

台灣神隆股份有限公司  
ScinoPharm Taiwan, Ltd.



**2012 Annual General Shareholders' Meeting  
Meeting Handbook (Translation)**

June 13, 2012

Stock Code 1789

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# ScinoPharm Taiwan, Ltd. Shareholders Meeting 2012

## Procedure and gist of Agenda

### I. Procedure

Time: 10:00AM, 13 June 2012

Place: Auditorium, Southern Taiwan Science Parks Administration Building

Address: 1F, 22 Nan-Ke 3th Road, Tainan Science-based Industrial Park, Xin Shi District, Tainan.

1. **Announcement of meeting in session** (following the announcement of shares represented at the meeting).
2. **Chairperson's address.**
3. **Reports:**
  - (1) Business Report on 2011.
  - (2) Supervisor's Inspection Report on the accounting books, record and financial statements produced on 2011.
  - (3) Proposed revision of the Rules Governing Meetings of the Board of Directors, Ethical Corporate Management Best Practice Principles and the Code of Ethics and Conduct respectively.
4. **Matters proposed for ratification:**
  - (1) Business Report and accounting books, record and financial statements produced on 2011.
  - (2) Proposed Earnings Distribution Plan.
5. **Matters proposed for discussion and resolution:**
  - (1) Proposed capital increase by issuing new shares on retained earnings.
  - (2) Proposed revision of the Articles of Incorporation.
  - (3) Proposed revision of the Rules Governing the Procedure for Handling Acquisition and Disposal of Assets, the Procedural Rules for Providing Endorsements and Guarantees, and the Procedural Rules for Providing Lending to Other Persons respectively.
  - (4) Proposed revision of the Rules Governing Shareholders Meetings.
  - (5) Proposed revision of the Rules Governing Election of Directors and Supervisors.
6. **Election:**
  - (1) Election of the 7th Board of Directors (including independent directors) and Supervisors

**7. Other matters proposed for discussion and resolution:**

- (1) Proposed lifting of the non-competition obligation of the 7th Board of Directors and Supervisors elect.

**8. Extempore motions:**

**9. End of meeting.**

## **II. PROPOSALS**

### **1. Reports:**

(1) Business report on 2011.

Explanation: Please see pages [9] to [11] of the Agenda for the Business Report (Appendix 1).

(2) Supervisor's Inspection Report.

Explanation: Please see pages [12] of the Agenda for the Supervisor's Inspection Report (Appendix 2).

(3) Proposed revision of the Rules Governing the Meeting of the Board of Directors, Ethical Corporate Management Best Practice Principles, and the Code of Ethics and Conduct respectively.

#### **Explanation:**

- a. In light of the Auditing Board of the Company to be established as of the 2012 shareholders meeting to replace the Supervisors of the Company in line with Article 14-4 of the Securities and Exchange Act and the undertaking made by the Company upon application for public listing, the Rules Governing the Meeting of the Board of Directors, Ethical Corporate Management Best Practice Principles, and the Code of Ethics and Conduct of the Company need to be revised accordingly.
- b. Please see the proposed revision to the Rules Governing the Meeting of the Board of Directors, Ethical Corporate Management Best Practice Principles, and the Code of Ethics and Conduct each juxtaposed with the current provision as shown in Appendices 6 to 8 (at pages 30~32).

### **2. Matters for ratification**

(1) Business report and the accounting books, record and financial statements on 2011 (as adopted by the meeting of the Board of Directors).

#### **Explanation:**

- a. Having been duly adopted by the meeting of the Board of Directors, audited and certified by two certified public accountants from PricewaterhouseCoopers Taiwan (James Liu and Phoebe Lin) and submitted with the Business Report to and thereafter duly inspected by the Supervisors with the relevant inspection report duly issued, the financial statements of the Company produced on fiscal year 2011 include the balance sheet, consolidated balance sheet, profit and loss statement, consolidated profit and loss statement, change of shareholder's equity statement, consolidated shareholder's equity statement, cash flow statement and consolidated cash flow statement.
- b. Please see Appendix 1 (at pages 9~11) and Appendices 3~4 (at pages 13~28) 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:

- (2) Proposed earnings distribution plan for fiscal year 2011 (as adopted by the meeting of the Board of Directors).

Explanation:

- a. Please see Appendix 5 (at pages 29) for the proposed Earnings Distribution Plan.
- b. The Company has TWD874,076,767 for cumulative distributable earnings for the period of 2011 with a cash dividend of TWD1 and a stock dividend of TWD0.3 to be distributed on each share held.
- c. Subject to the resolution adopted by the shareholders meeting approving the Earnings Distribution Plan proposed, it is proposed that the Board of Directors be authorized to determine the ex-dividend date, dividend distribution date and other relevant matters.
- d. It is proposed that resolution be adopted for the authorization proposed above.

Resolution:

**3. 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 TWD189,300,000 of the undistributed earnings accumulated from the previous period be capitalized to issue 18,930,000 new shares for distributable stock dividend with 30 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 authorized to do so and the new shares will be distributed to the shareholders as proposed according to the shareholding indicated in the shareholders registered as of the ex-dividend date with a relevant notice issued to the shareholders each.
- 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. 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 TWD6,499,300,000 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:

- (2) Proposed revision of the Articles of Incorporation (as adopted by the meeting of the Board of Directors).

Explanation:

- a. In consideration of the overall development of the Company's business and the relevant requirements issued by the Authority, international trade (code F401010), injection formulation and small-molecule new drug development need to be added to the Company's business items. Necessary revision in relation to the Company's business items provided in the Articles of Incorporation is accordingly proposed.
- b. Pursuant to the applicable laws and regulations and honoring the undertaking made upon application for public listing, the Company decided to establish the Auditing Board on this date of the shareholders meeting (2012) to replace the supervisors of the Company. It is proposed that the relevant provisions of the Articles of Incorporation be revised accordingly.
- c. Please see Appendix 9 (at pages33~38) for the proposed revision of the relevant provision of the Articles of Incorporation juxtaposed with the current provision and Exhibit 3 (at pages74~81) for the complete text of the original Articles of Incorporation.
- d. It is proposed that resolution be adopted for the proposed revision.

Resolution:

- (3) Proposed revision of the Rules Governing the Procedure for Handling Acquisition and Disposal of Assets, the Procedural Rules for Providing Endorsements and Guarantees, and the Procedural Rules for Providing Lending to Other Persons respectively (as adopted by the meeting of the Board of Directors).

Explanation:

- a. In light of the Auditing Board of the Company to be established as of the 2012 shareholders meeting to replace the Supervisors of the Company in line with the applicable laws and regulations and the undertaking made by the Company upon application for public listing, it is proposed that the Rules Governing the Procedure for Handling Acquisition and Disposal of Assets, the Procedural Rules for Providing Endorsements and Guarantees, and the Rules Governing Operational Procedure for Providing Lending to Other Persons of the Company be revised accordingly.
- b. Please see Appendices 10 to 12 (at pages 39~53) for the proposed revision to the Rules Governing the Procedure for Handling Acquisition and Disposal of Assets, the Procedural Rules for Providing Endorsements and Guarantees, and the Procedural Rules for Providing Lending to Other Persons respectively, each juxtaposed with the current provision.
- c. It is proposed that resolution be adopted for the proposed revision.

Resolution:

(4) Proposed revision of the Rules Governing Shareholders Meetings (as adopted by the meeting of the Board of Directors).

Explanation:

- a. In light of the Auditing Board of the Company to be established as of the 2012 shareholders meeting to replace the Supervisors of the Company in line with the applicable laws and regulations and the undertaking made by the Company upon application for public listing, it is proposed that the Rules Governing Shareholders Meetings of the Company be revised accordingly.
- b. Please see Appendix 13 (at pages 54~57) for the proposed revision to the Rules Governing Shareholders Meeting juxtaposed with the current provision.
- c. It is proposed that resolution be adopted for the proposed revision.

Resolution:

(5) Proposed revision of the Rules Governing Election of Directors and Supervisors (as adopted by the meeting of the Board of Directors).

Explanation:

- a. This revision is proposed in light of the establishment of the Auditing Board of the Company, which shall replace and assume the functions, powers and duties of the supervisors in line with Article 14-4 of the Securities and Exchange Act and the undertaking made by the Company upon application for public listing.



- b. Please see Appendix 14 (at page 58) for the proposed revision of the Rules Governing Election of Directors and Supervisors juxtaposed with the current provision.
- c. It is proposed that resolution be adopted for the proposed revision.

Resolution :

**4. Election**

Election of the 7th Board of Directors and Supervisors (as proposed by the Board of Directors).

Explanation:

- a. The office term of the 6th Board of Directors and Supervisor is from 18 June 2009 through 17 June 2012.
- b. It is proposed that the 7th Board of Directors be elected at this shareholders meeting in accordance with the Company Act and the Articles of Incorporation of the Company. The 7th Board of Directors shall consist of ten directors, three independent directors and three supervisors. The directors and supervisors elect each shall forthwith assume the office upon being elected and serve an office term of three years from the election date, namely from 13 June 2012 through 12 June 2015. All of the members of the entire 6th Board of Directors agree to step down upon assumption of office by the 7th Board of Directors.
- c. Subject to the resolution adopted by this shareholders meeting for the revision of the Articles of Incorporation as proposed to provide for two additional directors and the establishment of the Auditing Board, a total of 15 directors (including three independent directors) shall be elected and the supervisors' office shall be removed with the elect each to serve an office term of three years from 13 June 2012 through 12 June 2015.
- d. The independent directors shall be elected under the nomination system. Shareholders shall elect from among the candidates nominated. Please see Appendix 15 (at pages 59~62) for the name list of the candidates nominated as adopted by the meeting of 26 April 2012 of the Board of Directors.
- e. Shareholders are requested to vote to elect the new directors.

Result :

## **5. Other matters proposed for discussion and resolution**

- (1) Proposed lifting of the non-compete restriction imposed on the 7th Board of Directors and the representative of the Company (as adopted by the meeting of the Board of Directors).

### Explanation:

- a. According to paragraphs one and five of Article 209 of the Company Act, the director who intends to do any act or activity which is within the scope of the Company's business for himself/herself or for any other person shall present to the shareholders meeting an explanation of the substantial content of the act or activity contemplated and obtain the approval of the shareholders meeting for him/her to do the act or activity or the shareholders meeting may adopt the resolution to account the income the director has received from the act or activity for the Company's income.
- b. In consideration that the members of the 7th Board of Directors may do any act or activity and concurrently hold another office within the scope of the Company's business, it is proposed that resolution be adopted to release the newly elected 7th Board of Directors from the non-compete restriction provided in Article 209 of the Company Act on the precondition that the above act or activity done by the director does not in any way prejudice the interests of the Company. Please see for detail the relevant materials to be publicly disclosed at this shareholders meeting after the election.

## **6. Extempore motions**

## **7. End of meeting.**

### **III. Appendices**

#### **Appendix 1**

##### **Business Report**

The European debt crisis, fiscal tightening among many countries, and volatility in US dollar-denominated interest rates over the past year put pressure on export-oriented ScinoPharm Taiwan, Ltd. The benefits of new products reaching the marketplace and the Company's increasing foothold in key markets, however, are helping to expand the scale of the Company's revenues and overall business performance. Consequently, ScinoPharm has been able to post its best annual performance yet and has posted its sixth consecutive year of profits since its inception. On September 29, 2011, ScinoPharm was listed on the Taiwan Stock Exchange, and has become the largest firm in terms of market capitalization in the biotech sector. The Company's listing marked a milestone in ScinoPharm's sustained development.

#### **Fiscal Performance**

Consolidated revenues in 2011 stood at NT\$3.953 billion, which was a rise of 1.61% from the previous year's NT\$3.891 billion. Net profit for the year fell NT\$81 million to NT\$959 million, while net earnings per share was NT\$1.56, compared with the previous year's NT\$1.81. The Company's NT dollar-denominated revenues and margin growth were pressured by the appreciation of the US dollar. Amid the changes in product portfolios, expenses associated with the construction of its Changshu Plant in China, and the recognition of losses from Tanvex Biologics, ScinoPharm's net profit in 2011 was modestly below that of 2010.

If calculated in US dollars, ScinoPharm's revenues in 2011 reached US\$134 million, a growth of 8.94% from the previous year's US\$123 million. Net profit after tax for 2011 was US\$32 million, which was slightly lower than the US\$33 million recorded for 2010.

ScinoPharm's paid-in capital was NT\$6.31 billion as of the end of 2011. Shareholders' equity was NT\$8.608 billion, which was equivalent to 91.39% of the Company's total assets of NT\$9.418 billion. Long-term capital amounted to 332.11% of fixed assets, while the Company's current ratio reached 715%. Financial ratios in 2011 all continued to strengthen and the Company exhibited a stable fiscal structure. ScinoPharm's net profit for the year calculated in NT dollars fell slightly, but if excluding the impact of the foreign exchange rate on the Company, net profit denominated in US dollars was roughly the same as in 2010. The Company's average gross margin reached 48% thanks to its focus on high potency, high entry-barrier products and on oncological active pharmaceutical ingredients (API) for injectables.

## **Business Performance**

ScinoPharm's operations continued to post stable growth last year, with revenues bolstered by generic APIs and the expansion of its markets. Also, a number of the Company's anti-cancer products have reached the market helping to boost sales growth, including Exemestane in the United States, Europe and Japan; Letrozole in Europe and the United States; and Topotecan in Europe. In addition, ScinoPharm produces the new anti-depressant Vilazodone on a Contract Manufacturing Organization (CMO) basis. As this drug does not exhibit the side effects of similar medications, sales in the United States have far exceeded expectations since it was marketed there last year. Anti-cancer drugs comprise 62% of the Company's revenues by indications, central nervous system agents 25% and others 13%. The composition of revenues by business changed somewhat in 2011, with APIs for generic drugs accounting for 84% and Contract Research Organization (CRO) services 2.4%. CMO services accounted for 13.4% of overall revenues, up from 2.5% in the previous year due to continuous growth in the orders.

ScinoPharm Taiwan has already developed over 50 generic APIs, registering in more than 60 nations globally, catering to nearly 300 international customers. As of the end of 2011, 16 APIs had been launched, and other products will be gradually introduced after patents expire. The Company has filed 587 Drug Master Files (DMF) throughout the world, with 41 of them filed in the United States, and it expects to file 4-5 more DMFs in the US annually in the future. ScinoPharm not only has the most number of DMFs among local counterparts, but also owns 19 oncological DMFs in the US, ranking as top of any pure API manufacturers worldwide. This demonstrates the Company's expertise in product development, as well as its market competitiveness.

ScinoPharm Taiwan is deeply committed to innovation and research and development. It develops product lines with considerable market potential based on overall business projections and developmental trends in the pharmaceuticals industry, and has established its own independent technical platform. The Company has received 88 patents around the world for 18 of its inventions, while there are 47 other patents pending. In addition, ScinoPharm has established a high level of R&D acumen in the area of peptides and has cGMP manufacturing equipment. Amid the gradual increase in new peptide drugs introduced each year, ScinoPharm will develop peptide APIs with high technological thresholds via its peptide technology platform.

International heavyweights in the pharmaceutical sector and developers of new drugs both at home and abroad have increasingly turned to ScinoPharm to develop new drug API manufacturing processes and subsequent production. ScinoPharm to date has developed over 70 products, with three already in commercial production and another five in Phase III clinical trials to treat cancer, epilepsy, Parkinson's disease, gastrointestinal illness, and an antibiotic. In the coming two-three years, customers should be able to apply to the US FDA for new drug approval.

Strong orders had pushed ScinoPharm's production lines to full capacity at its Tainan site. Consequently, the Company in last year had begun expansion of two large-scale production lines, which are expected to come on stream in the third quarter of 2012. In future, the company will have

a line dedicated to the production of steroid drugs. Meanwhile, first phase construction of ScinoPharm's Changshu Plant in Jiangsu Province in China was completed at the end of last year and will initially be producing intermediates for the upstream of API production. This small-scale API plant will start GMP registration batch production in the first quarter of this year. The second phase, which will comprise a large-scale API production facility, is expected to be finished at the end of this year, and this will further solidify ScinoPharm's business growth down the road.

