

ScinoPharm Taiwan Ltd.
2012 Annual General Shareholders' Meeting
Minutes
(Translation)

Time and Date: 10:00AM, 13 June 2012

Place: Auditorium, Southern Taiwan Science Parks Administration Building

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

Total outstanding ScinoPharm shares: 631,000,000 shares

Total shares represented by shareholders present in person or by proxy: 536,767,206 shares

Percentage of shares held by shareholders present in person or by proxy: 85.07%

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

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

Recorder: Jane Liu

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum.

The chairman called the meeting to order.

A. Chairperson's address(omitted)

B. Report :

- (1) Business Report on 2011.(See Appendix 1)
- (2) Supervisor's Inspection Report. (See Appendix 2)
- (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. (See Appendices 6~8)

C. 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 and Appendices 3~4 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.

Shareholder's question:

Shareholders' #1662, Mr. Wen-Ming Wang asked : I have a question regarding the 「 sales return 」 account on 2011 Profit & Loss Statement. Can General Manager assign someone to answer my question after today's Shareholders' Meeting?

General Manager's response:

The reasons for the two major 「 sales return 」 items are as following: We found small chips on the glass-lined reactor during the cleaning process after the products were shipped out. Our reactors were made by carbon steel with glass lined on them. I checked the reactor myself and found there're small cracking marks due to the colliding of the chemicals. Although there may not be any glass chips contaminating the final APIs that we have shipped to our customer, based on our strong commitment in Quality Assurance to our customers, we decided to contact our customers and informed them about this situation. We also have the products returned from our customers. In order to make sure there's no glass chips in this shipping, we dissolved the products then filtered the products again to eliminate any potential glass chips. In fact, we did not find any glass chips contamination in our products. These reprocesses constituted two separate products of "Sales Return". Our customers are very impressed by our honesty and responsible reaction toward the products. In fact, it helped wins good reputation for our company by being so transparent to our customers. We also have taken the precaution steps to prevent the same problem from happening again. We replace most of the glass-lined reactors to stainless steel or Hastelloy C (alloy) to eliminate the risk of glass chips. However, certain compounds still need to be run in glass-lined reactor from process chemistry point of view; we will carefully examine the integrity of glass-lined reactor before shipping the products. We have changed the practice in Operations to strengthen our Quality Assurance of the products to our customers. Thank you for the excellent complement of our company.

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

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

D. Matters for discussion and resolution

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

Explanation:

- a. In consideration of the capital call for the business expansion of the Company, it is proposed that 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, that the above proposal be and hereby was approved as proposed.

(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 for the proposed revision of the relevant provision of the Articles of Incorporation.
- d. It is proposed that resolution be adopted for the proposed revision.

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

(3) Proposed 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 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, that the above proposal be and hereby was approved as proposed.

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

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

E. 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 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 : Elected Board Directors Name list

(1)Directors: Twelve seats

Shareholders' #	Name	Representative	Votes received
4	Uni-President Enterprises Corp.	Kao-Huei Cheng	705,969,709
19	Jo Shen		676,075,695
4	Uni-President Enterprises Corp.	Chang-Sheng Lin	585,061,960
4	Uni-President Enterprises Corp.	Lung-Yi Lin	544,724,584
4	Uni-President Enterprises Corp.	Chih-Hsien Lo	544,409,584
4	Uni-President Enterprises Corp.	Tsung-Ming Su	508,147,032
5	Tainan Spinning Co., Ltd.	Chien-Li Yin	502,951,004
860	Kao Chyuan Investment Co., Ltd	Shiow-Ling Kao	501,603,513
1	National Development Fund, Executive Yuan	Tian-Shung Wu	487,742,442
1	National Development Fund, Executive Yuan	Po-Wu Gean	486,799,442
861	President International Development Corp.	Chiou-Ru Shih	485,648,442
2	Taiwan Sugar Corporation	Chin-Jung Yang	485,192,442

(2)Independent Directors : Three seats

Shareholders' # or ID#	Name	Votes received
3006	Ih-Jen Su	478,742,442
123	Wei-Cheng Tian	478,742,442
B1212*****	Wei-Te Ho	478,742,442

F. 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.

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

Lifting of the non-compete restriction imposed on the newly elected directors and the representative of the Company. The details are provided in the following table.

