

ScinoPharm Taiwan, Ltd.
2013 Annual General Shareholders' Meeting
Minutes
(Translation)

Time and Date: 9:30AM, 21 June 2013

Place: ScinoPharm Taiwan, Ltd. Administration Building
1F, No. 1, Nan-Ke 8th Road, Tainan Science Park, Shan-Hua, Tainan.

Total outstanding ScinoPharm shares: 649,930,000 shares

Total shares represented by shareholders present in person or by proxy: 548,213,380 shares

Percentage of shares held by shareholders present in person or by proxy: 84.35%

Attendees: Accountant (James Liu), Attorney (Albert Fang)

Chairperson: Mr. Kao-Huei Cheng, Chairman of the Board of Directors

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. Report Items :

- (1) Business Report on 2012 (See Appendix 1).
- (2) Audit Committee's review opinions on 2012 Financial Results (See Appendix 2).
- (3) Adjustments to 2012 distributable earnings and the amount of the special reserve set aside by the company due to the impact of first-time adoption of International Financial Reporting Standards (IFRSs).

Explanation:

- a. The report is compiled in accordance with the order of April 6, 2012 issued by the Financial Supervisory Commission (ref. Gin-Guan-Zheng-Fa-Zi No. 1010012865).
 - b. Upon conversion to IFRSs, the Company's undistributed earnings as of January 1, 2013 increased by NT\$29,758,967. In accordance with the law, the Company set aside NT\$22,829,680 as special reserve from unrealized revaluation increments which were reclassified from shareholders' equity to retained earnings. After setting aside the special reserve, earnings available for distribution as of January 1, 2013 increased by NT\$6,929,287.
- (4) Proposed revisions to the Rules Governing the Meetings of the Board Directors (See Appendix3).

C. Matters for ratification:

- (1) Business Report and Financial Statements for 2012 (as adopted by the meeting of the Board of Directors).

Explanation:

- a. Having been duly adopted by the Board of Directors, audited and certified by two certified public accountants from PricewaterhouseCoopers Taiwan (James Liu and Phoebe Lin), and submitted along with the Business Report to and thereafter duly inspected by the Audit Committee that in turn duly issued a pertinent inspection report, the Company's financial statements produced for

fiscal year 2012 include the balance sheet, consolidated balance sheet, income statement, consolidated income statement, statement of changes in stockholders' equity, consolidated statement of changes in stockholders' equity, cash flow statement and consolidated cash flow statement.

- b. Please see Appendix 1 and Appendices 4-5 for the Business Report, Auditor's Report and financial statements (including consolidated financial statements).
- c. It is proposed that resolution be adopted to ratify the above reports, books, record and financial statements.

Resolution, that the above proposal be and hereby was approved as proposed.

(2) Proposed earnings distribution plan for fiscal year 2012 (as adopted by the meeting of the Board of Directors).

Explanation:

- a. The Company's earnings distribution for fiscal year 2012 is proposed, in accordance with the Company Act and its Articles of Incorporation, by the Board of Directors as follows:
- b. With TWD1,107,198,855 of cumulative distributable earnings for the period of 2012, the Company proposes to pay a cash dividend of TWD1.2 and a stock dividend of TWD0.4 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 2012**

Item	Amount (TWD)
After-tax net profit earned in 2012	1,170,468,987
Less: Legal reserve	<u>(117,046,899)</u>
Distributable profit from this period	<u>1,053,422,088</u>
Plus: Accumulated undistributed earnings from previous period	<u>53,776,767</u>
Total distributable earnings as of this period	<u>1,107,198,855</u>
 Bonus to shareholders (Cash dividend TWD1,200 on each 1,000 shares held) (Stock dividend 40 shares on each 1,000 shares held)	 (779,916,000) <u>(259,972,000)</u>
Undistributed earnings as of the end of the period	<u>67,310,855</u>

Notes:

1. Remuneration payable to directors and supervisors for 2012 calculated based on the total distributable earnings of the year is TWD21,068,442 with TWD21,072,967 thereof accounted as the estimated amount payable and the difference of TWD4,525 will be accounted as the income (loss) in year 2013.
2. Bonus to employees payable for 2012 calculated based on the total distributable earnings of the year is TWD2,106,845 with TWD2,107,296 accounted as the estimated amount payable and the difference of TWD451 will be accounted as the income (loss) in year 2013.
3. In terms of earnings distribution for fiscal year 2012, 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.
4. The actual amount of cash dividend paid to the shareholder shall be paid up to the rounded number with the fraction (if any) to be accounted as Other Income of the Company. .

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

Resolution, that the above proposal be and hereby was approved as proposed.

D. Matters 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 TWD259,972,000 of the undistributed earnings accumulated from the previous period be capitalized to issue 25,997,200 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 are 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 TWD6,759,272,000 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, that the above proposal be and hereby was approved as proposed.

- (2) Proposed revisions to the Company's Articles of Incorporation (as adopted by the meeting of the Board of Directors).

Explanation:

- a. To accommodate the Company's future development and retain the talent it needs to create both corporate and shareholder interests, it is proposed that the Company's Articles of Incorporation, in accordance with Article 28-3 of the Securities and Exchange Act, state clearly a given number of shares to be set aside for the Company to accommodate subscriptions upon subscribers exercising their option rights.
- b. The Company proposes to amend its Articles of Incorporation so as to further bolster corporate governance and introduce electronic voting to its shareholders' meetings. The revisions with regard to electronic voting are due to become effective from the next shareholders' meeting.
- c. What follows is a juxtaposition of the proposed revisions to the Articles of Incorporation and the current provisions.

Current Provision	Revision Proposed	Remark
<p>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.</p>	<p>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 <u>with a total of 7,000,000 shares to be reserved for issuance of stock option certificates.</u></p>	<p>The revision is proposed pursuant to Article 28-3 of the Securities And Exchange Act in consideration of the future development of the company's business and providing incentives to special personnel needed by the company.</p>
<p>Article 17 Except 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.</p>	<p>Article 17 Except <u>those subject to restrictions or</u> 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. <u>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.</u></p>	<p>The revision is proposed in line with the implementation of the electronic voting system.</p>
<p>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 <u>directors to be elected by the</u></p>	<p>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</p>	<p>1.The revision is proposed to strengthen corporate governance and in line with the implementation of the electronic voting system under Article 192-1 pertaining to the regime</p>

<p><u>shareholders meeting from among the candidates nominated</u> and the total number of the independent directors shall account for not less than one fifth (1/5) of the total number of directors. 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.</p>	<p>directors, and the total number of independent directors shall account for not less than one fifth (1/5) of the total number of directors. <u>Directors are to be elected by the shareholders meeting from among the candidates nominated.</u> 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.</p>	<p>of nomination of candidates. 2.Readjustment in sentence structure and wording.</p>
<p>Article 42 These Articles of Incorporation established on 16 October 1997 have been revised as follows: 1st revision of 17 March 1998,...(omitted),18th revision of 13 June 2012.</p>	<p>Article 42 These Articles of Incorporation established on 16 October 1997 have been revised as follows:1st revision of 17 March 1998,...(omitted),18th revision of 13 June 2012,<u>and 19th revision of 21 June 2013.</u></p>	<p>The revision is proposed to bring up to date the history of revision of these Articles.</p>

d. It is proposed that resolution be adopted for the proposed revision.

Resolution, that the above proposal be and hereby was approved as proposed.

(3) Proposed revisions to the Company’s Procedural Rules for Providing Endorsements and Guarantees and Procedural Rules for Providing Lending to Other Persons (as adopted by the meeting of the Board of Directors).

Explanation:

- a. To attain better-rounded internal control and ensure statutory compliance, the Company proposes to modify its Procedural Rules for Providing Endorsements and Guarantees and Procedural Rules for Providing Lending to Other Persons in accordance with the Regulations Governing Loaning of Funds and Offering of Endorsement/Guarantee by Public Companies promulgated by the Financial Supervisory Commission in its order of July 6, 2012 (ref. Jin-Guan-Zheng-Shen-Zi No. 1010029874).
- b. Please see the proposed revisions to the Procedural Rules for Providing Endorsements and Guarantees and Procedural Rules for Providing Lending to Other Persons juxtaposed with the current provisions as shown in Appendices 6-7.
- c. It is proposed that resolution be adopted for the proposed revision.

Resolution, that the above proposal be and hereby was approved as proposed.

(4) Proposed revisions to the Rules Governing the Procedure for Handling Acquisition and Disposal of Assets (as adopted by the meeting of the Board of Directors).

Explanation:

- a. The Securities and Futures Bureau, Financial Supervisory Commission announced a revised set of Q&As on the Regulations Governing the Acquisition and Disposal of Assets by Public Companies on November 30, 2012 with a view to helping public companies strengthen internal control of asset acquisitions/disposals and derivatives trading. Taking its lead from the requirements laid out in the said Q&As, the Company proposes the following revisions to its Rules Governing the Procedure for Handling Acquisition and Disposal of Assets:
 - i. With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its parent or subsidiaries, Article 7, Paragraph 2, Subparagraph 3 is to spell out the quota the Board of Directors accords the Board chairman to decide such matters at his/her discretion.
 - ii. Article 8, Paragraph 1, Subparagraph 4, Item 2 is to specify the ceiling on losses incurred by hedge trades.
- b. Please see the proposed revisions to the Rules Governing the Procedure for Handling Acquisition and Disposal of Assets juxtaposed with the current provisions as shown in Appendix 8.
- c. It is proposed that resolution be adopted for the proposed revision.

Resolution, that the above proposal be and hereby was approved as proposed.

(5) Proposed revisions to the Company's Rules Governing Election of Directors and Supervisors (as adopted by the meeting of the Board of Directors).

Explanation:

- a. The competent authority has been pushing companies whose stock is listed on the stock exchange or traded over-the-counter to adopt electronic voting at shareholders' meetings so as to further protect shareholder rights. Meanwhile, the Company intends to fully implement the candidate nomination system so as to facilitate not only the election of directors and supervisors but also the shareholders' meeting itself. As such, it proposes to modify the Rules Governing Election of Directors and Supervisors accordingly. The revisions with regard to electronic voting are due to become effective from the next shareholders' meeting.
- b. Please see the proposed revisions to the Rules Governing Election of Directors and Supervisors juxtaposed with the current provisions as shown in Appendix 9.
- c. It is proposed that resolution be adopted for the proposed revision.

Resolution, that the above proposal be and hereby was approved as proposed.

(6) Proposed revisions to the Company's Rules Governing Shareholders Meetings (as adopted by the meeting of the Board of Directors).

Explanation:

- a. To strengthen the efficiency of shareholders' meetings and protect shareholder rights, the Securities and Futures Bureau, Financial Supervisory Commission promulgated a newly revised Sample Template for○○ Co., Ltd. Rules of Procedure for Shareholders Meetings in its order of February 27, 2013 (ref. Tai-Zheng-Shang-Yi-Zi No. 1020003468). Taking its lead from the said sample template, the Company proposes to modify its Rules of Procedure for Shareholders' Meetings.
- b. The Company proposes to modify its Rules Governing Shareholders Meetings so as to further

strengthen corporate governance, introduce electronic voting and implement voting by poll across the Board. The revisions with regard to electronic voting are due to become effective from the next shareholders' meeting.

- c. Please see the proposed revisions to the Rules Governing Shareholders Meetings juxtaposed with the current provisions as shown in Appendix 10.
- d. It is proposed that resolution be adopted for the proposed revision.

Resolution, that the above proposal be and hereby was approved as proposed.

E. Extempore motions:

1. Shareholder #5670, Mr. Wang's questions:

- (1) What will be the revenue contribution from the Injectable Plant which requires capital expenditures of NT\$1.1 billion?
- (2) What will be the effects of Changshu Plant on consolidated sales once it starts mass production?
- (3) The foreign exchange (FX) loss for last year (2012) was NT\$43 million. Is it possible that ScinoPharm could work with parent company (Uni-President Group) to hedge on FX risks and avoid FX gains or losses?
- (4) Subsidiary ScinoPharm (Kunshan) Biochemical Technology Co., Ltd. had a disposal income of RMB16.1 million. When will the money be received?

CEO's response:

- (1) One of the biggest core competences of ScinoPharm is its oncological APIs and most of the formulations for oncological APIs are in injectables. Therefore, to develop injectable businesses is our long-term growth strategy. It's very difficult to maintain the sterilized environment and to comply with CGMP standards for an injectable plant. Therefore, global injectable capacities are under supplied, especially for high potency oncological injectables. We want to provide one-stop shop services for our customers: we provide oncological APIs and continue to complete the injectable formulations for them. The injectable facility won't be fully utilized at the very beginning. The product launch time is still under discussion. The injectable plant will also need to be inspected by US FDA which we cannot predict the timeline. Therefore, we could not give you the exact forecast of the sales for the injectable plant.
- (2) The construction of Changshu plant is undergoing smoothly and the plant is being built according to the latest GMP standards of CFDA (China Food and Drug Administration). Like the injectable plant, we need to wait for the inspection of US FDA or CFDA before the plant can start selling APIs products to US or China market. The construction schedules of both plants (Changshu and Injectable) are well managed by us. ScinoPharm is a conservative company and we wouldn't make any aggressive estimation to investors. However, we can be sure that both these plants will provide another growth platform for the company 5 years later.

