, and directors' and supervisors' remuneration were \$8,678 and \$11,543 in 2014 and 2015, respectively, which has been deducted from net income for the years.

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

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

	Notes	For the years ended December 31,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 821,806	\$ 770,109
Adjustments			
Adjustments to reconcile profit (loss)			
Provision/(reversal of allowance) for doubtful accounts	6(2)	564	(43)
Loss on inventory market price decline	6(3)	58,489	48,270
Provision for obsolescence of supplies		9,648	9,119
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	256,704	285,806
Gain on disposal of investments accounted for under the equity method	6(4)(18)	-	(95,381)
Depreciation	6(6)(20)	351,428	395,861
Loss on disposal of property, plant and equipment	6(18)	744	503
Impairment loss (gain on reversal)	6(6)(7)(18)	889	(4,193)
Amortization	6(20)	5,200	4,624
Loss (gain) on valuation of financial liabilities		2,677	(3,524)
Employee stock option compensation cost	6(12)(13)	10,025	7,844
Interest income	6(17)	(13,371)	(11,067)
Interest expense	6(19)	11	28
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	27
Accounts receivable		252,586	(317,472)
Other receivables		4,217	(904)
Other receivables - related parties		(1,512)	5,803
Inventories		231,260	257,104
Prepayments		(64,640)	(19,465)
Changes in operating liabilities			
Notes payable		6	(158)
Accounts payable		24,287	(11,629)
Accounts payable - related parties		33,100	-
Other payables		35,067	9,343
Advance receipts		31,188	(6,760)
Net defined benefit liabilities - non-current		(194)	971
Cash inflow generated from operations		2,050,179	1,324,816
Interest received		13,371	10,917
Interest paid		(11)	(28)
Income tax paid		(193,277)	(103,122)
Net cash flows from operating activities		<u>1,870,262</u>	<u>1,232,583</u>

(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,	
		2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets measured at cost - non-current		(\$ 25,182)	\$ -
Cash paid for acquisition of property, plant and equipment	6(24)	(315,517)	(479,227)
Proceeds from disposal of property, plant and equipment		484	300
Acquisition of intangible assets		(5,177)	(10,267)
Increase in prepayment for equipment		(19,421)	(25,852)
Decrease in pledged deposits		168	451
Increase in other financial assets - non-current		(4,097)	-
Net cash flows used in investing activities		(368,742)	(514,595)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in guarantee deposits received		(1,779)	21,741
Payment of cash dividends	6(14)	(219,325)	(140,592)
Net cash flows used in financing activities		(221,104)	(118,851)
Net increase in cash and cash equivalents		1,280,416	599,137
Cash and cash equivalents at beginning of year	6(1)	1,981,296	1,382,159
Cash and cash equivalents at end of year	6(1)	<u>\$ 3,261,712</u>	<u>\$ 1,981,296</u>

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

Appendix 4

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders 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, 2016 and 2015, 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, 2016 and 2015, 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 Standard, 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 2016. 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.

Cutoff of export revenue

Description

Please refer to Note 4(28) to the consolidated financial statements for accounting policy on revenue recognition.

The Group's sales revenue mainly arose from manufacture and sale of generic drugs and primarily are export sales. The Group recognizes export sales revenue based on the terms and conditions of transactions which vary with different customers. For sales transactions in a certain period around balance sheet date, it is essential to ensure whether the significant risks and rewards of ownership have been transferred to the customers. As revenue recognition of export sales is subject to management's judgement on whether risks and rewards has been properly transferred, and contains the risk of inappropriate recognition timing, we consider the cutoff of export revenue a key audit matter.

How our audit addressed the matter

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

1. We obtained understanding and assessed the effectiveness of internal controls over cutoff of sales revenue, and tested the effectiveness of internal controls on shipment and billing.
2. We checked the completeness and performed cutoff tests on a random basis on the export sales details in a certain period around balance sheet date, which includes checking the terms and conditions of transaction, verifying against supporting documents, and checking whether inventory changes records and sales cost had been recognized in the proper period.

Inventory valuation

Description

Please refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(3) for detailed items of inventories. As of December 31, 2016, the balances of inventory and allowance for inventory valuation losses were \$ 2,330,847 thousand and \$ 501,137 thousand, respectively.