### **Prospects**

Market demand for generic medicines will be extremely strong amid health care reform in the United States and mainland China, as well as various policy initiatives by other governments. ScinoPharm has established independent R&D and manufacturing capabilities, helping to create the foundation in recent years for stable and sustained growth. It will continue to rapidly expand its product lines and strengthen its core abilities to sustain its market position in the future. The new capacity provided by the completion of the Changshu Plant will be conducive to further expanding the range of the Company's product offerings and will drive revenue growth. Last year, ScinoPharm founded ScinoPharm Shanghai Biochemical Technology, Ltd. to serve as a beachhead for development of the China market and a supply hub for European and American clients in China. Meanwhile, ScinoPharm has established cooperative relationships with many Japanese generic drug manufacturers and new drug companies amid the liberalization of the drug market in that nation, with the hope of obtaining business associated with the rise of the generic drug market there and the associated increase in contract research and manufacturing services.

Furthermore, ScinoPharm intends to look to strategic alliances with both upstream and downstream partners, mergers & acquisitions, and horizontal and vertical integration in an effort to enhance overall investment returns. ScinoPharm is committed to creating new markets and business opportunities, and generating the greatest amount of growth momentum in order to maximize value for the Company, shareholders, and employees.

Lastly, we would like to express our deepest appreciation to our customers, shareholders, and hard-working employees for their continued supports.

Chairperson : Kao-Huei Cheng

CEO : Jo Shen

Chief Accountant : Carrie Lin

**Appendix 2**

**Supervisors' Report**

March 26, 2012

The undersigned has duly audited the Operating Report, Financial Statements and Schedule of Earnings Distribution prepared by the Board of Directors for the year of 2010, and found the same to be true and correct.

Therefore, in accordance with Article 219 of the Company Law of the Republic of China, the undersigned takes pleasure in submitting this report for your perusal and acceptance. .

ScinoPharm Taiwan, Ltd.

Supervisors : Chien-Li Yin

Chyou-Jui Wei

Shu-Chi Chang

(Representative of Taiwan Sugar Corporation)

### **Appendix 3**

## **Auditor's Report and financial statement on 2011**

### 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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 and 2010, in our report dated March 26, 2012, we expressed an unqualified opinion on those statements.

PricewaterhouseCoopers, Taiwan

March 26, 2012

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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 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)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash and cash equivalents (Note 4(1))	\$ 3,080,455	\$ 1,741,734
Financial assets at fair value through profit or loss - current (Notes 4(2) and 10)	2,066	7,389
Notes receivable, net (Note 3)	—	4,866
Accounts receivable, net (Notes 3 and 4(3))	843,817	731,022
Other receivables (Note 3)	14,524	6,695
Other receivables - related parties (Notes 3 and 5)	4,752	4,492
Other financial assets - current (Note 6)	19,927	3,508
Inventories, net (Note 4(4))	1,449,852	1,244,331
Prepayments (Note 4(5))	168,631	123,685
Deferred income tax assets - current (Note 4(18))	13,974	33,445
<b>Total Current Assets</b>	<u>5,597,998</u>	<u>3,901,167</u>
<b>Funds and Investments</b>		
Long-term equity investments accounted for under the equity method (Note 4(7))	1,131,951	671,301
Other financial assets - non-current (Note 6)	19,442	15,552
<b>Total Funds and Investments</b>	<u>1,151,393</u>	<u>686,853</u>
<b>Property, Plant and Equipment, Net (Notes 4(8) and 5)</b>		
<b>Cost</b>		
Buildings	1,711,896	1,662,958
Machinery and equipment	3,322,654	3,172,693
Transportation equipment	9,007	7,453
Office equipment	57,665	52,122
Leased assets	14,970	17,815
Other equipment	5,030	5,030
<b>Cost and Revaluation Increment</b>	5,121,222	4,918,071
Less: Accumulated depreciation	( 2,665,658 )	( 2,405,670 )
Construction in progress and prepayments for equipment	136,222	79,845
<b>Total Property, Plant and Equipment, Net</b>	<u>2,591,786</u>	<u>2,592,246</u>
<b>Intangible Assets</b>		
Deferred pension costs (Note 4(12))	959	—
Other intangible assets (Notes 4(9)(11))	2,026	501
<b>Total Intangible Assets</b>	<u>2,985</u>	<u>501</u>
<b>Other Assets</b>		
Idle assets (Notes 4(10)(11))	9,849	10,645
Refundable deposits	2,525	2,817
Deferred income tax assets - non-current (Note 4(18))	61,779	92,853
<b>Total Other Assets</b>	<u>74,153</u>	<u>106,315</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,418,315</u>	<u>\$ 7,287,082</u>

(Continued)

SCINOPHARM TAIWAN, LTD.  
NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)  
DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>2011</u>	<u>2010</u>
Current Liabilities		
Notes payable	\$ 83	\$ 3,088
Accounts payable	183,521	113,178
Accounts payable - related party (Note 5)	77,872	24,591
Income tax payable (Note 4(18))	112,898	44,933
Accrued expenses	329,855	289,945
Other payables	40,852	54,950
Receipts in advance	16,946	29,508
Capital lease payables - current (Notes 4(8) and 5)	964	1,881
Other current liabilities (Note 5)	<u>19,804</u>	<u>22,077</u>
Total Current Liabilities	<u>782,795</u>	<u>584,151</u>
Long-term Liability		
Capital lease payables - non-current (Notes 4(8) and 5)	<u>—</u>	<u>964</u>
Other Liabilities		
Accrued pension liabilities (Note 4(12))	27,709	24,445
Guarantee deposits received	<u>250</u>	<u>250</u>
Total Other Liabilities	<u>27,959</u>	<u>24,695</u>
Total Liabilities	<u>810,754</u>	<u>609,810</u>
Stockholders' Equity		
Capital		
Common stock (Notes 1 and 4(13))	6,310,000	6,100,000
Capital Reserves (Notes 4(13)(14)(15)(16))		
Additional paid-in capital in excess of par - common stock	1,233,286	486,266
Capital reserve from stock warrants	13,691	12,746
Retained Earnings (Notes 4(14)(16))		
Legal reserve	7,962	—
Undistributed earnings	970,012	79,619
Other Adjustment to Stockholders' Equity		
Cumulative translation adjustments	<u>72,610</u>	<u>(1,359)</u>
Total Stockholders' Equity	<u>8,607,561</u>	<u>6,677,272</u>
Commitments (Note 7)		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 9,418,315</u></u>	<u><u>\$ 7,287,082</u></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 for earnings per share data)

	2011	2010		
Operating Revenue (Note 5)				
Sales	\$ 3,947,294	\$ 3,918,564		
Sales returns	( 55,846)	( 70,002)		
Sales discounts	( 5,045)	—		
Net Sales	3,886,403	3,848,562		
Technology service revenues	62,052	38,893		
Net Operating Revenues	3,948,455	3,887,455		
Operating Costs (Notes 4(4)(17) and 5)				
Cost of goods sold	( 2,038,896)	( 1,932,370)		
Cost of technology service	( 24,405)	( 14,761)		
Net Operating Costs	( 2,063,301)	( 1,947,131)		
Gross profit	1,885,154	1,940,324		
Operating Expenses (Notes 4(17) and 5)				
Sales and marketing expenses	( 157,461)	( 156,930)		
General and administrative expenses	( 326,912)	( 295,955)		
Research and development expenses	( 256,307)	( 291,114)		
Total Operating Expenses	( 740,680)	( 743,999)		
Operating income	1,144,474	1,196,325		
Non-operating Income and Gains				
Interest income	16,683	3,741		
Gain on disposal of property, plant and equipment (Note 5)	—	1,928		
Foreign exchange gain, net	21,705	—		
Reversal of impairment loss (Notes 4(10)(11))	1,841	10,381		
Gain on valuation of financial assets (Notes 4(2) and 10)	—	4,506		
Other non-operating income (Note 5)	40,548	85,905		
Total Non-operating Income and Gains	80,777	106,461		
Non-operating Expenses and Losses				
Interest expense (Notes 4(8) and 5)	( 108)	( 4,422)		
Investment loss accounted for under the equity method (Note 4(7))	( 63,550)	( 5,083)		
Loss on disposal of property, plant and equipment	( 888)	—		
Foreign exchange loss, net	—	( 87,428)		
Depreciation on idle assets	( 7,394)	( 8,863)		
Loss on valuation of financial assets (Notes 4(2) and 10)	( 21,172)	—		
Other non-operating losses	( 8,004)	( 11,949)		
Total Non-operating Expenses and Losses	( 101,116)	( 117,745)		
Income before income tax	1,124,135	1,185,041		
Income tax expense (Note 4(18))	( 164,780)	( 145,038)		
Net Income	\$ 959,355	\$ 1,040,003		
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Basic Earnings Per Share (in dollars) (Note 4(19))				
Net income	\$ 1.83	\$ 1.56	\$ 2.06	\$ 1.81
Diluted Earnings Per Share (in dollars) (Note 4(19))				
Net income	\$ 1.83	\$ 1.56	\$ 2.06	\$ 1.81

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)

2010	Common Stock	Capital Reserves	<u>Retained Earnings</u>		Cumulative Translation	Total
			Legal Reserve	Undistributed Earnings	Adjustments	
Balance at January 1, 2010	\$ 5,513,734	\$ —	\$ —	(\$ 1,060,384)	\$ 18,654	\$ 4,472,004
Issuance of common stock	586,266	586,266	—	—	—	1,172,532
Employee compensation costs by issuance of common stock	—	12,746	—	—	—	12,746
Offset of capital reserve against accumulated deficit	—	( 100,000)	—	100,000	—	—
Net income for 2010	—	—	—	1,040,003	—	1,040,003
Cumulative translation adjustment	—	—	—	—	( 20,013)	( 20,013)
Balance at December 31, 2010	<u>\$ 6,100,000</u>	<u>\$ 499,012</u>	<u>\$ —</u>	<u>\$ 79,619</u>	<u>(\$ 1,359)</u>	<u>\$ 6,677,272</u>
2011						
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>

(Note) The directors' and supervisors' remuneration was \$1,433 and employees' bonus was \$143 in 2010, 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)

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2011</u>		<u>2010</u>
Net income	\$ 959,355		\$ 1,040,003
Adjustments to reconcile net income to net cash provided by operating activities			
Loss (Gain) on valuation of financial assets	5,323	(	5,506)
Provision for doubtful accounts	—		4,271
Reversal of allowance for doubtful accounts	( 287)	(	—
Provision for inventory market price decline	11,055		—
Reversal of allowance for inventory market price decline	—	(	16,111)
Provision for obsolescence of supplies	6,620		2,627
Investment loss accounted for under the equity method	63,550		5,083
Depreciation	332,433		326,553
Loss (gain) on disposal of property, plant and equipment and idle assets	1,602	(	1,928)
Reversal of impairment loss	( 1,841)	(	10,381)
Amortization	1,049		25,495
Realized gain between affiliated companies	( 2,273)	(	—
Unrealized gain between affiliated companies	—		19,666
Employee compensation costs through issuance of common stock	945		12,746
Effect of exchange rate changes on cash	23,977		4,439
Changes in assets and liabilities			
Financial assets at fair value through profit or loss – current	—		43,013
Notes receivable	4,866		14,493
Accounts receivable	( 112,508)		156,005
Other receivables	( 7,829)		128
Other receivables – related party	( 260)	(	1,486)
Inventories	( 216,576)	(	286,653)
Prepayments	( 51,566)	(	52,495)
Deferred income tax assets – current	19,471		8,483
Deferred pension costs	( 959)	(	—
Deferred income tax assets – non-current	31,074		92,119
Notes payable	( 3,005)	(	3,088
Accounts payable	70,343		71,770
Accounts payable – related party	53,281		24,591
Income tax payable	67,965		38,226
Accrued expenses	39,910		30,627
Other payables	( 1,051)	(	4,779)
Receipts in advance	( 12,562)	(	9,914
Accrued pension liabilities	3,264		2,201
Net cash provided by operating activities	<u>1,285,366</u>		<u>1,556,202</u>

(Continued)

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

	2011	2010
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Increase in time deposits pledged	(\$ 20,309)	\$ —
Increase in long-term investments – subsidiaries	( 454,128)	( 143,681)
Increase in long-term investments – non subsidiaries	—	( 225,980)
Proceeds from liquidation of long-term investment	3,897	—
Cash paid for acquisition of property, plant and equipment	( 345,866)	( 172,371)
Proceeds from disposal of property, plant and equipment and idle assets	—	10,273
Increase in other intangible assets	( 2,574)	( 495)
Decrease (increase) in refundable deposits	<u>292</u>	<u>( 1,725)</u>
Net cash used in investing activities	<u>( 818,688)</u>	<u>( 533,979)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Decrease in long-term loans	—	( 937,150)
Payment of cash dividends	( 61,000)	—
Proceeds from issuance of common stock	<u>957,020</u>	<u>1,172,532</u>
Net cash provided by financing activities	<u>896,020</u>	<u>235,382</u>
Effect of exchange rate changes on cash	<u>( 23,977)</u>	<u>( 4,439)</u>
Increase in cash and cash equivalents	1,338,721	1,253,166
Cash and cash equivalents at beginning of year	<u>1,741,734</u>	<u>488,568</u>
Cash and cash equivalents at end of year	<u>\$ 3,080,455</u>	<u>\$ 1,741,734</u>
<b><u>Supplemental disclosures of cash flow information</u></b>		
1. Interest paid (excluding capitalized interest)	<u>\$ 108</u>	<u>\$ 4,765</u>
2. Income tax paid	<u>\$ 46,270</u>	<u>\$ 6,210</u>
<b><u>Investing activities with partial cash payment</u></b>		
Acquisition of property, plant and equipment	\$ 330,938	\$ 193,530
Add : Other payables, beginning of year	50,592	25,232
Capital lease payables, beginning of year	2,845	7,046
Less: Other payables, end of year	( 37,545)	( 50,592)
Capital lease payables, end of year	<u>( 964)</u>	<u>( 2,845)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 345,866</u>	<u>\$ 172,371</u>

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

## **Appendix 4**

### **Auditor's Report and consolidated financial statement on 2011**

#### 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, 2011 and 2010, 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 Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards 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, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with the generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan

March 26, 2012

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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 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)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and cash equivalents (Note 4(1))	\$ 3,293,681	\$ 1,908,362
Financial assets at fair value through profit or loss – current (Notes 4(2) and 10)	2,066	7,389
Notes receivable, net (Note 3)	—	4,866
Accounts receivable (Notes 3 and 4(3))	843,902	731,424
Other receivables (Notes 3 and 5)	47,983	16,764
Other financial assets – current (Note 6)	19,927	3,508
Inventories, net (Note 4(4))	1,465,462	1,244,358
Prepayments (Note 4(5))	179,883	128,350
Deferred income tax assets – current (Note 4(18))	<u>13,974</u>	<u>33,445</u>
Total Current Assets	<u>5,866,878</u>	<u>4,078,466</u>
Funds and Investments		
Long-term equity investments accounted for under the equity method (Notes 4(7)(11))	172,107	225,694
Other financial assets – non-current (Note 6)	<u>19,442</u>	<u>15,552</u>
Total Funds and Investments	<u>191,549</u>	<u>241,246</u>
Property, Plant and Equipment, Net (Notes 4(8) and 5)		
Cost		
Buildings	1,735,466	1,684,620
Machinery and equipment	3,383,473	3,241,257
Transportation equipment	11,930	11,646
Office equipment	57,991	52,170
Leased assets	14,970	17,815
Other equipment	<u>63,793</u>	<u>32,827</u>
Cost and Revaluation Increment	5,267,623	5,040,335
Less: Accumulated depreciation	( 2,703,376)	( 2,463,073)
Construction in progress and prepayments for equipment	<u>662,986</u>	<u>234,429</u>
Total Property, Plant and Equipment, Net	<u>3,227,233</u>	<u>2,811,691</u>
Intangible Assets		
Deferred pension cost (Note 4(12))	959	—
Other intangible assets (Notes 4(9)(11))	<u>113,488</u>	<u>60,441</u>
Total Intangible Assets	<u>114,447</u>	<u>60,441</u>
Other Assets		
Idle assets (Notes 4(10)(11))	9,849	10,645
Refundable deposits	8,434	2,817
Deferred expenses	19	71
Deferred income tax assets – non-current (Note 4(18))	<u>61,779</u>	<u>92,853</u>
Total Other Assets	<u>80,081</u>	<u>106,386</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 9,480,188</b></u>	<u><b>\$ 7,298,230</b></u>