Name	Currently act or activity and concurrently hold another office within the scope of the Company's business
Uni-President Enterprises Corp.	ScinoPharm Taiwan Ltd. Director Ton Yi Pharmaceutical Corp. Chairman 、 Director Uni-President Biotechnology Co., Ltd. Chairman 、 Director 、 Supervisor
Uni-President Enterprises Corp. Representative: Kao-Huei Cheng	ScinoPharm Taiwan Ltd. Director

Uni-President Enterprises Corp. Representative: Chang-Sheng Lin	ScinoPharm Taiwan Ltd. Director President Pharmaceutical Corp. Chairman Ton Yi Pharmaceutical Corp. Chairman
Uni-President Enterprises Corp. Representative: Lung-Yi Lin	ScinoPharm Taiwan Ltd. Director
Uni-President Enterprises Corp. Representative: Chih-Hsien Lo	ScinoPharm Taiwan Ltd. Director
Uni-President Enterprises Corp. Representative: Tsung-Ming Su	ScinoPharm Taiwan Ltd. Director President Life Sciences Co., Ltd. Director 、 AndroSciences Corp. Director 、 Origene Technologies Inc. Director 、 Tanvex Biologics. Inc. Director
Tainan Spinning Co., Ltd.	ScinoPharm Taiwan Ltd. director President International Development Corp. Director Nantex Industry Co., Ltd. Director
Tainan Spinning Co., Ltd. Representative: Chien-Li Yin	ScinoPharm Taiwan Ltd. Director Uni-President Biotechnology Co., Ltd. Supervisor
Kao Chyuan Investment Co., Ltd.	ScinoPharm Taiwan Ltd. Director
Kao Chyuan Investment Co., Ltd. Representative: Shioh-Ling Kao	ScinoPharm Taiwan Ltd. Director
National Development Fund, Executive Yuan	ScinoPharm Taiwan Ltd. Director General Biologicals corp. Director 、 Genovate Biotechnology Co., Ltd. Director 、 Taiwan Biotech Co., Ltd Director 、 Taiwan Flower Biotechnology Co., Ltd Director 、 United Biomedical Inc. Asia. Director 、 Adimmune Corporation . Director 、 TaiGen Biopharmaceuticals Holdings Limited Director 、 PharmaEssential Corporation. Director 、 PharmaEngine, Inc. Director 、 TaiAn Technologies Corporation .Director 、 Mycenax Biotech Inc. Director 、 TaiMed Biologics Director.
National Development Fund, Executive Yuan Representative: Tian-Shung Wu	ScinoPharm Taiwan Ltd. director
National Development Fund, Executive Yuan Representative: Po-Wu Gean	ScinoPharm Taiwan Ltd. director PharmaEngine, Inc. National Development Fund, Executive Yuan representative
President International Development Corp	ScinoPharm Taiwan Ltd. Director President Life Sciences Co., Ltd. Director 、 AndroSciences Corp. Director 、 Aurora Imaging Technology, Inc. Director 、 Origene Technologies Inc. Director
President International Development Corp Representative: Chiou-Ru Shih	ScinoPharm Taiwan Ltd. Director Protein Institute, Inc. Director

Taiwan Sugar Corporation	ScinoPharm Taiwan Ltd. Director United Biomedical Inc. Asia. Director TaiGen Biopharmaceuticals Holdings Limited. Director
Taiwan Sugar Corporation Representative: Chin-Jung Yang	ScinoPharm Taiwan Ltd. Director
Jo Shen	ScinoPharm Taiwan Ltd. Director
Ih-Jen Su	ScinoPharm Taiwan Ltd. Independent director.
Wei-Cheng Tian	ScinoPharm Taiwan Ltd. Independent director.
Wei-Te Ho	ScinoPharm Taiwan Ltd. Independent director.

