

Stock Code: 1720

Standard Chem. & Pharm. Co., Ltd.

Handbook for the 2015 Annual Meeting of Shareholders

MEETING TIME: June 16, 2015

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THIS IS A TRANSLATION OF THE AGENDA FOR THE 2015 ANNUAL SHAREHOLDERS' MEETING ("THE AGENDA") OF STANDARD CHEM. & PHARM. CO., LTD ("THE COMPANY"). THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOT FOR OTHER PURPOSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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I. Procedure

Standard Chem. & Pharm. Co., Ltd.

Procedure for the 2015 Annual Meeting of Shareholders

1. Commencement
2. Chairman Takes Seat
3. Introduction
4. Chairman address
5. Reports Items
6. Ratification Items
7. Discussion and Election Items
8. Other Motions
9. Adjournments

II. Agenda

Agenda of Annual Meeting of Shareholders

Time: Tuesday, June 16, 2015, 9:00 a.m.

Location: Standard Chem. & Pharm. Co., Ltd.'s Conference Hall, No. 154, Kaiyuan Rd.,
Tuku Village, Sinying District, Tainan City.

1. Announcement of meeting in session (following the announcement of shares represented at the meeting)
2. Chairman's address
3. Status Report
 - (1) 2014 Business Summary
 - (2) Supervisors' review report on 2014 financial results
 - (3) Status of Endorsements/guarantees provided by Standard Chem. & Pharm. Co., Ltd. (SCP)
 - (4) Adaption of Ethical Corporate Management Best Practice Principles
 - (5) Adaption of Codes of Ethical Conduct
 - (6) Investments in Mainland China
 - (7) Others
4. Ratification Items
 - (1) Business Report and Financial Statements for 2014
 - (2) Proposed distribution plan for year 2014 earnings
5. Discussion and Election Items
 - (1) Proposed distribution plan using additional paid-in capital
 - (2) Proposed revision for the Rules Governing the Procedures for handling Acquisition and Disposal of Assets
 - (3) Election of Board of Directors and Supervisors
 - (4) To release newly elected Board of Directors from non-competition restrictions
6. Other Motions
7. Adjournments

III. Reports Items

(1) 2014 Business Summary

The result of overall operation for Standard Chem. & Pharm. Co., Ltd. and its subsidiaries' (the Group) were summarized as follow:

a. Net Sales

Due to the effort of the Group, Net Sales for 2014 increased 7.9% in comparison with 2013.

b. Gross Profit

Due to cost control, product pricing and portfolio adjustment, Gross Profit for 2014 rose by 11.6% in comparison with 2013.

c. Non-operating Income/Expenses

As a result of fluctuation in the exchange rate of the U.S. dollar, Non-operating Income for 2014 increased NT\$ 11,219 thousand. However Share of Profits of Associates and Joint Ventures dropped by NT\$ 29,133 thousand. This resulted in the overall contribution of Non-Operating Income in 2014 dropping to 21.7% when compared to 2013.

In summation of the above, Net Profit for 2014 was NT\$383,730 thousand; representing a 25.8% increase over Net Income of 2013.

- (2) Supervisors' review report on 2014 financial results

Supervisor's Review Report

To Shareholders:

The Board of Directors has prepared Standard Chem. & Pharm. Co., Ltd. (SCP)'s 2014 Business report, parent and consolidated Financial Statements. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit SCP's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report and Financial Statements have been reviewed and determined to be correct and accurate by the Supervisor of SCP. According to Article 219 of the Company Act, I hereby submit this report.

Supervisor: Yuan-Fong Kao

March 25, 2015

Supervisor's Review Report

To Shareholders:

The Board of Directors has prepared Standard Chem. & Pharm. Co., Ltd. (SCP)'s 2014 Business report, parent and consolidated Financial Statements. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit SCP's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report and Financial Statements have been reviewed and determined to be correct and accurate by the Supervisor of SCP. According to Article 219 of the Company Act, I hereby submit this report.

Supervisor: Tsuey-Wen, Yeh

March 25, 2015

Supervisor's Review Report

To Shareholders:

The Board of Directors has proposed for allocation of profits. The profit allocation proposal has been reviewed and determined to be correct and accurate by the Supervisor of Standard Chem. & Pharm. Co., Ltd. According to Article 219 of the Company Act, I hereby submit this report.

Supervisor: Yuan-Fong Kao

May 5, 2015

Supervisor's Review Report

To Shareholders:

The Board of Directors has proposed for allocation of profits. The profit allocation proposal has been reviewed and determined to be correct and accurate by the Supervisor of Standard Chem. & Pharm. Co., Ltd. According to Article 219 of the Company Act, I hereby submit this report.

Supervisor: Tsuey-Wen, Yeh

May 5, 2015

- (3) Status of Endorsements/guarantees provided by SCP
- i. Based on the resolution made by the Board of Directors, the endorsements and guarantees provided by SCP to its subsidiary, Syngen Biotech Co., Ltd., have totaled NT\$200,000,000. By the end of December 2014, none of the amount was actually used.
 - ii. Based on the resolution made by the Board of Directors, the endorsements and guarantees provided by SCP to its subsidiary, Standard Pharmaceutical Co., Ltd., have totaled US\$3,000,000. By the end of December 2014, none of the amount was actually used.
- (4) Adaption of Ethical Corporate Management Best Practice Principles
- The “Ethical Corporate Management Best Practice Principle” was adapted by the Board of Directors on November 7, 2014 to foster SCP culture of ethical management and to establish an operational environment for sustainable development.
- (5) Adaption of Code of Ethical Conduct
- The “Codes of Ethical Conducts” was adapted by the Board of Directors on March 25, 2015 for the purpose of encouraging the personnel of SCP and its interest parties to act in line with ethical standards.
- (6) Investments in Mainland China
- i. SCP invested through Standard Pharmaceutical Co., Ltd. to Jiangsu Standard Biopharm Co., Ltd., a 100% owned subsidiary, located in Taizhou City of Jiangsu province in Mainland China. The total amount to be invested is US\$9,000,000; the registered paid-in capital at the end of 2014 was US\$7,000,000.
 - ii. SCP joint ventured through Jiangsu Standard Biopharm Co., Ltd. with a Japanese company to Jiangsu Standard-Dia Biopharm Co., Ltd., a 55% owned subsidiary. The registered paid-in capital at the end of 2014 was US\$6,780,000.
- (7) Others

IV. Ratification Items

Proposal 1:

Adoption of Business Report and Financial Statements for 2014 (Proposed by the Board of Directors)

Explanation:

The business report(Attachment 1 on page 15-17), parent and consolidated financial statements for year 2014 of SCP(Attachment 2 on page 18-34) were adopted by the Board of Directors and were inspected by Supervisors. It is proposed that resolution be adopted to ratify above mentioned report and statements.