CFO's response:

- (3) Last year, the amount of "Foreign exchange loss" after adding the amount of "Gain on valuation of financial assets" is around NT\$30 million, which is only 0.66% of our sales amount of about NT\$4,600 million. Basically this is the cost necessary for our foreign exchange hedging. As for if we could do any FX hedging with Uni-President Group outside of the banking system, the answer is No. We still need to go through the formal banking system for our hedging practices. ScinoPharm will only hedge our basic AR (accounts receivables) risk and will not do any speculative

transactions.

- (4) We received the last payment of the compensation fund from Kunshan government for claiming our land back in early 2013. We already included the compensation amount into our 2012 income statement since we were very sure that we would receive the money at the beginning of 2013.

2. Shareholder#5070, Mr. Liao's questions:

- (1) The founder of ScinoPharm, Mr. Kao, ever wrote an article on the newspaper in 2003 about how to invest and create fortunes. May I ask CEO Dr. Shen how you think ScinoPharm fits into the investment criteria of Mr. Kao's?
- (2) Many Medias (such as Marbo Weekly issue #955) pointed out that ScinoPharm is like TSMC in the biotech industry and within the next 10 years, there will be no shortages of orders from customers. May we know CEO Dr. Shen's view on that?

CEO's response:

- (1) Chairman Kao's key point in his article is that his investment is for the long-term, not for the short-term. Chairman Kao's definition of a good company includes: 1. Good corporate governance, strong management team, and caring about minority shareholders, 2. Great operating performance, steady profitability, and, 3. Promising industry to meet the expectations from the investors. According to the above criteria, I believe ScinoPharm meets Mr. Kao's definition of a good company. ScinoPharm has been meeting the best corporate governance practices since day one. Even though the company has been operating in red in the first few years of operation, looking back in time, those losses were actually accumulation of our future energy and our future products. Once those products are launched into the market place, our performance has been greatly improved. We will keep moving forward into a better future. Our management philosophy is to create the maximum values for both major shareholders and minority shareholders. We will also do our best to protect minority shareholders' interests.
- (2) APIs industry is a very unique industry. What we are doing everyday now is to create business opportunities for the company for the next 10 years and beyond. Because of the uniqueness of this industry, product development and launch plan is for the businesses 10 years later. In other words, we have already developed products successfully for the next 10 years, customers are secured and products are registered. There are very few industries that can secure businesses so early ahead of time. Therefore, I think we can say that there are not going to be any shortages of orders from our customers, based on our current operating strategies. Our business is really a long-term growing business.

3. Shareholder#22830, Mr. Chiu's question:

Can CEO provide an analysis on our strongest competitors for the next 3-5 years and their business models? And how can we react to the competition?

CEO's response:

We should analyze this question in two levels. Who are our strongest competitors? The definition of our strongest competitors is based on the categories of products. Our strongest business is oncology APIs. We are one of the strongest companies in oncology APIs, according to the depth, width, and value of each player's product portfolio. There are many kinds of oncology products. Some are very easy to make. Those kinds of products are not very competitive. We like to pick the most difficult, highly demanded oncology products. We have two kinds of competitors. One kind of

competitors includes those who make only APIs without formulations, just like what we have done in the past 15 years. The other kind of competitors makes not only APIs but also formulations.

We are far ahead in the competition comparing with the first kind of competitors. There are only a few of them and most are in India. They are smaller than ScinoPharm. As long as we keep increasing products in our R&D pipeline and it will be our best competition strategy. It's not difficult for us to be ahead of them because we have built a solid foundation already.

The second kind of competitors includes the ones that make both APIs and formulations. These are major generic pharmaceutical companies, such as TEVA in Israel and Dr. Reddy's in India. First of all, they don't make as many oncology products as we do. The oncology products are just one of their many business items so they don't develop oncology products as fast as we do. Secondly, their oncology APIs are mostly for their own formulation use. They only sell the oncology APIs to the merchant market when they have extra supplies and they also sell the APIs in much higher prices to their competitors. Consequently, their competitors would rather buy APIs from us instead of TEVA or Dr. Reddy's. Why? Because they will need to buy the APIs in much higher prices and it's very hard to compete against these big generic companies. Our advantage is that we can promise our customers that we won't compete with them. The oncology injectable plant is not in conflict with this business strategy. We will still sell APIs to our customers. We might enter into some exclusive supply contracts with some big generic companies as I stated previously. Our goal is to become the leader of oncology products. We want to make sure our oncology products take the most part of the market share and we will develop more and more oncology APIs. These are the explanations on how we compete with our strongest competitors.

We will be closely monitoring what our competitors are up to. If a certain competitor has the ability to make formulations, then we will have the ability to make formulations, too. It's a very interesting industry - your competitor sometimes is also your customer, as long as it doesn't make the same product. TEVA is our competitor in some sense and they are also one of our largest customers. What makes our team feel comfortable is the fact that we understand the market very thoroughly. We participate in four or five trade shows every year. We discuss with the decision makers of our customers about what they will be developing in the future and where they will get their APIs from, what they will need after 10 years from now. These are what we have been thinking every day. We build our strategies and competitive advantages upon our solid market intelligence and relationship with our customers.

F. End of meeting.

Appendix 1

Business Report

2012 was an outstanding year for ScinoPharm, which entered its 15th year of corporate life. The successful implementation of many new strategic plans and the establishment of a number of new records was a highlight of the past 15 years. As ScinoPharm actively prepared for the next phase of growth, the company was listed on the Taiwan stock market in 2011 and quickly became the largest Taiwanese medical biotech company in market capitalization. As a result of the company's outstanding overall performance, ScinoPharm was selected last year to become a participant in the MSCI Taiwan Index, making it the only biotech company to be listed in Taiwan as part of this key index.

Financial Performance

As a result of the substantial growth in contract manufacturing and research service orders, annual consolidated revenue for 2012 was NT\$4.57 billion (US\$155 million), an increase of 16% over the previous year's NT\$3.95 billion (US\$134 million). Net consolidated income after tax was NT\$1.17 billion (US\$39.7 million), an increase of 22% compared with NT\$0.96 billion (US\$32.6 million) in the previous year. Net profit margin reached 26% in 2012. These remarkable financial achievements broke all previous records, making 2012 the best performing year since the company was founded.

As of the close of last year, the company's paid-in capital was NT\$6.499 billion (US\$220 million), and earnings per share were NT\$1.80 (US\$0.06), an increase of 19% compared to NT\$1.51 per share for the previous year. Shareholder equity was NT\$9.1 billion (US\$308 million), representing more than 88% of the total assets of the company of NT\$10.3 billion (US\$350 million). Long-term capital ratio accounted for 2.4 times the value of the company's fixed assets with the current ratio of assets to short-term debt of 5.1. The financial structure of the company remains strong, as ScinoPharm specializes in high potency products with high technical entry barriers. The average gross margin for injectable Active Pharmaceutical Ingredients (API) used in cancer treatment remains at about 50%, which allows for excellent profitability for those that can provide these types of products.

Operating Performance

Due to the company's successful strategy of developing and manufacturing API products with high entry-barriers and with high value, along with the booming contract service business, revenues and profits continued to grow from last year. In 2012, four ScinoPharm APIs entered into commercial production including the breast cancer treatment drug, Anastrozole, (listed in Japan), the contraceptive, Levonorgestrel, the anti-Alzheimer's drug Galantamine (listed in Europe), and the new drug for the treatment of obesity, Topiramate. In addition, other key products included oncological drugs, Docetaxel and Irinotecan, and the central nervous system drug, Galantamine. ScinoPharm continues as the leader in market share for these products and all continue to contribute positively to revenue growth.

Last year ScinoPharm saw a substantial growth in contract research and manufacturing services, accounting for 30% of revenue, wherein Vilazodone and Topiramate, exclusively supplied by ScinoPharm, experienced higher demand than expected. So far the company has successfully developed more than 70 new chemical entity (NCE) projects, with 5 more currently in phase III clinical trials and 4 having already been approved for launch.

Research and Development competitiveness has been and will continue to be a major force behind the growth of ScinoPharm. Last year, R&D completed development of 6 new pharmaceutical APIs, making a

total of 58 developed since the inception of the company. Samples were also provided to customers to allow them to develop products for commercialization in 2-7 years. To strengthen the company's long-term competitive advantage, ScinoPharm has built R&D capabilities in formulation technology and, in addition, continues to develop patented technical processes in API manufacturing. Among the technology patents applied for in 2012, 12 were process or polymorph patents. As of the end of 2012, ScinoPharm's 25 inventions received 113 patents, worldwide, in addition to the 51 patent applications currently filed and under review at patent offices. The rapid pace of product development and drug registration continued in 2012, and as of the end of last year, ScinoPharm has completed 631 Drug Master Files (DMFs), with 43 in the United States. DMFs are extremely important in creating competitive opportunities for marketing of our services and products.

In order to continue to expand our company's production capacity, 2 large-scale production lines in Taiwan were completed and production has commenced. In addition, an exclusive production line dedicated to the production of steroids is now operational. The first phase of the company's large production plant under construction in Changshu, Jiangsu Province, China has obtained pilot production permits from local authorities. The small, medium, and large scale manufacturing facilities totaling 4 production lines and 2 clean areas have completed their installation and operation qualifications and started initial production runs. In addition, the Changshu plant delivered its first Drug Master File to the US Food and Drug Administration as the first filer late last year, which has laid a good foundation for the company's future development in China.

The company's forward looking efforts at developing an outstanding corporate enterprise has been rewarded with several important recognitions. Last year, it was awarded the Taiwan Bio Industry Organization's Gold medal for "Outstanding Biotech Industry Accomplishments" and was named by CommonWealth Magazine the second most admired biotechnology company in the pharmaceutical industry in Taiwan. In a survey of the operating performances of 1000 Taiwanese enterprises, it was named among the top 50 in manufacturing profitability for 5 consecutive years. In Global Views Monthly, its outstanding overall financial performance resulted in it being selected as one of Taiwan's 79 A+ enterprises. Each of these awards in excellence demonstrates the company's strong business strength and ability to continue its growth in an exceptional way. As part of developing its excellent corporate culture, ScinoPharm promotes continuing internal professional management training programs, as part of efforts to nurture and develop talents and future leaders within the company.

Future Prospects

In order to further expand ScinoPharm's existing API business, the company is vertically integrating its business to include downstream areas and more advanced development opportunities. These activities include the construction of a sterile injection facility at the company's Taiwan headquarters, the selection of more advanced APIs, and the continued development of downstream formulations. The strategy is to develop a "Double A" model featuring selected Active Pharmaceutical Ingredients (APIs) and their formulations to create Abbreviated New Drug Applications (ANDAs) and then using these as the twin engines for future growth. In addition, through strategic alliances, the company will make selected external investments and then focus its R&D efforts on higher value-added areas including formulations and higher potential APIs and ANDAs and thus expand its customer base resulting in continuing future growth and development of its market.

With regards to market development, ScinoPharm is focusing on business opportunities in several emerging markets. The company has also significantly increased its efforts in Japan. At present, Japan mostly relies on imports for its generic APIs, especially injectable oncologicals. ScinoPharm has partnered with several

local major pharmaceutical companies and currently has six products on the market. Opportunities for growth are expected in the future. Moreover, since the China Food and Drug Administration's newly revised "Good Manufacture Practice" regulations became effective, ScinoPharm's manufacturing plant in Changshu became the first newly established pharmaceutical API factory on the mainland to meet these new and tighter GMP requirements. This facility will be able to meet both the high quality demands expected in the future as well as all international manufacturing regulations. This is expected to result in excellent business opportunities in China, given its huge and growing middle and upper classes that are demanding high standards and quality assurances in their pharmaceutical products.

Many years of hard and persistent efforts have given ScinoPharm its competitive advantage today, making it the industry leader in the field of global cancer APIs. In addition to the unrelenting efforts of everyone in the company, the support and guidance from shareholders and community leaders serves as a key driving force behind our progress. The company will be relentless in its continual pursuit of excellence and maximizing the company's operating performance for shareholders while contributing to the improvement of the health and wellbeing of all people!

