

Stock Code: 1720

# **Standard Chem. & Pharm. Co., Ltd.**

## **Handbook for the 2016 Annual Meeting of Shareholders**

MEETING TIME: June 17, 2016

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THIS IS A TRANSLATION OF THE AGENDA FOR THE 2016 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. Meeting Procedure**

## **Standard Chem. & Pharm. Co., Ltd.**

### **Procedure for the 2016 Annual Meeting of Shareholders**

1. Call the Meeting to Order
2. Chairperson Takes Chair
3. Introduction
4. Chairperson Remarks
5. Proposal and Discussion (I)
6. Company Reports
7. Proposals and Approvals
8. Proposal and Discussion (II)
9. Question and Motions
10. Adjournment

## **II. Meeting Agenda**

### **Agenda of Annual Meeting of Shareholders**

Time: 9:00 a.m. on Friday, June 17, 2016,

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

1. Call the Meeting to Order
2. Chairperson Remarks
3. Proposal and Discussion (I)  
  
Amendment to the Company's Corporate Charter
4. Company Reports
  - (1) 2015 Business Report
  - (2) Supervisors' Review Report on the 2015 Financial Results
  - (3) 2015 Annual Report on Remuneration of Employees , Directors and Supervisors
  - (4) The Status of Endorsement and Guarantee
  - (5) The Status of Implementation of Investment in Mainland China
  - (6) Other Reports
5. Proposals and Approvals
  - (1) Adoption of the 2015 Business Report and Financial Statements
  - (2) Adoption of the Proposal for Distribution of 2015 Profits
6. Proposal and Discussion (II)  
Proposal for Distribution of Additional Paid-in Capital
7. Questions and Motions
8. Adjournments

### III. Proposal and Discussion (I)

(Proposed in the meeting of shareholders)

#### **Proposal:(Proposed by the Board)**

Propose and discuss Amendment to the Company Corporate Charter.

#### **Explanation:**

- (1) For purpose of Hua-Zong-(1)-Yi-Zi No. 10400058161, it is proposed to amend part of the Company's Corporate Charter, in order to comply with relevant provisions of Article 235 and Article 235-1 of the Company Act apply.
- (2) In order to comply with relevant provisions of the Law, the company hereby proposes to amend part of the Company's Corporate Charter. Please refer to the following table for details.

Revised Provision	Original Provision	Explanation
<p>Article 26</p> <p>The company shall distribute surplus profit, after covering the loss, in accordance with the following methods:</p> <ol style="list-style-type: none"><li>1. Withdraw 1%~10% of the distribution as employee's remuneration.</li><li>2. Withdraw no more than 3% of the distribution as the board's remuneration.</li></ol> <p>Employee bonus sharing must be distributed in stock or cash for qualifying employees.</p> <p>The board's remuneration can only be distributed in cash.</p> <p>The distribution of employee and the board's remuneration should be proposed in the shareholders meeting by the Remuneration Committee, approved by more than half of the board members along with two thirds those in attendance.</p> <p>Furthermore, any resolution shall be reported.</p>		<p>For purpose of amending to relevant law</p>

Revised Provision	Original Provision	Explanation
<p>Article 26-1</p> <p>The industrial environment of the company is constantly changing, and the Enterprise Life Cycle is steadily growing. Therefore, by taking into account the company's future needs of investment, long-term financial plan, and fulfillment of the shareholders' needs in cash, the company shall make distribution of surplus profit in the following order:</p> <ol style="list-style-type: none"> <li>1. Pay taxes</li> <li>2. Cover any loss</li> <li>3. Set 10% as legal reserve</li> <li>4. Set special reserve in accordance of the law</li> <li>5. The shareholders' bonus shall <u>not be less than 10% of the total amount of the net remainder and the accumulated undistributed earnings from the previous year.</u> The cash dividends shall not be less than <u>20%</u> of the total dividends; however, if the par value of each share certificate is lower than 0.5 dollars, the bonus can be distributed with stock dividends upon approval by the board.</li> </ol>	<p>Article 26</p> <p>The industrial environment of the company is constantly changing, and the Enterprise Life Cycle is steadily growing. Therefore, by taking into account the company's future needs of investment, long-term financial plan, and fulfillment of the shareholders' needs in cash, the company shall make distribution of surplus profit in the following order:</p> <ol style="list-style-type: none"> <li>1. Pay taxes</li> <li>2. Cover any loss</li> <li>3. Set 10% as legal reserve</li> <li>4. Set special reserve in accordance of the law</li> <li><del>5. The employee's bonus shall be 1% of the total amount of the net remainder after distributing from subparagraph 1 to subparagraph 4.</del></li> <li><del>6. The board's bonus shall be 3% of the total amount of the net remainder after distributing from subparagraph 1 to subparagraph 4.</del></li> <li>7. The shareholders' bonus shall <u>be managed by the board to distribute the total amount of the net remainder and the accumulated undistributed earnings from previous year.</u> The cash dividends shall not be less than <u>1%</u> of the total dividends; however, if the par value of each share certificate is lower than 0.5 dollars, the bonus can be distributed with stock dividends after being approved by the board.</li> </ol>	<ol style="list-style-type: none"> <li>1. Change of Article Number</li> <li>2. Delete subparagraph 5 and 6 of paragraph 1, Article 26</li> <li>3. Update subparagraph 7 to subparagraph 5, and amend the ratio of distribution.</li> </ol>