Resolution:

Proposal 2:

Proposed distribution plan for year 2014 earnings (Proposed by the Board of Directors)

Explanation:

- a. SCP's distribution plan for year 2014 earnings is proposed as follow.
- b. The distribution of cash dividend shall be based on the stock register record as shown on the distribution record date. It is proposed to pay a cash dividend of NT\$0.50 for each share held. The calculation is rounded down to the nearest NT\$1.00, the remaining fraction will be adjusted by Chairman of the Board, who is fully authorized by Board of Directors.
- c. Subject to approval of the proposed distribution plan by the Shareholders' Meeting, it is proposed that Board of Directors be authorized to determine the dividend distribution date.
- d. In the event that the cash dividend and distribution rate is affected by change of the number of actual shares outstanding on the record date for distribution, events including but not limited to SCP repurchases its common shares, release/cancel reserve stocks, and conduct the exercise of conversion right on non-reserved convertible corporate bonds, it is proposed that the Board of Directors be authorized to determine necessary actions.

Standard Chem. & Pharm. Co., Ltd.
Earning Distribution Plan of 2014 Earnings

Unit: NTD

Item	Amount
After-tax net profit	374,235,282
Less: Legal reserve	(37,423,529)
Adjusted actuarial loss	(7,593,666)
Distributable profit from year 2014	329,218,087
Undistributed earnings from previous period	70,501,978
Accumulated undistributed earnings	399,720,065
Less: Dividend to shareholders (Cash dividend NT\$0.50 per share)	89,348,045
Undistributed earnings as of the end of the period	310,372,020

Notes:

1. Employees Bonus payable (1%) for year 2014 calculated based on the total distributable earnings of the year is NT\$3,292,181. The difference of NT\$61,303 from the estimated amount payable recorded on book of 2014 (NT\$3,230,878) will be accounted as income (loss) in year 2015.
2. Remunerations payable to directors and supervisors (3%) for year 2014 calculated based on the total distributable earnings of the year is NT\$9,876,543. The difference of NT\$183,908 from the estimated amount payable recorded on book of 2014 (NT\$9,692,635) will be accounted as income (loss) in year 2015.
3. Earning distribution for this year shall be based on the distributable profit from year 2014.
4. Actual cash dividend amount per share shall be calculated based on the stock register record shown on the distribution record date.

Resolution:

V. Discussion and Election Items

Proposal 1:

Distribution Plan using additional paid-in Capital (Proposed by the Board of Directors)

Explanation:

- a. Pursuant to Article 241 of the Company Act, it is proposed to distribute additional paid-in capital in excess of stock par value of NT\$89,348,045 to shareholders (approximately NT\$0.50 per share). The actual distribution rate of additional paid-in capital shall be calculated based on the stock register record as shown on the distribution record date. The calculation is rounded down to the nearest NT\$1.00, the remaining fraction will be adjusted by Chairman of the Board, who is fully authorized by Board of Directors.
- b. In the event that the distribution rate is affected by change of the number of actual shares outstanding on the record date for distribution, events including but not limited to SCP repurchases its common shares, release/cancel reserve stocks, the exercise of conversion right on non-reserved convertible corporate bonds, enact/amendment of laws and regulations, it is proposed that Board of Directors be authorized to determine necessary actions.
- c. Subject to approval of the proposed distribution plan by the shareholders' meeting, it is proposed that Board of Directors be authorized to determine the distribution date.

Resolution:

Proposal 2:

Proposed revisions for the Rules Governing the Procedures for handling Acquisition and Disposal of Assets (Proposed by the Board of Directors)

Explanation:

Due to the amendment of SCP's Fixed Assets Cycle of Internal Control System, the Rules Governing the Procedures for handling Acquisition and Disposal of Assets is proposed to be revised as follow:

Standard Chem. & Pharm. Co., Ltd.

Comparison Table for the "Rules Governing the Procedures for handling Acquisition and Disposal of Assets" Before and After Revision

Revision Proposed	Current Provision	Remark
Article 7: Procedure for acquisition and disposal of real estate property and equipment 1. Appraisal and operation procedure The Company should follow the <u>Real Estate and Equipment</u> Cycle of Internal Control System when acquiring or disposing real estate or equipment. (Omitted)	Article 7: Procedure for acquisition and disposal of real estate property and equipment 1. Appraisal and operation procedure The Company should follow the <u>Fixed Assets</u> Cycle of Internal Control System when acquiring or disposing real estate or equipment. (Omitted)	The revision is in accordance with the amendment of Fixed Asset Cycle glossary.
Article 10: Procedure for acquisition and disposal of memberships or intangible assets 1. Appraisal and operation procedure The Company should follow the <u>Real Estate and Equipment</u> Cycle of Internal Control System when acquiring or disposing memberships or intangible assets. (Omitted)	Article 10: Procedure for acquisition and disposal of memberships or intangible assets 1. Appraisal and operation procedure The Company should follow the <u>Fixed Assets</u> Cycle of Internal Control System when acquiring or disposing memberships or intangible assets. (Omitted)	The revision is in accordance with the amendment of Fixed Asset Cycle glossary.
Article 19: These Rules were established and adopted on May 28, 2003 1 st amendment: June 13, 2007 2 nd amendment: June 6, 2012 3 rd amendment: June 18, 2013 4 th amendment: June 17, 2014 <u>5th amendment: June 16, 2015</u>	Article 19: These Rules were established and adopted on May 28, 2003 1 st amendment: June 13, 2007 2 nd amendment: June 6, 2012 3 rd amendment: June 18, 2013 4 th amendment: June 17, 2014	Record of revision date

Resolution:

Proposal 3:

Election of members of Board of Directors and Supervisors pursuant to Article 16 of SCP's Article of Incorporation (Proposed by the Board of Directors)

Explanation:

- a. The election of new Directors and Supervisors is proposed to this Annual Shareholders' Meeting, since SCP's current Directors and Supervisors' tenure were expired on June 5, 2015.
- b. Pursuant to SCP's Article of Incorporation, five Directors (including two independent directors) and two Supervisors shall be elected. The tenure of newly elected Directors and Supervisors will be three years, commencing from June 16, 2015 to June 15, 2018.
- c. The Directors and Supervisors will be elected by adopting candidates' nomination system pursuant to SCP's Article of Incorporation. The nominated candidates education and professional qualifications, experience and relevant information are attached hereto as Attachment 3 on page 35.