(Continued)

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS (CONTINUED)

DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>2011</u>	<u>2010</u>
Current Liabilities		
Notes payable	\$ 83	\$ 3,088
Accounts payable	299,250	142,734
Income tax payable (Note 4(18))	114,937	44,934
Accrued expenses	341,093	294,547
Other payables	49,872	56,544
Receipts in advance	16,946	29,508
Capital lease payables – current (Notes 4(8) and 5)	964	1,881
Other current liabilities (Note 5)	<u>19,804</u>	<u>22,077</u>
Total Current Liabilities	<u>842,949</u>	<u>595,313</u>
Long-term Liability		
Capital lease payables – non-current (Notes 4(8) and 5)	<u>—</u>	<u>964</u>
Other Liabilities		
Accrued pension liabilities (Note 4(12))	27,709	24,445
Guarantee deposits received	<u>250</u>	<u>250</u>
Total Other Liabilities	<u>27,959</u>	<u>24,695</u>
Total Liabilities	<u>870,908</u>	<u>620,972</u>
Stockholders' Equity		
Capital		
Common stock (Notes 1 and 4(13))	6,310,000	6,100,000
Capital reserves (Notes 4(13)(14)(15)(16))		
Additional paid-in capital in excess of par - common stock	1,233,286	486,266
Capital reserve from stock warrants	13,691	12,746
Retained Earnings (Notes 4(14)(16))		
Legal reserve	7,962	—
Undistributed earnings	970,012	79,619
Other Adjustments to Stockholders' Equity		
Cumulative translation adjustments	<u>72,610</u>	<u>(1,359)</u>
Total Parent Company's Equity	8,607,561	6,677,272
Minority interest	<u>1,719</u>	<u>(14)</u>
Total Stockholders' Equity	<u>8,609,280</u>	<u>6,677,258</u>
Contingent Liabilities and Commitments (Note 7)		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 9,480,188</u></u>	<u><u>\$ 7,298,230</u></u>

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

**SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31**

(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

	2011	2010		
Operating Revenues (Note 5)				
Sales	\$ 3,952,417	\$ 3,922,222		
Sales returns	( 55,846)	( 70,002)		
Sales discounts	( 5,045)	—		
Net Sales	3,891,526	3,852,220		
Technology service revenues	62,052	38,893		
Net Operating Revenues	3,953,578	3,891,113		
Operating Costs (Notes 4(4)(17))				
Cost of goods sold	( 1,944,755)	( 1,842,383)		
Cost of technology service	( 24,405)	( 14,761)		
Net Operating Costs	( 1,969,160)	( 1,857,144)		
Gross Profit	1,984,418	2,033,969		
Operating Expenses (Notes 4(17) and 5)				
Sales and marketing expenses	( 168,811)	( 169,094)		
General and administrative expenses	( 390,724)	( 340,122)		
Research and development expenses	( 291,452)	( 302,185)		
Total Operating Expenses	( 850,987)	( 811,401)		
Operating Income	1,133,431	1,222,568		
Non-operating Income and Gains				
Interest income	17,905	4,208		
Gain on disposal of property, plant and equipment (Note 5)	—	1,928		
Foreign exchange gain, net	14,999	—		
Reversal of impairment loss (Notes 4(7)(10) and (11))	6,045	13,403		
Gain on valuation of financial assets (Notes 4(2) and 10)	—	4,506		
Other non-operating income (Note 5)	57,179	82,309		
Total Non-operating Income and Gains	96,128	106,354		
Non-operating Expenses and Losses				
Interest expense (Notes 4(8) and 5)	( 108)	( 4,422)		
Investment loss accounted for under the equity method (Note 4(7))	( 55,155)	( 16,835)		
Loss on disposal of property, plant and equipment	( 2,093)	( 621)		
Foreign exchange loss, net	—	( 89,815)		
Depreciation of idle assets	( 7,394)	( 8,863)		
Loss on valuation of financial assets (Notes 4(2) and 10)	( 21,172)	—		
Other non-operating losses	( 8,322)	( 12,570)		
Total Non-operating Expenses and Losses	( 94,244)	( 133,126)		
Income before income tax	1,135,315	1,195,796		
Income tax expense (Note 4(18))	( 173,998)	( 155,841)		
Consolidated Net Income	\$ 961,317	\$ 1,039,955		
Attributable to:				
Equity holders of the Company	\$ 959,355	\$ 1,040,003		
Minority interest	1,962	( 48)		
	\$ 961,317	\$ 1,039,955		
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Basic Earnings Per Share (in dollars) (Note 4(19))				
Net Income	<u>\$ 1.84</u>	<u>\$ 1.56</u>	<u>\$ 2.08</u>	<u>\$ 1.81</u>
Diluted Earnings Per Share (in dollars) (Note 4(19))				
Net Income	<u>\$ 1.84</u>	<u>\$ 1.56</u>	<u>\$ 2.08</u>	<u>\$ 1.81</u>

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

**SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31**

(Expressed in thousands of New Taiwan dollars)

2010	Common Stock	Capital Reserves	Retained Earnings		Cumulative Translation Adjustments	Minority Interest	Total
			Legal Reserve	Undistributed Earnings			
Balance at January 1, 2010	\$ 5,513,734	\$ —	\$ —	(\$ 1,060,384)	\$ 18,654	\$ 34	\$ 4,472,038
Issuance of common stock	586,266	586,266	—	—	—	—	1,172,532
Employee compensation costs through issuance of common stock	—	12,746	—	—	—	—	12,746
Offset of capital reverse against accumulated deficit	—	(100,000)	—	100,000	—	—	—
Consolidated net income for 2010	—	—	—	1,040,003	—	(48)	1,039,955
Cumulative translation adjustment	—	—	—	—	(20,013)	—	(20,013)
Balance at December 31, 2010	<u>\$ 6,100,000</u>	<u>\$ 499,012</u>	<u>\$ —</u>	<u>\$ 79,619</u>	<u>(\$ 1,359)</u>	<u>(\$ 14)</u>	<u>\$ 6,677,258</u>
2011							
Balance at January 1, 2011	\$ 6,100,000	\$ 499,012	\$ —	\$ 79,619	(\$ 1,359)	(\$ 14)	\$ 6,677,258
Distribution of 2010 consolidated 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 through issuance of common stock	—	945	—	—	—	—	945
Consolidated net income for 2011	—	—	—	959,355	—	1,962	961,317
Cumulative translation adjustment	—	—	—	—	73,969	—	73,969
Decrease 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>

(Note) The directors' and supervisors' remuneration was \$1,433 and employees' bonus was \$143 in 2010, which had been deducted from net income for the year.

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

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

	2011		2010
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Consolidated net income	\$ 961,317		\$ 1,039,955
Adjustments to reconcile net income to net cash provided by operating activities			
Loss (gain) on valuation of financial assets	5,323	(	5,506)
Provision for doubtful accounts	—		4,271
Reversal of allowance for doubtful accounts	( 287)		—
Provision for inventory market price decline	21,794		—
Reversal of allowance for inventory market price decline	—	(	21,337)
Provision for obsolescence of supplies	6,620		2,627
Investment loss accounted for under the equity method	55,155		16,835
Depreciation	343,980		338,343
Gain on disposal of property, plant and equipment and idle assets	—	(	1,928)
Loss on disposal of property, plant and equipment and idle assets	2,807		621
Reversal of impairment loss	( 6,045)	(	13,403)
Amortization	3,647		28,484
Realized gain between affiliated companies	( 2,273)		—
Unrealized gain or loss between affiliated companies	—		19,666
Employee compensation costs through issuance of common stock	945		12,746
Effect of exchange rate changes on cash	23,977		4,439
Changes in assets and liabilities			
Financial assets at fair value through profit or loss - current	—		43,013
Notes receivable	4,866		14,493
Accounts receivable	( 112,191)		155,665
Other receivables	( 31,219)	(	9,168)
Inventories	( 243,826)	(	274,679)
Prepayments	( 58,153)	(	53,257)
Deferred income tax assets – current	19,471		8,483
Deferred pension costs	( 959)		—
Deferred income tax assets – non-current	31,074		92,119
Notes payable	( 3,005)		3,088
Accounts payable	156,516		78,908
Income tax payable	70,003		38,227
Accrued expenses	46,546		32,935
Other payables	7,522	(	5,923)
Receipts in advance	( 12,562)		12,462
Accrued pension liabilities	3,264		2,201
Net cash provided by operating activities	1,294,307		1,564,380

(Continued)

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

	<u>2011</u>	<u>2010</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Increase in time deposits pledged	(\$ 20,309)	\$ —
Increase in long-term investments – non subsidiaries	—	( 225,980)
Cash paid for acquisition of property, plant and equipment	( 761,314)	( 349,073)
Proceeds from disposal of property, plant and equipment and idle assets	26,526	16,252
Increase in other intangible assets	( 48,831)	( 56,550)
(Increase) decrease in refundable deposits	( 5,617)	13,074
Net cash used in investing activities	<u>( 809,545)</u>	<u>( 602,277)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Decrease in long-term loans	—	( 937,150)
Payment of cash dividends	( 61,000)	—
Proceeds from issuance of common stock	957,020	1,172,532
Decrease in minority interest	( 229)	—
Net cash provided by financing activities	<u>895,791</u>	<u>235,382</u>
Effect of exchange rate changes on cash	<u>4,766</u>	<u>( 28,758)</u>
Increase in cash and cash equivalents	1,385,319	1,168,727
Cash and cash equivalents at beginning of year	<u>1,908,362</u>	<u>739,635</u>
Cash and cash equivalents at end of year	<u>\$ 3,293,681</u>	<u>\$ 1,908,362</u>
<b><u>Supplemental disclosures of cash flow information</u></b>		
1. Interest paid (excluding capitalized interest)	<u>\$ 108</u>	<u>\$ 4,765</u>
2. Income tax paid	<u>\$ 53,450</u>	<u>\$ 17,012</u>
<b><u>Investing activities with partial cash payment</u></b>		
Acquisition of property, plant and equipment	\$ 745,239	\$ 371,347
Add : Other payables, beginning of year	51,749	25,274
Capital lease payables, beginning of year	2,845	7,046
Less: Other payables, end of year	( 37,555)	( 51,749)
Capital lease payables, end of year	<u>( 964)</u>	<u>( 2,845)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 761,314</u>	<u>\$ 349,073</u>

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

## Appendix 5

### ScinoPharm Taiwan, Ltd. Earnings Distribution Plan for Fiscal Year Ended 31 December 2011

Item	Amount (TWD)
After-tax net profit earned in 2011	959,354,434
Less: Legal reserve	<u>( 95,935,444)</u>
Distributable profit from this period	863,418,990
Plus: Accumulated undistributed earnings from previous period	<u>10,657,777</u>
Total distributable earnings as of this period	<u>874,076,767</u>
Bonus to shareholders	
(Cash dividend TWD1,000 on each 1,000 shares held)	( 631,000,000)
(Stock dividend 30 shares on each 1,000 shares held)	<u>( 189,300,000)</u>
Undistributed earnings as of the end of the period	<u>53,776,767</u>

#### Notes:

1. Remuneration payable to directors and supervisors for 2011 calculated based on the total distributable earnings of the year is TWD17,268,380 with TWD17,299,080 thereof accounted as the estimated amount payable and the difference of TWD30,700 will be accounted as the income (loss) in year 2012.
2. Bonus to employees payable for 2011 calculated based on the total distributable earnings of the year is TWD1,726,838 with TWD1,729,908 accounted as the estimated amount payable and the difference of TWD3,070 will be accounted as the income (loss) in year 2012
3. The actual amount of cash dividend paid to the shareholder shall be paid up to the round number with the fraction (if any) to be accounted as Other Income of the Company.

Chairperson : Kao-Huei Cheng

CEO : Jo Shen

Chief Accountant : Carrie Lin

**Appendix 6**

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

Current Provision	Revision Proposed	Remark
	<p><b><u>Article 17:</u></b> <u>(Powers And Duties of Auditing Board)</u>  <u>Provisions of these Rules applicable to Supervisors shall apply to the Auditing Board of the Company (if any) with necessary and appropriate alterations.</u></p>	<p>1. This Article proposed is brand new.                  2. Provision of this Article is proposed in line with the establishment of the Auditing Board which shall replace and assume the functions, powers and duties of the Supervisor.</p>
<p><b>Article 17</b> Supplemental provision [Omitted et seq.]</p>	<p><b>Article 18</b> Supplemental provision [Omitted et seq.]</p>	<p>Numbering of the Article adjusted.</p>
<p><b>Article 18</b> These Rules were established on 25 September 2009.</p>	<p><b>Article 19</b> These Rules were established on 25 September 2009 <u>and revised on 26 March 2012.</u></p>	<p>Change of the numbering of the Article and revision of wording to reflect this revision.</p>



**Appendix 7**

**Proposed Revision of Ethical Corporate Management Best Practice Principles**

Current Provision	Revision Proposed	Remark
	<p><b><u>Article 23:</u></b> <u>(Powers And Duties of Auditing Board)</u>  <u>Provisions of this Code applicable to Supervisors shall apply to the Auditing Board of the Company (if any) with necessary and appropriate alterations.</u></p>	<p>1. This Article proposed is brand new.                  2. Provision of this Article is proposed in line with the establishment of the Auditing Board of the Company, which shall replace and assume the functions, powers and duties of the Supervisor.</p>
<p><b>Article 23</b> Implementation                  [Omitted et seq.]</p>	<p><b>Article 24</b> Implementation                  [Omitted et seq.]</p>	<p>Numbering of the Article adjusted.</p>

**Appendix 8**

**Proposed Revision of The Code of Ethics and Conducts**

Current Provision	Revision Proposed	Remark
	<p><b><u>Article 13:</u></b> <u>(Powers and Duties of Auditing Board)</u>  <u>Provisions of this Code applicable to Supervisors shall apply to the Auditing Board of the Company (if any) with necessary and appropriate alterations.</u></p>	<p>1. This Article proposed is brand new.                  2. Provision of this Article is proposed in line with the establishment of the Auditing Board of the Company, which shall replace and assume the functions, powers and duties of the Supervisors.</p>
<p><b>Article 13</b> Implementation and revision                  [Omitted et seq.]</p>	<p><b>Article 14</b> Implementation and revision                  [Omitted et seq.]</p>	<p>Numbering of the Article adjusted.</p>

**Appendix 9**

**Proposed Revision of The Articles of Incorporation**

Current Provision	Revision Proposed	Remark
<p><b>Article 2</b> The business items of the Company are as follows: (1) C802041 Manufacture of pharmaceuticals; (2) C801990 Manufacture of other chemical materials; (3) IG01010 Biotechnological services; (4) F601010 Intellectual property rights related services 1. Research, development, production, manufacture and distribution of the following products: (1) generic APIs, (2) protein drugs, (3) oligonucleotide, (4) peptide .] 2. Consulting, advisory and technical services relating to the above products.&gt;&gt;</p>	<p><b>Article 2</b> The business items of the Company are as follows: (1) C802041 Manufacture of pharmaceuticals; (2) C801990 Manufacture of other chemical materials; (3) IG01010 Biotechnological services; (4) F601010 Intellectual property rights related services <u>(5) F401010 International trade.</u> &lt;&lt;1. Research, development, production, manufacture and distribution of the following products: (1) generic APIs, (2) protein drugs, (3) oligonucleotide, (4) peptide, <u>(5) injection formulation, (6) small-molecule new drugs.]</u> 2. Consulting, advisory and technical services relating to the above products. <u>3. International trade in connection with the above products.&gt;&gt;</u></p>	<p>The revision is proposed to meet the Company’s business needs.</p>
<p><b>Chapter 4 Directors and Supervisors</b></p>	<p><b>Chapter 4 Directors</b></p>	<p>Title of the Chapter is revised in line with the removal of the provisions relating to Supervisors.</p>
<p><b>Article 20</b> The issues presented for discussion and/or resolution at the shareholders meeting and the resolution adopted by the meeting shall each be recorded in the minutes of the meeting, which meeting minutes must be signed or sealed by the chairperson and a copy of which shall be distributed to the shareholders of the Company each within twenty (20) days after the meeting. The above meeting minutes may be produced</p>	<p><b>Article 20</b> The issues presented for discussion and/or resolution at the shareholders meeting and the resolution adopted by the meeting shall each be recorded in the minutes of the meeting, which meeting minutes must be signed or sealed by the chairperson and a copy of which shall be distributed to the shareholders of the Company each within twenty (20) days after the meeting. The above meeting minutes may be produced</p>	<p>The revision is proposed in line with the amendment to Article 183 of the Company Act.</p>

