



SCI PHARMTECH, INC.

2024 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:
<http://mops.twse.com.tw>

SCI Annual Report is available at: <http://www.sci-pharmtech.com.tw>

Printed on April 11, 2025

1. Name, title, contact number, and e-mail of spokesperson and deputy spokesperson

Spokesperson

Name: Deiter Yang

Title: Finance & Administration Vice President

Tel: 886-3-3543133 ext 710

E-mail: deiter@sci-pharmtech.com.tw

Deputy Spokesperson

Name: Lisa Kuo

Title: Finance & Administration Head

Tel: 886-3-3543133 ext 711

E-mail: lisa.kuo@sci-pharmtech.com.tw

2. Address and contact number of headquarters, branches and plant

2.1 Headquarters and plant address:

No.61, Ln. 309, Haihu N. Rd., Luzhu Dist., Taoyuan City , Taiwan

Tel: 886-3-3543133

Fax: 886-3-3544840

2.2 Branches: None

2.3 Plant address: (1)The address of Luzhu Factory is the same as the head office.

(2)Guanyin factory:

No. 5, Gongye 5th Road, Guanyin District, Taoyuan City

3. Name, address, website, and contact number of Stock Transfer Agent

Agent

Name: Horizon Securities Co., LTD.

Address: 3F, No.236, Sec. 4, Xinyi Rd. Taipei City, Taiwan

Tel: 886-2-77198899

Website: [Http://www.honsec.com.tw](http://www.honsec.com.tw)

4. Auditors and the name, address, website and contact number of the accounting firm for the latest financial report

Name of CPA: Serena Hsin and Huang, Keng Chia

Name: KPMG

Address: 68F, No.7, Sec. 5, Xinyi Rd. Taipei City, Taiwan

Tel: 886-2-81016666

Website: <http://www.kpmg.tw>

5. Overseas Securities Exchange: None

6. Corporate Website: <http://www.sci-pharmtech.com.tw>

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1. Letter to Shareholders

Dear shareholders:

2024 revenue reached 1.52 billion NTD, a 26% increase compared to the previous year, which shows our gradual recovery from the past adversity. Looking back, we faced immense challenges and uncertainties, but with resilience and teamwork, we continued to move forward steadily in 2024.

As our factory facilities were restored and multiple inspections were conducted by the Taiwan Food and Drug Administration, the GMP certificates for various products gradually took effect. Apart from revenue, our overall operations have essentially returned to pre-disaster levels. We remain committed to optimizing operational processes and product quality, upholding the belief in steady and sustainable progress, continuously enhancing our competitiveness to meet the strict demands of our customers.

We firmly believe that "after the storm comes the rainbow." We sincerely thank you all for your unwavering support—your companionship is the driving force behind our progress.

The following is the 2024 business report and 2025 business plan.

Business Report

I. Annual Business Report of 2024

(1) Implementation results of our business plans

The 2024 revenue was NT\$1,523,738 thousand, with a gross profit margin of 27%. Operating profit amounted to NT\$198,285 thousand. Due to a relatively large amount of non-operating income from insurance claims, net profit after tax reached NT\$534,678 thousand, with basic earnings per share of NT\$4.47. As full production capacity was restored, revenue continued to grow, and operating profit increased. However, the underutilization of production capacity affected the gross profit margin performance.

(2) Situations of budget implementation

SCI did not publicly disclose 2024 financial forecast. The annual budget passed by the board of directors in December 2023 was basically achieved.

(3) Analyses of financial income and expenditure and profitability

The overview of income and expenditure in 2024 is compared and elaborated as follows:

Income:

Unit: Thousand

Item	2024	2023	Growth Rate
Revenues	1,523,738	1,204,159	26.5%
Other incomes	482,708	228,519	111.2%

Description:

In 2024, the main growth drivers were glaucoma medication and antidepressants, which together contributed NT\$264 million in revenue growth.

Other incomes primarily consisted of insurance claim proceeds and foreign exchange gains of NT\$430 million and NT\$22 million, respectively. Additionally, in 2023, sales returns occurred due to excessive sulfur content in the raw material used for PGA. As a result, the raw material supplier paid NT\$5 million in compensation in 2024, which was recognized as other income.

Unit: Thousand			
Item	2024	2023	Growth Rate
Operating cost	1,113,073	853,836	30.4%
Operating expense	212,380	190,023	11.8%
Non-operating expense	34,136	24,629	38.6%

Description:

In the fourth quarter of 2023, we resumed shipments of antidepressant to our largest customer. Sales continued to grow in 2024, making it the fifth-largest product with a 13% share. However, due to market competition, the selling price continued to decline, impacting the gross profit margin for 2024. Additionally, with the full restoration of all production lines, depreciation expenses increased by NT\$89 million compared to the previous year, significantly raising operating costs.

Operating expenses generally increased in line with revenue growth.

Other expenses came from the operating losses of the investees, Framosa and HoneyBear, totally recognizing NT\$23 million based on the shareholdings, followed by interest expense.

Analysis of profitability:

Item		2024	2023
Profitability	Return On Assets(ROA) (%)	7.8	5.1
	Return On Equity (ROE) (%)	10.1	6.8
	Profit Margin(%)	35	24
	Earnings Per Share (EPS) (NT\$)	4.47	2.7

Description:

Operating income continued to grow in 2024, but a significant part of overall net income came from non-operating activities.

(4) Situations of research and development

Due to the gradual implementation of carbon fees and carbon tariffs in various countries, our R&D team continues to optimize the production process of existing products such as Pentobarbital to enhance energy efficiency and waste reduction. Additionally, for the recently developed glaucoma drug, Brinzolamide, and Cannabidiol (CBD), the R&D department is continuously reviewing and improving the production processes. Furthermore, we are developing the downstream Benserazide from the intermediate PGA to expand our product line in Parkinson's disease treatment.

Through our investment in Honeybear, we have entered the field of antibody drugs and supply its

chemical linker, UDP-Glc-NAz. As their new drug development progresses, we will proceed with scaling up production accordingly. Moreover, in 2024, we secured a U.S. new drug development client, and the related projects will be a key focus for our R&D department in 2024 and 2025. It is expected to contribute significantly to 2025 revenue.

II. Annual business plan overview of 2025

(1) Business policy

The business policy in the future:

1. Maintain close relationships with customers, build up the connections with medications' originators and enhance the capacity utilization of Luzhu and Guanyin Plants.
2. To strengthen operational resilience by adding Guanyin plant and expand CDMO businesses.
3. Implement circular economy and energy efficiency as well as carbon reduction, contributing to the sustainability of the earth.

(2) Expected sales volume and its basis

1. Expected sales volume

Item	Sales volume (Tons)
API	346
Intermediate	67
Others	225
Total	638

2. Sales basis

The expected sales volume in the above chart is based on the company's 2025 Annual Budget approved by the board of directors. The estimation is mainly based on the demands from customers. The sales revenue is expected to grow compared with the previous year.