Appendix 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2012 Business Report, 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 22, 2013

Appendix 3

Proposed Revision of the Rules Governing the Meeting of the Board of Directors

Current Provision	Revision Proposed	Remark
<p>Article 3 (<u>Meeting of the Board of directors</u>) The Board of directors of the Company shall convene at least once every quarter. The meeting notice shall be delivered to the directors and supervisors each seven days prior to the scheduled meeting date indicating the reasons for convening the meeting, except in the event of emergency in which case the Board meeting may be convened at any time. The matters provided in paragraph one, Article 7 of these Rules must be noted in the reasons for convening the meeting in the meeting notice and must not be proposed by way of a motion extempore, except in case of emergency or with a good cause given.</p>	<p>Article 3 (<u>Meeting of the Board of Directors</u>) The Board of directors of the Company shall convene at least once every quarter. The meeting notice shall be delivered to the directors and supervisors each seven days prior to the scheduled meeting date indicating the reasons for convening the meeting, except in the event of emergency in which case the Board meeting may be convened at any time. <u>The meeting notice provided in the preceding paragraph may, with the addressee’s prior consent, be delivered electronically.</u> The matters provided in paragraph one, Article 7 of these Rules must be noted in the reasons for convening the meeting in the meeting notice and must not be proposed by way of a motion extempore, except in case of emergency or with a good cause given.</p>	<p>The revision is proposed in line with the amendment of paragraph two of Article 204 of the Company Act that the notice of convention of a Board meeting may, subject to the addressee’s consent, be delivered electronically.</p>
<p>Article 7 (<u>Matters required to be submitted to the meeting of the Board of Directors</u>) The following matters must be proposed to the meeting of the Board of Directors for discussion: 1. Business plan of the Company. 2. Annual fiscal report and semi-annual financial report. 3. Establishment or revision of the internal control bylaw under Article 14-1 of the Securities And Exchange Act. 4. Establishment or revision of the bylaw under Article 36-1 of the</p>	<p>Article 7 (<u>Matters required to be submitted to the meeting of the Board of Directors</u>) The following matters must be proposed to the meeting of the Board of Directors for discussion: 1. Business plan of the Company. 2. Annual financial report and semi-annual financial report <u>except where the semi-annual financial report is not legally required to be certified by the accountants.</u> 3. Establishment or revision of the internal control bylaw under</p>	<p>1. Paragraph one of Article 36 of the Securities And Exchange Act, where the revision proposed of the financial report is not required to be certified by the auditor, the same revision may be made without being submitted to the meeting of the Board of Directors for discussion in advance. 2. Providing any gift to an interested person or</p>

<p>Securities And Exchange Act regulating the procedure for the acquisition or disposition of assets, transactions of derivative products, providing loans to other persons, providing endorsement or guarantee to other persons or other material financial/business transactions.</p> <p>5. Offering, issuance or private place of equity securities.</p> <p>6. Appointment or discharge of financial, accounting or internal audit officers.</p> <p><u>7. Matter(s) which must be submitted to the shareholders meeting or the meeting of the Board of Directors for resolution as required by Article 14-3 of the Securities And Exchange Act or any other laws or regulations or the Articles of Incorporation and such important matter(s) as required by the competent authority.</u></p> <p><u>Objection or qualified opinion expressed by the director present at the meeting of the Board of Directors must be indicated in the meeting minutes.</u> Where the matter provided in Article 14-3 of the Securities And Exchange Act is proposed to the meeting of the Board of Directors for resolution, the independent director (if any) shall personally attend or designate another independent director to act as his/her proxy at the meeting. Objection or qualified opinion expressed by the independent director present at the meeting must be indicated in the meeting minutes. The independent director who is unable to attend the meeting in person to express his/her objection or qualified opinion shall issue his/her opinion in writing in advance except where there is good reason preventing him/her</p>	<p>Article 14-1 of the Securities And Exchange Act.</p> <p>4. Establishment or revision of the bylaw under Article 36-1 of the Securities And Exchange Act regulating the procedure for the acquisition or disposition of assets, transactions of derivative products, providing loans to other persons, providing endorsement or guarantee to other persons or other material financial/business transactions.</p> <p>5. Offering, issuance or private place of equity securities.</p> <p>6. Appointment or discharge of financial, accounting or internal audit officers.</p> <p><u>7. Provision of a gift to a related party or a substantial gift to a non-related party except where the gift proposed is to serve in public interests as an emergent relief of an event of major act of nature, in which case, ratification by the subsequent meeting of the Board of Directors will be sufficient.</u></p> <p><u>8. Matter(s) which must be submitted to the shareholders meeting or the meeting of the Board of Directors for resolution as required by Article 14-3 of the Securities And Exchange Act or any other laws or regulations or the Articles of Incorporation and such important matter(s) as required by the competent authority.</u></p> <p><u>The related party provided in subparagraph 7 of the preceding paragraph means the related party defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. A substantial gift proposed to be provided to a non-related party means the gift proposed has a value of TWD100 million or more or the total value</u></p>	<p>any material gift to any non-related person by a public company may affect the rights and interests of its shareholders and it is necessary to put the relevant practice under control. It is accordingly proposed that subparagraph 7 of paragraph one be revised to lay down that any proposed gift to an interested person or material gift to a non-related person must be submitted to the Board for discussion in advance with the exception where the gift proposed is to serve as emergent relief in which case, the gift which is to serve public interests in nature, ratification by the subsequent Board meeting will be sufficient.</p> <p>3. In line with the above revision proposed, who accounts for an interest person needs to be clearly defined.</p> <p>4. In consideration of absence of possible conflict of interests in providing gifts to non-related person as opposed to an interested person, the above control proposed applicable to non-related persons shall govern when and only when the gift proposed to be provided is of substantial economic value. The relevant standards are</p>
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<p>from doing so and his/her objection or qualified opinion issued shall be indicated in the meeting minutes.</p>	<p><u>of all gifts provided to the same non-related party within a period of 12 months has attained or will attain TWD100 million or 1% of the net business revenue as indicated in the certified financial report on the most recent fiscal year or 5% of the total paid-in capital.</u> <u>The period of 12 months provided in the preceding paragraph means the 12-month period prior to the meeting date of the meeting of the Board of Directors and those gifts provided within the said period with the approval of the relevant meeting of the Board of Directors shall be excluded for purpose of the calculation.</u></p> <p>Where the matter provided in Article 14-3 of the Securities And Exchange Act is proposed to the meeting of the Board of Directors for resolution, the independent director shall personally attend or designate another independent director to act as his/her proxy at the meeting. Objection or qualified opinion expressed by the independent director present at the meeting must be indicated in the meeting minutes. The independent director who is unable to attend the meeting in person to express his/her objection or qualified opinion shall issue his/her opinion in writing in advance except where there is good reason preventing him/her from doing so and his/her objection or qualified opinion issued shall be indicated in the meeting minutes.</p>	<p>accordingly proposed for accounting purposes.</p> <p>5. It is proposed that the one-year term be calculated retroactively from the date of the meeting of the Board for the purpose of calculating the total value of the gift provided to the same recipient. Further, the gifts having provided on the Board’s approval shall be excluded from the calculation.</p> <p>6. The revision is proposed in consideration of the Company’s having appointed independent directors and coherence of text with the revision of the relevant regulatory provision made by the competent authority.</p>
<p>Article 10 (<u>Quorum and announcement of meeting in session</u>) For the purpose of the meeting of the Board of Directors, the Financial Department shall prepare ready the relevant</p>	<p>Article 10 (<u>Quorum and announcement of meeting in session</u>) For the purpose of the meeting of the Board of Directors, the Financial Department shall prepare ready the relevant</p>	<p>1. The revision requiring the presence of the relevant personnel of the subsidiary at the board meeting is proposed in consideration of</p>

<p>information for the director’s reference at any time.</p> <p>The meeting of the Board of Directors may, as called for by the issue presented at hand, request <u>non-director managerial officers</u> of the relevant department(s) to appear at the meeting without the right to vote. Where necessary, the meeting of the Board of Directors may invite the certified public accountant, legal counsel or other special personnel to be present at the meeting without the right to vote.</p> <p>The chairperson of the meeting of the Board of Directors shall announce the meeting duly in session as scheduled upon fulfillment of the quorum of one half of the entire Board of Directors. Whereas of the scheduled hour when the meeting should commence in session the directors present account for less than one half of the entire Board of Directors, the chairperson may announce twice and only twice to postpone the hour of the meeting provided that the duration of the postponement shall be not more than sixty (60) minutes in total. The chairperson shall forthwith announce the meeting to be reconvened pursuant to paragraph two of Article 3 of these Rules if the above quorum is still not met upon expiration of the duration of the above postponement.</p> <p>The entire Board of Directors provided in the preceding paragraph and subparagraph 2 of paragraph two of Article 15 of these Rules means the directors in office at the time of the meeting.</p> <p>.</p>	<p>information for the director’s reference at any time.</p> <p>The meeting of the Board of Directors may, as called for by the issue presented at hand, request <u>personnel</u> of the relevant department(s) <u>or subsidiary</u> to appear at the meeting without the right to vote. Where necessary, the meeting of the Board of Directors may invite the certified public accountant, legal counsel or other special personnel to be present at the meeting without the right to vote <u>and to present explanation where necessary.</u></p> <p><u>Notwithstanding, the above personnel and special personnel shall leave the meeting during the discussion and resolution of the issue.</u></p> <p>The chairperson of the meeting of the Board of Directors shall announce the meeting duly in session as scheduled upon fulfillment of the quorum of one half of the entire Board of Directors. Whereas of the scheduled hour when the meeting should commence in session the directors present account for less than one half of the entire Board of Directors, the chairperson may announce twice and only twice to postpone the hour of the meeting provided that the duration of the postponement shall be not more than sixty (60) minutes in total. The chairperson shall forthwith announce the meeting to be reconvened pursuant to paragraph two of Article 3 of these Rules if the above quorum is still not met upon expiration of the duration of the above postponement.</p> <p>The entire Board of Directors provided in the preceding paragraph and subparagraph 2 of paragraph two of Article 15 of these</p>	<p>strengthened supervision and administration of the subsidiaries and the scope of individuals whose presence at the Board meeting is requested is extended to cover relevant personnel other than the managerial officer.</p> <p>2. In consideration of strengthened corporate governance and avoidance of interruption of the discussion and resolution to be made by the meeting of the board, special personnel who are present at the meeting on request (including public accountant, legal counsels or professional in other special areas) may speak on the issues proposed and shall leave the meeting once the meeting of the Board moves onward to discuss to adopt resolution on the issues.</p>
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	Rules means the directors in office at the time of the meeting.	
<p>Article 11 (<u>Discussion and announcement of meeting adjourned</u>)</p> <p>The meeting of the Board of Directors shall proceed according to the agenda indicated in the meeting notice unless otherwise changed by the majority of the directors present at the meeting. The chairperson must not announce the meeting adjourned before the agenda provided in the preceding paragraph and the extempore motions proposed to the meeting are duly discussed and resolved except otherwise approved by the majority of the directors present at the meeting. During the proceeding of the meeting, where the directors present falls short of one half of the total number of directors, the chairperson shall, on the motion proposed by the director present at the meeting, announce the meeting suspended, in which case paragraph <u>two</u> of Article 10 of these Rules shall apply with necessary and appropriate alterations.</p>	<p>Article 11 (<u>Discussion and announcement of meeting adjourned</u>)</p> <p>The meeting of the Board of Directors shall proceed according to the agenda indicated in the meeting notice unless otherwise changed by the majority of the directors present at the meeting. The chairperson must not announce the meeting adjourned before the agenda provided in the preceding paragraph and the extempore motions proposed to the meeting are duly discussed and resolved except otherwise approved by the majority of the directors present at the meeting. During the proceeding of the meeting, where the directors present falls short of one half of the total number of directors, the chairperson shall, on the motion proposed by the director present at the meeting, announce the meeting suspended, in which case paragraph <u>three</u> of Article 10 of these Rules shall apply with necessary and appropriate alterations.</p>	<p>The revision is proposed in line with the paragraphing adjustment of the applicable regulatory provision.</p>
<p>Article 14 (<u>Conflict of interests and recusal</u>)</p> <p>The director who has conflict of interests in the issue <u>at hand, which may operate against the Company</u>, either for himself/herself or the corporate director he/she represents, <u>may orally state his/her opinion and answers on the issue but shall not participate in and must recuse himself/herself from the discussion and resolution of the issue</u>, in which case also, the director must not act in proxy for any other director to vote on the issue.</p>	<p>Article 14 (<u>Conflict of interests and recusal</u>)</p> <p>The director who has conflict of interests in the issue <u>proposed to the meeting</u> either for himself/herself or the corporate director he/she represents <u>shall present a substantive explanation to the same meeting regarding the conflict at hand. Where the conflict may operate against the Company, the director shall not participate in and must recuse himself/herself from the discussion and resolution of the issue</u>, in which case also, the director must not act in proxy for</p>	<p>1. The revision is proposed in line with the amendment of paragraph two of Article 206 of the Company Act in consideration of healthy corporate governance company-wide that the director must make an explanation to the meeting of the board regarding his/her material conflict of interests in the issue proposed at hand and, where conflict of</p>