Revised Provision	Original Provision	Explanation
<p>Article 30</p> <p>The Articles of Incorporation is made on June 8<sup>th</sup>, 56<sup>th</sup> year of the Republic</p> <p>The 1<sup>st</sup> amendment is on April 25<sup>th</sup>, 57<sup>th</sup> year of the Republic</p> <p>The 2<sup>nd</sup> amendment is on March 30<sup>th</sup>, 59<sup>th</sup> year of the Republic</p> <p>The 3<sup>rd</sup> amendment is on March 23<sup>rd</sup>, 61<sup>th</sup> year of the Republic</p> <p>The 4<sup>th</sup> amendment is on November 30<sup>th</sup>, 69<sup>th</sup> year of the Republic</p> <p>The 5<sup>th</sup> amendment is on August 20<sup>th</sup>, 71<sup>th</sup> year of the Republic</p> <p>The 6<sup>th</sup> amendment is on October 21<sup>st</sup>, 72<sup>th</sup> year of the Republic</p> <p>The 7<sup>th</sup> amendment is on September 25<sup>th</sup>, 74<sup>th</sup> year of the Republic</p> <p>The 8<sup>th</sup> amendment is on November 23<sup>th</sup>, 76<sup>th</sup> year of the Republic</p> <p>The 9<sup>th</sup> amendment is on June 1<sup>st</sup>, 77<sup>th</sup> year of the Republic</p> <p>The 10<sup>th</sup> amendment is on September 20<sup>th</sup>, 78<sup>th</sup> year of the Republic</p> <p>The 11<sup>th</sup> amendment is on October 5<sup>th</sup>, 79<sup>th</sup> year of the Republic</p> <p>The 12<sup>th</sup> amendment is on October 19<sup>th</sup>, 80<sup>th</sup> year of the Republic</p> <p>The 13<sup>th</sup> amendment is on October 9<sup>th</sup>, 81<sup>st</sup> year of the Republic</p> <p>The 14<sup>th</sup> amendment is on March 5<sup>th</sup>, 82<sup>nd</sup> year of the Republic</p> <p>The 15<sup>th</sup> amendment is on June 19<sup>th</sup>, 82<sup>nd</sup> year of the Republic</p> <p>The 16<sup>th</sup> amendment is on June 6<sup>th</sup>, 83<sup>rd</sup> year of the Republic</p> <p>The 17<sup>th</sup> amendment is on April 8<sup>th</sup>, 84<sup>th</sup> year of the Republic</p>	<p>Article 30</p> <p>The Articles of Incorporation is made on June 8<sup>th</sup>, 56<sup>th</sup> year of the Republic</p> <p>The 1<sup>st</sup> amendment is on April 25<sup>th</sup>, 57<sup>th</sup> year of the Republic</p> <p>The 2<sup>nd</sup> amendment is on March 30<sup>th</sup>, 59<sup>th</sup> year of the Republic</p> <p>The 3<sup>rd</sup> amendment is on March 23<sup>rd</sup>, 61<sup>th</sup> year of the Republic</p> <p>The 4<sup>th</sup> amendment is on November 30<sup>th</sup>, 69<sup>th</sup> year of the Republic</p> <p>The 5<sup>th</sup> amendment is on August 20<sup>th</sup>, 71<sup>th</sup> year of the Republic</p> <p>The 6<sup>th</sup> amendment is on October 21<sup>st</sup>, 72<sup>th</sup> year of the Republic</p> <p>The 7<sup>th</sup> amendment is on September 25<sup>th</sup>, 74<sup>th</sup> year of the Republic</p> <p>The 8<sup>th</sup> amendment is on November 23<sup>th</sup>, 76<sup>th</sup> year of the Republic</p> <p>The 9<sup>th</sup> amendment is on June 1<sup>st</sup>, 77<sup>th</sup> year of the Republic</p> <p>The 10<sup>th</sup> amendment is on September 20<sup>th</sup>, 78<sup>th</sup> year of the Republic</p> <p>The 11<sup>th</sup> amendment is on October 5<sup>th</sup>, 79<sup>th</sup> year of the Republic</p> <p>The 12<sup>th</sup> amendment is on October 19<sup>th</sup>, 80<sup>th</sup> year of the Republic</p> <p>The 13<sup>th</sup> amendment is on October 9<sup>th</sup>, 81<sup>st</sup> year of the Republic</p> <p>The 14<sup>th</sup> amendment is on March 5<sup>th</sup>, 82<sup>nd</sup> year of the Republic</p> <p>The 15<sup>th</sup> amendment is on June 19<sup>th</sup>, 82<sup>nd</sup> year of the Republic</p> <p>The 16<sup>th</sup> amendment is on June 6<sup>th</sup>, 83<sup>rd</sup> year of the Republic</p> <p>The 17<sup>th</sup> amendment is on April 8<sup>th</sup>, 84<sup>th</sup> year of the Republic</p>	<p>Update the latest date of amendment</p>

Revised Provision	Original Provision	Explanation
The 18 <sup>th</sup> amendment is on May 28 <sup>th</sup> , 85 <sup>th</sup> year of the Republic	The 18 <sup>th</sup> amendment is on May 28 <sup>th</sup> , 85 <sup>th</sup> year of the Republic	
The 19 <sup>th</sup> amendment is on May 22 <sup>nd</sup> , 87 <sup>th</sup> year of the Republic	The 19 <sup>th</sup> amendment is on May 22 <sup>nd</sup> , 87 <sup>th</sup> year of the Republic	
The 20 <sup>th</sup> amendment is on May 26 <sup>th</sup> , 89 <sup>th</sup> year of the Republic	The 20 <sup>th</sup> amendment is on May 26 <sup>th</sup> , 89 <sup>th</sup> year of the Republic	
The 21 <sup>st</sup> amendment is on May 26 <sup>th</sup> , 89 <sup>th</sup> year of the Republic	The 21 <sup>st</sup> amendment is on May 26 <sup>th</sup> , 89 <sup>th</sup> year of the Republic	
The 22 <sup>nd</sup> amendment is on May 23 <sup>rd</sup> , 90 <sup>th</sup> year of the Republic	The 22 <sup>nd</sup> amendment is on May 23 <sup>rd</sup> , 90 <sup>th</sup> year of the Republic	
The 23 <sup>rd</sup> amendment is on May 29 <sup>th</sup> , 91 <sup>st</sup> year of the Republic	The 23 <sup>rd</sup> amendment is on May 29 <sup>th</sup> , 91 <sup>st</sup> year of the Republic	
The 24 <sup>th</sup> amendment is on May 30 <sup>th</sup> , 95 <sup>th</sup> year of the Republic	The 24 <sup>th</sup> amendment is on May 30 <sup>th</sup> , 95 <sup>th</sup> year of the Republic	
The 25 <sup>th</sup> amendment is on June 17 <sup>th</sup> , 97 <sup>th</sup> year of the Republic	The 25 <sup>th</sup> amendment is on June 17 <sup>th</sup> , 97 <sup>th</sup> year of the Republic	
The 26 <sup>th</sup> amendment is on June 9 <sup>th</sup> , 98 <sup>th</sup> year of the Republic	The 26 <sup>th</sup> amendment is on June 9 <sup>th</sup> , 98 <sup>th</sup> year of the Republic	
The 27 <sup>th</sup> amendment is on June 9 <sup>th</sup> , 99 <sup>th</sup> year of the Republic	The 27 <sup>th</sup> amendment is on June 9 <sup>th</sup> , 99 <sup>th</sup> year of the Republic	
The 28 <sup>th</sup> amendment is on June 15 <sup>th</sup> , 100 <sup>th</sup> year of the Republic	The 28 <sup>th</sup> amendment is on June 15 <sup>th</sup> , 100 <sup>th</sup> year of the Republic	
The 29 <sup>th</sup> amendment is on June 6 <sup>th</sup> , 101 <sup>st</sup> year of the Republic	The 29 <sup>th</sup> amendment is on June 6 <sup>th</sup> , 101 <sup>st</sup> year of the Republic	
The 30 <sup>th</sup> amendment is on June 18 <sup>th</sup> , 102 <sup>nd</sup> year of the Republic	The 30 <sup>th</sup> amendment is on June 18 <sup>th</sup> , 102 <sup>nd</sup> year of the Republic	
The 31 <sup>st</sup> amendment is on June 17 <sup>th</sup> , 103 <sup>rd</sup> year of the Republic	The 31 <sup>st</sup> amendment is on June 17 <sup>th</sup> , 103 <sup>rd</sup> year of the Republic	
The 32 <sup>nd</sup> amendment is on June 17 <sup>th</sup> , 105 <sup>th</sup> year of the Republic		