(3) Important policies on production and marketing:

SCI formulates its policies of production and marketing mainly based on product characteristics and customer categories:

1. APIs: The priorities are to supply products to the originators, avoid best-selling products, choose the existing APIs with high safety quality, stable market sales, new applications, and new dosage forms or possibilities for being developed into new drugs.
2. Intermediates: The target is aimed at the supplies to the originators first. Secondly, we aim to develop intermediates with high entry barriers, intermediates subject to stricter regulations and quality management systems, intermediates related to the company's core technology, intermediates with strategic cooperation partners, and the intermediates which have already been involved in the company's R & D stage. By means of the intermediates with the aforementioned characteristics, we could achieve effective market segmentation against our competitors, so as to avoid price competition.
3. Specialty chemicals: SCI produces and sells electronic specialty chemicals using the high standards in the pharmaceutical industry. In response to customer demands, SCI develops manufacturing processes, customizing and mass-producing products.

III. The company's development strategy in the future, as well as the influence caused by external competitive environments, regulatory environments and overall business environments

In the fourth quarter of 2024, we received the fourth insurance compensation payment, completing the property insurance claim for the fire incident. Over the past four years, we had received a total of NT\$1.96 billion in compensation. Although a significant portion of this amount was recorded as non-operating incomes over the past three years, it was still insufficient to fully cover the costs of rebuilding the Luzhu plant. The substantial capital expenditures for reconstruction pushed the 2024 depreciation expense to NT\$240 million, double the pre-disaster amount, negatively impacting the gross profit margin. The Guanyin plant is expected to begin trial production in the second half of the year, first undergoing equipment qualification and GMP inspection by the Ministry of Health and Welfare. Subsequently, regulatory approvals for drug certification changes in various countries and customer audits must be completed. As a result, the plant's capacity utilization will be limited for the two years, further compressing product gross margins and affecting overall business performance. As outlined in the corporate value enhancement plan approved by the board in 2024, our top priority in the coming years is to improve capacity utilization to enhance gross margins. In terms of product expansion, we successfully registered the veterinary drug Pimobendan with the U.S. FDA and the EU EDQM in 2024. Additionally, the Brinzolamide ASMF (Active Substance Master File) was registered with the European Medicines Agency (EMA). In February 2024, we obtained GMP certification from the Brazilian Health Regulatory Agency for nine active pharmaceutical ingredients (APIs). Looking ahead to 2025, we anticipate that our client will successfully obtain UK drug approval for an Alzheimer's treatment. The dementia market remains largely untapped, with existing drugs facing challenges such as high costs and significant side effects. Our client's drug holds clear advantages in both aspects. Furthermore, our investment in Framosa will enter mass production and operations in 2025. Circular economy are recognized as a key sustainable economic activity in many countries, and we expect Framosa to help transform the chemical pharmaceutical industry toward a low-carbon economy, aligning with the national goal of achieving net-zero emissions by 2025.

Our current supply capacity remains sufficient and stable. However, market competition is becoming increasingly intense. India's pharmaceutical industry, leveraging its large population and economic growth, has demonstrated strong competitiveness. Meanwhile, Chinese pharmaceutical companies, after large-scale capacity expansion, are now facing economic slowdown and overcapacity issues, putting pressure on the global market. Additionally, in 2024, the U.S. passed the BIOSECURE Act, which imposes restrictions on companies from China and other countries, limiting their participation in the U.S. supply chain and market collaborations. The act enforces strict data security and supply chain transparency requirements, raising the compliance standards for businesses. We believe that these restrictions on Chinese companies create opportunities for Taiwanese firms to expand in the market. The U.S. is a key market that we are eager to develop, and we will focus on understanding market demands while adapting to policy and regulatory changes. In this highly competitive environment, we aim to identify new growth opportunities.

The verification and qualification of the reconstructed machinery and equipment had been completed. Following reviews by the Ministry of Health and Welfare in May 2023 and April 2024, the GMP compliance evaluation had also been finalized. Additionally, for the new products (Adenine, Pimobendan, and Buprenorphine) produced at the pilot plant, the Ministry of Health and Welfare conducted a GMP inspection in November 2024, with no major deficiencies reported. Several active pharmaceutical ingredients and intermediates had been successfully manufactured at the reconstructed facility, with process validation completed. Customers had also conducted on-site and remote audits, totaling 31 inspections in 2024, all with satisfactory results. Furthermore,

the ISO 9001 audit in December 2024 found no non-conformities, demonstrating the effective operation of both the GMP and ISO quality systems. Data integrity remains a key focus for regulatory agencies and customers worldwide. To further enhance compliance with data integrity regulations, the in-process laboratory is set to implement the same management system as the QC laboratory by the end of 2025, strengthening adherence to relevant regulations. In the second half of 2025, the quality management system will introduce an online reporting system for quality incidents to improve record-keeping and tracking efficiency. Additionally, nitrosamine impurities in APIs remain a critical issue. We have successfully developed and validated analytical methods for three APIs, ensuring they meet regulatory standards. Moving forward, we will continue developing methods and conducting testing for all APIs with potential nitrosamine impurities.

The global pharmaceutical market is undergoing a profound transformation driven by technological advancements, with the application and integration of new technologies reshaping the industry landscape. Antibody-drug conjugates (ADCs), as a leading innovation in therapeutics, combine the targeted specificity of antibodies with the potent cytotoxicity of chemotherapy drugs, demonstrating exceptional efficacy in cancer treatment. Meanwhile, GLP-1 (Glucagon-Like Peptide-1) is rapidly emerging as a core product in the chronic disease management market due to its groundbreaking progress in diabetes and obesity treatment. Its market size and application scope continue to expand with the development of next-generation long-acting formulations and oral dosage forms.

The advancement of artificial intelligence (AI) technology is not only shortening the timeline for new drug development but also enhancing clinical trial success rates through data analysis and simulation techniques. In the field of precision medicine, AI-assisted drug design efficiently identifies potential therapeutic targets, accelerating the development of ADC therapies. Overall, the pharmaceutical industry is becoming increasingly competitive. Companies must continuously innovate in response to technological advancements to adapt to the rapidly evolving business landscape. We will closely monitor market trends to identify potential business opportunities.

Finally,

Wish you all happiness, health, and safety.