<p>The director who shall not exercise his/her right to voting on the resolution adopted by the meeting of the Board of Directors under the preceding paragraph shall act in accordance with <u>paragraph two</u> of Article 206 of the Company Act where paragraph two of Article 180 of the same Act shall apply with necessary and appropriate alterations.</p>	<p>any other director to vote on the issue. The director who shall not exercise his/her right to voting on the resolution adopted by the meeting of the Board of Directors under the preceding paragraph shall act in accordance with <u>paragraph three</u> of Article 206 of the Company Act where paragraph two of Article 180 of the same Act shall apply with necessary and appropriate alterations.</p>	<p>interests against the Company is involved, recuse himself/herself from the discussion and adoption of resolution on the issue. 2. The revision is proposed to reflect the adjustment of the paragraphs of Article 206 of the Company Act under the most recent amendment to the same Act.</p>
<p><u>Article 15 (Signed meeting minutes)</u> A minutes of the meeting of the Board of Directors shall be produced and truthfully and accurately indicate the following: 1. Term of office (or fiscal year) of the directors, time and place of the meeting. 2. Name of the chairperson. 3. Attendance of the meeting, including the total number and the names of the directors present at the meeting, and those absent with a request for leave, and those absence without notice respectively. 4. Names and title of positions of those present at the meeting without the right to vote. 5. Name of the personnel taking the meeting minutes. 6. Reports to the meeting. 7. Particulars of each issue proposed for discussion, including the method and result of resolution, gist of the statement presented by the director, supervisor, expert and other personnel, objection or qualified opinion expressed on the record or with a written statement presented <u>and</u> the written opinion issued by the independent directors pursuant to paragraph</p>	<p><u>Article 15 (Signed Meeting minutes)</u> A minutes of the meeting of the Board of Directors shall be produced and truthfully and accurately indicate the following: 1. Term of office (or fiscal year) of the directors, time and place of the meeting. 2. Name of the chairperson. 3. Attendance of the meeting, including the total number and the names of the directors present at the meeting, and those absent with a request for leave, and those absence without notice respectively. 4. Names and title of positions of those present at the meeting without the right to vote. 5. Name of the personnel taking the meeting minutes. 6. Reports to the meeting. 7. Particulars of each issue proposed for discussion, including the method and result of resolution, gist of the statement presented by the director, supervisor, expert and other personnel, <u>name of the director who has conflict of interests as provided in paragraph one of the preceding paragraph and his/her substantive explanation of the conflict at hand, reasons why</u></p>	<p>1. In consideration of full disclosure of directors' conflict of interests in the issues proposed to the meeting for the Board for discussion and resolution, revision of subparagraphs 7 and addition of a subparagraph 8 are proposed in line with the revision proposed on paragraph one of the preceding Article that the name of the director in conflict of interests, substantive description of the conflict involved, the reasons why the director should recuse or may be allowed not to recuse himself/herself from the issue and the performance of the recusal must be taken down in the meeting minutes in detail. 2. Revision of relevant text of subparagraph 7 of paragraph one is proposed in line with the adjustment of the paragraphs of Article 7 of the Company Act where</p>

<p><u>two of Article 7 of these Rules.</u></p> <p>8. Particulars of each extempore motion, including the name of the person who raises the motion, method and result of resolution, gist of the statement presented by the director, supervisor, expert and other personnel, and objection or qualified opinion expressed on the record or with a written statement presented.</p> <p>9. Other matters which must be recorded. In either of the following events, the resolutions adopted by the meeting of the Board of Directors must be recorded in the meeting minutes and announced and reported online within two (2) days from the meeting date on the Marketing Observation Post System website designated by the Financial Supervisory Committee, <u>Executive Yuan</u>:</p> <p>(1) There is objection or qualified opinion expressed by the independent directors on the record or with the relevant written statement presented.</p> <p>(2) The resolution is not approved by the <u>independent director</u> but is adopted by two thirds (2/3) or more of the directors.</p> <p>The attendance book of the meeting of the Board of Directors is an integral part of the meeting minutes and shall be properly kept throughout the life of the Company.</p> <p>The meeting minutes must be signed or sealed by the chairperson and the secretary taking the meeting minutes with a copy distributed to the directors and supervisors each within twenty (20) days after the meeting, classified as an important file of the Company and properly kept throughout the life of the Company.</p>	<p><u>he/she should or may be allowed not to recuse himself/herself from the relevant discussion and resolution, the performance of the recusal, and the objection or qualified opinion expressed on the record or with a written statement presented and the written opinion issued by the independent directors pursuant to paragraph <u>four</u> of Article 7 of these Rules.</u></p> <p>8. Particulars of each extempore motion, including the name of the person who raises the motion, method and result of resolution, gist of the statement presented by the director, supervisor, expert and other personnel, <u>name of the director who has conflict of interests as provided in paragraph one of the preceding paragraph and his/her substantive explanation of the conflict at hand, reasons why he/she should or may be allowed not to recuse himself/herself from the relevant discussion and resolution, the performance of the recusal,</u> and objection or qualified opinion expressed on the record or with a written statement presented.</p> <p>9. Other matters which must be recorded. In either of the following events, the resolutions adopted by the meeting of the Board of Directors must be recorded in the meeting minutes and announced and reported online within two (2) days from the meeting date on the Marketing Observation Post System website designated by the Financial Supervisory Committee:</p> <p>(1) There is objection or qualified opinion expressed by the independent directors on the record or with the relevant written statement presented.</p> <p>(2) The resolution is not approved by the <u>Audit Committee</u> but is</p>	<p>the original paragraph two is moved down to paragraph four.</p> <p>3. Revision of the text of paragraph two is proposed in line with the implementation of the Financial Supervisory Commission Organization Act.</p>
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<p>The meeting minutes provided in paragraph one may be produced and distributed electronically.</p>	<p>adopted by two thirds (2/3) or more of the directors. The attendance book of the meeting of the Board of Directors is an integral part of the meeting minutes and shall be properly kept throughout the life of the Company. The meeting minutes must be signed or sealed by the chairperson and the secretary taking the meeting minutes with a copy distributed to the directors and supervisors each within twenty (20) days after the meeting, classified as an important file of the Company and properly kept throughout the life of the Company. The meeting minutes provided in paragraph one may be produced and distributed electronically.</p>	
<p>Article 17 (Powers and duties of Audit Committee) Provisions of these Rules applicable to Supervisors shall apply to the Audit Committee of the Company <u>(if any)</u> with necessary and appropriate alterations.</p>	<p>Article 17 (Powers and duties of Audit Committee) Provisions of these Rules applicable to Supervisors shall apply to the Audit Committee of the Company with necessary and appropriate alterations.</p>	<p>The revision is proposed in line with the establishment of the Audit Committee of the Company.</p>
	<p>Article 19 (Authorization) <u>In addition to the matters provided in paragraph one of Article 7, which must be submitted to the meeting of the Board of Directors for discussion, particulars of the matters to be executed during the recess of the meeting of the Board of Directors with the authorization of the meeting of the Board of directors under the relevant laws and regulations or Articles of Incorporation of the Company must be clearly specified, including (among others) the level of the personnel in charge and the content executed.</u></p>	<p>This new Article is proposed under Article 8 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.</p>

<p>Article19 (<u>Implementation & Revision</u>) These Rules were established on 25 September 2009 and revised on 26 March 2012.</p>	<p>Article 20 (<u>Implementation & Revision</u>) These Rules were established on 25 September 2009 and subsequently revised as follows: <u>1strevision</u> of 26 March 2011, <u>2nd revision of 14 December 2012.</u></p>	<p>The revision is proposed to update the record of revision of these Rules.</p>
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Appendix 4

Auditors' Report and financial statements on 2012

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have audited the accompanying non-consolidated balance sheets of ScinoPharm Taiwan, Ltd. as of December 31, 2012 and 2011, and the related non-consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of ScinoPharm Taiwan, Ltd. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements of ScinoPharm Taiwan, Ltd. and its subsidiaries (not presented herein) as of and for the years ended December 31, 2012 and 2011. In our report dated March 22, 2013, we expressed a modified unqualified opinion and an unqualified opinion on the 2012 and 2011 financial statements, respectively.

PricewaterhouseCoopers, Taiwan
March 22, 2013

The accompanying non-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 non-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.
NON-CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	2012	2011
Current Assets			
Cash and cash equivalents	4(1)	\$ 2,584,773	\$ 3,080,455
Financial assets at fair value through profit or loss - current	4(2) and 10	473	2,066
Accounts receivable, net	3 and 4(3)	841,334	843,817
Other receivables	3	3,470	14,524
Other receivables - related parties	3 and 5	9,040	4,752
Other financial assets - current	6	-	15,552
Inventories, net	4(4)	1,733,533	1,449,852
Prepayments	4(5)	204,762	168,631
Deferred income tax assets - current	4(18)	854	13,974
Total Current Assets		<u>5,378,239</u>	<u>5,593,623</u>
Funds and Investments			
Financial assets carried at cost - non-current	4(6)(7)(11)	149,555	-
Long-term investments accounted for under the equity method	4(6)(7)	1,242,315	1,131,951
Other financial assets - non-current	6	39,369	23,817
Total Funds and Investments		<u>1,431,239</u>	<u>1,155,768</u>
Property, Plant and Equipment			
Cost			
Buildings		1,777,768	1,711,896
Machinery and equipment		3,526,151	3,322,654
Transportation equipment		11,309	9,007
Office equipment		63,452	57,665
Leased assets		-	14,970
Other equipment		5,030	5,030
Cost and Revaluation Increments		5,383,710	5,121,222
Less: Accumulated depreciation		(2,945,429)	(2,665,658)
Construction in progress and prepayments for equipment		570,348	136,222
Total Property, Plant and Equipment, Net	4(8)	<u>3,008,629</u>	<u>2,591,786</u>
Intangible Assets			
Deferred pension costs	4(12)	-	959
Other intangible assets	4(9)(11)	1,538	2,026
Total Intangible Assets		<u>1,538</u>	<u>2,985</u>
Other Assets			
Idle assets	4(10)(11)	6,445	9,849
Refundable deposits		2,719	2,525
Deferred income tax assets - non-current	4(18)	100,815	61,779
Total Other Assets		<u>109,979</u>	<u>74,153</u>
TOTAL ASSETS		<u>\$ 9,929,624</u>	<u>\$ 9,418,315</u>

(Continued)

SCINOPHARM TAIWAN, LTD.
NON-CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	2012	2011
Current Liabilities			
Notes payable		\$ 1,045	\$ 83
Accounts payable		125,220	183,521
Accounts payable - related parties	5	18,017	77,872
Income tax payable	4(18)	169,991	112,898
Accrued expenses	5	363,042	329,855
Other payables		126,075	40,852
Receipts in advance		2,183	16,946
Capital lease payable - current	5	-	964
Other current liabilities		-	19,804
Total Current Liabilities		<u>805,573</u>	<u>782,795</u>
Other Liabilities			
Accrued pension liabilities	4(12)	30,179	27,709
Guarantee deposits received		-	250
Total Other Liabilities		<u>30,179</u>	<u>27,959</u>
Total Liabilities		<u>835,752</u>	<u>810,754</u>
Stockholders' Equity			
Capital			
Common stock	1, 4(13)(16)	6,499,300	6,310,000
Capital Reserves			
Additional paid-in capital in excess of par - common stock	4(13)(14)(15)	1,233,286	1,233,286
Capital reserve from stock warrants		13,691	13,691
Retained Earnings			
Legal reserve	4(13)(16)	103,897	7,962
Undistributed earnings		1,224,246	970,012
Other Adjustment to Stockholders' Equity			
Cumulative translation adjustments	4(6)	19,452	72,610
Total Stockholders' Equity		<u>9,093,872</u>	<u>8,607,561</u>
Commitments	7		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			
		<u>\$ 9,929,624</u>	<u>\$ 9,418,315</u>