Resolution:**Proposal 4:**

Release of newly elected board members from non-competition restrictions (Proposed by the Board of Directors)

Explanation:

- a. The proposal is in pursuant to the Article 209, paragraph 1 of the Company Act.
- b. The newly elected Directors might operate other businesses with similar business scope with SCP and act as SCP's Directors simultaneously. Without impeding SCP's interest and benefit, it is proposed to release newly elected Directors and those who were appointed by corporation to act as directors from non-competition restrictions.
- c. The newly elected Directors' other business activities were listed as follow:

Title	name	Other business and Title
Director	Chin-Tsai, Fan	<ul style="list-style-type: none"> • AdvPharma, Inc., Chairman • SYN-TECH Cham. & Pharm. Co., Ltd., Chairman • Syngen Biotech Co., Ltd., Director • CNH TECHNOLOGIES, INC., Director
Director	Yuan-Teh, Lee	<ul style="list-style-type: none"> • Microlife Corporation, Independent Director • TSH Biopharma Corporation Ltd., Independent Director
Independent Director	Chin-Lin, Chou	<ul style="list-style-type: none"> • Chupei Xinren Hospital, Pharmacist

Resolution:

VI. Other Motion

VII. Adjournments

Attachments

Attachment 1:

Standard Chem. & Pharm. Co., Ltd. 2014 Business Report

1. Company Operation Guidelines

Standard Chem. and Pharm. Co., Ltd. (SCP) has focused its operations on the development and manufacturing of pharmaceuticals. Through vertical integration of its corporate group and development of niche and brand differentiated specialty products, SCP seeks to build a global marketing network. To establish itself as a world-class pharmaceutical manufacturer, SCP strives to expand its presence in the United States, Japan, Europe, and other markets. SCP's principal objectives for the year 2014 were:

- a. Continue to expand R&D investments
- b. Develop core technologies
- c. Actively expand international operations
- d. Strengthen internal management

2. Implementation Overview

Throughout 2014, Standard continued to invest in drug development, as reflected in its R&D budget for the year amounting to over NT\$183 million. International expansion was spearheaded by ANDA applications to the US-FDA, bringing our generic formulations to the next stage of the international pharmaceutical market. Strengthening of internal management and operations was evident in proposal improvement, cost reductions, and process improvements of various ongoing projects.

3. Results of Business Plan Implementation

SCP's Net Sales for 2014 were NT\$2.2 billion, a 0.7% increase over 2013. Sales from pharmaceuticals for human-use (NT\$1.9 billion) represented the largest contribution to overall Net Sales at 84.8%. Sales of health food (NT\$167 million) contributed 7.5% overall. Sales from Active Pharmaceutical Ingredients (NT\$115 million) contributed 5.1% overall. Other products, including veterinarian pharmaceuticals, had sales of NT\$58 million contributing 2.6% overall.

Due to cost control, product pricing, and portfolio adjustments, Gross Profit for 2014 rose by 6.9% in comparison with 2013. Gross Profit, as a result of expense control, was 28.6% higher for 2014 when compared with that of 2013.

As a result of fluctuation in the exchange rate of the U.S. dollar, other income

for 2014 was NT\$12 million. However Shares of Profits of Associates and Joint Ventures dropped by NT\$6 million. This resulted in the overall contribution of other income in 2014 increasing by only 2.1% when compared to 2013.

In summation of the above, Net Income for 2014 was NT\$374 million; representing a 25.4% increase over Net Income of 2013.

4. Operation Summary

Unit: NTD thousand

Items	Amount
Net Sales	2,238,079
Gross Profit	1,007,214
Income from Operations	309,109
Non-operating Income/Expenses	109,633
Income Before Income Tax	418,742
Net Income	374,235
Basic Earnings per shares (NTD)	2.09

5. Budget Implementation

Unit: NTD thousand

Items	2014 Budget	2014 Actual	Achievement%
Net sales	2,282,730	2,238,079	98.0
Costs	1,296,591	1,230,865	94.9
Gross Profit	986,139	1,007,214	102.1
Operating exp.	728,567	698,105	95.8
Income from Operations	257,572	309,109	120.0
Pre-tax income	302,806	418,742	138.3

6. Profitability Analysis

Items	Ratio(%)
Return on Total Assets	8.21
Return on Shareholders' Equity	11.35
Operating income/paid-in capital ratio	17.30
Gain before tax/paid-in capital ratio	23.43
Net Margin	16.72
Basic Earnings per share (NTD)	2.09

7. Research and Development

SCP's R&D expenses for 2014 were NT\$183 million. In 2014, SCP filed 10 pharmaceutical dossiers with the Taiwanese Food and Drug Administration, and received marketing approval for 14 previously submitted pharmaceutical formulations; as well submitted one application for Active Pharmaceutical Ingredient. Internationally, SCP filed one formulation in the United States via ANDA, submitted 2 items for review in Mainland China, and submitted 20 items for review in markets throughout South East Asia. Furthermore in 2014, SCP launched 3 new products; initiated BA/BE studies on 6 products, and received passing results for 7 BA/BE studies. SCP continues its commitment to investment in R&D for new product development.

Attachment 2:

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Standard Chem. & Pharm. Co., Ltd.

We have audited the accompanying non-consolidated balance sheets of Standard Chem. & Pharm. Co., Ltd. as of December 31, 2014 and 2013, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We did not audit the financial statements of accounted for using the equity method. Investments in these companies amounted to \$214,795 thousand and \$177,589 thousand as of December 31, 2014 and 2013, respectively, and the related share of profit (loss) of associates and joint ventures accounted for using the equity method amounted to (\$4,463) thousand and \$5,510 thousand for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 relative to these investments, is based solely on the audit reports of the other auditors.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Standard Chem. & Pharm. Co., Ltd. as of December 31, 2014 and 2013, and its financial performance and cash flows for the years then ended in conformity with the “Rules Governing the Preparations of Financial Statements by Securities Issuers”.