Chairman : Wei-Chyun Wong

General Manager : Wen-Chin Chou

Accounting Manger : Wen-Chen Yang

2. Corporate Governance Report

2.1 Information on Directors and Management Team

2.1.1 Information Regarding Directors (1)

Unit: Thousand Shares																	March 28,2025			
Title	Nationality	Name	Gender and Age	First Date Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience / education	Currently Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Wei-Chyun Wong	M 60-69	2001.12.17	2022.06.21	3	527	0.55	671	0.56	69	0.06	None	None	PHD of Chemistry, University of Pennsylvania ITRI Researcher President of SCI Pharmtech, Inc.	Note 2	None	None	None	
Director	R.O.C	Shiang-Li Chen	M 50-59	2001.12.17	2022.06.21	3	None	None	None	None	None	None	None	None	MBA, University of Georgetown Chairman of Mercuries & Associates Holding, Ltd.	Note 3	None	None	None	
Director (old)	R.O.C	Mercuries & Associates Holding, Ltd.	F 50-59	2001.12.17	2022.06.21	3	30,283	31.75	35,591	29.78	None	None	None	None	—	Note 1	None	None	None	
		Institutional representative : Aurora Chen					None	None	None	None	None	None	None	None	None	MBA, University of Northwestern Polytechnic McKinsey & Company Manager		None	None	
Director (new)	R.O.C	Mercuries & Associates Holding, Ltd.	F 40-49	2001.12.17	2022.06.21	3	30,283	31.75	35,591	29.78	None	None	None	None	—	Note 1	None	None	None	
		Institutional representative : Chin-Hsin Hsu					5	0.00	None	None	None	None	None	None	None	Master of Laws, Northwestern University, USA Aaaistant partner lawyer of Wanguo Law Firm Judge of Keelung District Court, Taiwan	Note 4	None	None	
Director	R.O.C	Mercuries & Associates Holding, Ltd.	M 60-69	2001.12.17	2022.06.21	3	30,283	31.75	35,591	29.78	None	None	None	None	—	Note 1	None	None	None	
		Institutional representative : Wen-Chih Chou					15	0.02	71	0.06	135	0.11	None	None	PHD of Chemistry, National Taiwan University DCB Researcher Plant Manager, SCI Pharmtech, Inc.	Plant manager, SCI Pharmtech, Inc. Director of Yushan Pharmaceuticals Inc., Supervisor of Honey Biosciences, Inc.	None	None	None	
Independent Director	R.O.C	Te-cheng Tu	M 60-69	2013.06.18	2022.06.21	3	None	None	None	None	None	None	None	None	MBA, University of Houston President of President International Development Corp	Independent Director of Mercuries & Associates Holding, Ltd. Independent Director of Mercuries Life Insurance Co., Ltd.	None	None	None	

Title	Nationality	Name	Gender and Age	First Date Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience / education	Currently Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Chia-Chun Jay Chen	M 60-69	2015.06.12	2022.06.21	3	None	None	None	None	None	None	None	None	PHD of Chemistry, University of Harvard Professor/Associate Professor, National Taiwan Normal University Associate Professor, National Chung Cheng University	Specially Appointed Professor, National Taiwan Normal University	None	None	None	
Independent Director	R.O.C	Vincent Wang	M 40-49	2022.06.21	2022.06.21	3	6	0.00	7	0.01	47	0.04	None	None	Double Major Master's Degree of Finance and Entrepreneurship Management, Wharton School of the University of Pennsylvania Director, EASYCARD Corp. and TAIWAN SUGAR Corp. Director of TVCA	Chairman and President of SUNSINO DEVELOPMENT ASSOCIATE INC. Director, President Securities Investment Trust Corp. Adjunct Associate Director, SUNDER BIOMEDICAL TECH. CO., LTD. Director, SOLOMON TECHNOLOGY CORPORATION. Professor, National Taiwan University	None	None	None	

Note 1 : Chairman of Mercuries & Associates Ltd., Mercuries General Media Co., Ltd., Mercuries Leisure Co., Ltd., Mercuries Harvest Co., Ltd., Mercuries Liquor & Food, Mercuries Furniture Co., Ltd., Mercuries Data Systems Ltd., Arturo Co., Ltd., Simple Mart Retail Co., Ltd., Mercuries F&B Co., Ltd., Mercuries Life Insurance Co., Ltd..

Note 2 : 1. Chairman and President of Yushan Pharmaceuticals Inc. Chairman of Shufeng Investment Co., Ltd., Shuren Investment Co., Ltd., Shui-Mu Foundation of Chemistry.
2. Director of Mercuries & Associates Holding Ltd., Shurong Co., Ltd., Simple Mart Retail Co., Ltd., Mercuries F&B Co., Ltd., Mercuries Life Insurance Co., Ltd., Foundation for Taiwan Masters Golf Tournament, Kaohsiung City Lixue Education Foundation, Framosa Co., Ltd., HoneyBear Biosciences, Inc..
3. Director of Criminal Investigation and Prevention Association R.O.C.

Note 3 : 1. Chairman of Mercuries & Associates Holding, Ltd., Mercuries General Media Co., Ltd., Mercuries Leisure Co., Ltd., Shanghong Investment Co., Ltd..
2. Director of SCI Pharmtech, Mercuries & Associates, Mercuries Life Insurance Co., Ltd., Mercuries Data Systems, Simple Mart Retail Co., Ltd., Shanglin Investment, Mercuries Liquor & Food, Mercuries F&B Co., Ltd., Simple Mart Plus Co., Ltd., Foundation for Taiwan Masters Golf Tournament, Foundation of Chinese Dietary Culture, Simple Mart Plus Investment Co., Ltd. .
3. Executive director of the Chinese Slow Pitch Softball Association.

Note 4 : 1. Attorney general and CSO of Mercuries & Associates Holding, Ltd.
2. Vice Chairman of Mercuries Life Insurance Co., Ltd.
3. Director of CMG INTERNATIONAL ONE CO.LTD., CMG INTERNATIONAL TWO CO.LTD., Framosa Co., Ltd., Yushan Pharmaceuticals Inc..

4. Independent director of Orient Europharma Co., Ltd., EASTERN UNION INTERACTIVE CORP.
5. Director of the National Lawyers Federation.

Note 5 : The Chairman of the Board of Directors and the President of the company are the same person, the reason, reasonableness, necessity, and the measures adopted in response to the status are specified as the following : NA

Major Shareholders of SCI's Institutional Shareholders

March 31, 2025

Name of the institutional shareholders	Main shareholders of corporate bodies	
	Name	Shareholding percentage
Mercuries & Associates Holding, Ltd.	Shanglin Investment Co., Ltd.	18.07
	Shuren Investment Co., Ltd.	12.93
	Fu Sheng Investment Ltd.	9.98
	Shufeng Investment Co., Ltd.	5.00
	Shanghong Investment Co., Ltd.	4.84
	Mercury Fu Bao Co., Ltd.	4.18
	Chen, Shiang-Li	2.26
	Pension fund management committee of Mercuries & Associates Holding, Ltd. Representative : Chen, Shiang-Li	1.86
	Wong, Chau-Shi	1.77
	Chen, Shiang-Chung	1.60

Key members of Main Corporate Shareholders Listed in above Table

March 31, 2025

Names of corporate bodies	Main shareholders of corporate bodies	
	Name	Shareholding percentage
Shanglin Investment Co., Ltd.	Chen, Shiang-Li	31.41
	Chen, Shiang-Chieh	17.67
	Chen, Shiang-Feng	17.67
	Hsu, Chang-Hui	6.37
	Chen, Shiang-Chung	13.54
	Shanghong Investment Co., Ltd.	8.21
	Wang, Te-Pin	5.13
Shuren Investment Co., Ltd.	Wong, Wei-Chyun	27.89
	Wong, Tsui-Chun	24.70
	Wong, I-Hsuan	17.55
	Shufeng Investment Co., Ltd.	15.39
	Wong, Chau-Shi	14.39
	Yang, Chun-Hui	0.06
	Yang, Hsueh-Hui	0.02
Fu Sheng Investment Ltd.	Mega Prosper International Limited	100.00
Shufeng Investment Co., Ltd.	Shuren Investment Co., Ltd.	67.95
	Wong, Chau-Shi	14.62
	Wong, Wei-Chyun	8.20
	Wong, Tsui-Chun	8.20
	Yang, Chun-Hui	0.46
	Yang, Hsueh-Hui	0.26
	Wong, I-Hsuan	0.26
	Chen, Shiang-Feng	0.05
Shanghong Investment Co., Ltd	Chen, Shiang-Li	21.74
	Shanglin Investment Co., Ltd.	32.61
	Chen, Shiang-Chieh	13.48
	Chen, Shiang-Feng	13.48
	Chen, Shiang-Chung	9.56
	Hsu, Chang-Hui	5.22
	Wang, Te-Pin	3.91