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

SCINOPHARM TAIWAN, LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Items</u>	<u>Notes</u>	<u>2012</u>		<u>2011</u>	
Operating Revenue					
Sales		\$	4,676,959	\$	3,947,294
Sales returns		(	58,552)	(	55,846)
Sales discounts		(	83,706)	(	5,045)
Net Sales			<u>4,534,701</u>		<u>3,886,403</u>
Technical service revenues	5		<u>37,497</u>		<u>62,052</u>
Net Operating Revenues			<u>4,572,198</u>		<u>3,948,455</u>
Operating Costs					
Cost of goods sold	4(4)(17) and 5	(	2,333,778)	(	2,038,896)
Cost of technical service		(	13,297)	(	24,405)
Net Operating Costs		(	<u>2,347,075</u>	(	<u>2,063,301</u>
Gross profit			<u>2,225,123</u>		<u>1,885,154</u>
Operating Expenses					
Sales and marketing expenses	4(17) and 5	(	173,012)	(	157,461)
General and administrative expenses		(	366,679)	(	326,912)
Research and development expenses		(	262,709)	(	256,307)
Total Operating Expenses		(	<u>802,400</u>	(	<u>740,680</u>
Operating income			<u>1,422,723</u>		<u>1,144,474</u>
Non-operating Income and Gains					
Interest income			24,111		16,683
Foreign exchange gain, net			-		21,705
Reversal of impairment loss	4(10)(11)		5,857		1,841
Gain on valuation of financial assets	4(2) and 10		13,300		-
Other non-operating income	5		<u>80,042</u>		<u>40,548</u>
Total Non-operating Income and Gains			<u>123,310</u>		<u>80,777</u>
Non-operating Expenses					
Interest expense		(	29)	(	108)
Investment loss accounted for under the equity method	4(7)	(	93,167)	(	63,550)
Loss on disposal of property, plant and equipment		(	933)	(	888)
Foreign exchange loss, net		(	43,341)	(-
Depreciation on idle assets		(	6,796)	(	7,394)
Loss on valuation of financial assets	4(2) and 10		-	(	21,172)
Other non-operating losses		(	1,373)	(	8,004)
Total Non-operating Expenses and Losses		(	<u>145,639</u>	(	<u>101,116</u>
Income before income tax			<u>1,400,394</u>		<u>1,124,135</u>
Income tax expense	4(18)	(	<u>229,925</u>	(	<u>164,780</u>
Net Income		\$	<u>1,170,469</u>	\$	<u>959,355</u>
			<u>Before Tax</u>	<u>After Tax</u>	
Basic Earnings Per Share (in dollars)					
Net income	4(19)	\$	<u>2.15</u>	\$	<u>1.80</u>
		\$	<u>1.77</u>	\$	<u>1.51</u>
Diluted Earnings Per Share (in dollars)					
Net income	4(19)	\$	<u>2.15</u>	\$	<u>1.80</u>
		\$	<u>1.77</u>	\$	<u>1.51</u>

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

SCINOPHARM TAIWAN, LTD.
NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,
(Expressed in thousands of New Taiwan dollars)

	<u>Common stock</u>	<u>Capital Reserves</u>	<u>Retained Earnings</u>		<u>Cumulative translation adjustments</u>	<u>Total</u>
			<u>Legal Reserve</u>	<u>Undistributed earnings</u>		
<u>2011</u>						
Balance at January 1, 2011	\$ 6,100,000	\$ 499,012	\$ -	\$ 79,619	(\$ 1,359)	\$ 6,677,272
Distribution of 2010 net income (Note)						
Legal reserve	-	-	7,962	(7,962)	-	-
Cash dividends	-	-	-	(61,000)	-	(61,000)
Issuance of common stock	210,000	747,020	-	-	-	957,020
Employee compensation costs by issuance of common stock	-	945	-	-	-	945
Net income for 2011	-	-	-	959,355	-	959,355
Cumulative translation adjustment	-	-	-	-	73,969	73,969
Balance at December 31, 2011	<u>\$ 6,310,000</u>	<u>\$ 1,246,977</u>	<u>\$ 7,962</u>	<u>\$ 970,012</u>	<u>\$ 72,610</u>	<u>\$ 8,607,561</u>
<u>2012</u>						
Balance at January 1, 2012	\$ 6,310,000	\$ 1,246,977	\$ 7,962	\$ 970,012	\$ 72,610	\$ 8,607,561
Distribution of 2011 net income (Note)						
Legal reserve	-	-	95,935	(95,935)	-	-
Cash dividends	-	-	-	(631,000)	-	(631,000)
Stock dividends	189,300	-	-	(189,300)	-	-
Net income for 2012	-	-	-	1,170,469	-	1,170,469
Cumulative translation adjustment	-	-	-	-	(53,158)	(53,158)
Balance at December 31, 2012	<u>\$ 6,499,300</u>	<u>\$ 1,246,977</u>	<u>\$ 103,897</u>	<u>\$ 1,224,246</u>	<u>\$ 19,452</u>	<u>\$ 9,093,872</u>

(Note) The employees' bonuses were \$143 and \$1,727, and directors' and supervisors' remuneration were \$1,433 and \$17,268 in 2010 and 2011, respectively, which had been deducted from net income for the year.

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

SCINOPHARM TAIWAN, LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	2012	2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 1,170,469	\$ 959,355
Adjustments to reconcile net income to net cash provided by operating activities		
Loss on valuation of financial assets	1,593	5,323
Write-off of allowance for doubtful accounts	-	(228)
Reversal of allowance for doubtful accounts	(4,115)	(59)
Loss on inventory market price decline	41,191	11,055
Provision for obsolescence of supplies	-	6,620
Reversal of allowance for obsolescence of supplies	(11,009)	-
Investment loss accounted for under the equity method	93,167	63,550
Depreciation	325,839	332,433
Loss on disposal of property, plant and equipment and idle assets	933	1,602
Reversal of impairment loss	(5,857)	(1,841)
Amortization	858	1,049
Realized gain between affiliated companies	(19,804)	(2,273)
Employee compensation costs through issuance of common stock	-	945
Effect of exchange rate changes on cash	40,788	23,977
Changes in assets and liabilities		
Notes receivable	-	4,866
Accounts receivable	6,598	(112,508)
Other receivables	11,054	(7,829)
Other receivables - related parties	(4,288)	(260)
Inventories	(324,872)	(216,576)
Prepayments	(25,122)	(51,566)
Deferred income tax assets - current	13,120	19,471
Deferred pension costs	959	(959)
Deferred income tax assets - non-current	(39,036)	31,074
Notes payable	962	(3,005)
Accounts payable	(58,301)	70,343
Accounts payable - related parties	(59,855)	53,281
Income tax payable	57,093	67,965
Accrued expenses	33,187	39,910
Other payables	72	(1,051)
Receipts in advance	(14,763)	(12,562)
Accrued pension liabilities	2,470	3,264
Net cash provided by operating activities	1,233,331	1,285,366

(Continued)

SCINOPHARM TAIWAN, LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in time deposits pledged	\$ -	(\$ 20,309)
Increase in long-term investments - subsidiaries	(406,244)	(454,128)
Proceeds from liquidation of long-term investment	-	3,897
Cash paid for acquisition of property, plant and equipment	(650,167)	(345,866)
Increase in other intangible assets	(370)	(2,574)
(Increase) decrease in refundable deposits	(194)	292
Net cash used in investing activities	(1,056,975)	(818,688)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in guarantee deposits received	(250)	-
Cash dividends paid	(631,000)	(61,000)
Issuance of common stock	-	957,020
Net cash (used in) provided by financing activities	(631,250)	896,020
Effect of exchange rate changes on cash	(40,788)	(23,977)
(Decrease) increase in cash and cash equivalents	(495,682)	1,338,721
Cash and cash equivalents at beginning of year	3,080,455	1,741,734
Cash and cash equivalents at end of year	\$ 2,584,773	\$ 3,080,455
Supplemental disclosures of cash flow information		
1. Interest paid (excluding capitalized interest)	\$ 29	\$ 108
2. Income tax paid	\$ 198,748	\$ 46,270
Investing activities with partial cash payment		
Acquisition of property, plant and equipment	\$ 734,354	\$ 330,938
Add: Other payables, beginning of year	37,545	50,592
Capital lease payable, beginning of year	964	2,845
Less: Other payable, end of year	(122,696)	(37,545)
Capital lease payable, end of year	-	(964)
Cash paid for acquisition of property, plant and equipment	\$ 650,167	\$ 345,866
Other activities with no cash flow effect		
Long-term equity investments accounted for under the equity method and cumulative translation adjustments transferred to financial assets carried at cost	\$ 149,555	\$ -

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

Appendix 5

Auditors' Report and consolidated financial statements on 2012

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have audited the accompanying consolidated balance sheets of ScinoPharm Taiwan, Ltd. and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ScinoPharm Taiwan, Ltd. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

ScinoPharm Taiwan, Ltd. has adopted, starting from January 1, 2013, International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretation Committee (collectively referred herein as “IFRSs”) as endorsed by the Financial Supervisory Commission, Executive Yuan, R.O.C (“FSC”) and the “Rules Governing the Preparation of Financial Statements by Securities Issuers” effective in 2013 in the preparation of the consolidated financial statements of ScinoPharm Taiwan, Ltd. and its subsidiaries. Information relating to the adoption of IFRSs by ScinoPharm Taiwan, Ltd. is disclosed in Note 13 in accordance with Jin-Guan-Jen-Shen-Zi Letter No. 0990004943 of FSC dated February 2, 2010. The IFRSs may be subject to changes during the time of transition; therefore, the actual impact of IFRSs adoption on ScinoPharm Taiwan, Ltd. and its subsidiaries may also change.

PricewaterhouseCoopers, Taiwan
March 22, 2013

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
DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	2012	2011
Current Assets			
Cash and cash equivalents	4(1)	\$ 3,035,012	\$ 3,293,681
Financial assets at fair value through profit or loss - current	4(2) and 10	473	2,066
Accounts receivable, net	3 and 4(3)	841,334	843,902
Other receivables	3 and 5	96,300	47,983
Other financial assets - current	6	-	15,552
Inventories, net	4(4)	1,870,275	1,465,462
Prepayments	4(5)	214,261	179,883
Deferred income tax assets - current	4(19)	854	13,974
Total Current Assets		<u>6,058,509</u>	<u>5,862,503</u>
Funds and Investments			
Financial assets carried at cost - non-current	4(6)(7)(11)	149,555	-
Long-term investment accounted for under the equity method	4(6)(7)	-	172,107
Other financial assets - non-current	6	39,369	23,817
Total Funds and Investments		<u>188,924</u>	<u>195,924</u>
Property, Plant and Equipment			
Cost	4(8)		
Buildings		2,024,781	1,735,466
Machinery and equipment		3,663,842	3,383,473
Transportation equipment		18,421	11,930
Office equipment		78,758	57,991
Leased assets		-	14,970
Other equipment		135,980	63,793
Cost and Revaluation Increments		<u>5,921,782</u>	<u>5,267,623</u>
Less: Accumulated depreciation		(2,982,003)	(2,703,376)
Construction in progress and prepayments for equipment		850,539	662,986
Total Property, Plant and Equipment, Net		<u>3,790,318</u>	<u>3,227,233</u>
Intangible Assets			
Deferred pension costs		-	959
Other intangible assets	4(9)(11)	107,539	113,488
Total Intangible Assets		<u>107,539</u>	<u>114,447</u>
Other Assets			
Idle assets	4(10)(11)	6,445	9,849
Refundable deposits		16,937	8,434
Deferred expenses		-	19
Deferred income tax assets - non-current	4(19)	144,309	61,779
Total Other Assets		<u>167,691</u>	<u>80,081</u>
TOTAL ASSETS		<u>\$ 10,312,981</u>	<u>\$ 9,480,188</u>

(Continued)

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	2012	2011
Current Liabilities			
Short-term loans	4(12)	\$ 263,676	\$ -
Notes payable		1,045	83
Accounts payable		223,074	299,250
Income tax payable	4(19)	177,539	114,937
Accrued expenses		369,594	341,093
Other payables		150,216	49,872
Receipts in advance		2,183	16,946
Capital lease payable - current	5	-	964
Other current liabilities		-	19,804
Total Current Liabilities		<u>1,187,327</u>	<u>842,949</u>
Other Liabilities			
Accrued pension liabilities	4(13)	30,179	27,709
Guarantee deposits received		-	250
Total Other Liabilities		<u>30,179</u>	<u>27,959</u>
Total Liabilities		<u>1,217,506</u>	<u>870,908</u>
Stockholders' Equity			
Capital			
Common stock	1, 4(14)(17)	6,499,300	6,310,000
Capital Reserves			
Additional paid-in capital in excess of par - common stock	4(14)(15)(16)	1,233,286	1,233,286
Capital reserve from stock warrants		13,691	13,691
Retained Earnings			
Legal reserve	4(14)(17)	103,897	7,962
Undistributed earnings		1,224,246	970,012
Other Adjustment to Stockholders' Equity			
Cumulative translation adjustments	4(6)	19,452	72,610
Total Parent Company Stockholders' Equity		<u>9,093,872</u>	<u>8,607,561</u>
Minority interest		1,603	1,719
Total Stockholders' Equity		<u>9,095,475</u>	<u>8,609,280</u>
Commitments	7		
TOTAL LIABILITIES AND			
STOCKHOLDERS' EQUITY		<u>\$ 10,312,981</u>	<u>\$ 9,480,188</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 22, 2013.