PricewaterhouseCoopers, Taiwan

Republic of China

March 25, 2015

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

STANDARD CHEM. & PHARM. CO., LTD
NON-CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2014 AMOUNT	December 31, 2013 AMOUNT
Current assets			
Cash and cash equivalents	6(1)	\$ 200,142	\$ 289,658
Financial assets at fair value through profit or loss - current	6(2)	-	389
Available-for-sale financial assets - current	5(1) and 6(3)	15,056	-
Notes receivable, net	6(4)(27) and 7	184,304	213,756
Accounts receivable, net	6(5)(27) and 7	403,449	390,321
Other receivables		1,113	3,683
Other receivables - related parties	7	95,609	91,138
Inventory	5(2) and 6(6)	460,926	385,179
Prepayments		49,522	106,187
Total current Assets		<u>1,410,121</u>	<u>1,480,311</u>
Non-current assets			
Available-for-sale financial assets - non-current	5(1)(2), 6(3) and 7	291,732	210,725
Financial assets carried at cost - non-current	5(1)(2) and 6(8)	17,085	17,085
Investments accounted for using the equity method	5(1), 6(7)(9), 7 and 8	1,444,971	1,312,249
Property, plant and equipment	6(10)(11)(27) and 8	1,247,409	1,344,888
Investment property, net	5(1), 6(10)(11)(27)	46,997	47,110
Intangible assets	6(12)	25,170	25,809
Deferred income tax assets	5(2) and 6(25)	87,914	81,414
Prepayments for equipment	6(10)(27)	32,144	16,809
Guarantee deposits paid		8,005	11,561
Other non-current assets		6,748	5,362
Total non-current assets		<u>3,208,175</u>	<u>3,073,012</u>
Total assets		<u>\$ 4,618,296</u>	<u>\$ 4,553,323</u>

(Continued)

STANDARD CHEM. & PHARM. CO., LTD
NON-CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2014 AMOUNT	December 31, 2013 AMOUNT
Current liabilities			
Short-term borrowings	6(13) and 8	\$ 50,000	\$ 110,000
Short-term notes and bills payable	6(14)	100,000	60,000
Notes payable	6(27)	171,476	164,311
Notes payable - related parties	7	36,480	16,760
Accounts payable	7	56,354	48,104
Other payables	6(27)	176,082	195,734
Current income tax liabilities	6(25)	35,086	25,714
Advance receipts		57,010	33,483
Total current Liabilities		<u>682,488</u>	<u>654,106</u>
Non-current liabilities			
Long-term borrowings	6(15)	100,000	100,000
Deferred income tax liabilities	6(25)	63,979	62,582
Accrued pension liabilities	5(2) and 6(16)	466,244	445,153
Guarantee deposits received		1,057	240
Total non-current liabilities		<u>631,280</u>	<u>607,975</u>
Total Liabilities		<u>1,313,768</u>	<u>1,262,081</u>
Equity			
Share capital			
Common stock	6(17)(27)	1,786,961	1,786,961
Capital surplus	6(9)(17)(18)(27)	423,902	411,397
Retained earnings	6(19)(25)		
Legal reserve		442,366	412,527
Unappropriated retained earnings		437,144	547,081
Other equity interest	6(3)(9)(16)(25)	<u>214,155</u>	<u>133,276</u>
Significant Contingent Liabilities and	7 and 9		
Unrecognized Contract			
Total equity		<u>3,304,528</u>	<u>3,291,242</u>
Total liabilities and equity		<u>\$ 4,618,296</u>	<u>\$ 4,553,323</u>

STANDARD CHEM. & PHARM. CO., LTD
NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31	
		2014	2013
		AMOUNT	AMOUNT
Sales revenue	7	\$ 2,238,079	\$ 2,222,927
Operating costs	6(6)(12)(16)(23)(24), 7 and 9	(1,230,865)	(1,280,585)
Net operating margin		1,007,214	942,342
Operating expenses	6(12)(16)(23)(24), 7 and 9		
Selling expenses		(334,983)	(358,434)
General & administrative expenses		(179,926)	(175,935)
Research and development expenses		(183,196)	(167,533)
Total operating expenses		(698,105)	(701,902)
Operating profit		309,109	240,440
Non-operating income and expenses			
Other income	6(11)(20) and 7	50,458	67,679
Other gains and losses	6(2)(8)(21) and 7	20,908	(477)
Finance costs	6(10)(22)(27)	(2,807)	(7,242)
Share of profit of associates and joint ventures accounted for using the equity method, net	6(9)	41,074	47,426
Total non-operating revenue and expenses		109,633	107,386
Profit before income tax		418,742	347,826
Income tax expense	6(25)	(44,507)	(49,440)
Profit for the year		\$ 374,235	\$ 298,386
Other comprehensive income			
Financial statements translation differences of foreign operations	6(9)	\$ 10,655	\$ 12,587
Unrealized gain on valuation of available-for-sale financial assets	6(3)(9)	70,224	44,966
Actuarial (loss) gain on defined benefit plan	6(9)(16)	(8,953)	46,714
Income (loss) tax relating to the components of other comprehensive income	6(25)	1,360	(8,205)
Total other comprehensive income for the year		\$ 73,286	\$ 96,062
Total comprehensive income for the year		\$ 447,521	\$ 394,448
Basic earnings per share (in dollars)			
Net income	6(26)	\$ 2.09	\$ 1.73
Diluted earnings per share (in dollars)			
Net income	6(26)	\$ 2.09	\$ 1.71

STANDARD CHEM. & PHARM. CO., LTD
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Share Capital	Capital Surplus				Retained Earnings		Other equity interest		
			Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Change in net equity of associates and joint ventures accounted for using the equity method	Stock warrants	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity
Notes	Common stock	Additional paid-in capital								
	\$ 1,684,229	\$ 226,365	\$ -	\$ -	\$ 41,836	\$ 385,385	\$ 441,077	(\$ 7,595)	\$ 83,318	\$ 2,854,615
	-	-	-	-	-	27,142	(27,142)	-	-	-
6(19)	-	-	-	-	-	-	(203,749)	-	-	(203,749)
6(17)(27)	102,732	185,032	-	-	(41,836)	-	-	-	-	245,928
	-	-	-	-	-	-	298,386	-	-	298,386
6(3)(9)(16)(25)	-	-	-	-	-	-	38,509	12,587	44,966	96,062
	<u>\$ 1,786,961</u>	<u>\$ 411,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,527</u>	<u>\$ 547,081</u>	<u>\$ 4,992</u>	<u>\$ 128,284</u>	<u>\$ 3,291,242</u>
	\$ 1,786,961	\$ 411,397	\$ -	\$ -	\$ -	\$ 412,527	\$ 547,081	\$ 4,992	\$ 128,284	\$ 3,291,242
6(9)	-	-	9,045	-	-	-	-	-	-	9,045
6(9)	-	-	-	3,460	-	-	-	-	-	3,460
	-	-	-	-	-	29,839	(29,839)	-	-	-
6(19)	-	-	-	-	-	-	(446,740)	-	-	(446,740)
	-	-	-	-	-	-	374,235	-	-	374,235
6(3)(9)(16)(25)	-	-	-	-	-	-	(7,593)	10,655	70,224	73,286
	<u>\$ 1,786,961</u>	<u>\$ 411,397</u>	<u>\$ 9,045</u>	<u>\$ 3,460</u>	<u>\$ -</u>	<u>\$ 442,366</u>	<u>\$ 437,144</u>	<u>\$ 15,647</u>	<u>\$ 198,508</u>	<u>\$ 3,304,528</u>

(Note) The employees' bonuses were \$2,442 and \$3,070, and the directors' and supervisors' remuneration were \$7,329 and \$9,212 in 2012 and 2013, respectively, which had been deducted from net income for the years.