<p>and distributed electronically. The minutes of the shareholders meeting shall be kept by the Company together with the relevant signed attendance book and proxy letters received. <u>Subject to the public offering of the Company</u>, the Company may distribute the above minutes of the shareholders meeting electronically <u>to the shareholder who holds less than 1,000 shares of the Company</u>.</p>	<p>and distributed electronically. The minutes of the shareholders meeting shall be kept by the Company together with the relevant signed attendance book and proxy letters received. The Company may distribute the above minutes of the shareholders meeting electronically.</p>	
<p><b>Article 22</b> Remuneration to the Directors <u>and the Supervisors</u> of the Company will be determined by the Board of Directors by reference to the common standards adopted by the trade home and abroad.</p>	<p><b>Article 22</b> Remuneration to the Directors of the Company will be determined by the Board of Directors by reference to the common standards adopted by the trade home and abroad.</p>	<p>Revision is proposed in line with the removal of the provisions in connection with Supervisors.</p>
<p><b>Article 23</b> The Company will have <u>eleven (11) to thirteen (13) Directors and three (3) Supervisors</u> to be elected by the shareholders meeting from the shareholders with disposing capacity.</p> <p>Two or more of the above Directors shall be independent directors to be elected by the shareholders meeting from among the candidates nominated. The special qualification, required shareholding, restriction on concurrent positions held, determination of impartiality, method of nomination and method of election of the independent directors and other relevant legally required matters shall be in accordance with the Company Act and the relevant laws and regulations prescribed by the competent securities authority.</p>	<p><b>Article 23</b> The Company will have <u>fifteen (15) Directors</u> to be elected by the shareholders meeting from the shareholders with disposing capacity.</p> <p>Two or more of the above Directors shall be independent directors to be elected by the 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</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>1. Change of the number of directors. 2. The change is proposed in line with the establishment of the Auditing Board and the removal of the provisions in connection with Supervisors.</p>

<p><b>Article 24</b>  The Directors <u>and the Supervisors</u> each of the Company will serve an office term of three years and may be re-elected. Subject to the relevant resolution adopted by the meeting of the Board of Directors, liabilities insurance will be procured for the Director <u>and the Supervisor</u> elect. Subject to the public offering of the Company, the total shareholding of the Directors and the Supervisors of the Company as a whole shall be in accordance with the Company Act and the regulations prescribed by the competent securities authority.</p>	<p><b>Article 24</b>  The Directors each of the Company will serve an office term of three years and may be re-elected. Subject to the relevant resolution adopted by the meeting of the Board of Directors, liabilities insurance will be procured for the Director elect. Subject to the public offering of the Company, the total shareholding of the Directors and the Supervisors of the Company as a whole shall be in accordance with the Company Act and the regulations prescribed by the competent securities authority.  <u>The Company has an Auditing Board formed by all of the independent directors under the Securities And Exchange Act.</u>  <u>The establishment, functions, powers and authorities, rules for the meetings and other legal compliance matters of the Auditing Board shall be in accordance with the relevant regulations issued by the competent securities authority.</u></p>	<p>The revision is proposed in line with the establishment of the Auditing Board and the removal of the provisions in connection with Supervisors.</p>
<p><b>Article 27</b>  The meeting of the Board of Director shall be convened by the Chairman/Chairwoman of the Board of Directors except the first meeting of a new Board of Directors that shall be convened by the Director who won the highest vote of all Directors elect. A written notice of the meeting of the Board of Directors shall be issued by facsimile or by email to the Directors each at least seven (7) days prior to the scheduled meeting date, which notice shall explicitly indicate the scheduled date, venue and agenda of the meeting. In the event of urgency, the meeting of the Board of Directors <u>may</u> be convened at any time <u>without</u> the above notice being issued.</p>	<p><b>Article 27</b>  The meeting of the Board of Director shall be convened by the Chairman/Chairwoman of the Board of Directors except the first meeting of a new Board of Directors that shall be convened by the Director who won the highest vote of all Directors elect. A written notice of the meeting of the Board of Directors shall be issued by facsimile or by email to the Directors each at least seven (7) days prior to the scheduled meeting date, which notice shall explicitly indicate the scheduled date, venue and agenda of the meeting. In the event of urgency, the meeting of the Board of Directors <u>may</u> be convened at any time <u>with or without</u> the above notice being issued.</p>	<p>Revision of the wording is proposed.</p>

<p><b>Article 29</b> The Directors shall vote to approve or disapprove and exercise their powers and duties with respect to the matters proposed on the agenda at the relevant meeting of the Board of Directors, which shall be convened at least once every three months. Except as otherwise provided by the Company Act, the resolution with respect to the revision of these Articles of Incorporation as provided in subparagraph (1) below must be adopted by three fourths (3/4) or more of all of the Directors of the Company and with respect to other matters by two thirds (2/3) or more of all of the Directors of the Company:</p> <p>(8) Transaction by and between the Company and its affiliate or the shareholder, director, <u>supervisor</u> of the Company or their relative. [Omitted et seq.]</p>	<p><b>Article 29</b> The Directors shall vote to approve or disapprove and exercise their powers and duties with respect to the matters proposed on the agenda at the relevant meeting of the Board of Directors, which shall be convened at least once every three months. Except as otherwise provided by the Company Act, the resolution with respect to the revision of these Articles of Incorporation as provided in subparagraph (1) below must be adopted by three fourths (3/4) or more of all of the Directors of the Company and with respect to other matters by two thirds (2/3) or more of all of the Directors of the Company:</p> <p>(8) Transaction by and between the Company and its affiliate or the shareholder, director of the Company or their relative. [Omitted et seq.]</p>	<p>The revision is proposed in line with the establishment of the Auditing Board and the removal of the provisions in connection with Supervisors.</p>
<p><b>Article 32</b> <u>The powers and duties of the Supervisors are as follows:</u> <u>(1) Inspect the financial standing of the Company;</u> <u>(2) Inspect and audit the accounting books, records and documents</u> <u>(3) Perform the other functions and duties conferred upon by laws and regulations</u></p>	<p><b>Article 32</b> <u>The functions, powers and duties exercised by Supervisors under the Company Act, Securities And Exchange Act and other laws and regulations shall apply to the Auditing Board with necessary and appropriate alterations upon the establishment of the Auditing Board.</u></p>	<p>The revision is proposed in line with the establishment of the Auditing Board and the removal of the provisions in connection with Supervisors.</p>
<p><b>Article 33</b> <u>The Supervisor may, other than performing his/her functions and duties, appear at the meeting of the Board of Directors to state opinions without the voting right.</u></p>	<p><b>Article 33</b> <u>The Company may establish various functional boards or committees under the relevant organization rules to be prescribed by the meeting of the Board of Directors in accordance with the relevant laws and regulations.</u></p>	<p>1. The revision is proposed in line with the establishment of the Auditing Board and the removal of the provisions in connection with Supervisors. 2. The revision is proposed under Article 14-4 and Article 14-6 of the Securities and</p>

		Exchange Act for the purpose of strengthening the corporate governance of the Company.
<p><b>Article 35</b> The Company shall be liable and reimburse for the loss incurred in the course of the Director's <u>and the Supervisor's</u> performance of their functions and duties, which loss is not attributable to the same Director, <u>or Supervisor</u>. For the purpose of protecting the Company from the above liability, the Company shall procure liabilities insurance for the Directors and <u>Supervisors</u> each by reference to the coverage commonly adopted by the trade home and abroad.</p>	<p><b>Article 35</b> The Company shall be liable and reimburse for the loss incurred in the course of the Director's performance of his/her functions and duties, which loss is not attributable to the same Director. For the purpose of protecting the Company from the above liability, the Company shall procure liabilities insurance for the Directors each by reference to the coverage commonly adopted by the trade home and abroad.</p>	The revision is proposed in line with the establishment of the Auditing Board.
<p><b>Article 39</b> <u>The Board of Directors shall produce the following statements and documents after the end of each fiscal year, present the same to the Supervisors for inspection thirty (30) days prior to the general shareholders meeting and thereafter submit the same to the general shareholders meeting for ratification:</u> (1) Business report. (2) Financial statements. (3) Proposed earnings distribution plan or loss makeup plan.</p>	<p><b>Article 39</b> <u>The Company shall produce and present the following statements and documents after the end of each fiscal year to the meeting of the Board of Directors for adoption and thereafter to the general shareholders meeting for ratification:</u> (1) Business report. (2) Financial statements. (3) Proposed earnings distribution plan or loss makeup plan.</p>	<p>1. The revision is proposed in line with the establishment of the Auditing Board. 2. Minor change of the wording proposed.</p>
<p><b>Article 40</b> [Paragraph one, omitted.] Ten percent (10%) of the Company's surplus as of the final accounting of the fiscal period net of the business income tax payable for the period, makeup for the loss accumulated from previous year(s) shall be allocated for legal reserves. The balance (if any) less the duly allocated or transferred amount for special reserve will be the earnings distributable of the period and the</p>	<p><b>Article 40</b> [Paragraph one, omitted.] Ten percent (10%) of the Company's surplus as of the final accounting of the fiscal period net of the business income tax payable for the period, makeup for the loss accumulated from previous year(s) shall be allocated for legal reserves. The balance (if any) less the duly allocated or transferred amount for special reserve will be the earnings distributable of the period and the</p>	The revision is proposed in line with the establishment of the Auditing Board.

<p>sum of said balance combined with the undistributed earnings carried forward from the previous period will be the accumulative earnings distributable, fifty percent to one hundred percent (50%~100%) of which sum will be the total amount of dividend to be distributed to the shareholders of the Company with 30% or more thereof distributed in cash. Subject to the relevant resolution adopted by the shareholders meeting, the accumulative earnings distributable will be distributed according to the distribution plan proposed by the Board of Directors, provided that two percent (2%) thereof shall be paid to the Directors <u>and the Supervisors</u> for remuneration payable and not less than zero point two percent (0.2%) thereof shall be distributed as employees bonus.</p>	<p>sum of said balance combined with the undistributed earnings carried forward from the previous period will be the accumulative earnings distributable, fifty percent to one hundred percent (50%~100%) of which sum will be the total amount of dividend to be distributed to the shareholders of the Company with 30% or more thereof distributed in cash. Subject to the relevant resolution adopted by the shareholders meeting, the accumulative earnings distributable will be distributed according to the distribution plan proposed by the Board of Directors, provided that two percent (2%) thereof shall be paid to the Directors for remuneration payable and not less than zero point two percent (0.2%) thereof shall be distributed as employees bonus.</p>	
<p><b>Article 42</b> These Articles of Incorporation established on 16 October 1997 have been revised as follows: 1st revision of 17 March 1998, 2nd revision of 7 April 1999, 3rd revision of 21 July 2000, 4th revision of 3 December 2001, 5th revision of 13 June 2002, 6th revision of 13 March 2003, 7th revision of 30 June 2003, 8th revision of 30 June 2003, 9th revision of 14 May 2004, 10th revision of 3 June 2005, 11th revision of 3 October 2005, 12th revision of 15 February 2006, 13th revision of 7 June 2006, 14th revision of 18 June 2009, 15th revision of 25 September 2009, 16th revision of 29 April 2010, and 17th revision of 9 December 2010.</p>	<p><b>Article 42</b> These Articles of Incorporation established on 16 October 1997 have been revised as follows: 1st revision of 17 March 1998, 2nd revision of 7 April 1999, 3rd revision of 21 July 2000, 4th revision of 3 December 2001, 5th revision of 13 June 2002, 6th revision of 13 March 2003, 7th revision of 30 June 2003, 8th revision of 30 June 2003, 9th revision of 14 May 2004, 10th revision of 3 June 2005, 11th revision of 3 October 2005, 12th revision of 15 February 2006, 13th revision of 7 June 2006, 14th revision of 18 June 2009, 15th revision of 25 September 2009, 16th revision of 29 April 2010, 17th revision of 9 December 2010, <u>and 18th revision of 2012.</u></p>	<p>Revision is proposed to incorporate the date of the present revision.</p>



**Appendix 10**

**Rules Governing the Procedure for Handling Acquisition and Disposal of Assets**

Current Provision	Revision Proposed	Remark
<p><b>Article 1</b> Legal Authority</p> <p>These Rules are established pursuant to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by the Financial Supervisory Commission, Executive Yuan (hereinafter “FSC”) for the purpose of strengthened assets management and substantial information transparency of the Company. Except as otherwise provided by other <u>laws</u>, acquisition or disposal of assets by the Company shall be in accordance with these Rules.</p>	<p><b>Article 1</b> Legal Authority</p> <p>These Rules are established pursuant to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by the Financial Supervisory Commission, Executive Yuan (hereinafter “FSC”) for the purpose of strengthened assets management and substantial information transparency of the Company. Except as otherwise provided by other <u>laws or regulations</u>, acquisition or disposal of assets by the Company shall be in accordance with these Rules.</p>	<p>The revision is proposed in consideration of necessary practical change in line with the relevant order issued by the competent authority authorized to do so.</p>
<p><b>Article 4</b> Evaluation and Operation</p> <p>1. Long-, short-term securities</p> <p>1.1 (Unchanged.)</p> <p>1.2 For the purpose of acquiring or disposing of securities, the Company shall obtain <u>in advance</u> the most recent financial statements certified or audited by the certified public accountant (hereinafter “CPA”) to conduct evaluation of the transaction price proposed. Where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall seek the CPA’s expressed opinion on the acceptability of the transaction price proposed except where the quoted price of the securities to be transacted can activate the market or the securities should be</p>	<p><b>Article 4</b> Evaluation and Operation</p> <p>1. Long-, short-term securities</p> <p>1.1 (Unchanged.)</p> <p>1.2 For the purpose of acquiring or disposing of securities, the Company shall obtain <u>prior to the date of occurrence</u> the most recent financial statements certified or audited by the certified public accountant (hereinafter “CPA”) to conduct evaluation of the transaction price proposed. Where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall <u>prior to the date of occurrence</u> seek the CPA’s expressed opinion on the acceptability of the transaction price proposed except where the quoted price of the securities to be transacted can activate the market</p>	<p>1. To require that the company contemplating on the acquisition or disposal of material assets seek the relevant financial statements and CPA’s expressed opinion, both of which are essential reference for the company to make accountable decision regarding major assets transactions, the competent authority lays down the specific time point which the company must adhere to obtain the above necessary reference.</p> <p>2. Given the diversification and complexity of targets for investment, the CPA may need to take into account other experts’ point of view when</p>