Information Regarding Directors (2)

A. Professional qualifications and independence analysis of directors

<div style="text-align: center;">Criteria</div> <div style="text-align: center;">Name</div>	<div style="text-align: center;">Professional Qualification, and Work Experience</div>	<div style="text-align: center;">Independence Criteria</div>	<div style="text-align: center;">Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director</div>
<div style="text-align: center;">Chairman Wei-Chyun Wong</div>	<p>Mr. Wei-Chyun Wong holds a Ph.D. degree in Chemistry from the University of Pennsylvania. He had served as a researcher at the Industrial Technology Research Institute, as well as the vice president and president of the company. He has decades of experience in industry, leadership, decision-making, operational management, finance, accounting, and other fields. He is currently serving as the Chairman of the company.</p> <p>Mr. Wei-Chyun Wong has not conducted any actions specified in any subparagraph of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. His spouse and relatives within the second degree of kinship are not serving as the Director, supervisor, or employee of the company or its affiliate companies. 2. Holding 1,096,872 shares of the company by himself, his spouse, or relative within the second degree of kinship (or by others' names). 3. Not a provider of commercial, legal, financial, accounting, or related services to the company or any affiliates of the company for the past 2 years and has not received compensation for providing such services. 	0
<div style="text-align: center;">Director Shiang-Li Chen</div>	<p>Mr. Shiang-Li Chen holds a Master's degree in Business Administration from Georgetown University, USA. He is the leader of the Mercuries & Associates Group, currently serving as the chairman of the Mercuries & Associates Holding, Ltd., and as the Director of several public listed companies. He has decades of experience in industry, leadership, decision-making, finance, accounting, and other fields.</p> <p>Mr. Shiang-Li Chen has not conducted any actions specified in any subparagraph of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. His spouse and relatives within the second degree of kinship are not serving as the Director, supervisor, or employee of the company or its affiliate companies. 2. Himself, his spouse, relatives within the second degree of kinship (or by others' names) are not the shareholder of the company. 3. Not a provider of commercial, legal, financial, accounting, or related services to the company or any affiliates of the company for the past 2 years and has not received compensation for providing such services. 	0
<div style="text-align: center;">Director Mercuries & Associates Holding, Ltd. Institutional representative : Aurora Chen (old)</div>	<p>Ms. Aurora Chen holds a Master's degree in Business Administration, Northwestern University, USA. She had served as the Manager of Mckinsey & Company. She has decades of experience in leadership, decision-making, finance, accounting, and other fields. She is currently serving as the Director of Yushan Pharmaceuticals, Inc.</p> <p>Ms. Aurora Chen has not conducted any actions specified in any subparagraph of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. His spouse and relatives within the second degree of kinship are not serving as the Director, supervisor, or employee of the company or its affiliate companies. 2. Herself, his spouse, relatives within the second degree of kinship (or by others' names) are not the shareholder of the company. 3. Not serving as the Director, supervisor, or employee of a company having a certain relationship with the company. 4. Not a provider of commercial, legal, financial, accounting, or related services to the company or any affiliates of the company for the past 2 years and has not received compensation for providing such services. 	0

<div>Criteria</div> <div>Name</div>	Professional Qualification, and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Mercuries & Associates Holding, Ltd. Institutional representative : Chin-Hsin Hsu (new)	<p>Ms. Chin-Hsin Hsu holds a Master's degree in Laws, Northwestern University, USA. She has served as an assistant partner at the Wan Guo Law Firm and a judge at the Keelung District Court in Taiwan. He has decades of rich experience in leadership decision-making, legal affairs and other fields. He is currently the Chief Legal Officer of he Mercuries & Associates Investment Holdings Co., Ltd.</p> <p>Ms. Chin-Hsin Hsu has not conducted any actions specified in any subparagraph of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. His spouse and relatives within the second degree of kinship are not serving as the Director, supervisor, or employee of the company or its affiliate companies. 2. Herself, his spouse, relatives within the second degree of kinship (or by others' names) are not the shareholder of the company. 3. Not serving as the Director, supervisor, or ployee of a company having a certain lationship with the company. 	2
Director Mercuries & Associates Holding, Ltd. Institutional representative : Wen-Chih Chou	<p>Mr. Wen-Chih Chou holds a Ph.D. degree in Chemistry from National Taiwan University and has worked as a researcher at Development Centre for Biotechnology, as well as the company's R&D Manager and Production Manager. He has decades of experience in industry, leadership, decision-making, operational management, and other fields. He is currently serving as the Plant manager of the company.</p> <p>Mr. Wen-Chih Chou has not conducted any actions specified in any subparagraph of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. His spouse and relatives within the second degree of kinship are not serving as the Director, supervisor, or employee of the company or its affiliate companies. 2. Holding 205,781 shares of the company by himself, his spouse, or relative within the second degree of kinship (or by others' names). 3. Not serving as the Director, supervisor, or ployee of a company having a certain lationship with the company. 4. Not a provider of commercial, legal, financial, accounting, or related services to the company or any affiliates of the company for the past 2 years and has not received compensation for providing such services. 	0
Independent Director Te-cheng Tu	<p>Mr. Te-cheng Tu holds a Master's degree in Business Administration from Houston University, USA. He has served as the President of President International Development Corp. He has decades of experience in leadership, decision-making, operational management, finance, accounting, and other fields. He is currently serving as the Independent Director of M e r c u r i e s & A s s o c i a t e s Holding, Ltd and Mercuries Life Insurance Co., Ltd..</p> <p>Mr. Te-cheng Tu has not conducted any actions specified in any subparagraph of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. Mr. Te-cheng Tu concurrently served as the Independent director of the parent and its subsidiary in accordance with the law. 2. His spouse and relatives within the second degree of kinship are not serving as the Director, supervisor, or employee of the company or its affiliate companies. 3. Himself, his spouse, and relatives within the second degree of kinship (or by others' names) are not the shareholder of the company. 4. Not a provider of commercial, legal, financial, accounting, or related services to the company or any affiliates of the company for the past 2 years and has not received compensation for providing such services. 	2