STANDARD CHEM. & PHARM. CO., LTD
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 418,742	\$ 347,826
Adjustments to reconcile net income to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
(Gain) loss on financial assets at fair value through profit and loss		(1,042)	36
Provision for doubtful accounts	6(3)(4)	5,396	4,190
Reverse of allowance for inventory market price decline	6(6)	(5,525)	(17,821)
Gain on disposal of financial assets carried at cost - non-current	6(8)	(788)	-
Share of profit of associates and joint ventures accounted for using the equity method	6(9)	(41,074)	(47,426)
Cash dividends received from investments accounted for using the equity method	6(9)	13,411	40,234
Depreciation	6(10)(11)	107,288	106,972
Loss on disposal of property, plant and equipment	6(21) and 7	594	8,794
Property, plant and equipment transferred to expense	6(10)	1,423	-
Amortization	6(12)(23)	3,655	2,753
Gain on financial liabilities at fair value through profit and loss	6(2)(21)	-	(310)
Dividend income	6(20)	(7,145)	(6,378)
Interest income	6(20)	(3,161)	(2,535)
Interest expenses	6(22)	2,807	7,242
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets and liabilities at fair value through profit or loss		1,431	11,055
Notes receivable		29,632	86,011
Accounts receivable	(	18,704)	(14,568)
Other receivables	(	2,570)	(1,269)
Other receivables - related parties	(	1,049)	(944)
Inventories	(	70,222)	44,248
Prepayments	(	56,665)	(50,273)
Net changes in liabilities relating to operating activities			
Notes payable		16,618	(16,849)
Notes payable - related parties		19,720	(4,441)
Accounts payable		8,250	(16,631)
Other payables	(	16,323)	17,115
Advance receipts	(	23,527)	(7,564)
Accrued pension liabilities		13,091	11,873
Other non-current liabilities, others		-	(3,436)
Cash generated from operations		561,885	497,904
Dividend received		7,145	6,378
Interest received		3,161	2,535
Interest paid	(	2,807)	(2,150)
Income tax paid	(	38,878)	(49,614)
Net cash provided by operating activities		530,506	455,053

(Continued)

STANDARD CHEM. & PHARM. CO., LTD
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in available-for-sale financial assets		(\$ 32,226)	\$ -
Increase in other receivables - related parties		(5,520)	(2,136)
Increase in financial assets carried at cost		-	(1,485)
Proceeds from liquidation of financial assets carried at cost		788	-
Proceeds from capital reduction of financial assets carried at cost	6(27)	-	1,755
Acquisition of investments accounted for using the equity method	6(9) and 7	(97,946)	(183,021)
Proceeds from disposal of investments accounted for using the equity method	6(9) and 7	21,481	84,388
Cash paid for acquisition of property, plant and equipment	6(27)	(45,130)	(113,909)
Interest paid for acquisition of property, plant and equipment	6(10)(22)(27)	(269)	(614)
Proceeds from disposal of property, plant and equipment	7	50,325	-
Acquisition of intangible assets	6(12)	(3,016)	(15,183)
Increase in prepayment for equipment		(44,756)	(2,087)
Decrease (increase) in guarantee deposits paid		3,556	(5,336)
(Increase) decrease in other non-current assets		(1,386)	1,319
Net cash used in investing activities		(154,099)	(236,309)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(60,000)	(40,000)
Increase (decrease) in notes and bills payable		40,000	(10,000)
Increase in long-term borrowings		-	90,000
Increase (decrease) in guarantee deposit received		817	(517)
Payment of cash dividends	6(19)	(446,740)	(203,749)
Net cash used in financing activities		(465,923)	(164,266)
(Decrease) increase in cash and cash equivalents		(89,516)	54,478
Cash and cash equivalents at beginning of year	6(1)	289,658	235,180
Cash and cash equivalents at end of year	6(1)	<u>\$ 200,142</u>	<u>\$ 289,658</u>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Standard Chem. & Pharm. Co., Ltd.

We have audited the accompanying consolidated balance sheets of Standard Chem. & Pharm. Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of WE CAN Medicines Co., Ltd. and CNH Technologies Inc, accounted for using the equity method. Investments in these companies amounted to \$226,409 thousand and \$189,133 thousand as of December 31, 2014 and 2013, respectively, and their related share of profit (loss) of associates and joint ventures accounted for using the equity method amounted to (\$5,079) thousand and \$3,470 thousand for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 relative to these investments, is based solely on the audit reports of the other auditors.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Standard Chem. & Pharm. Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations,

and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited non-consolidated financial statements of Standard Chem. & Pharm. Co., Ltd. as of and for the years ended December 31, 2014 and 2013, and have expressed a modified unqualified opinion on those financial statements.