<p>governed by other regulations (if any) issued by the FSC.</p> <p>1.3 (Unchanged.)</p> <p>2. ~ 4. (Unchanged.)</p> <p>5. For the purpose of acquiring or disposing of memberships or intangible assets, where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall seek the CPA's expressed opinion on the acceptability of the transaction price proposed, in which case, the CPA shall act in accordance with the Auditing Standards No. 20 issued by the Accounting Research And Development Foundation.</p> <p>6. ~ 7. (Unchanged.)</p>	<p>or the securities should be governed by other regulations (if any) issued by the FSC. <u>Where the CPA must adopt the valuation report issued by the special appraiser(s), the Auditing Standards No. 20 issued by the Accounting Research And Development Foundation shall govern.</u></p> <p>1.3 (Unchanged.)</p> <p>2. ~ 4. (Unchanged.)</p> <p>5. For the purpose of acquiring or disposing of memberships or intangible assets, where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall <u>prior to the date of occurrence</u> seek the CPA's expressed opinion on the acceptability of the transaction price proposed, in which case, the CPA shall act in accordance with the Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</p> <p>6. ~ 7. (Unchanged.)</p> <p><u>8. The transaction value provided in paragraphs 1, 5 and 6 above shall be calculated in accordance with paragraph 2 of Article 10 of these Rules and the one-year period means the year preceding the date of occurrence of the transaction. Where special appraiser's valuation or CPA's expressed opinion has been sought for in accordance with these Rules, the transaction may be disregarded for the purpose of the above calculation.</u></p>	<p>expressing opinions on a proposed securities transaction. In consideration of the consistency of these Rules, it is proposed that these Rules provides that CAP whose opinion is sought for by the Company act in accordance with the Auditing Standards No. 20 issued by the Accounting Research and Development Foundation if he/she needs to adopt the special report produced by other experts to issue the opinion being sought for by the Company.</p> <p>3. Paragraph 8 proposed herewith is brand new provision.</p> <p>4. To prevent irregular division of any single major assets transaction with a view to evading the requirement that experts' expressed opinions be sought for in advance, it is proposed the transaction value provided in paragraphs 1 and 5 of this Article and Article 6 be calculated on a cumulative basis.</p> <p>5. Where the cumulative sum of the value of the assets acquired or disposed by the Company amounts to the threshold value provided in paragraphs 1.2 and 5 and Article 6 upon fulfillment of which experts' expressed opinion must be sought for, the Company</p>
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		should duly act to seek the necessary experts' expressed opinion.
<p><b>Article 6 Assets Evaluation</b></p> <p>For the purpose of acquiring or disposing of real property or other fixed assets, where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall obtain in advance the valuation report issued by special appraisers(s) in advance and act in accordance with the following except in cases where the trading counterpart is a government agency, or the proposed commissioning of construction work to be performed on the land owned or leased by the Company, or the object of the acquisition or disposal is the machinery or equipment for business use:</p> <ol style="list-style-type: none"> <li>1. Where, for whatever special reason, the transaction price must be determined by reference to a limited price, specified price or special price, the transaction proposed must be approved by the relevant resolution adopted by the meeting of the Board of Directors. The above shall also apply to subsequent proposed change to the terms of transaction.</li> <li>2. Where the transaction value amounts to TWD1 billion or more, the Company shall seek the valuation by two or more special appraisers.</li> <li>3. If the result of the valuation by the special appraiser(s) runs into either of the following, the Company shall refer the matter to the CPA for handling in accordance with the Auditing Standards No. 20</li> </ol>	<p><b>Article 6 Assets Evaluation</b></p> <p>For the purpose of acquiring or disposing of real property or other fixed assets, where the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million, the Company shall obtain <u>prior to the date of occurrence</u> the valuation report issued by the special appraiser(s) in advance and act in accordance with the following except in cases where the trading counterpart is a government agency, or the proposed commissioning of construction work to be performed on the land owned or leased by the Company, or the object of the acquisition or disposal is the machinery or equipment for business use:</p> <ol style="list-style-type: none"> <li>1. Where, for whatever special reason, the transaction price must be determined by reference to a limited price, specified price or special price, the transaction proposed must be approved by the relevant resolution adopted by the meeting of the Board of Directors. The above shall also apply to subsequent proposed change to the terms of transaction.</li> <li>2. Where the transaction value amounts to TWD1 billion or more, the Company shall seek the valuation by two or more special appraisers.</li> <li>3. If the result of valuation by the special appraiser(s) runs into either of the following, <u>except in cases where the all of the special appraisers' valuated prices for a proposed acquisition are higher</u></li> </ol>	<ol style="list-style-type: none"> <li>1. To require that the company contemplating on the acquisition or disposal of material assets seek the relevant experts' expressed opinion to make accountable decision regarding major assets transactions, the competent authority lays down the specific time point which the company must adhere to obtain the above necessary opinions.</li> <li>2. According to the current provision of paragraph 1.3 of this Article, if the difference amount between the appraisal and the transaction value accounts for 20% or more of the transaction value, the Company shall seek the CPA's expressed opinion regarding the cause of the difference and the acceptability of the proposed transaction price. However, if the appraisal sought for is higher than the transaction value in an acquisition deal or the appraisal sought for is lower than the transaction value in a disposal deal, as the appraisal result shows the transaction proposed favors the Company, seeking CPA's expressed opinion is not imperative. Therefore, it is proposed that the above exception be provided in this Article.</li> </ol>

<p>issued by the Accounting Research and Development Foundation for the CPA's expressed opinion on the acceptability of the difference between the valuated price and the transaction value and the proposed transaction price:</p> <p>3.1 The difference between the valuated price and the transaction value accounts for 20% or more of the latter.</p> <p>3.2 The difference among the valuated prices sought for accounts for 20% or more of the transaction value.</p> <p>4. <u>Where the valuation was performed prior to the creation of the transaction contract</u>, the valuation report date shall pre-date the transaction by a period of not more than three (3) months. Notwithstanding, where the valuation and the contract both adopt the same posted present value and the valuation report is issued within six months after the posted present value is published, the valuation report may be acceptable with the written opinion issued by the original special appraiser(s).</p>	<p><u>than the transaction value or all of those for a proposed disposal of assets are lower than the transaction value</u>, the Company shall refer the matter to the CPA for handling in accordance with the Auditing Standards No. 20 issued by the Accounting Research And Development Foundation for the CPA's expressed opinion on the acceptability of the difference between the valuated price and the transaction value and the proposed transaction price:</p> <p>3.1 The difference between the valuated price and the transaction value accounts for 20% or more of the latter.</p> <p>3.2 The difference among the valuated prices sought for accounts for 20% or more of the transaction value.</p> <p>4. The <u>special appraiser's</u> valuation report shall pre-date the transaction by a period of not more than three (3) months. Notwithstanding, where the valuation and the contract both adopt the same posted present value and the valuation report is issued within six months after the posted present value is published, the valuation report may be acceptable with the written opinion issued by the original special appraiser(s).</p>	<p>3. Revision of paragraph 4 is proposed to expressly define the start date of the time limit during which the requirement must be met.</p>
<p><b>Article 7</b> <u>Acquisition of Real Property from Interested Parties</u></p> <p>1. Valuation and basis <u>For the purpose of acquiring real asset by purchase or by swap</u>, the Company shall act in accordance with Article 6 and this Article of these Rules in handling the procedure for obtaining the necessary approval and evaluation</p>	<p><b>Article 7</b> <u>Transactions with Interested Parties</u></p> <p>1. Valuation and basis <u>For the purpose of acquiring or disposing assets</u>, the Company shall act in accordance with Article 6, <u>paragraphs 1.2, 5 and 6 of Article 4</u> and this Article of these Rules in handling the procedure for obtaining the necessary approval</p>	<p>1. The title of this Article is revised to reflect the competent authority's strengthened regulation of the company's extended transactions with interested parties.</p> <p>2. By reference to the Business Environment Report issued by the</p>

<p>of the acceptability of the proposed terms of transaction.</p> <p>An interested party shall be identified in accordance with subparagraph 3, paragraph one of Article 3 of these Rules, which provision shall apply with necessary and appropriate alteration. When identifying an interested party, the relevant substantive relationship shall be taken into account in addition to the legal form.</p> <p>2. Approval procure:</p> <p>3. For the purpose of acquiring <u>real property</u> from an interested party, 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 <u>carrying out the transaction</u>:</p> <p>(a) The purpose, necessity and projected efficacy of acquiring the target <u>real property</u>.</p> <p>(b) The reason for choosing the interested party as the trading counterpart.</p> <p>(c) Materials and information regarding the acceptability of the proposed terms of transaction in conclusion of the valuation sought for under paragraphs 3 and 4 of this Article.</p> <p>(d) The original date, price, trading counterpart of the interested party's acquisition of the target real property and the relationship between the interested party and that trading counterpart.</p> <p>(e) Statement of each monthly cash receipts and expenditure projected for the year from the scheduled execution date of the transaction contract; evaluation of the necessity to consummate the</p>	<p>and evaluation of the acceptability of the proposed terms of transaction. <u>Where the transaction value amounts to 10% or more of the total assets of the Company, the Company shall also seek special appraiser's valuation or CPA's expressed opinion in accordance with Article 6 and paragraphs 1.2, 5 and 6 of Article 4 of these Rules.</u></p> <p><u>The transaction value provided in the preceding paragraph shall be calculated in accordance with paragraph 8 of Article 4.</u></p> <p>An interested party shall be identified in accordance with subparagraph 3, paragraph one of Article 3 of these Rules, which provision shall apply with necessary and appropriate alteration. When identifying an interested party, the relevant substantive relationship shall be taken into account in addition to the legal form.</p> <p>2. Approval procure:</p> <p>3. For the purpose of acquiring from <u>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</u>, 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 <u>executing the transaction contract and pay the price</u>:</p> <p>(a) The purpose, necessity and projected efficacy of acquiring the</p>	<p>World Bank, the competent authority lay down the requirement that public companies seek external experts' expressed opinion on proposed acquisition or disposal of assets. Previously, public companies shall seek the above special opinion when and only when the transaction value of the proposed acquisition or disposal of assets amounts to 20% of the total paid-in capital or TWD300 million or more. Under the new requirement, public companies shall do so as well if the transaction value amounts to 10% of the total assets. This revision is accordingly proposed as indicated.</p> <p>3. To prevent irregular division by any company of any single major assets transaction with a view to evading the requirement that experts' expressed opinions be sought for in advance, addition of paragraph 1.2 is hereby proposed to define the method of calculating the transaction value of the transaction with an interested party, i.e. that the transaction value be calculated on a cumulative basis.</p> <p>4. Where the sum of transaction value duly cumulated of acquisitions from or disposals to interested parties</p>
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transaction and the acceptability of the relevant operation of the capital fund.

(f) Limitations (if any) and other important arrangement regarding the proposed transaction.

The opinion expressed by the independent directors of the Company (if any) shall be fully taken into account during the deliberation of the above proposed transaction by the meeting of the Board of Directors. The opposition or qualifiers (if any) expressed by the independent directors shall be indicated in the meeting minutes.

The transaction on which the resolution adopted by the meeting of the Board of Directors must be ratified by the Supervisor in accordance with the above must be approved by the majority of the entire body of the Auditing Board (if any) of the Company before being proposed to the meeting of the Board of Director. Absent the above approval by the Auditing Board, the transaction proposed may be adopted by two thirds of the entire body of the Board of Directors with the Auditing Board's resolution recorded in the minutes of the relevant meeting of the Board of Directors.

The entire body of the Auditing Board and the entire body of the Board of Directors provided above each means all of the current members as a whole who are currently serving their office term.

3. ~ 5. (Unchanged.)

target real property.

(b) The reason for choosing the interested party as the trading counterpart.

(c) Materials and information regarding the acceptability of the proposed terms of the acquisition of real property from the interested party in conclusion of the valuation sought for under paragraphs 3 and 4 of this Article.

(d) The original date, price, trading counterpart of the interested party's acquisition of the target real property and the relationship between the interested party and that trading counterpart.

(e) Statement of each monthly cash receipts and expenditure projected for the year from the scheduled execution date of the transaction contract; evaluation of the necessity to consummate the transaction and the acceptability of the relevant operation of the capital fund.

(f) The special appraiser's report or CPA's expressed opinion obtained in accordance with the preceding paragraph.

(g) Limitations (if any) and other important arrangement regarding the proposed transaction.

value provided in the preceding paragraph shall be calculated in accordance with paragraph 2 of Article 10 and the one-year term means the year preceding the date of occurrence of the transaction. Where the transaction has been adopted by the meeting of the Board of Directors and ratified by the Supervisors in accordance with these Rules, the transaction may be disregarded for the purpose of the above calculation.

amounts to the threshold for which experts' expressed opinion must be sought for, the public company shall seek experts expressed opinion for all of the transactions included in the cumulative calculation.

5. For the purpose of strengthened regulation of public companies' extended transactions with interested parties, the competent authority requires that where the disposal of real property to an interested party without regard to the transaction value and the acquisition from or disposal of assets other than real property the transaction value of which amounts to the applicable threshold, the company shall also submit the relevant materials to the meeting of the board of directors for resolution and thereafter to the supervisor for ratification. It is proposed that paragraph 2 be revised as

6. In consideration of strengthened regulation of public companies' internal control with respect to transactions with interested parties, the competent authority requires that public companies must submit the relevant materials and matters to the meeting of the board of directors for resolution and thereafter

	<p><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 in accordance with the standards determined by the meeting of the Board of Directors, which approval must be ratified by the upcoming meeting of the Board of Directors.</u></p> <p>The opinion expressed by the independent directors of the Company (if any) shall be fully taken into account during the deliberation of the above proposed transaction by the meeting of the Board of Directors. The opposition or qualifiers (if any) expressed by the independent directors shall be indicated in the meeting minutes.</p> <p>The transaction on which the resolution adopted by the meeting of the Board of Directors must be ratified by the Supervisor in accordance with the above must be approved by the majority of the entire body of the Auditing Board (if any) of the Company before being proposed to the meeting of the Board of Director. Absent the above approval by the Auditing Board, the transaction proposed may be adopted by two thirds of the entire body of the Board of Directors with the Auditing Board's resolution recorded in the minutes of the relevant meeting of the Board of Directors.</p> <p>The entire body of the Auditing Board and the entire body of the Board of Directors provided above each means all of the current members as a whole who are currently serving their office term.</p> <p>3. ~ 5. (Unchanged.)</p>	<p>to the supervisor for ratification before executing the transaction contract and pay the price.</p> <p>7. In consideration of public companies' need to transfer business-purpose machinery and equipment by and between itself and its parent company or subsidiary in line with the overall business planning and such transfer being a general business activity, it is accordingly proposed that the transaction the value of which is within a defined amount be approved by the Chairman of the Board of Directors authorized to do so and thereafter reported to the meeting of the Board of Directors.</p>
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<p><b>Article 9</b> Merger, Spin-off, Purchase or Acquisition of Stocks by Assignment</p> <p>1. ~ 3. (Unchanged.)</p> <p>4. <u>For the purpose of participating in merger, spin-off, purchase or acquisition by assignment of stocks publicly listed or traded at securities houses</u>, the Company shall produce the written record of the following information and materials and keep the same record for a term of five years for inspection and auditing. The Company shall report via the Internet to the FSC for record the information provided in subparagraphs (a) and (b) as follows in the required form and substance within two days <u>from</u> the date of the resolution adopted by the meeting of the Board of Directors.</p> <p>(a) basic information (including name, title, ID card or passport number) of the relevant personnel including all of those individuals who have participated in the planning or execution of the plan for the proposed merger, spin-off, purchase or assignment of stocks.</p> <p>(b) Timeline of important matters, including the execution date of the relevant letter of intent, memorandum, financial and/or legal counsel retainers, relevant contracts and the date of the relevant resolution(s) adopted by the meeting of the Board of Directors.</p> <p>(c) Important documents and meeting minutes, including the plan for the merger, spin-off, purchase or assignment of stocks proposed, signed letter of intent or memorandum, important contracts and minutes of the relevant meetings of the Board of Directors.</p>	<p><b>Article 9</b> Merger, Spin-off, Purchase or Acquisition of Stocks by Assignment</p> <p>1. ~ 3. (Unchanged.)</p> <p>4. <u>For the purpose of participating in merger, spin-off, purchase or acquisition by assignment of stocks publicly listed or traded at securities houses, the participating company</u> shall produce the written record of the following information and materials and keep the same record for a term of five years for inspection and auditing. The Company shall report via the Internet to the FSC for record the information provided in subparagraphs (a) and (b) as follows in the required form and substance within two days <u>from</u> the date of the resolution adopted by the meeting of the Board of Directors.</p> <p>(a) basic information (including name, title, ID card or passport number) of the relevant personnel including all of those individuals who have participated in the planning or execution of the plan for the proposed merger, spin-off, purchase or assignment of stocks.</p> <p>(b) Timeline of important matters, including the execution date of the relevant letter of intent, memorandum, financial and/or legal counsel retainers, relevant contracts and the date of the relevant resolution(s) adopted by the meeting of the Board of Directors.</p> <p>(c) Important documents and meeting minutes, including the plan for the merger, spin-off, purchase or assignment of stocks proposed, signed letter of intent or memorandum, important contracts and minutes of the relevant</p>	<p>1. The revision proposed is to expressly define the start date of the time limit during which the requirement must be met.</p> <p>2. Minor change of wording in line with the above proposed revision.</p>
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<p>Where among the participants in the merger, spin-off, purchase or assignment of stocks there are companies whose stocks are not traded on the stock exchange or over the counter, the other participants whose stocks are traded on the stock exchange or over the counter shall enter into the relevant agreement with them each and act in accordance with this paragraph.</p> <p>5. ~ 7. (Unchanged.)</p>	<p>meetings of the Board of Directors.</p> <p>Where among the participants in the merger, spin-off, purchase or assignment of stocks there are companies whose stocks are not traded on the stock exchange or over the counter, the other participants whose stocks are traded on the stock exchange or over the counter shall enter into the relevant agreement with them each and act in accordance with this paragraph.</p> <p>5. ~ 7. (Unchanged.)</p>	
<p><b>Article 10</b> Public disclosure and reporting</p> <p>1. Where the acquisition or disposal of assets by the Company proposed <u>after the shares of the Company are publicly issued</u> belongs to any of the following, the Company shall publicly disclose the relevant information by posting them on the FSC-designated website according to the relevant form and substance required:</p> <p>1.1 Acquisition of real property from an interested party.</p> <p><u>1.2 Investment in China.</u></p> <p><u>1.3</u> A merger, spin-off, purchase or acquisition of stocks by assignment.</p> <p><u>1.4</u> individual cap amount provided in the contracts governed by these Rules.</p> <p><u>1.5</u> An asset transaction other than those provided in the preceding <u>four</u> paragraphs of which the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million except in cases where the transaction proposed is</p> <p>(i) the sale and purchase of government bonds.</p> <p>(ii) the sale and purchase of</p>	<p><b>Article 10</b> Public disclosure and reporting</p> <p>1. Where the acquisition or disposal of assets by the Company proposed belongs to any of the following, the Company shall publicly disclose the relevant information within two days from the date of occurrence by posting them on the FSC-designated website according to the relevant form and substance required:</p> <p>1.1 Acquisition from <u>or disposing of real property to</u> an interested party, <u>or acquiring from or disposing to an interested party of any property other than real property where the transaction value amounts to 20% or more of the total paid-in capital, 10% or more of the total assets of the Company or TWD300 million or more except for the sale and purchase of government bond or any bond with a buy-back, sell-back condition.</u></p> <p><u>1.2</u> A merger, spin-off, purchase or acquisition of stocks by assignment.</p> <p><u>1.3</u> A derivatives transaction the loss incurred from which transaction amounts to the relevant general or individual cap amount provided in the contracts governed</p>	<p>1. The revision proposed is to expressly define the start date of the time limit when the requirement must be met.</p> <p>2. In consideration of the competent authority's strengthened regulation of public companies' transaction with interested parties and in line with the revision proposed on Article 7 concerning transactions with interested parties, it is proposed that corresponding change be made to the public disclosure criteria of transactions with interested parties.</p> <p>3. In line with the competent authority's holding that China investment made by public companies are identical in nature with general overseas investments made by public companies, it is proposed that the Company adopts the same</p>