**Resolution:**



## IV. Company Reports

### (1) 2015 Business Reports

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

#### 1. Net Sales

Due to the effort of the Group, Net Sales for 2015 increased 0.8% in comparison with 2014.

#### 2. Gross Profit

Due to cost control, product pricing, and portfolio adjustment, Gross Profit for 2015 rose by 3.3% in comparison with 2014.

#### 3. Operating Income

Due to the increase of advertising expense, the operating income for 2015 increased 1.6% in comparison with 2014.

#### 4. Non-operating Income

For non-operating income, the research income received NT\$49 million; however, Foreign Exchange Gain and Share of Profit of Associates Accounted for using Equity Method resulted in a loss of NT\$ 46 million. This caused the overall contribution of Non-Operating Income in 2015 decreasing by 1.3% when compared with 2014.

In summation of the above, Net Profit for 2015 was NT\$368 million; representing a 4.1% decrease over Net Income of 2014.

(2) Supervisors' review report on the 2015 financial statements

## **Supervisor's Review Report**

To Shareholders:

The Board of Directors has prepared Standard Chem. & Pharm. Co., Ltd. (SCP)'s 2015 Business report, parent and consolidated Financial Statements, and proposal of the surplus earning distribution. 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-Feng, Kao

March 25, 2016

## **Supervisor's Review Report**

To Shareholders:

The Board of Directors has prepared Standard Chem. & Pharm. Co., Ltd. (SCP)'s 2015 Business report, parent and consolidated Financial Statements, and proposal of the surplus earning distribution. 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: Tsui-Wen, Yeh

March 25, 2016

- (3) 2015 Annual Report on Remuneration of employees , directors and supervisors  
The resolution was approved by the Board on March 25th, 2016.
- i. 2015 annual employees' remuneration is NT\$ 4,232,845, the amount recognized is NT\$ 4,290,563. The difference NT\$ 57,718 is recognized as a gain in 2016.
  - ii. 2015 annual Board's remuneration is NT\$ 8,465,689, the amounts recognized is NT\$ 8,581,126. The difference NT\$ 115,437 is recognized as a gain in 2016.
  - iii. The above remuneration is distributed in cash.
- (4) The Status of Endorsement and Guarantee
- 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 2015, 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 2015, none of the amount was actually used.
- (5) The Status of Implementation of Investment 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 2015 was US\$8,000,000.
  - 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 2015 was US\$6,780,000.
- (6) Other Reports
- In accordance with Article 172-1 of the Company Act, the proposals submitted by shareholders shall be listed; no proposal is submitted in this shareholders' meeting.

## V. Proposals and Approvals

1.

**Proposed by the Board**

**Proposal:**

Adoption of the 2015 Business Report and Financial Statements.

**Explanation:**

The 2015 business report (Attachment 1 on page 15-17) and financial statements for year 2014 of SCP(Attachment 2 on page 18-34) have been approved by the Board and examined by the supervisors of SCP.

**Resolution:**

2.

**Proposed by the Board**

**Proposal:**

Adoption of the Proposal for Distribution of 2015 Profits.

**Explanation:**

- a. Please refer to the 2015 PROFIT DISTRIBUTION TABLE below.
- b. The distribution of cash dividends shall be based on the stock register record as shown on the distribution record date. It is proposed to distribute NT\$1.0 per share, and the total dividend shall be rounded down to nearest NT\$1.00, the remaining fraction will be adjusted by the 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 the Board of Directors be authorized to determine the dividend distribution date in order to make adjustment and distribution for each share based on the number of actual shares outstanding on the distribution date.

**Standard Chem. & Pharm. Co., Ltd.**  
**PROFIT DISTRIBUTION TABLE**  
**Year 2015**

(Unit: NT\$)

Item	Amount
After-tax net profit	347,893,441
Less: Legal reserve	(34,789,344)
Plus: Adjusted actuarial interest	33,221,231
Distributable profit from year 2015	346,325,328
Undistributed earnings from previous period	310,372,020
Accumulated undistributed earnings	656,697,348
Less: Dividend to shareholders (Cash dividend NT\$1.00 per share)	(178,696,089)
Undistributed earnings as of the end of the period	478,001,259

Note 1: Earning distribution for this year shall be based on the distributable profit from year 2015.

Note 2: Actual cash dividend amount per share shall be calculated based on the stock register record shown on the distribution record date

**Resolution:**

## **VI. Proposal and Discussion (II)**

**1.**

**Proposed by the Board**

**Proposal:**

Proposal for Distribution of Additional Paid-in Capital.

**Explanation:**

- a. In accordance with 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. Subject to approval of the proposed distribution plan by the shareholders' meeting, it is proposed that the Board of Directors be authorized to determine the distribution date in order to make adjustment and distribution for each share based on the number of actual shares outstanding on the distribution date.