PricewaterhouseCoopers, Taiwan

Republic of China

March 25, 2015

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

STANDARD CHEM. & PHARM. CO., LTD
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2014 AMOUNT	December 31, 2013 AMOUNT
Current assets			
Cash and cash equivalents	6(1) and 8	\$ 543,233	\$ 767,941
Financial assets at fair value through profit or loss - current	6(2)	164,537	243,389
Available-for-sale financial assets - current	6(3)	15,056	-
Notes receivable, net	6(4)(30) and 7	293,075	297,373
Accounts receivable, net	6(5)(30) and 7	597,731	549,975
Other receivables	7	3,540	22,019
Inventory	5(2), 6(6)(10)(30)	749,687	555,470
Prepayments		84,457	187,952
Total current Assets		2,451,316	2,624,119
Non-current assets			
Available-for-sale financial assets - non-current	5(2), 6(3) and 7	335,031	212,082
Financial assets carried at cost - non-current	5(2) and 6(8)	34,147	34,147
Investments accounted for using the equity method	6(9) and 7	226,614	189,407
Property, plant and equipment	6(10)(11)(30) and 8	1,950,608	1,947,030
Intangible assets	6(12)(13)	145,910	147,802
Deferred income tax assets	5(2) and 6(28)	102,239	100,967
Prepayments for equipment	6(10)(30)	45,385	18,806
Guarantee deposits paid		11,157	12,591
Other non-current financial assets	8	3,349	-
Long-term prepaid rents	6(14)	61,115	60,303
Other non-current assets	6(18)	7,776	5,939
Total non-current assets		2,923,331	2,729,074
Total assets		\$ 5,374,647	\$ 5,353,193

(Continued)

STANDARD CHEM. & PHARM. CO., LTD
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2014 AMOUNT	December 31, 2013 AMOUNT
Current liabilities			
Short-term borrowings	6(15) and 8	\$ 60,968	\$ 215,255
Short-term notes and bills payable	6(16)	109,990	79,942
Notes payable	6(30) and 7	267,379	208,090
Accounts payable	7	101,449	136,483
Other payables	6(30)	334,709	321,646
Current income tax liabilities	6(28)	47,179	45,560
Advance receipts		103,647	82,596
Long-term liabilities, current portion	6(17) and 8	28,000	40,000
Total current Liabilities		<u>1,053,321</u>	<u>1,129,572</u>
Non-current liabilities			
Long-term borrowings	6(17) and 8	180,750	127,000
Deferred income tax liabilities	6(28)	63,825	62,476
Accrued pension liabilities	5(2) and 6(18)	468,564	451,448
Guarantee deposits received		2,435	240
Total non-current liabilities		<u>715,574</u>	<u>641,164</u>
Total Liabilities		<u>1,768,895</u>	<u>1,770,736</u>
Equity attributable to owners of parent			
Share capital			
Common stock	6(19)(30)	1,786,961	1,786,961
Capital surplus	6(19)(20)(30)	423,902	411,397
Retained earnings	6(21)(28)		
Legal reserve		442,366	412,527
Unappropriated retained earnings		437,144	547,081
Other equity interest	6(3)(9)(18)(28)	<u>214,155</u>	<u>133,276</u>
Equity attributable to owners of the parent		<u>3,304,528</u>	<u>3,291,242</u>
Non-controlling interest		<u>301,224</u>	<u>291,215</u>
Total equity		<u>3,605,752</u>	<u>3,582,457</u>
Significant Contingent Liabilities and Unrecognized Contract	9		
Subsequent events	11		
Total liabilities and equity		<u>\$ 5,374,647</u>	<u>\$ 5,353,193</u>

STANDARD CHEM. & PHARM. CO., LTD
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

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

Items	Notes	Year ended December 31	
		2014	2013
		AMOUNT	AMOUNT
Sales revenue	6(22) and 7	\$ 3,295,656	\$ 3,053,983
Operating costs	6(6)(12)(18)(26)(27), 7 and 9	(1,847,958)	(1,756,385)
Net operating margin		1,447,698	1,297,598
Operating expenses	6(12)(14)(18)(26) (27), 7 and 9		
Selling expenses		(539,385)	(510,667)
General & administrative expenses		(288,219)	(295,311)
Research and development expenses		(242,770)	(226,429)
Total operating expenses		(1,070,374)	(1,032,407)
Operating profit		377,324	265,191
Non-operating income and expenses			
Other income	6(23)	67,654	93,388
Other gains and losses	6(2)(8)(13)(24)	25,130	16,780
Finance costs	6(10)(25)(30)	(6,353)	(9,589)
Share of (loss) profit of associates and joint ventures accounted for using the equity method	6(9)	(5,161)	3,149
Total non-operating revenue and expenses		81,270	103,728
Profit before income tax		458,594	368,919
Income tax expense	6(28)	(74,864)	(63,570)
Profit for the year from continuing operations		383,730	305,349
Loss for the year from discontinued operations	6(7)	-	(206)
Profit for the year		\$ 383,730	\$ 305,143

(Continued)

STANDARD CHEM. & PHARM. CO., LTD
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

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

Items	Notes	Year ended December 31	
		2014	2013
		AMOUNT	AMOUNT
Other comprehensive income (loss)			
Financial statements translation	6(9)		
differences of foreign operations		\$ 10,655	\$ 12,587
Unrealized gain on valuation of	6(3)		
available-for-sale financial assets		71,159	44,966
Actuarial (loss) gain on defined	6(18)		
benefit plan		(5,850)	46,714
Income (loss) tax relating to the	6(28)		
components of other comprehensive			
income		1,274	(8,205)
Total other comprehensive income for			
the year		<u>\$ 77,238</u>	<u>\$ 96,062</u>
Total comprehensive income for the			
year		<u>\$ 460,968</u>	<u>\$ 401,205</u>
Profit attributable to:			
Owners of the parent		\$ 374,235	\$ 298,386
Non-controlling interest		9,495	6,757
		<u>\$ 383,730</u>	<u>\$ 305,143</u>
Comprehensive income attributable			
to:			
Owners of the parent		\$ 447,521	\$ 394,448
Non-controlling interest		13,447	6,757
		<u>\$ 460,968</u>	<u>\$ 401,205</u>
Basic earnings per share (in dollars)	6(29)		
Basic earnings per share from			
continuing operations		\$ 2.09	\$ 1.73
Basic loss per share from			
discontinued operations		-	-
		<u>\$ 2.09</u>	<u>\$ 1.73</u>
Diluted earnings per share (in	6(29)		
dollars)			
Diluted earnings per share from			
continuing operations		\$ 2.09	\$ 1.71
Diluted loss per share from			
discontinued operations		-	-
		<u>\$ 2.09</u>	<u>\$ 1.71</u>