<div>Criteria</div> <div>Name</div>	Professional Qualification, and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Chia-Chun Jay Chen	<p>Mr. Chia-Chun Jay Chen holds a Ph.D. in Chemistry from Harvard University, USA, and is a professional in research of physical chemistry and materials chemistry. He is currently serving as Distinguished Professor at National Taiwan Normal University and has been teaching at NTNU for more than 20 years. He was awarded the Best Research Paper Award of the Year for Researchers in Institute of Atomic and Molecular Sciences, Academia Sinica, Y. Z. Hsu Scientific Paper Award, etc.</p> <p>Mr. Chia-Chun Jay Chen has not conducted any actions specified in any subparagraph of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. His spouse and relatives within the second degree of kinship are not serving as the Director, supervisor, or employee of the company or its affiliate companies. 2. Himself, his spouse, relatives within the second degree of kinship (or by others' names) are not the shareholder of the company. 3. Not serving as the Director, supervisor, or employee of a company having a certain relationship with the company. 4. Not a provider of commercial, legal, financial, accounting, or related services to the company or any affiliates of the company for the past 2 years and has not received compensation for providing such services. 	0
Independent Director Vincent Wang	<p>Mr. Wang, Vincent hold double master's degree in finance and entrepreneurial management from the Wharton School of the University of Pennsylvania, and served as a director of Easycard Corp. and a director of Taiwan Sugar Corp. , director of TVCA, currently serves as the chairman and president of Sunsino Development Associate Inc., director of President Securities Investment Trust Corp. and an associate professor at National Taiwan University.</p> <p>He has decades of experience in leadership, decision-making, operational management, finance, accounting, and other fields.</p> <p>Mr. Wang, Vincent was selected as the 52nd Top Ten Outstanding Youth.</p> <p>Mr. Wang, Vincent has not conducted any actions specified in any subparagraph of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. His spouse and relatives within the second degree of kinship are not serving as the Director, supervisor, or employee of the company or its affiliate companies. 2. Himself, his spouse, relatives within the second degree of kinship (or by others' names) are holdind 54,164 shares of SCI. 3. Not serving as the Director, supervisor, or employee of a company having a certain relationship with the company. 4. Not a provider of commercial, legal, financial, accounting, or related services to the company or any affiliates of the company for the past 2 years and had not received compensation for providing such services. 	0

B. The diversification policy of the Board of Directors membership :

Directors	Gender	Age range	Sustainability Business Management	Leadership	Industrial Knowledge	Financial and Accounting	International market view
Wei-Chyun Wong	M	60-69	✓	✓	✓	✓	✓
Shiang-Li Chen	M	50-59	✓	✓		✓	✓
Aurora Chen (old)	F	50-59	✓	✓		✓	✓
Chin-Hsin Hsu (new)	F	40-49	✓	✓			✓
Wen-Chih Chou	M	60-69	✓	✓	✓		✓
Te-cheng Tu	M	60-69	✓	✓		✓	✓
Chia-Chun Jay Chen	M	60-69			✓		✓
Vincent Wang	M	40-49	✓	✓		✓	✓

Note1 : The company is a pharmaceutical company, and the professional diversity goal in the composition of the Board of Directors is targeted at more than one-third of the members as professionals in management, chemistry, and chemical engineering. The company's Board of Directors is currently composed of 7 Directors, 2 of them are the legal representatives of the parent Mercuries & Associates Holding, Ltd. 2 of them are professionals in operational management and law, another 2 of them are chemistry professionals. As for the 3 Independent Directors, one of them is a professional in chemistry and chemical engineering which is required for the company's nature of business, and the other 2 are professionals in finance and accounting in accordance with the law. The composition of the Board of Directors meets the diversity goal stated above.

Note2 : The proportion of Directors who are employees is 14.3%; the proportion of Independent Directors is 42.9%; the proportion of female Directors is 14.3%; as for the term of office of Independent Directors, 1 of them served between 1 ~ 3 terms and 2 of them served more than 3 terms.

Note3 : The Company attaches great importance to gender equality in the composition of its board of directors, with a target ratio of female directors of more than 1/3. The Company plans to add one female director of the next boards of directors to achieve this early goal.

Note4: The Company values diversity and inclusiveness in corporate governance and recognizes that gender diversity contributes to the quality of corporate decision-making. Currently, the Company has relatively few female directors. The main reason is that the industry in which the Company operates is still dominated by men, and there are relatively few female directors who meet the needs of the Company. Currently, the selection of board members is mainly based on professional ability, experience and industry familiarity to ensure the effectiveness of corporate governance. The Company will add another female director during the director re-election this year, which is only about 4% away from the one-third ratio promoted by the competent authorities. In the future, the Company will continue to recruit female directors with professional ability and industry experience to enhance the gender diversity of the board of directors.

Note5: Available on : SCI's website : www.sci-pharmtech.com.tw

C. The Independence Criteria of the Board of Directors membership :

The 3 Independent Directors take up a ratio of 42.9%. No Director is a spouse or relative within the second degree kinship of the other Directors.

2.1.2 President, vice presidents, assistant managers, and the supervisors of all the company's divisions and branch units.

March 28, 2025

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience / education	Currently Other Position	Managers who are spouses or within two degrees of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C	Wen-Chih Chou	M	2002.06.01	70,981	0.06%	134,800	0.11%	None	None	PHD of Chemistry, National Taiwan University DCB Researcher SCI Pharmtech Inc., Plant Chief	Director of Yushan Pharmaceuticals Inc., Biosciences, Inc..	None	None	None	
Business Div. Vice President	R.O.C	Michele Seah	F	1998.12.01	7,893	0.01%	None	None	None	None	BS in Agricultural Chemistry, National Taiwan University ITRI Deputy Manager SCI Pharmtech Inc., BA Vice President	None	None	None	None	
Technical Div. Vice President	R.O.C	Jinun Ban Yeh	M	2007.07.01	106,733	0.09%	4,766	0.00%	None	None	MS in Chemistry, National Tsing Hua University ITRI Researcher SCI Pharmtech Inc., R&D Vice President	None	None	None	None	
FA Div. Vice President / Spokesman / CG Officer	R.O.C	Deiter Yang	M	2003.01.01	6,941	0.01%	None	None	None	None	MS in Accounting, Tamkang University Certified Public Accountant Mercuries & Associates Holding, Ltd. Finance Manager SCI Pharmtech, Inc., F&A Manager	Supervisor of Yushan Pharmaceuticals Inc., Framosa Co., Ltd., HoneyBear Biosciences, Inc..	None	None	None	
Operating Div. Assistant Vice President	R.O.C	Wei-Song Yin	M	2015.07.01	34,707	0.03%	None	None	None	None	MS in Chemistry, National Tsing Hua University ITRI Researcher SCI Pharmtech, Inc., R&D Manager	None	None	None	None	
Quality Div. Assistant Vice President	R.O.C	Bo-Fong Chen	M	2017.10.13	32,233	0.01%	None	None	None	None	Ph. D in Chemistry, National Sun Yat-Sen University SCI Pharmtech Inc., QC Manager	None	None	None	None	
PDM&EV Manager	R.O.C	Ricky Liu	M	2002.01.01	3,143	0.00%	None	None	None	None	MS in Chemical Engineering, National Tsing Hua University SCI Pharmtech, Inc., PD Manager	None	None	None	None	
QA&RA Manager	R.O.C	Vincent Chiang	M	2002.12.16	31,430	0.03%	None	None	None	None	MS in Chemistry, National Cheng Kung University Taiwan Biotech Co., Ltd. Deputy Manager SCI Pharmtech Inc., QC Manager	None	None	None	None	
BA Manager	R.O.C	Nancy Lee	F	2009.05.01	161,941	0.14%	None	None	None	None	MS in Chemical Engineering, National Tsing Hua University ITRI Researcher SCI Pharmtech Inc., BA Deputy Manager	None	PD Deputy Manager	Andy Lee	Brother	
EN Manager	R.O.C	Chung-Lung Su	M	2022.03.01	13,391	0.02%	None	None	None	None	MS in Chemical Engineering, National Cheng Kung University SCI Pharmtech, Inc., EN Director	None	None	None	None	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience / education	Currently Other Position	Managers who are spouses or within two degrees of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
RD Deputy Manager	R.O.C	Andy Lee	M	2023.07.05	20,085	0.02%	None	None	None	None	MS in Chemistry, National Cheng Kung University Lite Materials EN Deputy Manager AUO Deputy Manager SCI Pharmtech Inc., R&D Chief Commissioner	None	BA Manager	Nancy Lee	Sister	
PD Deputy Manager	R.O.C	Jimmy Chang	M	2023.07.05	27,144	0.00%	5,017	0.00%	None	None	BS of Chemical Fiber Department, National Taiwan Institute of Technology Hualong Company Section Manager SCI Pharmtech, Inc., PD Account Manager	None	None	None	None	
QC Deputy Manager	R.O.C	JoJo Lu	F	2023.07.05	18,869	0.02%	8,874	0.01%	None	None	MS in Chemistry, York University Yaohua Biotechnology Research specialist Formosa Laboratories, Inc. Associate Researcher SCI Pharmtech Inc., QC Deputy Chief Commissioner	None	None	None	None	

