

# **ScinoPharm Taiwan, Ltd.**

## **Rules Governing Election of Directors and Supervisors**

Most Recent Amendment adopted by the 23 June 2015 Shareholders Meeting

### **Article 1**

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

### **Article 2**

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

### **Article 2-1**

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

### **Article 3**

The directors of the Company shall be elected in consideration of the functions and duties of the Board of Directors as a whole. The Board of Directors shall be formed by members of diversified backgrounds to enable the making of appropriate directives and policies to meet the needs of managing its operation and the type of business operation and development of the Company, for which purpose, the qualification of the candidate in, among others, the following two major aspects shall be considered:

1. Basic qualification and values: gender, age, nationality and cultural background; and
2. Special knowledge and skill: special background (such as legal, accounting, fields of industry, financial, marketing or technology), special skill and practical industrial experience.

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

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

The majority of the directors must not be the spouse or a relative within the second degree of kinship to another among themselves.

#### **Article 4**

The supervisor of the Company must

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

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

The impartiality of the supervisor must be verified in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies with a view to strengthening the risk management and financial, operational control.

There must be one or more members among the supervisors themselves or among the supervisors and the directors themselves who is not the spouse or a relative within the second degree of kinship to another supervisor or director.

No supervisor of the Company shall serve a concurrent office of the director, managerial officer or any other position of employment; and, in consideration of efficient supervisory control, there must be at least one from among the supervisors who has his/her domicile within the country.

#### **Article 5**

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

The election of the independent director of the Company shall be in accordance with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Establishment of Independent Directors by Public Companies and Article 24 of the Corporate Governance Best Practice Principles for Publicly Listed and Traded-Over-The-Counter Companies.

#### **Article 6**

The directors and supervisors of the Company shall be elected based on nomination in accordance with Article 192-1 of the Company Act. For the purpose of investigating the qualification, academic and practical background of the candidates to be appointed the directors, supervisors of the Company and whether or not the provision of Article 30 of the Company Act shall invoke to operate, no additional written evidence of qualification shall be produced without authorization. The result of the investigation must be presented to the shareholders for consideration for them to elect appropriate directors, supervisors for the Company.

Should for whatever reason the number of directors falls below 5, the Company shall have new directors elected by the upcoming shareholders meeting. Notwithstanding, where the vacant offices of the directors account for 1/3 or the number specified in the Articles of Incorporation of the Company, the Company shall, within 60 days from the date of the occurrence, convene an extraordinary shareholders meeting to elect new directors to fill in the vacancies.

Where the number of independent directors falls short of the number provided in the provision of paragraph one, Article 14-2 of the Securities and Exchange Act and the relevant provision of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, new independent directors shall be elected by the upcoming shareholders meeting to fill the vacancies. Where all of the independent directors have been removed or discharged, an extraordinary shareholders meeting must be convened within 60 days of the occurrence to elect new independent directors.

Where for whatever reason the number of supervisors falls short of the number provided in the Articles of Incorporation of the Company, new supervisors shall advisably be elected by the upcoming shareholders meeting to fill the vacancies. Notwithstanding, where all of the supervisors have been removed or discharged, an extraordinary shareholders meeting must be convened within 60 days of the occurrence to elect new supervisors to fill in the vacancies.

#### **Article 7**

The nominated cumulative voting system shall be adopted for the election of the directors and the supervisors of the Company:

The shareholder will have the same amount of votes entitled on each share held as the number of the directors, supervisors to be elected, which votes may be cumulated and cast for a single candidate or distributed among a plurality of candidates.

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

The election of the independent director and the non-independent directors shall be held jointly with the number of the elect to be counted separately in accordance with the Articles of Incorporation of the Company and these Rules.

#### **Article 8**

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

#### **Article 9**

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

#### **Article 10**

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

voting commences.

#### **Article 11**

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

#### **Article 12**

The vote cast shall be void if

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

#### **Article 13**

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

The ballots provided in the preceding paragraph shall be sealed and signed by the ballot examiner and safely kept for at least one year and up through the conclusion of the action (if any) initiate by the shareholder of the Company under Article 189 of the Company Act.

#### **Article 14**

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

#### **Article 15**

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