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Items</u>	<u>Notes</u>	<u>2012</u>		<u>2011</u>	
Operating Revenue					
Sales		\$	4,677,270	\$	3,952,417
Sales returns		(	58,552)	(	55,846)
Sales discounts		(	83,706)	(	5,045)
Net Sales			<u>4,535,012</u>		<u>3,891,526</u>
Technical service revenues	5		37,497		62,052
Net Operating Revenues			<u>4,572,509</u>		<u>3,953,578</u>
Operating Costs					
	4(4)(18)				
Cost of goods sold		(	2,245,784)	(	1,944,755)
Cost of technical service		(	13,297)	(	24,405)
Net Operating Costs		(	<u>2,259,081</u>)	(	<u>1,969,160</u>)
Gross profit			<u>2,313,428</u>		<u>1,984,418</u>
Operating Expenses					
	4(18) and 5				
Sales and marketing expenses		(	185,346)	(	168,811)
General and administrative expenses		(	565,811)	(	390,724)
Research and development expenses		(	303,023)	(	291,452)
Total Operating Expenses		(	<u>1,054,180</u>)	(	<u>850,987</u>)
Operating income			<u>1,259,248</u>		<u>1,133,431</u>
Non-operating Income and Gains					
Interest income			29,797		17,905
Foreign exchange gain, net			-		14,999
Reversal of impairment loss	4(11)		5,857		6,045
Gain on valuation of financial assets	4(2) and 10		13,300		-
Other non-operating income			136,033		57,179
Total Non-operating Income and Gains			<u>184,987</u>		<u>96,128</u>
Non-operating Expenses and Losses					
Interest expense		(	29)	(	108)
Investment loss accounted for under the equity method	4(7)	(	4,434)	(	55,155)
Loss on disposal of property, plant and equipment		(	357)	(	2,093)
Foreign exchange loss, net		(	42,709)		-
Depreciation on idle assets		(	6,796)	(	7,394)
Loss on valuation of financial assets	4(2) and 10		-	(	21,172)
Other non-operating losses		(	18,243)	(	8,322)
Total Non-operating Expenses and Losses		(	<u>72,568</u>)	(	<u>94,244</u>)
Income before income tax			<u>1,371,667</u>		<u>1,135,315</u>
Income tax expense	4(19)	(	201,245)	(	173,998)
Consolidated net income		\$	<u>1,170,422</u>	\$	<u>961,317</u>
Attributable to:					
Equity holders of the Company		\$	1,170,469	\$	959,355
Minority interest		(	47)		1,962
		\$	<u>1,170,422</u>	\$	<u>961,317</u>
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Basic Earnings Per Share (in dollars)					
Net income	4(20)	\$	<u>2.11</u>	\$	<u>1.80</u>
		\$	<u>1.79</u>	\$	<u>1.51</u>
Diluted Earnings Per Share (in dollars)					
Net income	4(20)	\$	<u>2.11</u>	\$	<u>1.80</u>
		\$	<u>1.79</u>	\$	<u>1.51</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 22, 2013.

ScinoPharm Taiwan, Ltd.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	<u>Common stock</u>	<u>Capital reserves</u>	<u>Retained Earnings</u>		<u>Cumulative translation adjustments</u>	<u>Minority interest</u>	<u>Total</u>
			<u>Legal reserve</u>	<u>Undistributed earnings</u>			
<u>2011</u>							
Balance at January 1, 2011	\$ 6,100,000	\$ 499,012	\$ -	\$ 79,619	(\$ 1,359)	(\$ 14)	\$ 6,677,258
Distribution of 2010 net income (Note)							
Legal reserve	-	-	7,962	(7,962)	-	-	-
Cash dividends	-	-	-	(61,000)	-	-	(61,000)
Issuance of common stock	210,000	747,020	-	-	-	-	957,020
Employee compensation costs by issuance of common stock	-	945	-	-	-	-	945
Consolidated net income for 2011	-	-	-	959,355	-	1,962	961,317
Cumulative translation adjustment	-	-	-	-	73,969	-	73,969
Change in minority interest	-	-	-	-	-	(229)	(229)
Balance at December 31, 2011	<u>\$ 6,310,000</u>	<u>\$ 1,246,977</u>	<u>\$ 7,962</u>	<u>\$ 970,012</u>	<u>\$ 72,610</u>	<u>\$ 1,719</u>	<u>\$ 8,609,280</u>
<u>2012</u>							
Balance at January 1, 2012	\$ 6,310,000	\$ 1,246,977	\$ 7,962	\$ 970,012	\$ 72,610	\$ 1,719	\$ 8,609,280
Distribution of 2011 net income (Note)							
Legal reserve	-	-	95,935	(95,935)	-	-	-
Cash dividends	-	-	-	(631,000)	-	-	(631,000)
Stock dividends	189,300	-	-	(189,300)	-	-	-
Consolidated net income for 2012	-	-	-	1,170,469	-	(47)	1,170,422
Cumulative translation adjustment	-	-	-	-	(53,158)	-	(53,158)
Change in minority interest	-	-	-	-	-	(69)	(69)
Balance at December 31, 2012	<u>\$ 6,499,300</u>	<u>\$ 1,246,977</u>	<u>\$ 103,897</u>	<u>\$ 1,224,246</u>	<u>\$ 19,452</u>	<u>\$ 1,603</u>	<u>\$ 9,095,475</u>

(Note) The employees' bonuses were \$143 and \$1,727, and directors' and supervisors' remuneration were \$1,433 and \$17,268 for the years ended December 31, 2010 and 2011, respectively, which had been deducted from consolidated net income for the year.

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 22, 2013.

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 1,170,422	\$ 961,317
Adjustments to reconcile net income to net cash provided by operating activities		
Loss on valuation of financial assets	1,593	5,323
Write-off of allowance for doubtful accounts	-	(228)
Reversal of allowance for doubtful accounts	(4,115)	(59)
Loss on inventory market price decline	37,209	21,794
Provision for obsolescence of supplies	-	6,620
Reversal of obsolescence of supplies	(11,009)	-
Investment loss accounted for under the equity method	4,434	55,155
Depreciation	357,884	343,980
Loss on disposal of property, plant and equipment and idle assets	357	2,807
Reversal of impairment loss	(5,857)	(6,045)
Amortization	5,384	3,647
Realized gain between affiliated companies	(19,804)	(2,273)
Employee compensation costs through issuance of common shares	-	945
Effect of exchange rate changes on cash	40,788	23,977
Changes in assets and liabilities		
Notes receivable	-	4,866
Accounts receivable	6,683	(112,191)
Other receivables	(48,317)	(31,219)
Inventories	(441,576)	(243,826)
Prepayments	(23,369)	(58,153)
Deferred income tax assets - current	13,120	19,471
Deferred pension costs	959	(959)
Deferred income tax assets - non-current	(82,530)	31,074
Notes payable	962	(3,005)
Accounts payable	(76,176)	156,516
Income tax payable	62,602	70,003
Accrued expenses	28,501	46,546
Other payables	15,203	7,522
Receipts in advance	(14,763)	(12,562)
Accrued pension liabilities	2,470	3,264
Net cash provided by operating activities	1,021,055	1,294,307

(Continued)

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in time deposits pledged	\$ -	(\$ 20,309)
Cash paid for acquisition of property, plant and equipment	(873,274)	(761,314)
Proceeds from disposal of property, plant and equipment	24,789	26,526
Increase in other intangible assets	(7,905)	(48,831)
Proceeds from disposal of other intangible assets	5,046	-
Increase in refundable deposits	(8,503)	(5,617)
Net cash used in investing activities	(859,847)	(809,545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	263,676	-
Decrease in guarantee deposits received	(250)	-
Cash dividends paid	(631,000)	(61,000)
Issuance of common stock	-	957,020
Decrease in minority interest	(69)	(229)
Net cash (used in) provided by financing activities	(367,643)	895,791
Effect of exchange rate changes on cash	(52,234)	4,766
(Decrease) increase in cash and cash equivalents	(258,669)	1,385,319
Cash and cash equivalents at beginning of year	3,293,681	1,908,362
Cash and cash equivalents at end of year	\$ 3,035,012	\$ 3,293,681
Supplemental disclosures of cash flow information		
1. Interest paid (excluding capitalized interest)	\$ 29	\$ 108
2. Income tax paid	\$ 208,053	\$ 53,450
Investing activities with partial cash payment		
Acquisition of property, plant and equipment	\$ 957,451	\$ 745,239
Add: Other payables, beginning of year	37,555	51,749
Capital lease payables, beginning of year	964	2,845
Less: Other payables, end of year	(122,696)	(37,555)
Capital lease payables, end of year	-	(964)
Cash paid for acquisition of property, plant and equipment	\$ 873,274	\$ 761,314
Other activities with no cash flow effect		
Long-term equity investments accounted for under the equity method and cumulative translation adjustments transferred to financial assets carried at cost	\$ 149,555	\$ -

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 22, 2013.

Appendix 6

Proposed Revision of the Procedural Rules for Providing Endorsements and Guarantees

Current Provision	Revision Proposed	Remark
<p>Article 1 <u>Purpose</u> These Rules are established pursuant to the Regulations Governing the Endorsement and Guarantee Made by Public Companies issued by the Financial Supervisory Commission, <u>Executive Yuan</u> (hereinafter “FSC”) for the purpose of strengthening internal management, substantializing information transparency and reducing operational risks of the Company. Except as otherwise provided by other <u>laws</u>, provision of endorsement or guarantee by the Company shall be in accordance with these Rules.</p>	<p>Article 1 <u>Purpose</u> These Rules are established pursuant to the Regulations Governing the Endorsement and Guarantee Made by Public Companies issued by the Financial Supervisory Commission (hereinafter “FSC”) for the purpose of strengthening internal management, substantializing information transparency and reducing operational risks of the Company. Except as otherwise provided by other <u>laws or regulations</u>, provision of endorsement or guarantee by the Company shall be in accordance with these Rules.</p>	<p>1. The revision is proposed in line with the organizational change of the Financial Supervision Commission as of 1 July 2012. 2. The revision is proposed in line with the change of the relevant laws and regulations by the competent authority.</p>
<p>Article 8 <u>Public disclosure of information</u> Public disclosure of information of the Company will be made in accordance with the following after the shares of the Company are publicly issued: 1. ....(Unchanged.) 2. The endorsement or guarantee made by the Company shall be publicly disclosed and reported within two days <u>of</u> occurrence where (1) The total value in balance of the endorsement and guarantee provided by the Company and its subsidiaries combined accounts for 50% or more of the net value of the Company as represented in the Company's most recent financial statements. (2) The total value in balance of the endorsement and guarantee provided to one and the same</p>	<p>Article 8 <u>Public disclosure of information</u> Public disclosure of information of the Company will be made in accordance with the following after the shares of the Company are publicly issued: 1. ....(Unchanged.) 2. The endorsement or guarantee made by the Company shall be publicly disclosed and reported within two days <u>from</u> occurrence where (1) The total value in balance of the endorsement and guarantee provided by the Company and its subsidiaries combined accounts for 50% or more of the net value of the Company as represented in the Company's most recent financial statements. (2) The total value in balance of the endorsement and guarantee provided to one and the same</p>	<p>1. Revision of paragraph two is proposed by reference to Article 30 of the Regulations Governing The Acquisition And Disposal of Assets by Public Companies to clearly define the start date of the relevant obligations. 2. Revision of subparagraph 3 of paragraph two is proposed in consideration of the absence of a long-term investment account from the financial report produced under the international standards for producing financial reports and the purpose of said subparagraph is to duly disclose the Company's and its subsidiary's risk in</p>