**Resolution:**

**VII.Question and Motions**

**VIII.Adjournments**



# Attachments

## Attachment 1:

### **Standard Chem. & Pharm. Co., Ltd. 2015 Business Report**

#### 1. Company Business Direction

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 2015, SCP continued to invest in drug development, and the R&D budget for the year was NT\$174,730 thousand. To expand international business, besides markets in Southeast Asian countries and China, SCP has submitted ANDAs 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 2015 were NT\$2.2 billion a 1.5% decrease over 2014. Sales from pharmaceuticals for human-use (NT\$1.9 billion) represented the largest contribution to overall Net Sales at 87%. Sales from Active Pharmaceutical Ingredients (NT\$129 million) contributed 5.9% overall. Sales of health food (NT\$94 million) contributed 4.2% overall. Other products, including veterinarian pharmaceuticals, had sales of NT\$64 million contributing 2.9% overall.

Due to cost control, product pricing, and portfolio adjustments, Gross Profit for 2015 merely declined by 0.1% in comparison with 2014. Operating income, as a result of expense control, was 3% higher for 2015 when compared with that of 2014.

For non-operating income and expense, the profit declined NT\$17 million because SCP's share of profit of associates accounted for using equity method declined.

In summation of the above, Net Income for 2015 was NT\$347 million; representing a 7% decrease over Net Income of 2014.

#### 4. Operation Summary

Unit: NTD thousand

Items	Amount
Net Sales	2,205,463
Gross Profit	1,005,836
Income from Operations	318,268
Non-operating Income/Expenses	92,145
Income Before Income Tax	410,413
Net Income	347,894
Basic Earnings per shares (NTD)	1.95

#### 5. Budget Implementation

Unit: NTD thousand

Items	2015 Budget	2015 Actual	Achievement%
Net sales	2,240,000	2,205,463	98.5
Costs	1,219,904	1,199,627	98.3
Gross Profit	1,020,096	1,005,836	98.6
Operating exp.	659,982	687,568	104.2
Income from Operations	360,114	318,268	88.4
Pre-tax income	415,038	410,413	98.9

#### 6. Profitability Analysis

Items	Ratio (%)
Return on Total Assets	7.36
Return on Shareholders' Equity	10.16
Operating income/paid-in capital ratio	17.81
Gain before tax/paid-in capital ratio	22.97
Net Margin	15.77
Basic Earnings per share (NTD)	1.95

## 7. Research and Development

SCP's R&D expenses for 2015 were NT\$175 million, and SCP filed 16 pharmaceutical dossiers with the Taiwanese Food and Drug Administration, and received marketing approval for 12 previously submitted pharmaceutical formulations; as well submitted 1 application for Active Pharmaceutical Ingredient and received 1 approved certificate; for health food, 2 applications were submitted and 2 certificates were approved. Internationally, SCP submitted 15 items for review and received 3 approved items in Southeast Asia. Furthermore, in 2015 SCP launched 7 new products; initiated BA/BE studies on 6 products, and received passing results for 2 BA/BE studies. SCP continues its commitment to investment in R&D for new product development.

## **Attachment 2:**

### REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have audited the accompanying parent company only balance sheets of Standard Chem & Pharm. Co., Ltd. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. For the share of profit or loss of associates and disclosures in Note 13 recognised by Standard Chem & Pharm. Co., Ltd.'s investment accounted for using equity method – WE CAN MEDICINES CO., LTD. for the years ended December 31, 2015 and 2014 were based on the investees' reports audited by its appointed accountant. The share of loss of associates accounted for using equity method recognised based on reports audited by other independent accountant amounted to NTD (34,096) thousand and NTD (4,463) thousand for the years ended December 31, 2015 and 2014, respectively. The balance of related investment accounted for using equity method amounted to NTD 180,586 thousand and NTD 214,795 thousand as of December 31, 2015 and 2014, respectively.

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 the other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountant, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Standard Chem & Pharm. Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended, in conformity with the “Rules Governing the Preparation 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 (FSC).

PricewaterhouseCoopers, Taiwan

March 25, 2016

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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.

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.

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2015		December 31, 2014	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 302,033	6	\$ 200,142	5
1125	Available-for-sale financial assets	5(1) and 6(2)				
	- current		10,200	-	15,056	-
1150	Notes receivable, net	6(3)(25) and 7	146,359	3	184,304	4
1170	Accounts receivable, net	6(4)(25) and 7	477,513	10	403,449	9
1200	Other receivables		5,252	-	1,113	-
1210	Other receivables - related parties	7	98,695	2	95,609	2
130X	Inventory	5(2) and 6(5)	410,466	9	460,926	10
1410	Prepayments		60,752	1	49,522	1
11XX	Total current assets		1,511,270	31	1,410,121	31
Non-current assets						
1523	Available-for-sale financial assets	5(1)(2), 6(2) and 7				
	- non-current		362,159	8	291,732	6
1543	Financial assets carried at cost -	5(1)(2) and 6(6)				
	non-current		17,085	-	17,085	-
1550	Investments accounted for using	5(1), 6(7), 7 and 8				
	the equity method		1,559,839	32	1,444,971	31
1600	Property, plant and equipment	6(8)(25), 7 and 8	1,235,025	25	1,247,409	27
1760	Investment property, net	5(1) and 6(9)	46,885	1	46,997	1
1780	Intangible assets	6(10)	21,246	1	25,170	1
1840	Deferred income tax assets	5(2) and 6(23)	94,283	2	87,914	2
1915	Prepayments for equipment	6(8)(25)	13,868	-	32,144	1
1920	Guarantee deposits paid		16,642	-	8,005	-
1990	Other non-current assets		9,962	-	6,748	-
15XX	Total non-current assets		3,376,994	69	3,208,175	69
1XXX	Total assets		\$ 4,888,264	100	\$ 4,618,296	100

(Continued)