Note : The chairman of the Board of Directors and the President of the company are the same person, the reason, reasonableness, necessity, and the measures adopted in response to the status are specified as the following : NA

2.1.3 Remuneration paid out to directors, president, and vice presidents

(1) Remuneration to Directors and Independent Directors

Unit: NT\$ / Thousand Shares

Title	Name	Director's remuneration								Summation of A , B , C , D, and a % of After Tax Income	
		Remuneration (A)		Retirement pension(B)		Director's Remuneration (C)		Business execution fees (D)		SCI	All companies listed in this Financial Report
		SCI	All companies listed in this Financial Report	SCI	All companies listed in this Financial Report	SCI	All companies listed in this Financial Report	SCI	All companies listed in this Financial Report		
Chairman	Wei-Chyun Wong	5,076,806	5,076,806	None	None	2,500,000	2,500,000	None	None	7,576,806 1.42%	7,576,806 1.42%
Director	Shiang-Li Chen	None	None	None	None	450,000	450,000	None	None	450,000 0.08%	450,000 0.08%
Director (old)	Mercuries & Associates Holding, Ltd. Institutional representative : Aurora Chen	150,000	150,000	None	None	None	None	None	None	150,000 0.03%	150,000 0.03%
Director (new)	Mercuries & Associates Holding, Ltd.	None	None	None	None	450,000	450,000	None	None	450,000 0.08%	450,000 0.08%
	Institutional representative : Chin-Hsin Hsu	None	None	None	None	None	None	None	None	None	None
Director	Mercuries & Associates Holding, Ltd.	None	None	None	None	450,000	450,000	None	None	450,000 0.08%	450,000 0.08%
	Institutional representative : Wen-Chih Chou	None	None	None	None	None	None	None	None	None	None
Independent Director	Te-cheng Tu	360,000	360,000	None	None	550,000	550,000	None	None	910,000 0.17%	910,000 0.17%
Independent Director	Chia-Chun Jay Chen	360,000	360,000	None	None	550,000	550,000	None	None	910,000 0.17%	910,000 0.17%
Independent Director	Vincent Wang	360,000	360,000	None	None	550,000	550,000	None	None	910,000 0.17%	910,000 0.17%

Title	Name	Remuneration to Directors Also Serving as Company Employees								Summation of A , B , C , D , E , F , G, and a % of After Tax Income		Receives remuneration from other non-subsidiary companies that the Company has invested in or parent company
		Salary, Bonuses, and Special Allowance (E)		Retirement pension (F)		Employee remuneration (G)						
		SCI	All companies listed in this Financial Report	SCI	All companies listed in this Financial Report	SCI		All companies listed in this Financial Report		SCI	All companies listed in this Financial Report	
						Cash Bonuse	Stock Bonuse	Cash Bonuse	Stock Bonuse			
Chairman	Wei-Chyun Wong	None	None	None	None	None	None	None	None	7,576,806 1.42%	7,576,806 1.42%	1,980,000
Director	Shiang-Li Chen	None	None	None	None	None	None	None	None	450,000 0.08%	450,000 0.08%	11,790,000
Director (old)	Mercuries & Associates Holding, Ltd. Institutional representative : Aurora Chen	None	None	None	None	None	None	None	None	150,000 0.03%	150,000 0.03%	None
Director (new)	Mercuries & Associates Holding, Ltd.	None	None	None	None	None	None	None	None	450,000 0.08%	450,000 0.08%	None
	Institutional representative : Chin-Hsin Hsu	None	None	None	None	None	None	None	None	None	None	8,261,000
Director	Mercuries & Associates Holding, Ltd.	None	None	None	None	None	None	None	None	450,000 0.08%	450,000 0.08%	None
	Institutional representative : Wen-Chih Chou	4,644,282	4,644,282	108,000	108,000	1,925,000	None	1,925,000	None	6,677,282 1.25%	6,677,282 1.25%	450,000
Independent Director	Te-cheng Tu	None	None	None	None	None	None	None	None	910,000 0.17%	910,000 0.17%	40,000
Independent Director	Chia-Chun Jay Chen	None	None	None	None	None	None	None	None	910,000 0.17%	910,000 0.17%	None
Independent Director	Vincent Wang	None	None	None	None	None	None	None	None	910,000 0.17%	910,000 0.17%	None

1. Please explain the Independent Directors' remuneration policies, procedures, standards and structure, as well as their relation to the Independent Directors' responsibilities, risks, time spent, remuneration, and other factors: : Please refer to page 24-25.
2. In addition to the disclosure in the above table, Director remunerations earned by providing services (e.g. providing consulting services as a non-employee) to the company and all consolidated entities in the financial report of the most recent year: NT\$ 0.

(2) President and senior vice president remuneration

Unit: NT\$ / Thousand Shares

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C) (Note 3)		Employee’s remuneration (D)				Summation of A , B , C , D, and a % of After Tax Income		Amount of employee stock warrant acquired		New restricted employee shares acquired		Receives remuneration from other non-subsidiary companies that the Company has invested in or parent company
		SCI	All companies listed in this Financial Report	SCI	All companies listed in this Financial Report	SCI	All companies listed in this Financial Report	SCI		All companies listed in this Financial Report		SCI	All companies listed in this Financial Report	SCI	All companies listed in this Financial Report			
								Cash Bonuse	Stock Bonuse	Cash Bonuse	Stock Bonuse							
President	Wen-Chih Chou	2,632,800	2,632,800	108,000	108,000	2,011,482	2,011,482	1,925,000	0	1,925,000	0	6,677,282 1.25%	6,677,282 1.25%	None	None	None	None	450,000
BA Vice President	Michele Seah	2,190,492	2,190,492	0	0	1,593,140	1,593,140	1,281,987	0	1,281,987	0	5,065,619 0.09%	5,065,619 0.09%	None	None	None	None	None
RD Vice President	Jinun Ban Yeh	2,003,436	2,003,436	108,000	108,000	1,516,671	1,516,671	1,172,871	0	1,172,871	0	4,800,978 0.09%	4,800,978 0.09%	None	None	None	None	None
FA Vice President	Deiter Yang	1,728,000	1,728,000	0	0	1,195,964	1,195,964	942,500	0	942,500	0	3,866,464 0.07%	3,866,464 0.07%	None	None	None	None	None

Note1 : The Vice Presidents of the company, Michele Seah and Deiter Yang, are applied to the old pension system, therefore the pension is not yet been paid.