<p>enterprise by the Company and its subsidiaries combined accounts for 20% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>(3) The total value in balance of the endorsement and guarantee provided to one and the same enterprise by the Company and its subsidiaries combined amounts to TWD10 million and the total value in balance of the endorsement, guarantee, <u>long-term investment</u> and loans provided to it accounts for 30% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>(4) The total value of the new endorsement and guarantee provided the Company and its subsidiaries combined amounts to TWD30 million and accounts for 5% of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>3. <i>(Unchanged.)</i></p> <p>4. The Company will, <u>pursuant to Statements of Financial Accounting Standards No. 09</u>, evaluate or recognize the contingent loss arising from the endorsement and guarantee provided and duly disclose information about the relevant endorsement and guarantee in the financial report and provide the relevant information and materials to the certified public accountant for auditing.</p>	<p>enterprise by the Company and its subsidiaries combined accounts for 20% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>(3) The total value in balance of the endorsement and guarantee provided to one and the same enterprise by the Company and its subsidiaries combined amounts to TWD10 million and the total value in balance of the endorsement, guarantee, <u>investments which are long-term in nature</u> and loans provided to it accounts for 30% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>(4) The total value of the new endorsement and guarantee provided the Company and its subsidiaries combined amounts to TWD30 million and accounts for 5% of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>3. <i>(Unchanged.)</i></p> <p>4. The Company will evaluate or recognize the contingent loss arising from the endorsement and guarantee provided; it will also duly disclose information about the relevant endorsement and guarantee in the financial report and provide the relevant information and materials to the certified public accountant for auditing.</p>	<p>providing long-term financial support to one and the same enterprise.</p> <p>3. In consideration of good corporate governance, fair representation and full disclosure of financial reports of public companies, the competent authority requires that the public company who adopts international standards for producing financial reports or the local Statement of Financial Accounting Standards must evaluate and allocate relevant bad debts reserve with respect to the endorsement and guarantee provided and duly disclose the same in the financial report in accordance with the Regulations Governing the Preparation of Financial Reports. Revision of paragraph four is accordingly proposed.</p>
<p>Article 9 <u>Other matters to be noted</u></p> <p>1. ~ 3. <i>(Unchanged.)</i></p> <p>4. Where the principal endorsed or guaranteed by the Company or a subsidiary of the Company is another subsidiary of the Company, whose net value accounts for less</p>	<p>Article 9 <u>Other matters to be noted</u></p> <p>1. ~ 3. <i>(Unchanged.)</i></p> <p>4. Where the principal endorsed or guaranteed by the Company or a subsidiary of the Company is another subsidiary of the Company, whose net value accounts for less than 1/2 of its own paid-in capital,</p>	<p>The revision is proposed in line with the change of the relevant regulations by the competent authority in consideration of the fact that the share of a subsidiary company may bear no face value or has a</p>

<p>than 1/2 of its own paid-in capital, in addition to performing the relevant inspection and evaluation pursuant to Article 6 of these Rules, the internal auditing personnel of the Company shall audit at least once every quarter the operational procedure and execution of the endorsement and guarantee provided and produce a written record of the audit performed and notify the supervisors each in writing of material violations or irregularities, if any.</p>	<p>in addition to performing the relevant inspection and evaluation pursuant to Article 6 of these Rules, the internal auditing personnel of the Company shall audit at least once every quarter the operational procedure and execution of the endorsement and guarantee provided and produce a written record of the audit performed and notify the supervisors each in writing of material violations or irregularities, if any. <u>Where the share of the subsidiary bears no par value or has a par value in any amount other than TWD10, the above paid-in capital amount shall be sum of its capital plus its capital reserve and net of the surplus of the premium shares.</u></p>	<p>face value in the amount other than TWD10. Accordingly, the method to calculate the total amount of paid-in capital is clearly defined and added to the end of paragraph four that the total capital amount shall be calculated to include the amount of the capital reserves and the surplus of the premium price of the shares.</p>
<p>Article 12 <u>Miscellaneous</u> 1. The subsidiary and the parent company provided in these Rules shall be determined in accordance with the <u>Statements of Financial Accounting Standards No. 05 and No. 7 issued by the Accounting Research And Development Foundation.</u> 2. Making a public disclosure and report under these Rules means making a disclosure and report online on the website designated by the Financial Supervisory Committee, <u>Executive Yuan.</u></p>	<p>Article 12 <u>Miscellaneous</u> 1. The subsidiary and the parent company provided in these Rules shall be determined in accordance with the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u> 2. <u>The net value provided in these Rules means the equity to the account of the parent company as represented in the balance sheet produced in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u> 3. Making a public disclosure and report under these Rules means making a disclosure and report online on the website designated by the Financial Supervisory Committee. 4. <u>The date of occurrence of the endorsement or guarantee provided in these Rules means the earliest among the contract signing date of the transaction, the payment date, the date of the regulation adopted by the meeting of the Board of Directors or any</u></p>	<p>1. In consideration of the concurrent adoption of international standards for producing financial reports and the local Statements of Financial Accounting Standards during the transition, it is proposed that paragraph one of this Article be revised in line with the requirement that a public company shall clearly identify its subsidiaries and parent company pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 2. Public company adopting international standards for producing financial reports will be required to publicly disclose combined financial statements. As the parent company will be the principal to bear the risks in the loans,</p>

	<p><u>other date when the transaction counterpart and the transaction value both may be identified.</u></p>	<p>endorsements and guarantees provided by the Company, revision of paragraph two is accordingly proposed to clearly define that the net value provided in these Rules means the equities to the account of the parent company as represented in the balance sheet produced in accordance with the Regulations Governing the Preparation of Financial Reports by Public Companies where the financial reports are produced in accordance with international standards for producing financial reports.</p> <p>3. Revision of paragraph three is proposed in line with the re-designation of the Financial Supervisory Commission as of 1 July 2012.</p> <p>4. In consideration of full compliance with the requirement of timely disclosure of information and clarity of rules to follow of public companies, revision of paragraph four is proposed by reference to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to clearly define the occurrence date of the endorsement or guarantee shall be the earliest of the dates when the transaction counterpart and the transaction value both may be specifically</p>
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		identified.
<p>Article 13: <u>Powers and Duties of Audit Committee</u> Provisions of these Rules applicable to Supervisors shall apply to the Audit Committee of the Company <u>(if any)</u> with necessary and appropriate alterations.</p>	<p>Article 13: <u>Powers and Duties of Audit Committee</u> Provisions of these Rules applicable to Supervisors shall apply to the Audit Committee of the Company with necessary and appropriate alterations.</p>	<p>The revision is proposed in consideration of the completed establishment of the Audit Committee of the Company.</p>

Appendix 7

Proposed Revision of the Procedural Rules for Providing Lending to Other Persons

Current Provision	Revision Proposed	Remark
<p>Article 1 <u>Purpose</u> These Rules are established pursuant to the Regulations Governing the Endorsement and Guarantee Made by Public Companies issued by the Financial Supervisory Commission, <u>Executive Yuan</u> (hereinafter “FSC”) for the purpose of strengthening internal management, substantializing information transparency and reducing operational risks of the Company. Except as otherwise provided by other <u>laws</u>, providing loans to other persons by the Company shall be in accordance with these Rules.</p>	<p>Article 1 <u>Purpose</u> These Rules are established pursuant to the Regulations Governing the Endorsement and Guarantee Made by Public Companies issued by the Financial Supervisory Commission (hereinafter “FSC”) for the purpose of strengthening internal management, substantializing information transparency and reducing operational risks of the Company. Except as otherwise provided by other <u>laws and regulations</u>, providing loans to other persons by the Company shall be in accordance with these Rules.</p>	<p>1. The revision is proposed in consideration of the re-designation of the Financial Supervisory Commission as of 1 July 2012, and 2. The change of the relevant laws and regulations by the competent authority.</p>
<p>Article 2 <u>Eligible borrower</u> 1. ~ 3. ....(Unchanged.) 4. Subparagraph 2 of paragraph one above does not apply to the Company’s lending provided to a directly or indirectly wholly-owned foreign company of the Company.</p>	<p>Article 2 <u>Eligible borrower</u> 1. ~ 3. ....(Unchanged.) 4. Subparagraph 2 of paragraph one above does not apply to the Company’s lending provided to a direct or indirect wholly-owned foreign company of the Company, <u>which lending, however, must still be provided in accordance with the limitations with respect to amount and term provided in Article 4 and Article 5 of these Rules.</u></p>	<p>Loans provided by a public company to its directly or indirectly wholly-owned foreign company are not subject to the limitation that the total amount of loans provided to the same foreign company must account for no more than 40% of the lender company’s net value and for a term of not more than a year. Notwithstanding, in consideration of good corporate governance, the competent authority still requires that the public company lay down its own limits in it relevant bylaws in accordance with subparagraphs 3 and 4 of</p>

		Article 9 of the Regulations Governing the Endorsement and Guarantee Made by Public Companies. Revision of paragraph four of this Article is accordingly proposed.
<p>Article 4 <u>Limitation of amount</u> 1. ~ 2. ....(Unchanged.)</p>	<p>Article 4 <u>Limitation of amount</u> 1. ~ 2. ....(Unchanged.) 3. <u>The amount of an individual lending provided by the Company to a directly or indirectly wholly-owned foreign company shall account for not more than 20% of its current net value of the foreign company and the sum of all lending provided to the same foreign company shall account for not more than 50% of its current net value.</u></p>	A new paragraph is proposed and inserted as paragraph in line with the addition of the last sentence to paragraph four of Article 2 of these Rules to clearly provide the authorized amount of the Company's lending to a directly or indirectly wholly-owned foreign company.
<p>Article 5 <u>Term and calculation of interest</u> 1. Each lending provided by the Company shall be for a term of not more than a year except in special cases where, subject to the approval by the meeting of the Board of Directors, the term may be extended to meet actual needs. 2. ~ 3. (Unchanged.)</p>	<p>Article 5 <u>Term and calculation of interest</u> 1. Each lending provided by the Company shall be for a term of not more than a year except in special cases where, subject to the approval by the meeting of the Board of Directors, the term may be extended to meet actual needs. <u>Each lending provided by the Company to a directly or indirectly wholly-owned foreign company of the Company shall be for a term of not more than two years except in special cases where, subject to the approval by the meeting of the Board of Directors of the Company, the term may be extended to meet actual needs.</u> 2. ~ 3. (Unchanged.)</p>	A new paragraph is proposed and inserted as paragraph in line with the addition of the last sentence to paragraph four of Article 2 of these Rules to clearly provide the authorized term of the Company's lending to a directly or indirectly wholly-owned foreign company.
<p>Article 8 <u>Public disclosure of information</u> Public disclosure of information of the Company will be made in accordance with the following after the shares of the Company are publicly issued: 1. ....(Unchanged.)</p>	<p>Article 8 <u>Public disclosure of information</u> Public disclosure of information of the Company will be made in accordance with the following after the shares of the Company are publicly issued: 1. ....(Unchanged.)</p>	1. Revision of paragraph two is proposed by reference to Article 30 of the Regulations Governing The Acquisition And Disposal of Assets by Public Companies to clearly

<p>2. The lending provided by the Company shall be publicly disclosed and reported within two days <u>of</u> the date of occurrence where</p> <p>(1) The total value in balance of the lending provided by the Company and its subsidiaries combined accounts for 20% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>(2) The total value in balance of the lending provided to one and the same enterprise by the Company and its subsidiaries combined accounts for 10% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>(3) The new lending provided by the Company or by any of its subsidiaries amounts to TWD10 million and accounts for 2% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>3. <i>(Unchanged.)</i></p> <p>4. The Company will, <u>pursuant to the generally accepted accounting principles</u>, evaluate the status of the lending provided, allocate adequate bad debts reserve, duly disclose the same in the relevant financial report and provide the relevant information and materials to the certified public accountant for auditing.</p>	<p>2. The lending provided by the Company shall be publicly disclosed and reported within two days from the date of occurrence where</p> <p>(1) The total value in balance of the lending provided by the Company and its subsidiaries combined accounts for 20% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>(2) The total value in balance of the lending provided to one and the same enterprise by the Company and its subsidiaries combined accounts for 10% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>(3) The new lending provided by the Company or by any of its subsidiaries amounts to TWD10 million and accounts for 2% or more of the net value of the Company as represented in the Company's most recent financial statements.</p> <p>3. <i>(Unchanged.)</i></p> <p>4. <u>The Company will evaluate the status of the lending provided, allocate adequate bad debts reserve, duly disclose the same in the relevant financial report and provide the relevant information and materials to the certified public accountant for auditing.</u></p>	<p>define the start date of the relevant obligations.</p> <p>2. In consideration of good corporate governance, fair representation and full disclosure of financial reports of public companies, the competent authority requires that the public company who adopts international standards for producing financial reports or the local Statement of Financial Accounting Standards must evaluate and allocate relevant bad debts reserve with respect to the lending provided and duly disclose the same in the financial report in accordance with the Regulations Governing the Preparation of Financial Reports. Revision of paragraph four is accordingly proposed.</p>
<p>Article 12 <u>Miscellaneous</u></p> <p>1. The subsidiary and the parent company provided in these Rules shall be determined in accordance with the <u>Statements of Financial Accounting Standards No. 05 and No. 7 issued by the Accounting Research And Development Foundation.</u></p> <p><u>2. Making a public disclosure and</u></p>	<p>Article 12 <u>Miscellaneous</u></p> <p>1. The subsidiary and the parent company provided in these Rules shall be determined in accordance with the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>2. <u>The net value provided in these Rules means the equity to the account of the parent company</u></p>	<p>1. In consideration of the concurrent adoption of international standards for producing financial reports and the local Statements of Financial Accounting Standards during the transition, it is proposed that paragraph one of</p>