G. Extempore motions: None

H. End of meeting.

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

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>
Current Assets		
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
Total Current Assets	5,597,998	3,901,167
Funds and Investments		
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
Total Funds and Investments	1,151,393	686,853
Property, Plant and Equipment, Net (Notes 4(8) and 5)		
Cost		
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
Cost and Revaluation Increment	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
Total Property, Plant and Equipment, Net	2,591,786	2,592,246
Intangible Assets		
Deferred pension costs (Note 4(12))	959	—
Other intangible assets (Notes 4(9)(11))	2,026	501
Total Intangible Assets	2,985	501
Other Assets		
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
Total Other Assets	74,153	106,315
TOTAL ASSETS	\$ 9,418,315	\$ 7,287,082

(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)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<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	<u>\$ 1.83</u>	<u>\$ 1.56</u>	<u>\$ 2.06</u>	<u>\$ 1.81</u>
Diluted Earnings Per Share (in dollars) (Note 4(19))				
Net income	<u>\$ 1.83</u>	<u>\$ 1.56</u>	<u>\$ 2.06</u>	<u>\$ 1.81</u>

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

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

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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
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>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
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>
<u>Supplemental disclosures of cash flow information</u>		
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>
<u>Investing activities with partial cash payment</u>		
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

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>
TOTAL ASSETS	<u>\$ 9,480,188</u>	<u>\$ 7,298,230</u>

(Continued)

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

DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY	2011	2010
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)	19,804	22,077
Total Current Liabilities	842,949	595,313
Long-term Liability		
Capital lease payables – non-current (Notes 4(8) and 5)	—	964
Other Liabilities		
Accrued pension liabilities (Note 4(12))	27,709	24,445
Guarantee deposits received	250	250
Total Other Liabilities	27,959	24,695
Total Liabilities	870,908	620,972
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	72,610	(1,359)
Total Parent Company's Equity	8,607,561	6,677,272
Minority interest	1,719	(14)
Total Stockholders' Equity	8,609,280	6,677,258
Contingent Liabilities and Commitments (Note 7)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 9,480,188	\$ 7,298,230

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
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
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>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
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>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
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>
<u>Supplemental disclosures of cash flow information</u>		
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>
<u>Investing activities with partial cash payment</u>		
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
	<u>Article 17:</u> <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>	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.
Article 17 Supplemental provision [Omitted et seq.]	Article 18 Supplemental provision [Omitted et seq.]	Numbering of the Article adjusted.
Article 18 These Rules were established on 25 September 2009.	Article 19 These Rules were established on 25 September 2009 <u>and revised on 26 March 2012.</u>	Change of the numbering of the Article and revision of wording to reflect this revision.

Appendix 7

Proposed Revision of Ethical Corporate Management Best Practice Principles

Current Provision	Revision Proposed	Remark
	<p><u>Article 23:</u> <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>Article 23 Implementation [Omitted et seq.]</p>	<p>Article 24 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><u>Article 13:</u> <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>Article 13 Implementation and revision [Omitted et seq.]</p>	<p>Article 14 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>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: (1) generic APIs, (2) protein drugs, (3) oligonucleotide, (4) peptide .] 2. Consulting, advisory and technical services relating to the above products.>></p>	<p>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 <u>(5) F401010 International trade.</u> <<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.>></u></p>	<p>The revision is proposed to meet the Company's business needs.</p>
<p>Chapter 4 <u>Directors and Supervisors</u></p>	<p>Chapter 4 <u>Directors</u></p>	<p>Title of the Chapter is revised in line with the removal of the provisions relating to Supervisors.</p>
<p>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</p>	<p>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</p>	<p>The revision is proposed in line with the amendment to Article 183 of the Company Act.</p>

<p>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. <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>the meeting. The above meeting minutes may be produced and distributed electronically. The minutes of the shareholders meeting shall be kept by the Company together with the relevant signed attendance book and proxy letters received. The Company may distribute the above minutes of the shareholders meeting electronically.</p>	
<p>Article 22 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>Article 22 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>Article 23 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>Article 23 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</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>

	Company Act and the relevant laws and regulations prescribed by the competent securities authority.	
<p>Article 24 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>Article 24 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. 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>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</p>	<p>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</p>	<p>Revision of the wording is proposed.</p>

<p>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>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>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:</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>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:</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>Article 32 <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>Article 32 <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>Article 33 <u>The Supervisor may, other than performing his/her functions and duties, appear at the meeting of the Board of Directors to state</u></p>	<p>Article 33 <u>The Company may establish various functional boards or committees under the relevant organization rules to be</u></p>	<p>1. The revision is proposed in line with the establishment of the Auditing Board and the removal of</p>