The Group is primarily engaged in antineoplastic drug and advanced generic drugs. As the manufacturing process is long and complex, causing longer materials lead time, in addition, the waiting period for product registration is long, and customers' product launch time might be deferred, there is higher risk of incurring loss on inventory valuation. For inventories sold in regular way, the Group measures inventories at the lower of cost and net realisable value. For inventories age 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 uncertainty and the ending balance of inventory was material to the financial statements, we consider the valuation of inventory a key audit matter.

How our audit addressed the matter

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

1. We assessed 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. We checked the accuracy of inventory aging report, and recalculated the reasonableness of allowance for inventory valuation losses to ensure the report is consistent with the Group's policies.
3. We selected inventory part numbers on a random basis and verified its net realizable value to evaluate the reasonableness of allowance for inventory valuation losses.

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, 2016 and 2015.

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 Standard, 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.

Lin, Yung-Chih

Independent Accountants

Lee, Ming-Hsien

PricewaterhouseCoopers, Taiwan

Republic of China

March 28, 2017

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	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,707,151	29	\$ 2,335,697	19
1170	Accounts receivable, net	6(2)	638,405	5	867,231	7
1200	Other receivables		197,897	2	207,955	2
130X	Inventory	5(2) and 6(3)	1,829,710	14	2,169,208	18
1410	Prepayments		212,212	2	168,603	1
1476	Other financial assets - current		-	-	284,216	2
11XX	Total current assets		<u>6,585,375</u>	<u>52</u>	<u>6,032,910</u>	<u>49</u>
Non-current assets						
1543	Financial assets measured at cost- non-current	6(4)(17)(26)	364,089	3	338,907	3
1600	Property, plant and equipment	6(5)(7)(26) and 7	5,208,898	41	5,170,714	43
1780	Intangible assets		24,078	-	22,918	-
1840	Deferred income tax assets	5(2) and 6(24)	414,414	3	372,644	3
1915	Prepayments for equipment	6(5)(26)	65,466	-	157,961	1
1920	Guarantee deposits paid		9,739	-	10,448	-
1980	Other financial assets - non- current	8	28,831	-	24,734	-
1985	Long-term prepaid rent	6(6)	<u>82,110</u>	<u>1</u>	<u>90,359</u>	<u>1</u>
15XX	Total non-current assets		<u>6,197,625</u>	<u>48</u>	<u>6,188,685</u>	<u>51</u>
1XXX	Total assets		<u>\$ 12,783,000</u>	<u>100</u>	<u>\$ 12,221,595</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 982,705	8	\$ 1,702,306	14
2120	Financial liabilities at fair value through profit or loss - current	6(9)	2,822	-	145	-
2150	Notes payable		1,001	-	995	-
2170	Accounts payable		69,730	1	91,060	-
2200	Other payables	6(10)(26) and 7	430,020	3	336,932	3
2230	Current income tax liabilities	6(24)	110,911	1	100,009	1
2310	Advance receipts		62,384	-	43,536	-
2320	Long-term liabilities, current portion	6(11) and 9	32,120	-	-	-
21XX	Total current liabilities		<u>1,691,693</u>	<u>13</u>	<u>2,274,983</u>	<u>18</u>
Non-current liabilities						
2540	Long-term borrowings	6(11) and 9	770,873	6	-	-
2570	Deferred income tax liabilities	6(24)	877	-	3,368	-
2640	Net defined benefit liabilities - non-current	6(12)	70,053	1	62,854	1
2645	Guarantee deposits received		21,711	-	23,397	-
25XX	Total non-current liabilities		<u>863,514</u>	<u>7</u>	<u>89,619</u>	<u>1</u>
2XXX	Total liabilities		<u>2,555,207</u>	<u>20</u>	<u>2,364,602</u>	<u>19</u>
Equity attributable to owners of the parent						
Share capital						
3110	Share capital - common stock	6(13)(16)	7,603,262	59	7,310,829	60
3200	Capital surplus	6(14)(15)	1,275,660	10	1,265,544	10
Retained earnings						
3310	Legal reserve	6(13)(16)(24)	460,196	4	396,699	3
3320	Special reserve		22,829	-	22,829	-
3350	Undistributed earnings		869,300	7	791,997	7
3400	Other equity interest	6(17)	(3,454)	-	69,095	1
3XXX	Total equity		<u>10,227,793</u>	<u>80</u>	<u>9,856,993</u>	<u>81</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Total liabilities and equity		<u>\$ 12,783,000</u>	<u>100</u>	<u>\$ 12,221,595</u>	<u>100</u>