<p>report under these Rules means making a disclosure and report online on the website designated by the Financial Supervisory Committee, <u>Executive Yuan</u>.</p>	<p><u>as represented in the balance sheet produced in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>3. Making a public disclosure and report under these Rules means making a disclosure and report online on the website designated by <u>the Financial Supervisory Committee.</u></p> <p>4. <u>The date of occurrence of lending provided in these Rules means the earliest among the contract signing date of the transaction, the payment date, the date of the regulation adopted by the meeting of the Board of Directors or any other date when the transaction counterpart and the transaction value both may be identified.</u></p>	<p>this Article be revised in line with the requirement that a public company shall clearly identify its subsidiaries and parent company pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2. Public company adopting international standards for producing financial reports will be required to publicly disclose combined financial statements. As the parent company will be the principal to bear the risks in the loans, endorsements and guarantees provided by the Company, revision of paragraph two is accordingly proposed to clearly define that the net value provided in these Rules means the equities to the account of the parent company as represented in the balance sheet produced in accordance with the Regulations Governing the Preparation of Financial Reports by Public Companies where the financial reports are produced in accordance with international standards for producing financial reports.</p> <p>3. Revision of paragraph three is proposed in line with the re-designation of the Financial Supervisory Commission as of 1 July</p>
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		<p>2012.</p> <p>4. In consideration of full compliance with the requirement of timely disclosure of information and clarity of bylaws of public companies, revision of paragraph four is proposed by reference to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to clearly define the occurrence date of the lending shall be the earliest of the dates when the transaction counterpart and the transaction value both may be identified</p>
<p>Article 13: <u>Powers and Duties of Audit Committee</u> Provisions of these Rules applicable to Supervisors shall apply to the Audit Committee of the Company <u>(if any)</u> with necessary and appropriate alterations.</p>	<p>Article 13: <u>Powers and Duties of Audit Committee</u> Provisions of these Rules applicable to Supervisors shall apply to the Audit Committee of the Company with necessary and appropriate alterations.</p>	<p>The revision is proposed in consideration of the establishment of the Audit Committee of the Company.</p>

Appendix 8

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

Current Provision	Revision Proposed	Remark
<p>Article 7 <u>Acquisition of Real Property from Interested Parties</u> 1. Valuation and basis (Omitted.) 2. Approval procure: For the purpose of acquiring 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, 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 pay the price: (Omitted.) Acquisition or disposal of machinery and equipment for business use by and between the Company and its parent company or subsidiary may be approved by the Chairman of the Board of Directors authorized to do so <u>in accordance with the standards determined by the meeting of the Board of Directors</u>, which approval must be ratified by the upcoming meeting of the Board of Directors. (Omitted.)</p>	<p>Article 7 <u>Acquisition of Real Property from Interested Parties</u> 1. Valuation and basis (Omitted.) 2. Approval procure: For the purpose of acquiring 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, 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 pay the price: (Omitted.) <u>Where the proposed transaction value amounts to not more than TWD300 million,</u> acquisition or disposal of machinery and equipment for business use by and between the Company and its parent company or subsidiary may be approved by the Chairman of the Board of Directors authorized to do so, which approval must be ratified by the upcoming meeting of the Board of Directors. (Omitted.)</p>	<p>The revision is proposed in accordance with paragraph 20 of Q&A on the most recent Q&A on The Regulations Governing The Acquisition And Disposal of Assets by Public Companies published by the Financial Supervisory Committee to define the limit of the amount of value of transactions which may be authorized by the Chairman of the Board of Directors.</p>
<p>Article 8 <u>Derivates Transactions</u> 1. Principles and policy (1) ~ (3)..... (Omitted.) 4. Authorized total contract value</p>	<p>Article 8 <u>Derivates Transactions</u> 1. Principles and policy (1) ~ (3)..... (Omitted.) 4. Authorized total contract value</p>	<p>The revision is proposed in accordance with paragraph 26 of the most</p>

<p>and limitation on losses(1) (1) Authorized total contract value ... (Omitted.) (2) Limitation on losses A. Hedge transactions: <u>Hedge transactions are conducted to meet the Company's actual needs with the possible risks involved evaluated under control in advance so setting limitation on possible loss to be incurred from hedge transactions is not given raise as an issue.</u> (Omitted.)</p>	<p>and limitation on losses (1) Authorized total contract value ... (Omitted.) (2) Limitation on losses A. Hedge transactions: <u>After the position of a hedge transaction is duly defined, measures must be proposed to the President or the managerial officer designated by the President for instruction to act in response if</u> a. <u>the relevant estimate shows the loss incurred from a given transaction under the contract amounts to 20% or more of the contract value of the transaction for two months in a row; or</u> b. <u>the relevant estimate shows the loss incurred from the contract as a whole amounts to 10% of the total contract value for two months in a row.</u> (Omitted.)</p>	<p>recent Q&A on The Regulations Governing The Acquisition And Disposal of Assets by Public Companies published by the Financial Supervisory Committee to limit the amount of loss to be incurred from hedge transactions.</p>
<p>Article 14 <u>Adoption and Amendment</u> These Rules were adopted by the shareholders meeting of 25 September 2009 with subsequent amendment adopted by the shareholders meeting of 13 June 2012.</p>	<p>Article 14 <u>Adoption and Amendment</u> These Rules were adopted by the shareholders meeting of 25 September 2009 with subsequent amendment adopted by the shareholders meetings of 13 June 2012 <u>and 21 June 2013.</u></p>	<p>The revision is proposed to bring up to date the history of amendments to these Rules.</p>

Appendix 9

PROPOSED REVISION OF THE RULES GOVERNING ELECTION OF DIRECTORS AND SUPERVISORS

Current Provision	Revision Proposed	Remark
<p>Article 6 The <u>independent</u> director of the Company <u>shall</u> be elected <u>based on nomination</u> in accordance with Article 192-1 of the Company Act.</p>	<p>Article 6 The directors of the Company shall be elected, in accordance with Article 192-1 of the Company Act, <u>by shareholders from among the nominees.</u></p>	<p>The revision is proposed under Article 192-1 of the Company Act in consideration of strengthening the corporate governance of the Company with the original provision incorporated in part into this Article.</p>
<p>Article 7 The Company adopts the nominated cumulative voting system for the election of the directors and the supervisors: the shareholder will have the same amount of votes entitled on each share held as the number of the directors, supervisors to be elected, which votes may be cumulated and cast for a single candidate or distributed among a plurality of candidates. <u>The Company adopts the candidates nomination system for the election of the independent director. The shareholders will elect from among the candidates nominated.</u> The election of the independent director and the non-independent directors shall be held jointly with the number of the elect to be counted separately in accordance with the Articles of Incorporation of the Company and these Rules.</p>	<p>Article 7 The Company adopts the nominated cumulative voting system for the election of the directors and the supervisors: the shareholder will have the same amount of votes entitled on each share held as the number of the directors, supervisors to be elected, which votes may be cumulated and cast for a single candidate or distributed among a plurality of candidates. The election of the independent director(s) and the non-independent directors shall be held jointly with the number of the elect to be counted separately in accordance with the Articles of Incorporation of the Company and these Rules.</p>	<p>The revision is proposed under Article 192-1 of the Company Act in consideration of strengthening the corporate governance of the Company with the original provision incorporated in part into Article 6.</p>

Appendix 10

Proposed Revision of the Rules Governing Shareholders Meetings

Current Provision	Revision Proposed	Remark
<p>Article 8 The Company shall prepare an attendance book for the shareholder <u>or his/her designated proxy</u> 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.</p>	<p>Article 8 <u>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 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. A proxy solicitor shall present his/her identification document for verification.</u> 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.</p>	<p>The revision is proposed in line with the amendment to the relevant regulations prescribed by the Securities And Futures Bureau, Financial Supervision Commission in consideration of preventing the shareholder’s right and interests from being affected by any procedural confusion arising upon the shareholder’s check-in for attending the shareholders meeting due to lack of a complete clear meeting notice.</p>
<p>Article 8: (Continue) 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. <u>The shareholder will present</u></p>	<p>Article 8: (Continue) 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</p>	<p>The revision proposed in light of the revision proposed of Article 8.</p>

<p><u>his/her attendance tag, signed attendance card or other attendance certificate to attend the shareholders meeting in person. A proxy solicitor shall present his/her identification document for verification.</u></p> <p>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.</p>	<p>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.</p>	
<p>Article 9</p> <p>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.</p> <p>The shareholders meeting convened by the Board of Directors must be attended by the majority of the directors.</p> <p>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.</p> <p>The Company may appoint legal counsel(s), certified public</p>	<p>Article 9</p> <p>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.</p> <p><u>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.</u></p> <p>The shareholders meeting convened by the Board of</p>	<p>The revision is proposed in light of the duties and functions of the chairperson of the shareholders meeting who, where necessary, must be able to explain the proposal presented to the meeting and other important matters of the Company and answer to the inquiries raised by the shareholder.</p>

<p>accountant(s) or relevant personnel to attend the shareholders meeting as non-voting delegates.</p>	<p>Directors must be attended by the majority of the directors. 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.</p>	
<p>Article 11 The Company shall take <u>video or sound</u> recording of the whole proceeding of the shareholders meeting, <u>which recording shall be kept for a term of not less than one year. Notwithstanding, in the event of</u> any shareholder’s action initiated under Article 189 of the Company Act, the above recording shall be kept through the action concluded with a final judgment with binding effects.</p>	<p>Article 11 The Company shall take <u>video and sound</u> recording of the whole proceeding of the shareholders meeting, <u>The recording provided in the preceding paragraph shall be kept for a term of not less than one year except in case of</u> 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.</p>	<p>The revision is proposed in consideration of the availability of a complete truthful representation of the meeting for verification in case of any dispute over the meeting by taking a non-stop video and sound recording of the meeting from the shareholders check-in which is the very beginning of the meeting through the discussion, voting, counting of votes taken place at the meeting through the end of the meeting.</p>
<p>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</p>	<p>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</p>	<p>The revision of paragraph two is proposed by reference to Article 13 of the Sample Template for ○○ Co., Ltd. Rules of Procedure for Shareholders</p>

<p>chairperson shall announce in advance the total amount of votes accountable to be voted on the issue.</p> <p><u>When an issue is submitted for resolution by the meeting, if no shareholder present at the meeting expresses any objection to the issue at hand after the chairperson has duly requested all of the shareholders present at the meeting to state their opinion on the issue, the resolution on the issue shall be deemed adopted having the same binding effects as one adopted by voting.</u></p> <p>(Item 4~5 Omitted)</p> <p>The shareholder will express his/her objection (if any) to the issued at hand by voting in accordance with the preceding paragraph. Except the proposals listed in the agenda, all new issues, revision or replacement of the proposals listed in the agenda proposed by a shareholder must be seconded by other shareholders.</p> <p>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.</p> <p>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.</p> <p>The ballots voted <u>shall be counted</u></p>	<p>chairperson shall announce in advance the total amount of votes accountable to be voted on the issue.</p> <p><u>On each issue submitted for resolution by the meeting, the chairperson or his/her designated personnel shall announce the total amount of votes represented by the shares present at the meeting before the voting takes place.</u> If no shareholder present at the meeting expresses any objection to the issue at hand after the chairperson has duly requested all of the shareholders present at the meeting to state their opinion on the issue, the resolution on the issue shall be deemed adopted having the same binding effects as one adopted by voting.</p> <p>(Item 4~5 omitted)</p> <p>The shareholder will express his/her objection (if any) to the issued at hand by voting in accordance with the preceding paragraph. Except the proposals listed in the agenda, all new issues, revision or replacement of the proposals listed in the agenda proposed by a shareholder must be seconded by other shareholders.</p> <p>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.</p> <p>The personnel to supervise the voting and count the ballots</p>	<p>Meetings in line with the electronic voting system promoted by the competent authority. The new ending paragraph is proposed in consideration of keeping the shareholders immediately and fully informed about the calculation and the result of voting on each issue voted.</p>
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<p>and the result of the voting shall be announced at the meeting and recorded in the meeting minutes.</p>	<p>voted shall be appointed by the chairperson, provided that the personnel to supervise the voting must be the shareholder(s) of the Company.</p> <p>The ballots voted <u>either for adopting a resolution or election shall be openly counted at the meeting</u> and the result of the voting <u>(including the calculation of the ballots)</u> shall be <u>forthwith announced upon completion of the counting of the ballots</u> and recorded in the meeting minutes.</p>	
<p>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.</p> <p>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.</p> <p>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.</p>	<p>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 <u>including the name of each director elect, each supervisor elect and the amount of votes for them each.</u></p> <p>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.</p> <p>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.</p>	<p>The revision is proposed in consideration of keeping the shareholders immediately and fully informed about the result of the election, the directors elect, the supervisors elect and the calculation of the votes for them each.</p>