<p><u>opinions without the voting right.</u></p>	<p><u>prescribed by the meeting of the Board of Directors in accordance with the relevant laws and regulations.</u></p>	<p>the provisions in connection with Supervisors. 2. The revision is proposed under Article 14-4 and Article 14-6 of the Securities and Exchange Act for the purpose of strengthening the corporate governance of the Company.</p>
<p>Article 35 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>Article 35 The Company shall be liable and reimburse for the loss incurred in the course of the Director's performance of his/her functions and duties, which loss is not attributable to the same Director. For the purpose of protecting the Company from the above liability, the Company shall procure liabilities insurance for the Directors each by reference to the coverage commonly adopted by the trade home and abroad.</p>	<p>The revision is proposed in line with the establishment of the Auditing Board.</p>
<p>Article 39 <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>Article 39 <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>Article 40 [Paragraph one, omitted.] Ten percent (10%) of the Company's surplus as of the final accounting of the fiscal period net</p>	<p>Article 40 [Paragraph one, omitted.] Ten percent (10%) of the Company's surplus as of the final accounting of the fiscal period net</p>	<p>The revision is proposed in line with the establishment of the Auditing Board.</p>

<p>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 <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>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 for remuneration payable and not less than zero point two percent (0.2%) thereof shall be distributed as employees bonus.</p>	
<p>Article 42 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,</p>	<p>Article 42 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,</p>	<p>Revision is proposed to incorporate the date of the present revision.</p>

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.	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 13 June 2012.</u>	
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Appendix 10

Rules Governing the Procedure for Handling Acquisition and Disposal of Assets

Current Provision	Revision Proposed	Remark
<p>Article 1 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>Article 1 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>Article 4 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 governed by other regulations (if any) issued by the FSC.</p>	<p>Article 4 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 or the securities should be governed by other regulations (if any) issued by the FSC. <u>Where the</u></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 expressing opinions on a proposed securities</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><u>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>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 should duly act to seek the necessary experts' expressed opinion.</p>
<p>Article 6 Assets Evaluation</p>	<p>Article 6 Assets Evaluation</p>	<p>1. To require that the</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:

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.
2. Where the transaction value amounts to TWD1 billion or more, the Company shall seek the valuation by two or more special appraisers.
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 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

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 prior to the date of occurrence the valuation report issued by the special appraiser(s) in advance and act in accordance with the following except in cases where the trading counterpart is a government 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:

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.
2. Where the transaction value amounts to TWD1 billion or more, the Company shall seek the valuation by two or more special appraisers.
3. If the result of valuation by the special appraiser(s) runs into either of the following, except in cases where the all of the special appraisers' valuated prices for a proposed acquisition are higher than the transaction value or all of those for a proposed disposal of assets are lower than the transaction value, the Company shall refer the matter to the CPA for handling in accordance with the Auditing Standards No. 20 issued by

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.

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.
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>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>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>Article 7 <u>Acquisition of Real Property from Interested Parties</u></p> <p>1. Valuation and basis</p> <p><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 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</p>	<p>Article 7 <u>Transactions with Interested Parties</u></p> <p>1. Valuation and basis</p> <p><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 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</u></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 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</p>

<p>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 transaction and the acceptability of the relevant operation of the capital fund.</p> <p><u>(f)</u> Limitations (if any) and other important arrangement regarding the proposed transaction.</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</p>	<p><u>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 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 the <u>acquisition of real property from the interested party</u> in conclusion of the valuation sought for under paragraphs 3 and 4 of this Article.</p>	<p>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 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.</p> <p>5. For the purpose of strengthened regulation of</p>
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<p>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>(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 transaction and the acceptability of the relevant operation of the capital fund.</p> <p><u>(f) The special appraiser's report or CPA's expressed opinion obtained in accordance with the preceding paragraph.</u></p> <p>(g) Limitations (if any) and other important arrangement regarding the proposed transaction.</p> <p><u>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.</u></p> <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</p>	<p>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</p> <p>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 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</p>
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	<p>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>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>
<p>Article 9 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</p>	<p>Article 9 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</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>