STANDARD CHEM. & PHARM. CO., LTD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Equity attributable to owners of the parent												
	Share Capital		Capital Surplus				Retained Earnings		Other equity interest		Total	Non-controlling interest	Total equity
	Notes	Common stock	Additional paid-in capital	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Change in net equity of associates and joint ventures accounted for using the equity method	Stock warrants	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets			
<u>For the year ended December 31, 2013</u>													
Balance at January 1, 2013		\$ 1,684,229	\$ 226,365	\$ -	\$ -	\$ 41,836	\$ 385,385	\$ 441,077	(\$ 7,595)	\$ 83,318	\$ 2,854,615	\$ 300,043	\$ 3,154,658
Distribution of 2012 consolidated net income:													
Legal reserve		-	-	-	-	-	27,142	(27,142)	-	-	-	-	-
Cash dividends	6(21)	-	-	-	-	-	-	(203,749)	-	-	(203,749)	-	(203,749)
Common stock converted from corporate bonds	6(19)(30)	102,732	185,032	-	-	(41,836)	-	-	-	-	245,928	-	245,928
Consolidated net income for the year ended		-	-	-	-	-	-	298,386	-	-	298,386	6,757	305,143
Other comprehensive income for the year ended	6(3)(9)(18)(28)	-	-	-	-	-	-	38,509	12,587	44,966	96,062	-	96,062
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	(15,585)	(15,585)
Balance at December 31, 2013		<u>\$ 1,786,961</u>	<u>\$ 411,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,527</u>	<u>\$ 547,081</u>	<u>\$ 4,992</u>	<u>\$ 128,284</u>	<u>\$ 3,291,242</u>	<u>\$ 291,215</u>	<u>\$ 3,582,457</u>
<u>For the year ended December 31, 2014</u>													
Balance at January 1, 2014		\$ 1,786,961	\$ 411,397	\$ -	\$ -	\$ -	\$ 412,527	\$ 547,081	\$ 4,992	\$ 128,284	\$ 3,291,242	\$ 291,215	\$ 3,582,457
Difference between the price for acquisition or disposal of subsidiaries and carrying amount		-	-	9,045	-	-	-	-	-	-	9,045	-	9,045
Change in net equity of associates and joint ventures accounted for using the equity method	6(9)	-	-	-	3,460	-	-	-	-	-	3,460	-	3,460
Distribution of 2013 consolidated net income:													
Legal reserve		-	-	-	-	-	29,839	(29,839)	-	-	-	-	-
Cash dividends	6(21)	-	-	-	-	-	-	(446,740)	-	-	(446,740)	-	(446,740)
Consolidated net income for the year ended		-	-	-	-	-	-	374,235	-	-	374,235	9,495	383,730
Other comprehensive income for the year ended	6(3)(9)(18)(28)	-	-	-	-	-	-	(7,593)	10,655	70,224	73,286	3,952	77,238
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	(3,438)	(3,438)
Balance at December 31, 2014		<u>\$ 1,786,961</u>	<u>\$ 411,397</u>	<u>\$ 9,045</u>	<u>\$ 3,460</u>	<u>\$ -</u>	<u>\$ 442,366</u>	<u>\$ 437,144</u>	<u>\$ 15,647</u>	<u>\$ 198,508</u>	<u>\$ 3,304,528</u>	<u>\$ 301,224</u>	<u>\$ 3,605,752</u>

STANDARD CHEM. & PHARM. CO., LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year from continuing operations		\$ 458,594	\$ 368,919
Loss before tax for the year from discontinued operations	6(7)	-	(206)
Consolidated profit before tax for the year		458,594	368,713
Adjustments to reconcile net income to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
(Gain) loss on financial assets at fair value through profit and loss		(1,630)	144
Provision for doubtful accounts	6(4)(5)	10,178	5,074
Povision (reverse of allowance) for inventory market price decline	6(6)	9,553	(17,134)
Gain on disposal of available-for-sale financial assets - non-current		-	(137)
(Gain) loss on disposal of financial assets carried at cost - non-current	6(8)	(788)	182
Share of profit of associates and joint ventures accounted for using the equity method	6(9)	5,161	(3,149)
Depreciation	6(10)(26)	146,124	134,964
Loss on disposal of property, plant and equipment	6(24)	610	1,945
Property, plant and equipment transferred to expense	6(10)	1,423	-
Amortization	6(12)(26)	6,438	6,298
Impairment loss	6(12)(13)	2,630	-
Amortization of long-term prepaid rent	6(14)	1,281	1,258
Gain on financial liabilities at fair value through profit and loss		-	(310)
Dividend income	6(23)	(7,186)	(7,259)
Interest income	6(23)	(3,946)	(4,397)
Interest expenses	6(25)	6,353	9,589
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets and liabilities at fair value through profit or loss		80,482	(19,632)
Notes receivable		4,369	87,571
Accounts receivable		(58,005)	(27,780)
Other receivables		18,393	(13,407)
Inventories		(208,311)	(12,463)
Prepayments		103,495	(118,276)
Other non-current assets		(1,027)	-
Net changes in liabilities relating to operating activities			
Notes payable		68,742	(27,335)
Accounts payable		(35,034)	42,263
Other payables		9,443	71,496
Advance receipts		21,051	9,011
Accrued pension liabilities		12,540	4,423
Other non-current liabilities		-	(3,702)
Cash generated from operations		650,933	487,950
Dividend received		7,186	7,259
Interest received		4,032	4,241
Interest paid		(6,678)	(4,040)
Income tax paid		(73,168)	(59,954)
Net cash provided by operating activities		582,305	435,456

(Continued)

STANDARD CHEM. & PHARM. CO., LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of available-for-sale financial assets - non-current		(\$ 66,846)	\$ -
Proceeds from disposal of available-for-sale financial assets- non-current		-	2,015
Increase in financial assets carried at cost - non-current		-	(1,303)
Decrease in financial assets carried at cost - non-current		-	(182)
Proceeds from liquidation of financial assets carried at cost		788	-
Proceeds from capital reduction of financial assets carried at cost	6(30)	-	1,755
Acquisition of investments accounted for using the equity method	6(9) and 7	(40,359)	(173,518)
Cash paid for acquisition of property, plant and equipment	6(30)	(113,475)	(390,727)
Interest paid for acquisition of property, plant and equipment	6(10)(25)(30)	(269)	(614)
Proceeds from disposal of property, plant and equipment		1,073	7,976
Acquisition of intangible assets	6(12)	(6,429)	(38,325)
(Increase) decrease in prepayment for equipment		(57,624)	29
Decrease in guarantee deposits paid		1,434	6,745
Increase in other non-current financial assets		(3,349)	-
Increase in other non-current assets		(810)	(9,501)
Net cash used in investing activities		(285,866)	(595,650)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(154,287)	(37,190)
Increase (decrease) in notes and bills payable		30,000	(10,000)
Increase in long-term borrowings		81,750	127,000
Decrease in long-term borrowings		(40,000)	(10,000)
Increase (decrease) in guarantee deposit received		2,195	(2,144)
Payment of cash dividends	6(21)	(446,740)	(203,749)
Decrease in non-controlling interests		(3,438)	(15,585)
Net cash used in financing activities		(530,520)	(151,668)
Effect of foreign exchange rate changes on cash and cash equivalents		9,373	13,974
Net effect of change in the consolidated entities		-	102,735
Decrease in cash and cash equivalents		(224,708)	(195,153)
Cash and cash equivalents at beginning of year	6(1)	767,941	963,094
Cash and cash equivalents at end of year	6(1)	\$ 543,233	\$ 767,941