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2015		December 31, 2014	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11) and 8	\$ 80,000	2	\$ 50,000	1
2110	Short-term notes and bills payable	6(12)	100,000	2	100,000	2
2150	Notes payable	6(25)	137,483	3	171,476	4
2160	Notes payable - related parties	7	32,683	1	36,480	1
2170	Accounts payable	7	62,635	1	56,354	1
2200	Other payables	6(25)	202,405	4	176,082	4
2230	Current income tax liabilities	6(23)	50,610	1	35,086	1
2310	Advance receipts		63,111	1	57,010	1
2320	Long-term liabilities, current portion	6(13)	100,000	2	-	-
21XX	Total current liabilities		828,927	17	682,488	15
Non-current liabilities						
2540	Long-term borrowings	6(13)	-	-	100,000	2
2570	Deferred income tax liabilities	6(23)	62,607	1	63,979	1
2640	Net defined benefit liability, non-current	5(2) and 6(14)	446,814	9	466,244	10
2645	Guarantee deposits received		5,293	-	1,057	-
25XX	Total non-current liabilities		514,714	10	631,280	13
2XXX	Total liabilities		1,343,641	27	1,313,768	28
Equity						
Share capital						
3110	Common stock	6(15)	1,786,961	37	1,786,961	39
3200	Capital surplus	6(16)	335,467	7	423,902	9
	Retained earnings	6(17)(22)(23)				
3310	Legal reserve		479,790	10	442,366	10
3350	Unappropriated retained earnings		691,487	14	437,144	10
3400	Other equity interest		250,918	5	214,155	4
Significant Contingent Liabilities and Unrecognised Contract Commitment						
7 and 9						
3XXX	Total equity		3,544,623	73	3,304,528	72
3X2X	Total liabilities and equity		\$ 4,888,264	100	\$ 4,618,296	100

The accompanying notes are an integral part of these financial statements.  
See report of independent accountants dated March 25, 2016.

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		Year ended December 31			
		2015		2014	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Sales revenue	7	\$ 2,205,463	100	\$ 2,238,079	100
5000 Operating costs	6(5)(10)(21)(22), 7 and 9	( 1,199,627)	( 54)	( 1,230,865)	( 55)
5900 Net operating margin		1,005,836	46	1,007,214	45
Operating expenses	6(10)(21)(22), 7 and 9				
6100 Selling expenses		( 351,920)	( 16)	( 334,983)	( 15)
6200 General and administrative expenses		( 160,918)	( 7)	( 179,926)	( 8)
6300 Research and development expenses		( 174,730)	( 8)	( 183,196)	( 8)
6000 Total operating expenses		( 687,568)	( 31)	( 698,105)	( 31)
6900 Operating profit		318,268	15	309,109	14
Non-operating income and expenses					
7010 Other income	6(9)(18) and 7	91,465	4	50,458	2
7020 Other gains and losses	6(6)(19), 7 and 12	17,093	1	20,908	1
7050 Finance costs	6(8)(20)	( 2,338)	-	( 2,807)	-
7070 Share of (loss) profit of associates and joint ventures accounted for using the equity method, net	6(7)	( 14,075)	( 1)	41,074	2
7000 Total non-operating income and expenses		92,145	4	109,633	5
7900 Profit before income tax		410,413	19	418,742	19
7950 Income tax expense	6(23)	( 62,519)	( 3)	( 44,507)	( 2)
8200 Net income for the year		\$ 347,894	16	\$ 374,235	17
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gain (loss) on remeasurement of defined benefit plan	6(7)(14)	\$ 40,090	2	( \$ 8,953)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	( 6,869)	-	1,360	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(7)	( 19)	-	10,655	-
8362 Unrealised gain on valuation of available-for-sale financial assets	6(2)(7)	36,782	1	70,224	3
8300 Total other comprehensive income for the year		\$ 69,984	3	\$ 73,286	3
8500 Total comprehensive income for the year		\$ 417,878	19	\$ 447,521	20
Basic earnings per share (in dollars)					
9750 Net income for the year	6(24)	\$ 1.95		\$ 2.09	
Diluted earnings per share (in dollars)					
9850 Net income for the year	6(24)	\$ 1.95		\$ 2.09	

The accompanying notes are an integral part of these financial statements.  
See report of independent accountants dated March 25, 2016.



STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

			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			Financial statements translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	
	Notes	Common stock	Additional paid-in capital			Legal reserve	Unappropriated retained earnings			Total equity
For the year ended December 31, 2014										
Balance at January 1, 2014		\$ 1,786,961	\$ 411,397	\$ -	\$ -	\$ 412,527	\$ 547,081	\$ 4,992	\$ 128,284	\$ 3,291,242
Difference between the price for acquisition or disposal of subsidiaries and carrying amount	6(7)	-	-	9,045	-	-	-	-	-	9,045
Change in net equity of associates and joint ventures accounted for using the equity method	6(7)	-	-	-	3,460	-	-	-	-	3,460
Distribution of 2013 net income (Note):										
Legal reserve		-	-	-	-	29,839	( 29,839 )	-	-	-
Cash dividends	6(17)	-	-	-	-	-	( 446,740 )	-	-	( 446,740 )
Net income for the year		-	-	-	-	-	374,235	-	-	374,235
Other comprehensive income for the year		-	-	-	-	-	( 7,593 )	10,655	70,224	73,286
Balance at December 31, 2014		<u>\$ 1,786,961</u>	<u>\$ 411,397</u>	<u>\$ 9,045</u>	<u>\$ 3,460</u>	<u>\$ 442,366</u>	<u>\$ 437,144</u>	<u>\$ 15,647</u>	<u>\$ 198,508</u>	<u>\$ 3,304,528</u>
For the year ended December 31, 2015										
Balance at January 1, 2015		\$ 1,786,961	\$ 411,397	\$ 9,045	\$ 3,460	\$ 442,366	\$ 437,144	\$ 15,647	\$ 198,508	\$ 3,304,528
Cash dividends from capital surplus	6(16)	-	( 89,348 )	-	-	-	-	-	-	( 89,348 )
Difference between the price for acquisition or disposal of subsidiaries and carrying amount	6(7)	-	-	913	-	-	-	-	-	913
Distribution of 2014 net income (Note):										
Legal reserve		-	-	-	-	37,424	( 37,424 )	-	-	-
Cash dividends	6(17)	-	-	-	-	-	( 89,348 )	-	-	( 89,348 )
Net income for the year		-	-	-	-	-	347,894	-	-	347,894
Other comprehensive income for the year		-	-	-	-	-	33,221	( 19 )	36,782	69,984
Balance at December 31, 2015		<u>\$ 1,786,961</u>	<u>\$ 322,049</u>	<u>\$ 9,958</u>	<u>\$ 3,460</u>	<u>\$ 479,790</u>	<u>\$ 691,487</u>	<u>\$ 15,628</u>	<u>\$ 235,290</u>	<u>\$ 3,544,623</u>

(Note) The employees' bonuses were \$3,070 and \$3,292, and the directors' and supervisors' remuneration were \$9,212 and \$9,877 in 2013 and 2014, respectively, which had been deducted from net income for the years.