Note2 : Under the new pension system, NT\$108,000 is allocated to President Wen-Chih Chou and Vice President Jinun Ban Yeh respectively.

Note3 : The company provided a vehicle for President and three Vice President, the total rental fee and petrol fees are NT\$1,190,420.

(3) Names of managerial officers provided with employee's remuneration and state of payments

March 10, 2025 Unit: NT\$ / Shares								
	Title	Name	Bonus in Stock			Bonus in Cash	Total	Total payment as a proportion of net income (%)
			Value of share	Actual price	Value of cash	Value of cash		
Managerial officers	President	Wen-Chih Chou	0	0	0	11,458,462	11,458,462	2.14%
	Business Div. Vice President	Michele Seah						
	Technical Div. Vice President	Jinun Ban Yeh						
	FA Div. Vice President	Deiter Yang						
	Operating Div. Assistant Vice President	Wei-Song Yin						
	Quality Div. Assistant Vice President	Bo-Fong Chen						
	PDM/EH Manager	Ricky Liu						
	QA&RA Manager	Vincent Chiang						
	BA Manager	Nancy Lee						
	EN Manager	Chung-Lung Su						
	RD Deputy Manager	Andy Lee						
	PD Deputy Manager	Jimmy Chang						
	QC Deputy Manager	JoJo Lu						

2.1.4 Compare and analyze the total remuneration paid to each of the company's directors, president, and vice presidents in the 2 most recent fiscal years by all companies listed in the company's individual and consolidated financial statement as a percentage of net income and describe the policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to business performance and future risk exposure.

1. The ratio of total remuneration paid by the company, and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, presidents and vice presidents of the company, to the net income.

Title	Total remuneration as a proportion of net income (%)			
	2023		2024	
	SCI	All companies listed in this Financial Report	SCI	All companies listed in this Financial Report
Directors	5.62%	5.62%	3.42%	3.42%
President and Vice Presidents	6.63%	6.63%	3.82%	3.82%

Note: The decrease in remuneration ratio in 2024 was mainly due to the increase in net profit after tax in 2024.

2. Remuneration policies, standards and packages, procedures for determining remuneration and the correlation with operating performance and future risk exposure :

A. The policy, standard and combination of managers' remuneration, and the procedures for determining remuneration:

- (a) Policy: The company's salary and remuneration policy is to provide the competitive salary standards to recruit and retain the critical executives for the business operation to achieve the company's stable growth and sustainable development.
- (b) Standard: The salary and remuneration paid to the Managers can be classified as fixed, variable, and others. Every year, the salary and remuneration received by managers and their performance goals and the achievement status is reported to the remuneration committee. For the committee to evaluate the content and amount of remuneration in accordance with the regulations of the organization, and submit its recommendations to the board of directors for discussion.

The main performance for Managers:

- 1. Business vice presidents and managers: ESG performance, revenue Budget achievement and account collection.
- 2. Technology vice president and deputy manager:
ESG performance, new product development progress and process improvement.
- 3. QR assistant vice president, quality assurance manager and quality control manager:
ESG performance, GMP compliance, customer complaint handling and quality system operation.
- 4. Operating assistant vice president, PD deputy manager, EN manager and PDM/EH Manager: ESG performance, Product completion progress and yield, equipment Project completion Progress and waste disposal and environmental management system operation.
- 5. FA vice president:
ESG performance, fund management and compliance with laws and regulations.

Based on the total scores from various the performance indicators, executive assessments are categorized into A, B+, B, and C levels, with these distinctions factoring into the distribution of short-term variable compensation such as year-end bonuses and employee compensation to incentivize performance.

(c) Combination :

(c1) Fixed salary: Fixed salary is the monthly salary paid to the Managers each month, the payment standard references the statistics of industries and labor market with consideration of the job position, nature of the job, professional abilities, and the occupational supply & demand.

(c2) Variable salary: Variable salary consists of the end of year bonus, employees' remuneration (The company's articles of association stipulate that if the company makes a profit during the year, it shall allocate no less than 3% of employee remuneration.), and the foundational payment of shares. Variable salary connects part of the salary and remuneration to operational performance.

(c3) Other salary and remuneration:

According to business needs for senior executives above the Vice Presidents, the provision of a vehicle with the petrol fee can be suggested by the Remuneration Committee for approval from the Board of Directors case by case.

(d) Procedures for determining salary and remuneration:

The company's salary and remuneration of the Managers and its management procedures shall be

formulated from the opinions of the Remuneration Committee after they were, proposed to and approved by the Board of Directors.

(e) Management performance:

Overall, the ratio of variable salary is approximately 30-50%, which is highly connected to the overall operational performance of the company.

(f) Future risks:

The ratio of variable salary and remuneration is high, therefore the flexibility for the company operation is higher, which shall effectively reduce the risk of uncertainty in the future.

B. The policy, standard and combination of directors' remuneration, and the procedures for determining remuneration:

(a) Policy: To implement corporate governance and complete directors' compensation system in a bid to make directors' compensation transparent, reasonable, and systematic.

(b) Standard: Based on the scale of operations, complexity of operations, and market standards, the company formulates the "salaries and remuneration procedure for directors", and considers the contribution of individual directors to the company's performance, and distributes them reasonably. Considering that the chairman is responsible for the company's development planning, formulating strategic goals and undertaking the overall operating performance, it takes a lot of time and effort and the responsibility is heavy, so a higher reward and reward will be given. In addition, considering that independent directors also serve as members of functional committees, the overall remuneration will be higher than that of general directors.

(c) Combinations:

1. Remuneration:

In accordance with the Articles of Incorporation, if the company makes a profit within the year, the remuneration committee will consider the overall performance of the board of directors, operational performance of the company, and the future operation and risk of the company, and then make a suggestion of providing no more than 2% of the profit as the remuneration for Directors.

2. Salary:

Each director, except the Chairman, will be paid a monthly salary of NT\$30,000. This salary and remuneration provision does not apply to directors who concurrently serve as managers of the Company, its subsidiaries, and its parent company. As for the Chairman's portion (including year-end bonus), it must be decided by a separate meeting of the Salary and Remuneration Committee and the Board of Directors.

3. Business Execution Related Expenses:

Except for the Chairman, no other directors will be provided with cars, travel expenses, special expenses, travel expenses, various allowances, etc.; however, if a business trip is required for the company's operations, the company should pay for the air tickets and accommodation expenses reported by the directors; the Chairman's car-related expenses must also be resolved by the Salary and Remuneration Committee and the Board of Directors.