Attachment 3:**Director and Supervisor Candidate List**

1. Pursuant to Article 192, paragraph 1 and Article 216, paragraph 1, any shareholder holding 1% or more of the total outstanding number of share issued by SCP may submit to SCP in writing a roster of director, independent director, and supervisor candidates provided that the total number of candidate so nominated shall not exceed the quota of the director, independent director, and supervisors to be elected.
2. The acceptance period for candidate nomination for 2015's election is in between April 7, 2015 to April 17, 2015. The candidate list is then published on the Market Observation Post System in accordance with the regulation.
3. During the period, the Board of Directors nominated three Directors, two independent Directors, and 2 Supervisors, whose qualifications were examined and proposed to 2015 Shareholders' Meeting for election by May 5, 2015 meeting of the Board of Directors.

Name/Title	Education, Professional Qualifications, and Major Positions	Shareholding information as of April 18, 2015
Director Chin-Tsai, Fan	<ul style="list-style-type: none"> • Bachelor of Pharmacy, National Taiwan University • Chairman, Standard Chem. & Pharm. Co., Ltd. • General Manger, Standard Chem. & Pharm. Co., Ltd. 	20,936,813
Director Fan Dao Nan Foundation	<ul style="list-style-type: none"> • Director, Standard Chem. & Pharm. Co., Ltd. 	5,103,881
Director Yuan-The, Lee	<ul style="list-style-type: none"> • Bachelor of Medicine, National Taiwan University College of Medicine • Ph.D. in Medical Science, Tokyo Medical College • Research Fellow in Cardiology, University of Washington at Seattle • Chairman, Department of Internal Medicine, National Taiwan University Hospital • Emeritus Professor, College of Medicine, National Taiwan University • Independent Director, Microlife Corporation • Director, Standard Chem. & Pharm. Co., Ltd. 	0
Independent Director Chin-Lin, Chou	<ul style="list-style-type: none"> • Bachelor Degree in Pharmacy, National Taipei University • Pharmacist, Chupei Xinren Hospital 	0

Name/Title	Education, Professional Qualifications, and Major Positions	Shareholding information as of April 18, 2015
Independent Director Lin-Yu, Lee	<ul style="list-style-type: none"> • Bachelor Degree in Economic, Feng Chia University • Member of Compensation Committee, Standard Chem. & Pharm. Co., Ltd. 	0
Supervisor Yuan-Fong, Kao	<ul style="list-style-type: none"> • Bachelor Degree in Accounting, National Cheng Chi University • Supervisor, Standard Chem. & Pharm. Co., Ltd. • Vice President, Da Ya Securities Co., Ltd. • Manager, Solomon & Co., CPAs 	16,182
Supervisor Tsuey-Wen, Yeh	<ul style="list-style-type: none"> • Bachelor Degree in Accounting, Shih Chien University • Supervisor, Standard Chem. & Pharm. Co., Ltd. 	1,340,669

Appendices

Appendix 1:

Employee Bonus and Directors & Supervisors' Remuneration Information

1. The scope and percentage of employee bonus and Directors & Supervisors' remuneration is in accordance with SCP's Articles of Incorporation.
In consideration of the changeable environment of SCP's business, future capital expenditures, and long-term financial planning, as well as the fulfillment to shareholders, SCP shall allocate its surplus in following sequence at the end of each fiscal year.
 - (1) Payment to Income taxes
 - (2) Make up loss accumulated from previous year(s)
 - (3) Allocation of 10% of legal reserves
 - (4) Allocation/reversal of special reserves in accordance with regulation
 - (5) Distribution of employee bonus (1%) after the balance of surplus less items (1) to (4)
 - (6) Distribution of Directors & Supervisors' remuneration (3%) after the balance of surplus less items (1) to (4)
 - (7) The remaining balance in conjunction with undistributed earnings carry forward from previous years will be distributed according to the distribution plan proposed by the Board of Directors, which is adopted by Shareholders Meeting thereafter. The proposed cash dividend shall not be less than 1% of total dividend to be distributed. In case of cash dividend is less than NT\$ 0.50 per share, distribution of stock dividend in exchange of cash might be raised and adopted during the Shareholders Meeting.
2. Proposed distribution of bonus and remuneration by Board of Directors Meeting
 - (1) Bonus to employees of NT\$3,292 thousand and remunerations to Directors & Supervisors of NT\$9,877 thousand was proposed by May 5, 2015's Board of Directors Meeting.
 - (2) Proposed employee stock dividend distribution to Earning Capitalization percentage: None
 - (3) Earnings per share after employee bonus and Directors & Supervisors remuneration: NTD 2.09/per share
3. Actual distribution of bonus and remuneration of previous year adopted by 2014 Shareholders Meeting and Board of Directors Meeting (in NT thousand dollars)
Cash Bonus to Employee.....NT\$ 3,070
Remuneration to Directors and Supervisors.....NT\$ 9,212

Appendix 2:

Standard Chem. & Pharm. Co., Ltd.
Shareholding of Directors and Supervisors

1. SCP's total share issued and outstanding: 178,696,089 shares
2. Minimum shareholding required and record of shareholding by Directors and Supervisors according to SCP's share register:

Title	Minimum share required	Shares record per register
Directors	13,402,207	45,561,298
Supervisors	1,340,221	1,356,851

3. Directors and Supervisors shareholding record table:

Title	Name	Shares record per register	% owned
Chairman	Chin-Tsai, Fan	20,936,813	11.72
Director	Tzu-Ting, Fan	19,520,604	10.92
Director	Fan Dao Nan Foundation Representative: Chun-Tsai, Chou	5,103,881	2.86
Director	Chen-Ming, Hsiao	-	-
Director	Yuen-The, Lee	-	-
Supervisor	Yuen-Fong, Kao	16,182	0.01
Supervisor	Tsuey-Wen, Yeh	1,340,669	0.75
Total		46,918,149	26.26

4. The total shareholding of SCP Directors and Supervisor is in accordance with the minimum shareholding requirement.