<p>negotiable securities by special investment business on the stock exchange or securities houses at home or abroad.</p> <p><u>(iii)</u> the sale and purchase of bonds with a buy-back or sell-back condition.</p> <p><u>(iii)</u> the acquisition or disposal of machinery equipment for business use where the trading counterpart is not an interested party and the transaction value of which is less than TWD500 million.</p> <p><u>(iv)</u> the acquisition of real property the transaction value of which acquisition payable by the Company amounts to less than TWD500 million and which acquisition will be conducted through the commissioning of construction work to be performed on the Company's own land, or a joint commissioned construction project with the Company to share and own certain units or percentage title ownership of the building, or a joint construction project with the building to be sold in different lots.</p> <p>2. (Unchanged.)</p> <p>3. The Company shall, <u>after the shares of the Company are publicly issued</u>, publicly disclose by posting on the FSC-designated website by the tenth (10<sup>th</sup>) day each month in the form and substance required by the FSC the status of the derivatives transactions conducted by the Company and its non-public local subsidiaries as of the end of the previous month.</p> <p>4. (Unchanged.)</p> <p>5. The Company shall publicly disclose by posting on the FSC-designated website, within two days <u>from the date</u> of occurrence, the transaction which has been duly</p>	<p>by these Rules.</p> <p><u>1.4</u> An asset transaction other than those provided in the preceding <u>three</u> paragraphs or <u>an investment project in China</u> of which the transaction value amounts to 20% or more of the total paid-in capital of the Company or TWD300 million except in cases where the transaction proposed is</p> <p>(1) the sale and purchase of government bonds.</p> <p>(2) the sale and purchase of negotiable securities by special investment business on the stock exchange or securities houses at home or abroad.</p> <p><u>(3)</u> the sale and purchase of bonds with a buy-back or sell-back condition.</p> <p><u>(4)</u> the acquisition or disposal of machinery equipment for business use where the trading counterpart is not an interested party and the transaction value of which is less than TWD500 million.</p> <p><u>(5)</u> the acquisition of real property the transaction value of which acquisition payable by the Company amounts to less than TWD500 million and which acquisition will be conducted through the commissioning of construction work to be performed on the land owned or leased by the Company, or a joint construction project with the Company to share and own certain units or percentage title ownership of the building, or a joint commissioned construction project with the building to be sold in different lots.</p> <p>2. (Unchanged.)</p> <p>3. The Company shall publicly disclose by posting on the</p>	<p>public disclosure criteria for China investments as that adopted for the acquisition or disposal of assets.</p> <p>4. Commissioning construction work to be performed on a leased land is by nature identical with that to be performed on a proprietary land. It is accordingly proposed that these Rules provide that the Company needs to make public disclosure of a transaction of commissioning construction work to be performed on a leased land when and only when the transaction value of that transaction amounts to TWD500 million or more.</p> <p>5. In compliance with the requirement of making full correct and accurate public disclosure of information, the Company shall publicly disclose the change (if any) to the previously publicly disclosed information by posting the change on the FSC-designated website within two days from the date of occurrence of the change.</p> <p>6. Change of wording is proposed in line with the above revision proposed.</p>
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<p>publicly disclosed pursuant to paragraphs 1 through 4 of this Article and which runs into any of the following:</p> <p>5.1 The original contract consummated on the transaction has been changed, terminated or rescinded.</p> <p>5.2 The merger, spin-off, purchase or acquisition of stocks by assignment under the transaction fails to complete as scheduled under the contract.</p>	<p>FSC-designated website by the tenth (10<sup>th</sup>) day each month in the form and substance required by the FSC the status of the derivatives transactions conducted by the Company and its non-public local subsidiaries as of the end of the previous month.</p> <p>4. (Unchanged.)</p> <p>5. The Company shall publicly disclose by posting on the FSC-designated website, within two days <u>from the date</u> of occurrence, the transaction which has been duly publicly disclosed pursuant to paragraphs 1 through 4 of this Article and which runs into any of the following:</p> <p>5.1 The original contract consummated on the transaction has been changed, terminated or rescinded.</p> <p>5.2 The merger, spin-off, purchase or acquisition of stocks by assignment under the transaction fails to complete as scheduled under the contract.</p> <p><u>5.3 Change to the content of the original public disclosure.</u></p>	
<p><b>Article 11</b> Acquisition or disposal of assets by subsidiaries</p> <p>1. The subsidiary of the Company shall, <u>after the shares of the Company are publicly issued</u>, prescribe its own rules governing the procedure for handling acquisition and disposal of assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, which rules and each subsequent amendment of the same rules must be proposed to the meeting of its board of directors for resolution and thereafter submitted to its supervisors and its</p>	<p><b>Article 11</b> Acquisition or disposal of assets by subsidiaries</p> <p>1. The subsidiary of the Company shall prescribe its own rules governing the procedure for handling acquisition and disposal of assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, which rules and each subsequent amendment of the same rules must be proposed to the meeting of its board of directors for resolution and thereafter submitted to its supervisors and its shareholders meeting for adoption <u>and</u></p>	<p>1. The revision is proposed in line with the revision of paragraph 1 of Article 10.</p> <p>2. Change of wording is proposed to reflect the current status of the Company.</p>

<p>shareholders meeting for adoption.</p> <p>2. (Unchanged.)</p> <p>3. The non-public subsidiary of the Company shall, <u>after the shares of the Company are publicly issued</u>, notify the Company of its acquisition or disposal of assets within the date of occurrence of the transaction if the value of the subject asset attains the standard to necessitate the public disclosure of the transaction, in which case, the Company shall duly make the required public disclosure on the FSC-designated website.</p> <p>The threshold amount of 20% of the total paid-in capital provided in paragraph 1.5 of Article 10 which is the standard to apply to the above non-public subsidiary means 20% of the total paid-in capital of the Company.</p>	<p><u>implementation.</u></p> <p>2. (Unchanged.)</p> <p>3. The non-public subsidiary <u>of</u> the Company shall notify the Company of its acquisition or disposal of assets within the date of occurrence of the transaction if the value of the subject asset attains the standard to necessitate the public disclosure of the transaction, in which case, the Company shall duly make the required public disclosure on the FSC-designated website.</p> <p>The threshold amount of 20% of the total paid-in capital <u>or 10% of the total assets</u> provided in paragraph 1.5 of Article 10 which is the standard to apply to the above non-public subsidiary means 20% of the total paid-in capital <u>or 10% of the total assets</u> of the Company.</p>	
<p>(New provision.)</p>	<p><b><u>Article 13-1 Foreign Company Stocks</u></b></p> <p><u>For the purpose of acquisition or disposal of non-par value stocks or stocks with a par value other than TWD10 per share of a foreign company, the threshold amount of 20% of the paid-in capital provided in Article 6, paragraphs 1.2 and 5 of Article 4, paragraph 2 of Article 7, Article 10 and paragraph 3 of Article 11 shall be calculated replaced with the amount of 10% of the shareholders' equity.</u></p>	<p>1. This provision proposed is brand new.</p> <p>2. In line with the amendment of Article 165-1 of the Securities And Exchange Act and in consideration of the facts that foreign companies may issue non-par value stocks or stocks with a non-TWD10 per share par value each and that shareholders' equity also serves as an indicator of the scale of the Company, it is proposed that the threshold of 20% of the paid-in capital be replaced with 10% of the shareholders' equity where the transacted object is foreign non-par value foreign stocks or</p>

		foreign stocks with a non-TWD10 per share par value. Notwithstanding, the absolute value criteria or the threshold of 10% of the total assets shall remain unchanged.
<p><b>Article 14</b> Adoption and Amendment</p> <p>These Rules were adopted by the shareholders meeting of 25 September 2009.</p>	<p><b>Article 14</b> Adoption and Amendment</p> <p>These Rules were adopted by the shareholders meeting of 25 September 2009 with amendment adopted by the shareholders meeting of ____ Year ____ month ____ Day</p>	<p><u>THIS ADDITION IS TO REFLECT THE REVISION PROPOSED AT HAND TO BE ADOPTED.</u></p>

**Appendix 11**

**Proposed Revision of The Procedural Rules for Providing Endorsements and Guarantees**

Current Provision	Revision Proposed	Remark
	<p><b><u>Article 13:</u></b> Powers and Duties of Auditing Board  <u>Provisions of these Rules applicable to Supervisors shall apply to the Auditing Board of the Company (if any) with necessary and appropriate alterations.</u></p>	<p>1. This Article proposed is brand new.                  2. Provision of this Article is proposed in line with the establishment of the Auditing Board of the Company, which shall replace and assume the functions, powers and duties of the Supervisors.</p>
<p><b>Article 13</b>                  Implementation and revision                  [Omitted et seq.]</p>	<p><b>Article 14</b> Implementation and revision                  [Omitted et seq.]</p>	<p>Numbering of the Article adjusted.</p>

**Appendix 12**

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

Current Provision	Revision Proposed	Remark
	<p><b><u>Article 13:</u></b> Powers and Duties of <u>Auditing Board</u>  <u>Provisions of these Rules applicable to Supervisors shall apply to the Auditing Board of the Company (if any) with necessary and appropriate alterations.</u></p>	<p>1. This Article proposed is brand new.                  2. Provision of this Article is proposed in line with the establishment of the Auditing Board of the Company, which shall replace and assume the functions, powers and duties of the Supervisors.</p>
<p><b>Article 13</b>                      Implementation and revision                      [Omitted et seq.]</p>	<p><b>Article 14</b> Implementation and revision                      [Omitted et seq.]</p>	<p>Change of the number of the Article.</p>

**Appendix 13**

**Proposed Revision of The Rules Governing Shareholders Meetings**

Current Provision	Revision Proposed	Remark
<p><b>Article 7</b>            The shareholder may designate a proxy to attend the shareholders meeting in his/her stead by executing the proxy letter form produced by the Company indicating therein the scope of authorization to the proxy.            A shareholder may execute one and only one proxy letter to designate one and only one proxy for the purpose of the shareholders meeting. The executed proxy letter must be served to the Company five days prior to the meeting date. Where the shareholder has served more than one executed proxy letters to the Company, the earliest served to the Company shall govern except where the shareholder has expressed his/her withdrawal of the proxy.            The shareholder who has served his executed proxy letter to the Company may still attend the shareholders meeting in person, provided that he/she gives a written notice to the Company to withdraw the proxy, which written notice must be served to the Company <u>no later than the day immediately preceding</u> the meeting date or the voting right exercised by his/her designated proxy shall govern.</p>	<p><b>Article 7</b>            The shareholder may designate a proxy to attend the shareholders meeting in his/her stead by execute the proxy letter form produced by the Company indicating therein the scope of authorization to the proxy.            A shareholder may execute one and only one proxy letter to designate one and only one proxy for the purpose of the shareholders meeting. The executed proxy letter must be served to the Company five days prior to the meeting date. Where the shareholder has served more than one executed proxy letters to the Company, the earliest served to the Company shall govern except where the shareholder has expressed his/her withdraw of the proxy.            The shareholder who has served his executed proxy letter to the Company may still attend the shareholders meeting in person <u>or exercise his/her voting right in writing or electronically</u>, provided that he/she gives a written notice to the Company to withdraw the proxy, which written notice must be served to the Company no later than <u>two days</u> before the meeting date or the voting right exercised by his/her designated proxy shall govern.</p>	<p>This revision is proposed under Article 177 of the Company Act.</p>
<p><b>1`Article 16</b>            The voting right of the shareholder may be exercised in writing or electronically, in which case, the method of exercising the voting right shall be manifestly indicated in the notice of the shareholders meeting. The shareholder who elects to exercises his/her voting right in writing or electronically will be deemed to have</p>	<p><b>Article 16</b>            The voting right of the shareholder may be exercised in writing or electronically, in which case, the method of exercising the voting right shall be manifestly indicated in the notice of the shareholders meeting. The shareholder who elects to exercises his/her voting right in writing or electronically will be deemed to have</p>	<p>This revision is proposed under Article 177-2 of the Company Act.</p>



<p>attended the meeting in person, provided that he/she will be deemed to waive his/her voting right with respect to the revision proposed on an issue listed in the agenda or new issues proposed by way of an extempore motion at the meeting.</p> <p>The shareholder exercising his/her voting right in writing or electronically under the preceding paragraph shall serve the notice of his/her voting to the Company <u>five</u> days prior to the scheduled meeting date. Where the shareholder has served more than one notice of his/her voting to the Company, the earliest served to the Company shall govern except where the shareholder has expressed to withdraw the notice. If the shareholder who has given a notice to the Company in writing or electronically of his/her voting wishes to attend the shareholders meeting in person, the shareholder shall have the notice of withdrawal of his/her voting served to the Company by the same method (in writing or electronically) <u>no later than the day immediately preceding</u> the meeting date or his/her voting indicated in the notice served to the Company shall govern. Where the shareholder has exercised his/her voting right in writing or electronically has designated a proxy to act in his/her stead at the meeting, the voting exercised by the proxy in his/her stead shall govern.</p>	<p>attended the meeting in person, provided that he/she will be deemed to waive his/her voting right with respect to the revision proposed on an issue listed in the agenda or new issues proposed by way of an extempore motion at the meeting.</p> <p>The shareholder exercising his/her voting right in writing or electronically under the preceding paragraph shall serve the notice of his/her voting to the Company <u>two days</u> before the scheduled meeting date. Where the shareholder has served more than one notice of his/her voting to the Company, the earliest served to the Company shall govern except where the shareholder has expressed to withdraw the notice. If the shareholder who has exercised his/her voting right in writing or electronically wishes to attend the shareholders meeting in person, the shareholder shall have the notice of withdrawal of his/her voting served to the Company by the same method as he/she exercised his/her voting right (in writing or electronically) <u>no later than two days before</u> the scheduled meeting date or his/her voting indicated in the notice served to the Company shall govern. Where the shareholder has exercised his/her voting right in writing or electronically has designated a proxy to act in his/her stead at the meeting, the voting exercised by the proxy in his/her stead shall govern.</p>	
<p><b>Article 19</b> The resolutions adopted by the shareholders meeting shall be recorded in writing, which meeting minutes shall be signed or sealed by the chairperson and distributed to the shareholders each within twenty (20) days after the meeting. The meeting minutes may be produced and distributed electronically. The above meeting minutes may be distributed to the shareholder <u>who</u></p>	<p><b>Article 19</b> The resolutions adopted by the shareholders meeting shall be recorded in writing, which meeting minutes shall be signed or sealed by the chairperson and distributed to the shareholders each within twenty (20) days after the meeting. The meeting minutes may be produced and distributed electronically. The above meeting minutes may be distributed to the shareholder by public</p>	<p>This revision is proposed in line with the amendment to Article 183 of the Company Act.</p>