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 for earnings per share amounts)

Items	Notes	Year ended December 31			
		2016		2015	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18)	\$ 4,030,921	100	\$ 3,955,207	100
5000 Operating costs	6(3)(12)(22)(23) and 9	(2,224,960)	(55)	(2,278,553)	(58)
5900 Net operating margin		<u>1,805,961</u>	<u>45</u>	<u>1,676,654</u>	<u>42</u>
Operating expenses	6(2)(6)(12)(22)(23), 7 and 9				
6100 Selling expenses		(169,971)	(4)	(157,036)	(4)
6200 General and administrative expenses		(488,139)	(12)	(445,701)	(11)
6300 Research and development expenses		(279,575)	(7)	(324,214)	(8)
6000 Total operating expenses		<u>(937,685)</u>	<u>(23)</u>	<u>(926,951)</u>	<u>(23)</u>
6900 Operating profit		<u>868,276</u>	<u>22</u>	<u>749,703</u>	<u>19</u>
Non-operating income and expenses					
7010 Other income	6(2)(19)	40,705	1	47,751	1
7020 Other gains and losses	6(4)(5)(7)(9)(20) and 12	(62,265)	(1)	13,694	-
7050 Finance costs	6(5)(21)(26)	(36,116)	(1)	(9,018)	-
7060 Share of profit of associates and joint ventures accounted for under equity method		-	-	754	-
7000 Total non-operating income and expenses		<u>(57,676)</u>	<u>(1)</u>	<u>53,181</u>	<u>1</u>
7900 Profit before income tax		810,600	21	802,884	20
7950 Income tax expense	6(24)	(151,907)	(4)	(167,919)	(4)
8200 Profit for the year		<u>\$ 658,693</u>	<u>17</u>	<u>\$ 634,965</u>	<u>16</u>
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Other comprehensive income, before tax, actuarial gains	6(12)	(\$ 7,393)	-	\$ 6,821	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	1,258	-	(1,160)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Other comprehensive income, before tax, exchange differences on translation	6(17)	(72,549)	(2)	(31,579)	(1)
8300 Other comprehensive loss for the year		<u>(\$ 78,684)</u>	<u>(2)</u>	<u>(\$ 25,918)</u>	<u>(1)</u>
8500 Total comprehensive income for the year		<u>\$ 580,009</u>	<u>15</u>	<u>\$ 609,047</u>	<u>15</u>
Profit attributable to:					
8610 Owners of the parent		<u>\$ 658,693</u>	<u>17</u>	<u>\$ 634,965</u>	<u>16</u>
Comprehensive income attributable to:					
8710 Owners of the parent		<u>\$ 580,009</u>	<u>15</u>	<u>\$ 609,047</u>	<u>15</u>
Earnings per share (in dollars)					
9750 Basic	6(25)	<u>\$</u>	<u>0.87</u>	<u>\$</u>	<u>0.84</u>
9850 Diluted	6(25)	<u>\$</u>	<u>0.86</u>	<u>\$</u>	<u>0.83</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					Other Equity Financial statements translation differences of foreign operations	Total equity
		Share capital - common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings		
<u>For the year ended December 31, 2015</u>								
Balance at January 1, 2015		\$ 7,029,643	\$ 1,257,277	\$ 348,285	\$ 22,829	\$ 621,563	\$ 100,674	\$ 9,380,271
Distribution of 2014 net income:								
Legal reserve		-	-	48,414	-	(48,414)	-	-
Cash dividends	6(16)	-	-	-	-	(140,592)	-	(140,592)
Stock dividends	6(13)(16)	281,186	-	-	-	(281,186)	-	-
Employee stock option compensation cost	6(14)(15)	-	8,267	-	-	-	-	8,267
Net income for the year ended December 31, 2015		-	-	-	-	634,965	-	634,965
Other comprehensive loss for the year ended December 31, 2015		-	-	-	-	5,661	(31,579)	(25,918)
Balance at December 31, 2015		<u>\$ 7,310,829</u>	<u>\$ 1,265,544</u>	<u>\$ 396,699</u>	<u>\$ 22,829</u>	<u>\$ 791,997</u>	<u>\$ 69,095</u>	<u>\$ 9,856,993</u>
<u>For the year ended December 31, 2016</u>								
Balance at January 1, 2016		\$ 7,310,829	\$ 1,265,544	\$ 396,699	\$ 22,829	\$ 791,997	\$ 69,095	\$ 9,856,993
Distribution of 2015 net income:								
Legal reserve		-	-	63,497	-	(63,497)	-	-
Cash dividends	6(16)	-	-	-	-	(219,325)	-	(219,325)
Stock dividends	6(13)(16)	292,433	-	-	-	(292,433)	-	-
Employee stock option compensation cost	6(14)(15)	-	10,116	-	-	-	-	10,116
Net income for the year ended December 31, 2016		-	-	-	-	658,693	-	658,693
Other comprehensive loss for the year ended December 31, 2016		-	-	-	-	(6,135)	(72,549)	(78,684)
Balance at December 31, 2016		<u>\$ 7,603,262</u>	<u>\$ 1,275,660</u>	<u>\$ 460,196</u>	<u>\$ 22,829</u>	<u>\$ 869,300</u>	<u>(\$ 3,454)</u>	<u>\$10,227,793</u>