The accompanying notes are an integral part of these financial statements.  
See report of independent accountants dated March 25, 2016.

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 410,413	\$ 418,742
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss		-	( 1,042 )
Provision for doubtful accounts	6(3)(4)	-	5,396
Reversal of allowance for doubtful accounts	6(4)	( 105 )	-
Provision (Reversal of allowance) for loss on inventory market price decline	6(5)	6,918	( 5,525 )
Gain on disposal of financial assets carried at cost - non-current	6(6)	-	( 788 )
Share of loss (profit) of associates and joint ventures accounted for using the equity method	6(7)	14,075	( 41,074 )
Property, plant and equipment transferred to expense	6(8)	-	1,423
Depreciation	6(8)(9)	115,008	107,288
Net loss on disposal of property, plant and equipment	6(19)	534	594
Amortisation	6(10)(21)	3,924	3,655
Dividends income	6(18)	( 10,539 )	( 7,145 )
Interest income	6(18)	( 2,861 )	( 3,161 )
Interest expense	6(20)	2,338	2,807
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		-	1,431
Notes receivable		37,945	29,632
Accounts receivable		( 73,959 )	( 18,704 )
Other receivables		( 4,139 )	2,570
Other receivables - related parties		454	1,049
Inventories		43,542	( 70,222 )
Prepayments		( 11,230 )	56,665
Changes in operating liabilities			
Notes payable		( 31,010 )	16,618
Notes payable - related parties		( 3,797 )	19,720
Accounts payable		6,281	8,250
Other payables		14,837	( 16,323 )
Advance receipts		6,101	23,527
Net defined benefit liability, non-current		20,977	13,091
Cash inflow generated from operations		545,707	548,474
Dividend received		28,576	20,556
Interest received		2,861	3,161
Interest paid		( 2,338 )	( 2,807 )
Income tax paid		( 61,605 )	( 38,878 )
Net cash flows from operating activities		513,201	530,506

(Continued)

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in available-for-sale financial assets		(\$ 35,910 )	(\$ 32,226 )
Increase in other receivables - related parties		( 3,540 )	( 5,520 )
Proceeds from liquidation of financial assets carried at cost		-	788
Acquisition of investments accounted for using the equity method	6(7) and 7	( 139,282 )	( 97,946 )
Proceeds from disposal of investments accounted for using the equity method	6(7)	-	21,481
Cash paid for acquisition of property, plant and equipment	6(25)	( 49,225 )	( 45,130 )
Interest paid for acquisition of property, plant and equipment	6(8)(20)(25)	( 244 )	( 269 )
Proceeds from disposal of property, plant and equipment	7	35	50,325
Acquisition of intangible assets	6(10)	-	( 3,016 )
Increase in prepayments for equipment		( 26,833 )	( 44,756 )
(Increase) decrease in guarantee deposits paid		( 8,637 )	3,556
Increase in other non-current assets		( 3,214 )	( 1,386 )
Net cash flows used in investing activities		( 266,850 )	( 154,099 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		30,000	( 60,000 )
Increase in short-term notes and bills payable		-	40,000
Increase in guarantee deposit received		4,236	817
Cash dividends from capital surplus	6(16)	( 89,348 )	-
Payment of cash dividends	6(17)	( 89,348 )	( 446,740 )
Net cash flows used in financing activities		( 144,460 )	( 465,923 )
Net increase (decrease) in cash and cash equivalents		101,891	( 89,516 )
Cash and cash equivalents at beginning of year	6(1)	200,142	289,658
Cash and cash equivalents at end of year	6(1)	\$ 302,033	\$ 200,142

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders 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, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in 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. For the share of profit or loss of associates and joint ventures and disclosures in Note 13 recognised by Standard Chem & Pharm. Co., Ltd. and its subsidiaries' investment accounted for using equity method – WE CAN MEDICINES CO., LTD. and CNH TECHNOLOGIES, INC. for the years ended December 31, 2015 and 2014 were based on the investees' reports audited by their appointed accountants. The share of profit (loss) of associates and joint ventures accounted for using equity method recognised based on reports audited by other independent accountants amounted to NTD (33,384) thousand and NTD (5,079) thousand for the years ended December 31, 2015 and 2014, respectively. The balance of related investment accounted for using equity method amounted to NTD 193,368 thousand and NTD 226,409 thousand as of December 31, 2015 and 2014, respectively.

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 the other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, 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, 2015 and 2014, and their financial performance and cash flows for the years then ended, in conformity with the “Rules Governing the Preparation 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 (FSC).

We have also audited the parent company only financial statements of Standard Chem & Pharm. Co., Ltd. as of and for the years ended December 31, 2015 and 2014, on which we have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 25, 2016

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2015		December 31, 2014	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 766,379	13	\$ 543,233	10
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		159,920	3	164,537	3
1125	Available-for-sale financial assets	6(3)				
	- current		10,200	-	15,056	-
1150	Notes receivable, net	6(4)(28) and 7	290,651	5	293,075	6
1170	Accounts receivable, net	6(5)(28) and 7	598,699	11	597,731	11
1200	Other receivables	7	7,406	-	3,540	-
130X	Inventory	5(2), 6(6)(9)(28)	649,536	11	749,687	14
1410	Prepayments		120,813	2	84,457	2
11XX	Total current assets		2,603,604	45	2,451,316	46
Non-current assets						
1523	Available-for-sale financial assets	5(2), 6(3) and 7				
	- non-current		414,039	7	335,031	6
1543	Financial assets carried at cost -	5(2) and 6(7)				
	non-current		30,651	1	34,147	1
1550	Investments accounted for using	6(8), 7 and 8				
	the equity method		193,490	3	226,614	4
1600	Property, plant and equipment	6(9)(28) and 8	2,186,890	38	1,950,608	36
1780	Intangible assets	6(10)(11)	134,512	2	145,910	3
1840	Deferred income tax assets	5(2) and 6(26)	102,654	2	102,239	2
1915	Prepayments for equipment	6(9)(28)	31,388	1	45,385	1
1920	Guarantee deposits paid		19,162	-	11,157	-
1980	Other non-current financial assets	8	5,383	-	3,349	-
1985	Long-term prepaid rent	6(12)	59,019	1	61,115	1
1990	Other non-current assets	6(9)(16)(28)	14,495	-	7,776	-
15XX	Total non-current assets		3,191,683	55	2,923,331	54
1XXX	Total assets		\$ 5,795,287	100	\$ 5,374,647	100