<p><u>holds less than 1,000 shares of the registered shares of the Company by public notice through the Market Observation Post System.</u></p> <p>The meeting minutes shall accurately indicate the year, month, date, the venue, name of the chairperson, method of adopting resolutions, the gist of the proceeding and the conclusion of the meeting and kept by the Company throughout the existence of the Company.</p> <p>Where the method of adopting resolutions provided in the provided in the preceding paragraph means the resolution is adopted unanimously with no objection expressed on the chairman’s request to the shareholders present at the meeting for hearing their opinion, the meeting minutes shall indicate <i>Adopted unanimously by the shareholders present at the meeting after the chairperson requested to hear opinions</i>. Where the resolution is adopted with objection expressed by the shareholder(s), the meeting minutes shall manifestly indicate the voting method, the number of votes for the voted issue received and the number of shares represented by the votes.</p>	<p>notice.</p> <p>The meeting minutes shall accurately indicate the year, month, date, the venue, name of the chairperson, method of adopting resolutions, the gist of the proceeding and the conclusion of the meeting and kept by the Company throughout the existence of the Company.</p> <p>Where the method of adopting resolutions provided in the provided in the preceding paragraph means the resolution is adopted unanimously with no objection expressed on the chairman’s request to the shareholders present at the meeting for hearing their opinion, the meeting minutes shall indicate <i>Adopted unanimously by the shareholders present at the meeting after the chairperson requested to hear opinions</i>. Where the resolution is adopted with objection expressed by the shareholder(s), the meeting minutes shall manifestly indicate the voting method, the number of votes for the voted issue received and the number of shares represented by the votes.</p>	
	<p><b><u>Article 23</u></b>  <u>Provisions of these Rules applicable to Supervisors shall apply to the Auditing Board of the Company (if any) with necessary and appropriate alterations.</u></p>	<ol style="list-style-type: none"> <li>1. This Article proposed is brand new.</li> <li>2. This provision of this Article is proposed in line with the establishment of the Auditing Board of the Company, which shall replace and assume the functions, powers and duties of the Supervisor.</li> </ol>

<p><b>Article 23</b> These Rules and all subsequent revision hereof shall come into force upon the relevant resolution adopted by the shareholders meeting.</p>	<p><b>Article 24</b> These Rules and all subsequent revision hereof shall come into force upon the relevant resolution adopted by the shareholders meeting.</p>	<p>Revision of wording is proposed to reflect the revision being proposed as a whole.</p>
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**Appendix 14**

**Proposed Revision of The Rules Governing Election of Directors and Supervisors**

<b>Current Provision</b>	<b>Revision Proposed</b>	<b>Remark</b>
	<p><b><u>Article 2-1</u></b> <u>Provisions of these Rules applicable to Supervisors shall apply to the Auditing Board of the Company (if any) with necessary and appropriate alterations.</u></p>	<p>1. This Article proposed is brand new. 2. This provision of this Article is proposed in line with the establishment of the Auditing Board of the Company, which shall replace and assume the functions, powers and duties of the Supervisor.</p>

**Appendix 15**

**Information of Independent Director Nominees**

<b>Name of Nominee</b>	<b>Academic Attainments</b>	<b>Past Career</b>	<b>Current Position</b>	<b>Amount of Shares Held (Unit: Share) [Note]</b>
Ih-Jen Su	1. PhD in Pathology, Institute of Pathology, National Taiwan University 2. MD, College of Medicine, National Taiwan University	1. Deputy Superintendent, National Cheng Kung University Hospital 2. Director-General, Center for Disease Control, Department of Health 3. Full-Time Professor, Department of Pathology, Medical College, National Cheng Kung University 4. Professor and Chairman, Department and Institute of Pathology, College of Medicine, National Taiwan University 5. Visiting Scientist, CRC Laboratory, Department of Cancer Studies, University of Birmingham Medical School, Birmingham, UK 6. Visiting Assistant Professor, Department of Pathology, Beth Israel Hospital and Harvard Medical School, Boston, USA 7. Fellow, Division of Hematopathology, Department of Laboratory Medicine, University of Washington, Seattle, USA	1. President, National Institute of Infectious Diseases and Vaccinology, National Health Research Institutes 2. Chair Professor, Department of Pathology, Medical College, National Cheng Kung University	92,000
Wei-Cheng Tian	1. MS & PhD, Department of Microbiology, Immunology and Molecular Genetics,	I. Academic Institutions 1. Adjunct Professor, College of Medical Technology, National Yang-Ming University 2. Professor, Institute of	1. Adjunct Professor, Department of Life Sciences, National Yang-Ming University 2. Advisor, Medical and Pharmaceutical Industry	81,509

	<p>University of Kentucky 2. BSA, Department of Plant Pathology and Microbiology, National Taiwan University</p>	<p>Microbiology &amp; Immunology, National Yang-Ming University</p> <p>II. R&amp;D Institutions 1. Director, National Health Research Institutes 2. CEO, Development Center for Biotechnology</p> <p>III. Government Agencies 1. Member, Advisory Committee for Biotechnology Industry, Executive Yuan 2. Adjunct Researcher, Science and Technology Advisory Group, Executive Yuan 3. Executive Secretary, Advisory Committee for Biotechnology Industry, Executive Yuan 4. Director General, Department of International Cooperation, National Science Council 5. Director General, Department of Life Sciences, National Science Council 6. Visiting Specialist, Department of Life Sciences, National Science Council</p> <p>IV. Industry 1. Director, Chinese Pharmaceutical Manufacture and Development Association 2. Chairman, Taipei Biotech Association 3. Chairman &amp; Chief Advisor, Mithra Bioindustry Co., Ltd. 4. Director, CPC Corp.</p>	<p>Technology and Development Center 3. Honorary Director, Taiwan Bio Industry Organization 4. Representative of Institutional Director, IsoGreen Biotechnology Inc. 5. Representative of Institutional Director, Sino Cell Technologies Inc. 6. Director, BioLite Inc.</p>	
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		<p>5. Director, Genovate Biotechnology Co., Ltd.  6. Chairman, Taiwan Bio Industry Organization  7. Secretary General, Taiwan Bio Industry Organization  8. Chairman, Pu Sheng Pharmaceuticals Co., Ltd.  9. Initiator &amp; Standing Director, Lifeguard Pharmaceutical Inc.  10. Senior Researcher &amp; Head of Antibiotic Fermentation, Pfizer Inc.  11. Senior Researcher &amp; Head of Strain Development, Wyeth Labs  12. Senior Researcher, S.B. Penick</p> <p>V. International Cooperation  1. Standing Director, Asia &amp; Pacific Council for Science &amp; Technology; Convener, APCST Biotechnology Committee  2. Chairman and Standing Member, Taiwan Chapter, COBIOTECH (ICSU International Scientific Committee for Biotechnology)  3. Initiator, Pacific Rim Biotechnology Conference; Chairman, 3<sup>rd</sup> Pacific Rim Biotechnology Conference  4. Executive Secretary, Committee of Sino-American Scientific Cooperation, Academia Sinica</p>		
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Wei-te Ho	1. PhD Candidate, Graduate Institute of Accountancy, National Cheng Kung University 2. MAcc, Graduate Institute of Accountancy, National Cheng Kung University 3. BAcc, Department of Accountancy, National Cheng Kung University	Deputy Section Chief, Audit Department, Diwan & Co.	Full-Time Lecturer, Department of Accounting Information, Southern Taiwan University	0
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Note: Shareholdings as of board approval of nomination on April 26, 2012.



#### **IV. Exhibits**

##### **Exhibit 1**

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

Adopted by the Shareholders Meeting of 6 July 2010

#### **Article 1**

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

#### **Article 2**

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

#### **Article 3**

(Deleted.)

#### **Article 4**

(Deleted.)

#### **Article 5**

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

The notice of a general shareholders meeting shall be delivered to the shareholders each with the proposed agenda twenty (20) days prior to the scheduled meeting date. The notice of an extraordinary shareholders meeting shall be delivered to the shareholders each with a copy of the agenda ten (10) days prior to the scheduled meeting date.

Subject to the public offering of the shares of the Company, the notice of a general shareholders meeting shall be delivered to the shareholders each thirty (30) days prior to the scheduled meeting date, which notice may be delivered to the shareholder who holds less than 1,000 registered shares of the Company by public notice posted online through the Market Observation Post System. Subject to the public offering of the shares of the Company, the notice of an extraordinary shareholders meeting shall be delivered to the shareholders each fifteen (15) days prior to the scheduled meeting date, which notice may be delivered to the shareholder who holds less than 1,000 registered shares of the Company by public notice posted online through the Market Observation Post System.

The (personal) notice and the public notice of the shareholders meeting both shall manifestly indicate the cause of the meeting and may, subject to the prior consent of the shareholder concerned, be delivered to the shareholder electronically. Proposed election, removal of a director or supervisor, proposed revision of the Articles of Incorporation, proposed dissolution, merger, division of the Company or any of the matters provided in paragraph one of Article 185 of the Company Act, Article 26-1 or Article 43-6 of the Securities And Exchange Act (if any)

must be listed in the proposed agenda and cannot be proposed by way of an extempore motion at the meeting.

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

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

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

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

#### **Article 6**

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

#### **Article 7**

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

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

The shareholder who has served his executed proxy letter to the Company may still attend the shareholders meeting in person, provided that he/she gives a written notice to the Company to withdraw the proxy, which written notice must be served to the Company prior to the meeting date or the voting right exercised by his/her designated proxy shall govern.

## **Article 8**

The Company shall prepare an attendance book for the shareholder or his/her designated proxy attending the shareholders meeting to sign in. The shareholder attending the meeting in person may turn in his/her signed attendance card instead of signing in the attendance book.

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

The shareholder will present 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.

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

## **Article 9**

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

The shareholders meeting convened by the Board of 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 the meeting.

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

## **Article 10**

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

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

meeting unsuccessful.

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

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

#### **Article 11**

The Company shall take video or sound recording of the whole proceeding of the shareholders meeting, which recording shall be kept for a term of not less than one year. Notwithstanding, in the event of 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.

#### **Article 12**

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

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

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

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

#### **Article 13**

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

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

of speech written in the signed request form, the former shall govern.

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

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

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

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

#### **Article 14**

The shareholder will have one vote on each share. Notwithstanding, the holder will have not voting right on any of the following shares held:

1. Shares of the Company duly held by the Company;
2. Shares of the Company held by a subordinate company, 50% or more of whose voting shares is held or 50% or more of whose total capital is contributed by the Company;

#### **Article 15**

The voting at the shareholders meeting shall be counted according to the number of shares represented by the votes received.

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

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

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

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

above proxy in excess of said limitation of voting right will be disregarded.

#### **Article 16**

The voting right of the shareholder may be exercised in writing or electronically, in which case, the method of exercising the voting right shall be manifestly indicated in the notice of the shareholders meeting. The shareholder who elects to exercise his/her voting right in writing or electronically will be deemed to have attended the meeting in person, provided that he/she will be deemed to waive his/her voting right with respect to the revision proposed on an issue listed in the agenda or new issues proposed by way of an extempore motion at the meeting.

The shareholder exercising his/her voting right in writing or electronically under the preceding paragraph shall serve the notice of his/her voting to the Company five (5) days prior to the scheduled meeting date. Where the shareholder has served more than one notice of his/her voting to the Company, the earliest served to the Company shall govern except where the shareholder has expressed to withdraw the notice.

If the shareholder who has given a notice to the Company in writing or electronically of his/her voting wishes to attend the shareholders meeting in person, the shareholder shall have the notice of withdrawal of his/her voting served to the Company by the same method (in writing or electronically) prior to the scheduled meeting date or his/her voting indicated in the notice served to the Company shall govern. Where the shareholder has exercised his/her voting right in writing or electronically has designated a proxy to act in his/her stead at the meeting, the voting exercised by the proxy in his/her stead shall govern.

#### **Article 17**

Except as otherwise provided by the Company Act, the resolution of the shareholders meeting must be adopted by the majority votes represented at the meeting. When a proposal is submitted for voting by the meeting, the chairperson or the relevant personnel appointed by the chairperson shall announce in advance the total amount of votes accountable to be voted on the issue.

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.

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.

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

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

of the Company.

The ballots voted shall be counted and the result of the voting shall be announced at the meeting and recorded in the meeting minutes.

#### **Article 18**

The election (if any) of the director(s) and/or supervisor(s) of the Company at the shareholders meeting shall be in accordance with the relevant bylaw of the Company and the result of the election shall be announced at the meeting.

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

#### **Article 19**

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

The above meeting minutes may be distributed to the shareholder who holds less than 1,000 shares of the registered shares of the Company by public notice through the Market Observation Post System.

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

Where the method of adopting resolutions provided in the provided in the preceding paragraph means the resolution is adopted unanimously with no objection expressed on the chairman's request to the shareholders present at the meeting for hearing their opinion, the meeting minutes shall indicate Adopted unanimously by the shareholders present at the meeting after the chairperson requested to hear opinions. Where the resolution is adopted with objection expressed by the shareholder(s), the meeting minutes shall manifestly indicate the voting method, the number of votes for the voted issue received and the number of shares represented by the votes.

#### **Article 20**

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

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

**Article 21**

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

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

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

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

**Article 22**

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

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

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

**Article 23**

These Rules and all subsequent revision hereof shall come into force upon the relevant resolution adopted by the shareholders meeting.



## **Exhibit 2**

# **ScinoPharm Taiwan, Ltd. Rules Governing Election of Directors And Supervisors**

Most Recent Amendment adopted by the 9 December 2010 Shareholders Meeting

### **Article 1**

These Rules are established under Articles 21 and 41 of the Corporate Governance Best Practice Principles for Publicly Listed And Traded-Over-The-Counter Companies with a view to the open, just and just elections of the directors and supervisors of the Company.

### **Article 2**

Except as otherwise provided by laws, regulations or the Articles of Incorporation of the Company, the directors and supervisors of the Company shall be elected in accordance with these Rules.

### **Article 3**

The directors of the Company shall be elected in consideration of the functions and duties of the Board of Directors as a whole. The members of the Board of Directors must be generally equipped with the relevant knowledge, skill, education and training needed for them to perform their functions and duties. The members of the Board of Directors as a whole must have the general ability to

1. make business judgments and decisions;
2. conduct fiscal and financial analyses;
3. carry out and manage the business of the Company;
4. deal with crisis;
5. get hold of the relevant knowledge about the industries;
6. perform functions and duties from a global perspective;
7. exercise leadership skill; and
8. make policy decisions.

### **Article 4**

The supervisor of the Company must

1. be honest and have integrity;
2. be able to make fair and just judgment;
3. have special knowledge;
4. have extensive experience;
5. be able to read financial statements;

Subject to the fulfillment of the above eligibility requirements, the Company will have at least one supervisor who must be a professional in the field of accounting or finance.

### **Article 5**

The independent director of the Company must fulfill the eligibility requirements provided in Articles 2, 3 and 4 of the Regulations Governing Establishment of Independent Directors by Public Companies.

The election of the independent director of the Company shall be in accordance with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Establishment of Independent Directors by Public

Companies and Article 24 of the Corporate Governance Best Practice Principles for Publicly Listed And Traded-Over-The-Counter Companies.

#### **Article 6**

The independent director of the Company shall be elected based on nomination in accordance with Article 192-1 of the Company Act

#### **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 Company adopts the candidates nomination system for the election of the independent director. The shareholders will elect from among the candidates nominated.

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.

#### **Article 8**

The Board of Directors shall prepare the ballot forms in the same amount as the number of the directors and supervisors to be elected, indicate there in the number of votes entitled, and distribute them to the shareholders present at the shareholders meeting. For the purpose of registering the votes cast, the shareholder's attendance card number may be recorded instead of his/her personal name.