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,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 810,600	\$ 802,884
Adjustments			
Adjustments to reconcile profit (loss)			
Provision/(reversal) for doubtful accounts	6(2)	596	(43)
Loss on inventory market price decline	6(3)	110,571	68,569
Provision for obsolescence of supplies		11,167	7,531
Share of profit of associates and joint ventures accounted for under the equity method		-	(754)
Gain on disposal of investments accounted for under the equity method	6(4)(20)	-	(95,381)
Depreciation	6(5)(22)	435,391	471,133
Loss on disposal of property, plant and equipment	6(20)	626	843
Impairment loss (gain on reversal)	6(5)(7)(20)	889	(4,193)
Amortization	6(22)	9,450	11,386
Amortization of long-term prepaid rent	6(6)	1,977	2,051
Loss (gain) on valuation of financial liabilities		2,677	(3,524)
Employee stock option compensation cost	6(14)(15)	10,116	8,267
Interest income	6(19)	(27,844)	(30,689)
Interest expense	6(21)	36,116	9,018
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	27
Accounts receivable		228,232	(344,198)
Other receivables		10,058	(8,631)
Inventories		234,501	211,519
Prepayments		(54,776)	(26,074)
Changes in operating liabilities			
Notes payable		6	(158)
Accounts payable		(21,330)	37,247
Other payables		34,117	2,750
Advance receipts		18,848	5,580
Net defined benefit liabilities - non-current		(194)	971
Cash inflow generated from operations		1,851,794	1,126,131
Interest received		27,844	30,539
Interest paid		(21,337)	(9,018)
Income tax paid		(193,277)	(103,122)
Net cash flows from operating activities		1,665,024	1,044,530

(Continued)

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

	<u>Notes</u>	<u>For the years ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other financial assets - current		\$ 284,216	(\$ 284,216)
Increase in financial assets measured at cost - non-current		(25,182)	-
Cash paid for acquisition of property, plant and equipment	6(26)	(395,633)	(631,840)
Interest paid for acquisition of property, plant and equipment	6(5)(21)(26)	(22,847)	(14,989)
Proceeds from disposal of property, plant and equipment		555	451
Acquisition of intangible assets		(11,416)	(11,020)
Increase in prepayments for equipment		(28,623)	(9,729)
Decrease in pledged deposits		709	7,171
Increase in other financial assets - non-current		(4,097)	-
Net cash flows used in investing activities		<u>(202,318)</u>	<u>(944,172)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(719,601)	424,830
Increase in long-term borrowings		802,993	-
(Decrease) increase in guarantee deposits received		(1,686)	21,741
Payment of cash dividends	6(16)	(219,325)	(140,592)
Net cash flows (used in) from financing activities		<u>(137,619)</u>	<u>305,979</u>
Effect of foreign exchange rate changes on cash and cash equivalents		46,367	1,757
Net increase in cash and cash equivalents		1,371,454	408,094
Cash and cash equivalents at beginning of year	6(1)	<u>2,335,697</u>	<u>1,927,603</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 3,707,151</u>	<u>\$ 2,335,697</u>

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

Appendix 5

ScinoPharm Taiwan, Ltd.