<p>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>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>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>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>Article 10 Public disclosure and reporting</p> <p>1. Where the acquisition or</p>	<p>Article 10 Public disclosure and reporting</p> <p>1. Where the acquisition or</p>	<p>1. The revision proposed is to expressly define the start date of the time limit</p>

<p>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 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</p>	<p>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 an interested party, or acquiring from or disposing to an interested party of any property other than real property where the transaction value amounts to 20% or more of the total paid-in capital, 10% or more of the total assets of the Company or TWD300 million or more except for the sale and purchase of government bond 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 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</p>	<p>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 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</p>
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<p>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 (10th) 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>condition.</p> <p>(4) the acquisition or disposal of machinery equipment for business use where the trading counterpart is not an interested party and the transaction value of which is less than TWD500 million.</p> <p>(5) the acquisition of real property the transaction value of which acquisition payable by the Company amounts to less than TWD500 million and which acquisition will be conducted through the commissioning of construction work to be performed on the land owned or leased by the Company, or a joint construction project with the Company to share and own certain units or percentage title ownership of the building, or a joint commissioned construction project with the building to be sold in different lots.</p> <p>2. (Unchanged.)</p> <p>3. The Company shall publicly disclose by posting on the FSC-designated website by the tenth (10th) 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>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>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>Article 11 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 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>Article 11 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 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>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>
(New provision.)	<u>Article 13-1 Foreign Company Stocks</u>	1. This provision proposed is brand new.

	<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>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 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>
<p>Article 14 Adoption and Amendment These Rules were adopted by the shareholders meeting of 25 September 2009.</p>	<p>Article 14 Adoption and Amendment 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><u>Article 13:</u> <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 of the Company, which shall replace and assume the functions, powers and duties of the Supervisors.</p>
<p>Article 13 Implementation and revision [Omitted et seq.]</p>	<p>Article 14 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><u>Article 13:</u> <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 of the Company, which shall replace and assume the functions, powers and duties of the Supervisors.</p>
<p><u>Article 13</u> Implementation and revision [Omitted et seq.]</p>	<p><u>Article 14</u> 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>Article 7 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>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 <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>1`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 exercises 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</p>	<p>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 exercises 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</p>	<p>This revision is proposed under Article 177-2 of the Company Act.</p>

<p>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>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>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 <u>who holds less than 1,000 shares of the registered shares of the Company by public notice through the Market Observation Post System.</u> The meeting minutes shall accurately</p>	<p>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 by public notice. The meeting minutes shall accurately indicate the year, month, date, the venue, name of the chairperson, method of adopting resolutions, the gist</p>	<p>This revision is proposed in line with the amendment to Article 183 of the Company Act.</p>

<p>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>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><u>Article 23</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>	<ol style="list-style-type: none"> 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><u>Article 23</u> These Rules and all subsequent revision hereof shall come into force upon the relevant revolution adopted by the shareholders meeting.</p>	<p><u>Article 24</u> These Rules and all subsequent revision hereof shall come into force upon the relevant revolution adopted by the shareholders meeting.</p>	<p>Revision of wording is proposed to reflect the revision being proposed as a whole.</p>

Appendix 14

Proposed Revision of The Rules Governing Election of Directors and Supervisors

Current Provision	Revision Proposed	Remark
	<p><u>Article 2-1</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. 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

Name of Nominee	Academic Attainments	Past Career	Current Position	Amount of Shares Held (Unit: Share) [Note]
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, University of Kentucky 2. BSA,	I. Academic Institutions 1. Adjunct Professor, College of Medical Technology, National Yang-Ming University 2. Professor, Institute of Microbiology & Immunology, National Yang-Ming University	1. Adjunct Professor, Department of Life Sciences, National Yang-Ming University 2. Advisor, Medical and Pharmaceutical Industry Technology and Development Center 3. Honorary Director,	81,509

	<p>Department of Plant Pathology and Microbiology, National Taiwan University</p>	<p>II. R&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 & Chief Advisor, Mithra Bioindustry Co., Ltd. 4. Director, CPC Corp. 5. Director, Genovate Biotechnology Co., Ltd. 6. Chairman, Taiwan Bio Industry Organization 7. Secretary General, Taiwan Bio Industry</p>	<p>Taiwan Bio Industry Organization</p> <p>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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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.