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**STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2015		December 31, 2014	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13) and 8	\$ 86,123	1	\$ 60,968	1
2110	Short-term notes and bills payable	6(14)	100,000	2	109,990	2
2150	Notes payable	6(28) and 7	219,075	4	267,379	5
2170	Accounts payable	7	132,023	2	101,449	2
2200	Other payables	6(28)	345,945	6	334,709	6
2230	Current income tax liabilities	6(26)	66,622	1	47,179	1
2310	Advance receipts		104,797	2	103,647	2
2320	Long-term liabilities, current portion	6(15) and 8	123,257	2	28,000	1
21XX	Total current liabilities		1,177,842	20	1,053,321	20
Non-current liabilities						
2540	Long-term borrowings	6(15) and 8	21,111	1	180,750	3
2570	Deferred income tax liabilities	6(26)	62,792	1	63,825	1
2610	Long-term notes and accounts payable	6(9)(28)	192,057	3	-	-
2640	Accrued pension liabilities	5(2) and 6(16)	449,068	8	468,564	9
2645	Guarantee deposits received		5,496	-	2,435	-
25XX	Total non-current liabilities		730,524	13	715,574	13
2XXX	Total liabilities		1,908,366	33	1,768,895	33
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(17)	1,786,961	31	1,786,961	33
3200	Capital surplus	6(18)	335,467	6	423,902	8
	Retained earnings	6(19)(25)(26)				
3310	Legal reserve		479,790	8	442,366	8
3350	Unappropriated retained earnings		691,487	12	437,144	8
3400	Other equity interest		250,918	4	214,155	4
31XX	Equity attributable to owners of the parent		3,544,623	61	3,304,528	61
36XX	Non-controlling interest		342,298	6	301,224	6
3XXX	Total equity		3,886,921	67	3,605,752	67
Significant contingent liabilities and unrecognised contract commitments		9				
3X2X	Total liabilities and equity		\$ 5,795,287	100	\$ 5,374,647	100

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

See report of independent accountants dated March 25, 2016.

**STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2015		2014	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(20) and 7	\$ 3,321,366	100	\$ 3,295,656	100
5000 Operating costs	6(6)(10)(24)(25), 7 and 9	( 1,826,285)	( 55)	( 1,847,958)	( 56)
5900 Net operating margin		1,495,081	45	1,447,698	44
Operating expenses	6(10)(12)(24)(25) , 7 and 9				
6100 Selling expenses		( 619,271)	( 19)	( 539,385)	( 17)
6200 General and administrative expenses		( 253,343)	( 7)	( 288,219)	( 9)
6300 Research and development expenses		( 238,982)	( 7)	( 242,770)	( 7)
6000 Total operating expenses		( 1,111,596)	( 33)	( 1,070,374)	( 33)
6900 Operating profit		383,485	12	377,324	11
Non-operating income and expenses					
7010 Other income	6(21)	112,987	3	67,654	2
7020 Other gains and losses	6(2)(7)(10)(11)(2) 2) and 12	4,761	-	25,130	1
7050 Finance costs	6(9)(23)(28)	( 4,059)	-	( 6,353)	-
7060 Share of (loss) profit of associates and joint ventures accounted for using the equity method	6(8)	( 33,472)	( 1)	( 5,161)	-
7000 Total non-operating income and expenses		80,217	2	81,270	3
7900 Profit before income tax		463,702	14	458,594	14
7950 Income tax expense	6(26)	( 95,803)	( 3)	( 74,864)	( 2)
8200 Net income for the year		\$ 367,899	11	\$ 383,730	12

(Continued)



**STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2015		2014	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Gain (loss) on remeasurements of defined benefit plans	6(8)(16)	\$ 40,089	1	(\$ 5,850)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	( 6,815)	-	1,274	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operation	6(8)	( 19)	-	10,655	-
8362 Unrealised gain on valuation of available-for-sale financial assets	6(3)	38,242	1	71,159	2
8300 <b>Total other comprehensive income for the year</b>		<u>\$ 71,497</u>	<u>2</u>	<u>\$ 77,238</u>	<u>2</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 439,396</u>	<u>13</u>	<u>\$ 460,968</u>	<u>14</u>
<b>Profit attributable to:</b>					
8610 Owners of the parent		\$ 347,894	10	\$ 374,235	12
8620 Non-controlling interest		20,005	1	9,495	-
		<u>\$ 367,899</u>	<u>11</u>	<u>\$ 383,730</u>	<u>12</u>
<b>Comprehensive income attributable to:</b>					
8710 Owners of the parent		\$ 417,878	12	\$ 447,521	14
8720 Non-controlling interest		21,518	1	13,447	-
		<u>\$ 439,396</u>	<u>13</u>	<u>\$ 460,968</u>	<u>14</u>
<b>Basic earnings per share (in dollars)</b>					
9750 <b>Net income for the year</b>	6(27)	<u>\$ 1.95</u>		<u>\$ 2.09</u>	
<b>Diluted earnings per share (in dollars)</b>					
9850 <b>Net income for the year</b>	6(27)	<u>\$ 1.95</u>		<u>\$ 2.09</u>	

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 25, 2016.