Proposed Revision of the Rules Governing the procedures for Handling Acquisition and Disposal of Assets

Current Provision	Revision Proposed	Remark
<p>Article 4 Evaluation and Operation 1.~4. omitted 5. For the purpose of acquiring or disposing of memberships or intangible assets, where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall prior to the date of occurrence seek the CPA's expressed opinion on the acceptability of the transaction price proposed except in cases where the trading counterpart is a government <u>department</u>, in which case, the CPA shall act in accordance with the Auditing Standards No. 20 issued by the Accounting Research and Development Foundation. 6.~8. omitted</p>	<p>Article 4 Evaluation and Operation 1.~4. omitted 5. For the purpose of acquiring or disposing of memberships or intangible assets, where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall prior to the date of occurrence seek the CPA's expressed opinion on the acceptability of the transaction price proposed except in cases where the trading counterpart is a government <u>agency</u>, in which case, the CPA shall act in accordance with the Auditing Standards No. 20 issued by the Accounting Research and Development Foundation. 6.~8. omitted</p>	<p>Regulatory authorities ruled that the original provisions only allowed for governmental departments; as the possibility of price manipulation for the acquisition or disposal of asset transactions by central and local government agencies is low, we have waived expert opinions and revised the provision.</p>
<p>Article 6 Assets Evaluation For the purpose of acquiring or disposing of real property or equipment, where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall obtain prior to the date of occurrence the valuation report issued by the special appraiser(s) in advance and act in accordance with the following except in cases where the trading counterpart is a government <u>department</u>, or the proposed commissioning of construction work to be performed on the land owned or leased by the Company, or the object of the acquisition or disposal is the equipment for business use:(Omitted.)</p>	<p>Article 6 Assets Evaluation For the purpose of acquiring or disposing of real property or equipment, where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall obtain prior to the date of occurrence the valuation report issued by the special appraiser(s) in advance and act in accordance with the following except in cases where the trading counterpart is a government <u>agency</u>, or the proposed commissioning of construction work to be performed on the land owned or leased by the Company, or the object of the acquisition or disposal is the equipment for business use:(Omitted.)</p>	<p>Reasons for revising are the same as for revisions made to Article 4 Paragraph 5.</p>

Current Provision	Revision Proposed	Remark
<p>Article 7 Acquisition of Real Property from Interested Parties</p> <p>1. (Omitted)</p> <p>2. Approval procedure: Except in a case of sale and purchase of government bond, bonds with buy-back/sell-back condition, subscription or <u>redemption</u> of local money market mutual funds, for the purpose of acquiring from or disposing of real estate to an interested party, or acquiring from or disposing to an interested party of any property other than real estate, where the transaction value amounts to 20% or more of the total paid-in capital, 10% or more of the total assets of the Company or TWD300 million or more, the working group shall submit materials on the following matters to the meeting of the Board of Directors for resolution, which resolution must be ratified by the Supervisors, before executing the transaction contract and paying the price: (Omitted.)</p>	<p>Article 7 Acquisition of Real Property from Interested Parties</p> <p>1. (Omitted)</p> <p>2. Approval procedure: Except in a case of sale and purchase of government bond, bonds with buy-back/sell-back condition, subscription or <u>buy-back</u> of local money market mutual funds <u>issued by securities investment trust enterprises</u>, for the purpose of acquiring from or disposing of real estate to an interested party, or acquiring from or disposing to an interested party of any property other than real estate, where the transaction value amounts to 20% or more of the total paid-in capital, 10% or more of the total assets of the Company or TWD 300 million or more, the working group shall submit materials on the following matters to the meeting of the Board of Directors for resolution, which resolution must be ratified by the Supervisors, before executing the transaction contract and paying the price: (Omitted.)</p>	<p>In view of the fact that local money market mutual funds refer to money market funds issued by securities investment trust enterprises following permission from the Financial Supervisory Commission, and in accordance with the Securities Investment Trust and Consulting Act, regulatory authorities have revised the provision for clarification purposes.</p>
<p>Article 9 Merger, Spin-off, Purchase or Acquisition of Stocks by Assignment</p> <p>1. When merging, dividing, acquiring or transferring shares, the Company should appoint a certified public accountant, solicitor or securities underwriter to express its views on the reasonableness of the conversion, the purchase price, the cash dividends or other assets allotted to shareholders prior to the Board meeting, and said views should be reported to the Board for approval. (Omitted.)</p>	<p>Article 9 Merger, Spin-off, Purchase or Acquisition of Stocks by Assignment</p> <p>1. When merging, dividing, acquiring or transferring shares, the Company should appoint a certified public accountant, solicitor or securities underwriter to express its views on the reasonableness of the conversion, the purchase price, the cash dividends or other assets allotted to shareholders prior to the Board meeting, and said views should be reported to the Board for approval. <u>However, the above procedures regarding expert views do not apply to subsidiaries where the Company directly or indirectly owns 100% of issued shares or total capital, or</u></p>	<p>In accordance with the Business Mergers And Acquisitions Act, regulatory authorities consider mergers of subsidiaries where the Company directly or indirectly owns 100% of issued shares or total capital, or mergers between subsidiaries where the Company directly or indirectly owns 100% of issued shares or total capital to be reorganizations of the same business group, and thus does not involve share exchange agreements or cash</p>