#### **Article 9**

Subject to the number of directors and supervisors provided in the Articles of Incorporation of the Company, the votes cast for the election of the independent directors and non-independent directors shall be counted separately and the elect shall be determined and prioritized according to the number of votes won. In case of a tied vote while the number of open positions falls short of the tied candidates, the elect shall be determined by lot drawing by the tied candidates or by the chairperson on behalf of the candidate who is for whatever reason not present at the meeting.

#### **Article 10**

The chairperson shall, prior to the election, appoint a number of shareholders to act as the scrutineers and the ballot counters at the election. The ballot boxes shall be prepared by the Board of Directors and openly inspected by the scrutineers before the voting commences.

#### **Article 11**

The shareholder voter shall indicate in the ballot form the shareholder candidate's shareholder account name and shareholder account number or the personal name and identification number of the non-shareholder candidate. Notwithstanding, where the candidate voted is a government agency or corporate shareholder, the shareholder voter may indicate in the ballot form the candidate's official designation with or without the personal name of its representative; where such voted candidates has a plurality of representatives, all of the representatives' personal names shall be indicated in the ballot form.

**Article 12**

The vote cast shall be void if

1. the ballot is not cast in the authorized ballot form prepared by the Board of Directors;
2. the ballot cast is blank;
3. the ballot is unintelligible or in any way altered;
4. the personal name or the shareholder account number of the shareholder candidate voted indicated in the ballot is inconsistent with that recorded in the shareholders roster; or the name or identification number of the non-shareholder candidate voted is untrue;
5. the ballot cast bears any word other than the voted (shareholder) candidate's personal name and (shareholder account) identification number; or
6. the (shareholder) candidate's personal name indicated in the ballot is identical with that of another (shareholder) candidate but there is no (shareholder account number) identification number available to determine the candidate voted.

**Article 13**

The votes cast will be opened and counted on site upon completion of the voting and the chairperson shall announce the election result on site by reading out the names of the directors and supervisors elect.

**Article 14**

The Board of Director will issue a certificate of election to the directors and/or supervisors elect each.

**Article 15**

These Rules and all subsequent amendments shall come into force on the relevant resolution adopted by the shareholders meeting.

## **Exhibit 3**

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

## **Chapter 1 General Provisions**

### **Article 1**

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

### **Article 2**

The business items of the Company are as follows:

- (1) C802041 Manufacture of pharmaceuticals;
  - (2) C801990 Manufacture of other chemical materials;
  - (3) IG01010 Biotechnological services;
  - (4) F601010 Intellectual property rights related services
- <<1. Research, development, production, manufacture and distribution of the following products: generic APIs, protein drugs, oligonucleotide, peptide.]  
2. Consulting, advisory and technical services relating to the above products.>>

### **Article 3**

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

### **Article 4**

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

### **Article 5**

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

## **Chapter 2 Capital**

### **Article 6**

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

### **Article 7**

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

registration of the issued shares with the securities central depository institution.

#### **Article 8**

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

#### **Article 9**

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

#### **Article 10**

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

#### **Article 11**

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

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

#### **Article 12**

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

#### **Article 13**

Transfer of shares of the Company will cease for a period of thirty (30) days prior to the general shareholders meeting, fifteen (15) days prior to the extraordinary shareholders meeting, and five (5) days prior to the start date of distribution of dividend, bonus or other interests in the shares held.

Subject to the public offering of the Company, the Company shall cease the transfer of shares of the Company within a period of sixty (60) days prior to the general shareholders meeting and thirty (30) days prior to an extraordinary shareholders meeting.

## **Chapter 3 Shareholders Meeting**

### **Article 14**

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

### **Article 15**

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

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

### **Article 16**

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

### **Article 17**

Except 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

### **Article 18**

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

### **Article 19**

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

Except as otherwise provided by the Company Act or the relevant laws and regulations, the shareholders meeting of the Company must be attended by the shareholders (attending the meeting in person or by proxy) whose total shares held represent the majority of the total issued shares of the Company and a resolution must be adopted by the majority of the votes represented at the meeting. A resolution may be deemed adopted when no objection or

opposition is expressed by any of the shareholders present at the meeting in response to the chairperson's inquiry for opinion, which resolution shall be as effective and binding as one adopted by voting.

#### **Article 20**

The issues presented for discussion and/or resolution at the shareholders meeting and the resolution adopted by the meeting shall each be recorded in the minutes of the meeting, which meeting minutes must be signed or sealed by the chairperson and a copy of which shall be distributed to the shareholders of the Company each within twenty (20) days after the meeting. The above meeting minutes may be produced and distributed electronically. The minutes of the shareholders meeting shall be kept by the Company together with the relevant signed attendance book and proxy letters received. Subject to the public offering of the Company, the Company may distribute the above minutes of the shareholders meeting electronically to the shareholder who holds less than 1,000 shares of the Company.

#### **Article 21**

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

### **Chapter 4 Directors and Supervisors**

#### **Article 22**

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

#### **Article 23**

The Company will have eleven (11) to thirteen (13) Directors and three (3) Supervisors to be elected by the shareholders meeting from the shareholders with disposing capacity.

Two or more of the above Directors shall be independent directors to be elected by the shareholders meeting from among the candidates nominated. The special qualification, required shareholding, restriction on concurrent positions held, determination of impartiality, method of nomination and method of election of the independent directors and other relevant legally required matters shall be in accordance with the Company Act and the relevant laws and regulations prescribed by the competent securities authority.

#### **Article 24**

The Directors and the Supervisors each of the Company will serve an office term of three years and may be re-elected. Subject to the relevant resolution adopted by the meeting of the Board of Directors, liabilities insurance will be procured for the Director and the Supervisor elect. Subject to the public offering of the Company, the total shareholding of the Directors and the Supervisors of the Company as a whole shall be in accordance with the Company Act and the regulations prescribed by the competent securities authority.

#### **Article 25**

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

#### **Article 26**

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

#### **Article 27**

The meeting of the Board of Director shall be convened by the Chairman/Chairwoman of the Board of Directors except the first meeting of a new Board of Directors that shall be convened by the Director who won the highest vote of all Directors elect. A written notice of the meeting of the Board of Directors shall be issued by facsimile or by email to the Directors each at least seven (7) days prior to the scheduled meeting date, which notice shall explicitly indicate the scheduled date, venue and agenda of the meeting.

#### **Article 28**

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

#### **Article 29**

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

- (1) Revision of these Articles of Incorporation.
- (2) Contract with a proposed value equal to or exceeding the relevant authorized amount (which authorized amount is to be defined by the Board of Directors authorized to do so).
- (3) Major capital expenditure not included in the relevant approved budget with a proposed sum equal to or exceeding the relevant authorized amount (which authorized amount is to be defined by the Board of Directors authorized to do so), which proposed sum cannot be divided into smaller amounts to obtain easy approval and which proposed sum as approved cannot be divided for spending.
- (4) Establishment of company bylaws with respect to the handling of transactions where the Company is to externally provide guaranty, endorsement, accept to honor, commit, advance payments, provide lending, procure loan, sell account receivables.
- (5) Establishment and removal of branches and offices of the Company.
- (6) Investment in, merge or acquire other businesses.
- (7) Transfer, assignment, sale, lease, pledge, mortgage or otherwise dispose of the entire assets or important assets of the Company.
- (8) Transaction by and between the Company and its affiliate or the shareholder, director, supervisor of the Company or their relative.
- (9) Approval and revision of agreements proposed on transfer or licensing of technology, know-how or patent right.
- (10) Approval and revision of trademark license agreement with an effective term of one year or more.
- (11) Proposed earnings distribution plan (or loss makeup plan).
- (12) Review and approval of proposed budgetary plan and final accounting.



- (13) Proposed increase or decrease in the capital of the Company.
- (14) Proposed operation plan; proposed factory construction or expansion projects.
- (15) Appointment, re-appointment and dismissal of the certified public accountant, legal counsel of the Company and the lead underwriter and secondary underwriter handling the public listing or over-the-counter trading of the shares of the Company.
- (16) Appointment and dismissal of the general manager of the Company.
- (17) Establishment of the bylaws with respect to the powers and authorization to be exercised by the Chairman of the Board of Directors and the general manager respectively.
- (18) Establishment of bylaws with respect to the hiring, promotion of employees and the salary payment policy.
- (19) Other bylaws with respect to the organization of the Company and the relevant implementation rules.
- (20) Other matters proposed that must be duly submitted to the shareholders meeting for approval.

### **Article 30**

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

### **Article 31**

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

### **Article 32**

The powers and duties of the Supervisors are as follows:

- (1) Inspect the financial standing of the Company;
- (2) Inspect and audit the accounting books, records and documents
- (3) Perform the other functions and duties conferred upon by laws and regulations

### **Article 33**

The Supervisor may, other than performing his/her functions and duties, appear at the meeting of the Board of Directors to state opinions without the voting right.

### **Article 34**

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

### **Article 35**

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

abroad.

## **Chapter 5 Managerial Officers**

### **Article 36**

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

### **Article 37**

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

### **Article 38**

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

## **Chapter 6 Fiscal Reports**

### **Article 39**

The Board of Directors shall produce the following statements and documents after the end of each fiscal year, present the same to the Supervisors for inspection thirty (30) days prior to the general shareholders meeting and thereafter submit the same to the general shareholders meeting for ratification:

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

### **Article 40**

In consideration of the changeable environment of the Company's business, the Board of Director shall take into account the Company's future capital expenditures and capital calls to determine the proposed amounts of the reserved earnings, the distributable earnings, and the cash dividend when drawing up the proposed earnings distribution plan.

Ten percent (10%) of the Company's surplus as of the final accounting of the fiscal period net of the business income tax payable for the period, makeup for the loss accumulated from previous year(s) shall be allocated for legal reserves. The balance (if any) less the duly allocated or transferred amount for special reserve will be the earnings distributable of the period and the sum of said balance combined with the undistributed earnings carried forward from the previous period will be the accumulative earnings distributable, fifty percent to one hundred percent (50%~100%) of which sum will be the total amount of dividend to be distributed to the shareholders of the Company with 30% or more thereof distributed in cash. Subject to the relevant resolution adopted by the shareholders meeting,

the accumulative earnings distributable will be distributed according to the distribution plan proposed by the Board of Directors, provided that two percent (2%) thereof shall be paid to the Directors and the Supervisors for remuneration payable and not less than zero point two percent (0.2%) thereof shall be distributed as employees bonus.

## **Chapter 7 Supplemental Provisions**

### **Article 41**

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

### **Article 42**

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

**ScinoPharm Taiwan, Ltd.**  
**Kao-Huei Cheng**  
**Chairman of the Board of Director**

#### Exhibit 4

### **Impact on the business performance, EPS and ROE of the Company from the dividend shares and proposed distribution of bonus to employees and remuneration to directors and supervisors as adopted by the Board of Directors**

#### **With respect to the impact on the business performance, EPS and ROE of the Company from the dividend shares:**

Pursuant to the letter of 1 February 2000 issued by the Securities And Futures Commission, Ministry of Finance (ref. (89)-Tai-Cai-Zheng-(1)-Zi No. 00371, as the Company did not produce and publish the financial forecast on fiscal year 2012, the Company is not required to make disclosure in this regard.

#### **With respect to the proposed distribution of bonus to employees and remuneration to directors and supervisors as adopted by the Board of Directors:**

Pursuant to the letter of 30 March 2007 issued by the Financial Supervisory Commission, Executive Yuan (ref. Jin-Guan-Zheng-Liu-Zi No. 0960013218), the earnings of the Company according to the proposed distribution plan adopted by the meeting of the Board of Directors will be distributed as follows:

1. A sum of TWD1,726,838 will be distributed to employees as cash bonus. A sum of TWD17,268,380 will be paid to directors and supervisor as remuneration. It is proposed that the bonus distributable to employees in any given fiscal period be distributed in cash.
2. An estimate of TWD1,729,908 was allocated in 2011 to be distributed to employees as bonus; an estimate of TWD17,299,080 was allocated (based on the final accounting of the loss and profit of the Company) for remuneration payable to directors and supervisors. The difference between the above estimate and the actual sum distributed in accordance with the resolution adopted by the shareholders meeting will be accounted for as the profit or loss incurred by the Company in 2012.

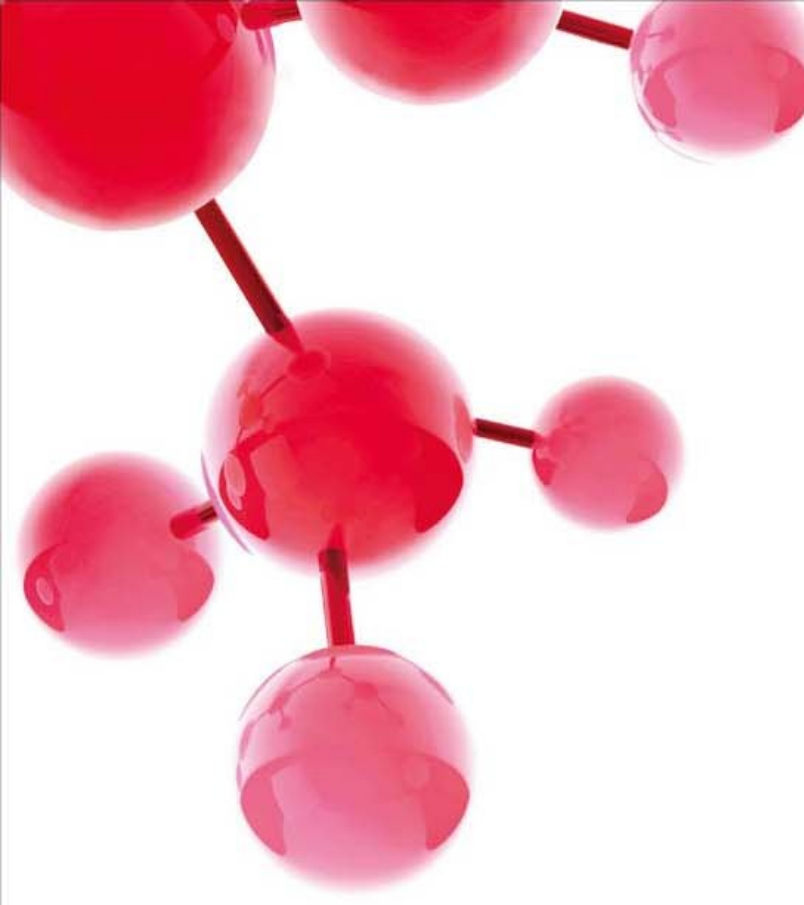
## Exhibit 5

### **Required Minimum Shareholding And Shareholding by Directors And Supervisors**

1. According to Article 26 of the Securities And Exchange Act, the total amount of shares held by the directors of the Company as a whole shall account for no less than 4% of the total issued shares of the Company (namely 25,240,000 shares) and that held by the supervisors as a whole shall account for no less than 0.4% of the total issued shares of the Company (namely 2,524,000 shares).
2. According to the Company's shareholders register as of the suspension of transfer of the shares of the Company for this general shareholders meeting, the shareholding of the directors and supervisors each is detailed as follows:  
As of 15 April 2012

<b>Title</b>	<b>Name</b>	<b>Amount of shares held</b>
Chairman of the Board of Directors	Tainan Spinning Co., Ltd. Representative: Kao-Huei Cheng	18,837,232
Director	Uni-President Enterprises Corp. Representatives: Chang-Sheng Lin , Long-Yi Lin Chihi-Hsien Lo , Tsung-Ming Su	239,371,221
Director	National Development Fund, Executive Yuan Representatives: Tian-Shung Wu, Po-Wu Gean	87,410,764
Director	KAO Chyuan Investment Co., Ltd. Representative: Shioh-Ling Kao	11,695,562
Director	President International Development Corp. Representative: Chiou-Ru Shih	22,881,034
Director	Jo Shen	7,662,276
Independent Director	Ih-Jen Su	100,000
Independent Director	Wei-Cheng Tian	81,509
Independent Director	Chin-Szu Liang	—
<b>Total</b>		<b>388,039,598</b>

<b>Title</b>	<b>Name</b>	<b>Amount of shares held</b>
Supervisor	Taiwan Sugar Corporation Representative: Shu-Chi Chang	26,000,000
Supervisor	Chien-Li Yin	—
Supervisor	Chyou-Jui Wei	—
<b>Total</b>		<b>26,000,000</b>



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