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Total	Non-controlling interest	Total equity
		Common stock	Additional paid-in 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	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain or loss on valuation of available-for-sale financial assets			
<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(8)	-	-	-	3,460	-	-	-	-	3,460	-	3,460
Distribution of 2013 consolidated net income:												
Legal reserve		-	-	-	-	29,839	( 29,839 )	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	-	( 446,740 )	-	-	( 446,740 )	-	( 446,740 )
Net income for the year		-	-	-	-	-	374,235	-	-	374,235	9,495	383,730
Other comprehensive income for the year		-	-	-	-	-	( 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>\$ 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>
<u>For the year ended December 31, 2015</u>												
Balance at January 1, 2015		\$ 1,786,961	\$ 411,397	\$ 9,045	\$ 3,460	\$ 442,366	\$ 437,144	\$ 15,647	\$ 198,508	\$ 3,304,528	\$ 301,224	\$ 3,605,752
Cash dividends from capital surplus	6(18)	-	( 89,348 )	-	-	-	-	-	-	( 89,348 )	-	( 89,348 )
Difference between the price for acquisition or disposal of subsidiaries and carrying amount		-	-	913	-	-	-	-	-	913	-	913
Distribution of 2014 consolidated net income:												
Legal reserve		-	-	-	-	37,424	( 37,424 )	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	-	( 89,348 )	-	-	( 89,348 )	-	( 89,348 )
Net income for the year		-	-	-	-	-	347,894	-	-	347,894	20,005	367,899
Other comprehensive income for the year		-	-	-	-	-	33,221	( 19 )	36,782	69,984	1,513	71,497
Non-controlling interest		-	-	-	-	-	-	-	-	-	19,556	19,556
Balance at December 31, 2015		<u>\$ 1,786,961</u>	<u>\$ 322,049</u>	<u>\$ 9,958</u>	<u>\$ 3,460</u>	<u>\$ 479,790</u>	<u>\$ 691,487</u>	<u>\$ 15,628</u>	<u>\$ 235,290</u>	<u>\$ 3,544,623</u>	<u>\$ 342,298</u>	<u>\$ 3,886,921</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 25, 2016.

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 463,702	\$ 458,594
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on financial assets at fair value through profit and loss		449	( 1,630 )
Provision for doubtful accounts	6(4)(5)	-	10,178
Reverl of allowance for doubtful accounts	6(4)(5)	( 3,180 )	-
Provision for inventory market price decline	6(6)	20,084	9,553
Gain on disposal of financial assets carried at cost - non-current	6(7)	-	( 788 )
Share of profit of associates and joint ventures accounted for using the equity method	6(8)	33,472	5,161
Property, plant and equipment transferred to expense	6(9)	1,722	1,423
Depreciation	6(9)(24)	156,877	146,124
Net loss on disposal of property, plant and equipment	6(22)	178	610
Amortisation	6(10)(24)	8,187	6,438
Impairment loss	6(10)(11)	4,493	2,630
Amortisation of long-term prepaid rent	6(12)	1,316	1,281
Dividend income	6(21)	( 12,361 )	( 7,186 )
Interest income	6(21)	( 2,619 )	( 3,946 )
Interest expense	6(23)	4,059	6,353
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		4,168	80,482
Notes receivable		1,728	4,369
Accounts receivable		2,908	( 58,005 )
Other receivables	(	3,918 )	18,393
Inventories		71,271	( 208,311 )
Prepayments	(	36,356 )	103,495
Other non-current assets	(	1,696 )	( 1,027 )
Changes in operating liabilities			
Notes payable	(	45,902 )	68,742
Accounts payable		30,574	( 35,034 )
Other payables	(	4,214 )	9,443
Advance receipts		1,150	21,051
Accrued pension liabilities		20,593	11,266
Cash inflow generated from operations		716,685	649,659
Dividend received		12,361	7,186
Interest received		2,671	4,032
Interest paid	(	3,044 )	( 6,678 )
Income tax paid	(	77,808 )	( 73,168 )
Net cash flows from operating activities		650,865	581,031

(Continued)

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of available-for-sale financial assets - non-current		(\$ 35,910 )	(\$ 66,846 )
Proceeds from liquidation of financial assets carried at cost	6(7)	-	788
Proceeds from capital reduction of financial assets carried at cost	6(7)	3,496	-
Acquisition of investments accounted for using the equity method	6(8) and 7	-	( 40,359 )
Cash paid for acquisition of property, plant and equipment	6(28)	( 125,050 )	( 113,475 )
Interest paid for acquisition of property, plant and equipment	6(9)(23)(28)	( 244 )	( 269 )
Proceeds from disposal of property, plant and equipment		2,103	1,073
Acquisition of intangible assets	6(10)	( 859 )	( 6,429 )
Increase in prepayments for equipment		( 53,072 )	( 57,624 )
(Increase) decrease in guarantee deposits paid		( 8,005 )	1,434
Increase in other non-current financial assets		( 2,034 )	( 3,349 )
Decrease (increase) in other non-current assets		361	( 810 )
Net cash flows used in investing activities		( 219,214 )	( 285,866 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		25,155	( 154,287 )
Decrease (increase) in short-term notes and bills payable		( 10,000 )	30,000
Increase in long-term borrowings		90,923	81,750
Decrease in long-term borrowings		( 155,305 )	( 40,000 )
Increase in guarantee deposit received		3,061	2,195
Cash dividends from capital surplus	6(18)	( 89,348 )	-
Payment of cash dividends	6(19)	( 89,348 )	( 446,740 )
Increase (decrease) in non-controlling interests		19,556	( 3,438 )
Net cash flows used in financing activities		( 205,306 )	( 530,520 )
Effect of foreign exchange rate changes on cash and cash equivalents		( 3,199 )	10,647
Net increase (decrease) in cash and cash equivalents		223,146	( 224,708 )
Cash and cash equivalents at beginning of year	6(1)	543,233	767,941
Cash and cash equivalents at end of year	6(1)	\$ 766,379	\$ 543,233

## Appendices

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

1. SCP's total shares (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	10,721,766	26,210,694
Supervisors	1,072,177	9,110,851

3. Directors and Supervisors shareholding record table:

Position	Name	Shares per register	Shareholding ratio (%)
Chairman	Chin-Tsai, Fan	20,786,813	11.63
Director	Fan Dao Nan Foundation Representative: Tzu-Ting, Fan	5,423,881	3.04
Director	Yuan-Te, Li	-	-
Independent Director	Chin-Lin, Chou	-	-
Independent Director	Lin-Yu, Li	-	-
Supervisor	Yuan-Feng, Kao	16,182	0.01
Supervisor	Tsui-Wen, Yeh	9,094,669	5.09
Total		35,321,545	19.77

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