Current Provision	Revision Proposed	Remark
	<u>mergers between subsidiaries where the Company directly or indirectly owns 100% of issued shares or total capital.</u> (Omitted.)	dividends or other assets allotted to shareholders; therefore, the procedures for obtaining expert views on share exchanges do not apply to these mergers.
<p>Article 10 Public disclosure and reporting</p> <p>1. Where the acquisition or disposal of assets by the Company proposed belongs to any of the following, the Company shall publicly disclose the relevant information within two days from the date of occurrence by posting them on the FSC-designated website according to the relevant form and substance required:</p> <p>1.1 Acquisition from or disposing of real property to an interested party, or acquiring from or disposing to an interested party of any property other than real property where the transaction value amounts to 20% or more of the total paid-in capital, 10% or more of the total assets of the Company or TWD300 million or more except for the sale and purchase of government bond, any bond with a buy-back, <u>sell-back</u> condition, subscription or <u>redemption</u> of any domestic money market fund.</p> <p>1.2 A merger, spin-off, purchase or acquisition of stocks by assignment.</p> <p>1.3 A derivatives transaction the loss incurred from which transaction amounts to the relevant general or individual cap amount provided in the contracts governed by these Rules.</p> <p><u>1.4</u> An asset transaction other than those provided in the preceding <u>three</u> paragraphs or an investment project in China of which the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million</p>	<p>Article 10 Public disclosure and reporting</p> <p>1. Where the acquisition or disposal of assets by the Company proposed belongs to any of the following, the Company shall publicly disclose the relevant information within two days from the date of occurrence by posting them on the FSC-designated website according to the relevant form and substance required:</p> <p>1.1 Acquisition from or disposing of real property to an interested party, or acquiring from or disposing to an interested party of any property other than real property where the transaction value amounts to 20% or more of the total paid-in capital, 10% or more of the total assets of the Company or TWD300 million or more except for the sale and purchase of government bond, any bond with a buy-back, <u>sell-back</u> condition, subscription or <u>buy-back</u> of domestic money market fund <u>issued by securities investment trust enterprises.</u></p> <p>1.2 A merger, spin-off, purchase or acquisition of stocks by assignment.</p> <p>1.3 A derivatives transaction the loss incurred from which transaction amounts to the relevant general or individual cap amount provided in the contracts governed by these Rules.</p> <p>1.4 <u>Acquired or disposed assets categorized as operational equipment, where transactions are not conducted with related parties, and where transaction amounts</u></p>	<p>1. Reasons for revising Paragraph 1, Subparagraph 1 are the same as for revisions made to Article 7.</p> <p>2. In consideration of the fact that large-scale companies will post notices over-frequently if reporting standards are overly low for acquisition or disposal of equipment used for day-to-day business operations, thus resulting in reduction of significance for information disclosed, Paragraph 1, Subparagraph 4, Item 4 has been revised and moved to Paragraph 1, Subparagraph 4, while the original text of Paragraph 1, Subparagraph 4 has been moved back.</p> <p>3. The original text of Paragraph 1, Subparagraph 4, Item 5 has been revised and moved to Paragraph 1, Subparagraph 5.</p> <p>4. The original text of Paragraph 1, Subparagraph 4 has been revised and moved to Paragraph 1, Subparagraph 6: (1) For Item 2, acquisition of corporate</p>

Current Provision	Revision Proposed	Remark
<p>except in cases where the transaction proposed is</p> <p>(1) the sale and purchase of government bonds.</p> <p>(2) the sale and purchase of negotiable securities by special investment business on the stock exchange or securities houses at home or abroad.</p> <p>(3) the sale and purchase of bonds with a buy-back or sell-back condition.</p> <p><u>(4) the acquisition or disposal of machinery equipment for business use where the trading counterpart is not an interested party and the transaction value of which is less than TWD500 million.</u></p> <p><u>(5) the acquisition of real property the transaction value of which acquisition payable by the Company amounts to less than TWD500 million and which acquisition will be conducted through the commissioning of construction work to be performed on the land owned or leased by the Company, or a joint construction project with the Company to share and own certain units or percentage title ownership of the building, or a joint commissioned construction project with the building to be sold in different lots.</u></p> <p>2.~3. Omitted</p> <p>4. Should items be incorrect or incomplete at the time of public disclosure, all items should be re-disclosed once all errors are corrected.</p> <p>5. The Company shall publicly disclose by posting on the FSC-designated website, within two days from the date of occurrence, the transaction which has been duly publicly disclosed pursuant to paragraphs 1 through 4 of this Article</p>	<p><u>meet one of the following requirements:</u></p> <p><u>(1) Transactions of more than TWD 500 million with a public company holding less than TWD 10 billion in paid-up capital.</u></p> <p><u>(2) Transactions of more than TWD 1 billion with a public company holding more than TWD 10 billion in paid-up capital.</u></p> <p><u>1.5 the acquisition of real property the transaction value of which acquisition payable by the Company amounts to less than TWD500 million and which acquisition will be conducted through the commissioning of construction work to be performed on the land owned or leased by the Company, or a joint construction project with the Company to share and own certain units or percentage title ownership of the building, or a joint commissioned construction project with the building to be sold in different lots.</u></p> <p><u>1.6 Assets transactions other than those of the aforementioned five provisions or investments in China, where the transaction amount is more than 20% of the company's paid-up capital or TWD 300 million. However, the above does not apply to the following:</u></p> <p><u>(1) Sales of government bonds.</u></p> <p><u>(2) Sale or purchase of shares in domestic or overseas stock exchanges or securities businesses, or subscription in the domestic primary market of ordinary corporate bonds and general financial bonds not involved in equity, by professional investors.</u></p> <p><u>(3) The sale of bonds with buy-back, sell-back conditions and purchase or buy-back of domestic money market funds issued by securities investment trust enterprises.</u></p>	<p>bonds and non-equity bank debentures in domestic primary markets are a regular and simple business activity for professional investors, conducted mainly for the purpose of obtaining interest; under current regulations, when selling said assets in secondary markets there is no need for disclosure of information. In consideration of benefits and consistency of information disclosure, these notices have been excluded from the scope of relevant regulations.</p> <p>(2) Reasons for revising Item 3 are the same as for revisions made to Article 7.</p> <p>5. Regulatory authorities referenced Paragraph 5 of this Article referring to provisions stipulating that changes to disclosed notices should be effected within two days. Accordingly, it is stipulated that notices with errors or omissions at the time of disclosure should be revised and all items should be re-disclosed within two days of discovery.</p>

Current Provision	Revision Proposed	Remark
<p>and which runs into any of the following:</p> <p>5.1 The original contract consummated on the transaction has been changed, terminated or rescinded.</p> <p>5.2 The merger, spin-off, purchase or acquisition of stocks by assignment under the transaction fails to complete as scheduled under the contract.</p> <p>5.3 Change to the content of the original public disclosure.</p>	<p>2. ~ 3. Omitted</p> <p>4. Should items be incorrect or incomplete at the time of public disclosure, all items should be re-disclosed <u>within two days of discovery</u>.</p> <p>5. The Company shall publicly disclose by posting on the FSC-designated website, within two days from the date of occurrence, the transaction which has been duly publicly disclosed pursuant to paragraphs 1 through 4 of this Article and which runs into any of the following:</p> <p>5.1 The original contract consummated on the transaction has been changed, terminated or rescinded.</p> <p>5.2 The merger, spin-off, purchase or acquisition of stocks by assignment under the transaction fails to complete as scheduled under the contract.</p> <p>5.3 Change to the content of the original public disclosure.</p>	
<p>Article 14 Adoption and Amendment</p> <p>These Rules were adopted by the shareholders meeting of 25 September 2009 with subsequent amendment adopted by the shareholders meetings of 13 June 2012 、 21 June 2013 <u>and</u> 18 June 2014.</p>	<p>Article 14 Adoption and Amendment</p> <p>These Rules were adopted by the shareholders meeting of 25 September 2009 with subsequent amendment adopted by the shareholders meetings of 13 June 2012 、 21 June 2013 、 18 June 2014 <u>and 27 June 2017</u> .</p>	<p>Revision is proposed to incorporate the date of the present revision.</p>