(d) The procedures for deciding remuneration:

On March 10, 2025, the remuneration of NT\$5,500,000 equal to 0.8% of the company's 2024 profit was approved by the remuneration committee and then the board of directors.

The Company completed the performance evaluation of directors on January 5, 2025, (Please refer to page 27) and took this assessment result into consideration for the distribution of directors'

remuneration. Important evaluation items include directors' attendance rate, familiarity and understanding of proposals, and whether constructive suggestions are provided.

(e) Future Risks:

Directors' remuneration is highly linked to operating performance, and the rest of the payment is fixed and controllable, so there is no significant future risk in the assessment.

2.2 Implementation of corporate governance

2.2.1 Implementation of Directors' Meetings

(1) Total of 6 meetings of the Board of Directors were held of 2024. The attendances of directors were as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate in Percentage (%)	Note
Chairman	Wei-Chyun Wong	6	0	100%	
Director	Shiang-Li Chen	6	0	100%	
Director	Mercuries & Associates Holding, Ltd. Institutional representative : Aurora Chen	2	0	100%	On May 9, 2024, Reassignment of legal person
Director	Mercuries & Associates Holding, Ltd. Institutional representative : Chin-Hsin Hsu	4	0	100%	On May 10, 2024, Reassignment of legal person
Director	Mercuries & Associates Holding, Ltd. Institutional representative : Wen-Chih Chou	6	0	100%	
Independent Director	Te-cheng Tu	6	0	100%	
Independent Director	Chia-Chun Jay Chen	6	0	100%	
Independent Director	Vincent Wang	6	0	100%	

Other items that shall be recorded :

1. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted :

(1) Any matter listed in Article 14-3 of the Securities and Exchange Act :

Independent directors did not provide any opposing views during the 6 board meetings held in 2024.

(2) In addition to the aforementioned matters, any other resolutions from the board meetings where an independent director expressed a dissenting or qualified opinion that have been recorded or stated by writ. : None.

2. For the implementation and state of director's recusal for conflict of interest, the director's name, contents of the topic, reasons for the required recusal, and participation in the voting process :

(1) On June 13, 2024, Second Item of Discussion Matters in the Board of Directors' Meeting:

The company planned to donate to the Republic of China Criminal Investigation Association. For this item, Directors Wei-Chyun Wong, Shiang-Li Chen, Wen-Chih Chou and Chin-Hsin Hsu abstained from voting due to conflict of interest.

(2) On June 13, 2024, Fifth Item of Discussion Matters in Board of Directors' Meeting:

It is planned to distribute remuneration to managers and employees, and provide cars to the chairman and two managers. For this item, Directors Wei-Chyun Wong and Wen-Chih Chou abstained from voting due to conflict of

interest.

(3) On August 8, 2024, Fifth Item of Discussion Matters in Board of Directors' Meeting:

Plans to subscribe for additional capital shares of Energenesis biomedical and HoneyBear Biosciences. For first company, Directors Wei-Chyun Wong abstained from voting due to conflict of interest. For second company, Directors Wei-Chyun Wong and Shiang-Li Chen abstained from voting due to conflict of interest.

(4) On December 20, 2024, Fifth Item of Discussion Matters in Board of Directors' Meeting:

The company intended to approve the remuneration amount of the Managers (end of year bonus in 2024). For this item, Directors Wei-Chyun Wong and Wen-Chih Chou abstained from voting due to conflict of interest.

3. The information regarding the self-evaluation evaluation cycle and period, evaluation scope, method or evaluation contents, and Board of directors performance evaluation review : Please refer to page 27.

4. Goals for enhancing the functions of the Board of Directors (such as increasing information transparency) for the current fiscal year and most recent fiscal year as well as assessments of the actions implemented :

- (1) Goals: A. Enhancing corporate governance, implementing information transparency, and becoming one of the companies listed in the top 20% in the TWSE Evaluation of Corporate Governance.
B. Continuing to improve the professionalism of the Directors.
C. Maintaining strong communication between the CPAs and the company's corporate governance unit.

(2) Implementation:

- A. Professionals are invited to provide laws & regulations and corporate governance lessons, providing the Directors' continuous learning on the related information.
- B. The total hours of continuous learning of all Directors in 2024 met the requirements of the laws and regulations, reaching 75 hours in total.
- C. The company was listed in the top 6% to 20% in the first to the sixth Evaluation of Corporate Governance, and was listed in the top 21% to 35% of companies in the seventh to the ninth Evaluation of Corporate Governance. The company was listed in the top 36% to 50% in the tenth Evaluation of Corporate Governance. This goal is expected to be improved in the 11th evaluation.
- D. The CPAs attends the board meetings on a quarterly basis to communicate with the directors on key audit matters, audit findings, and other audit-related issues. The CPAs also provides updates on corporate governance practices and recent regulatory changes. In 2024, the CPAs reported to the Board four times and attended the shareholders' meeting once.

(2) Total of 6 meetings of the Board of Directors were held of 2024. The attendances of independent directors were as follows:

✓ : attendance in person ; o : video attendanc ; @ : attendance by proxy ; * : absent

2024	1st	2nd	3rd	4th	5th	6th	7th
Te-cheng Tu	✓	✓	✓	o	o	✓	✓
Chia-Chun Jay Chen	✓	✓	✓	o	✓	✓	✓
Vincent Wang	✓	✓	✓	✓	✓	✓	✓

(3) The 2024-year Board of directors performance evaluation review as follows: :

Evaluation cycle	During the evaluation	Scope	How to evaluate it	Content
Once a year	2024.01.01~ 2024.12.31	1. Board of directors 2. Individual directors 3. Functional Committee	1.CG officer evaluate the board of directors 2.Self-evaluation by members of the Board 3.CG officer evaluate audit and remuneration committee	The items for evaluating questionnaire shall be determined in accordance with "Performance Evaluation Regulation of the Board of Directors". (annex5)

(4) The 2024 year board of directors performance evaluation review was completed on 6 Jan. 2025, and reported on 12 March 2025 as follows :

A. Self-evaluation results of 2024 members of directors :

Director	Score	Comments
Wei-Chyun Wong	98.26	None
Shiang-Li Chen	93.91	None
Chin-Hsin Hsu	96.50	Comply with laws
Wen-Chih Chou	97.39	None
Te-cheng Tu	95.65	None
Chia-Chun Jay Chen	99.13	Comply with regulations
Vincent Wang	96.52	The overall assessment condition is still good.

B. Evaluation results of CG officer :

CG officer	Score	Comments
Board of directors	95.11	Operate in accordance with the law and gradually improve
Audit committee	97.27	Operate effectively in accordance with the law
Remuneration committee	93.00	Operate effectively in accordance with the law

2.2.2 Operations of the Audit Committee :

(1) Information on the members of the Audit Committee

March 31, 2025

Criteria Identity Name		Professional Qualification, and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an the Audit Committee member.
Independent Director (Convener)	Te-cheng Tu	Please refer to page 13.	Please refer to page 13.	2
Independent Director	Chia-Chun Jay Chen	Please refer to page 14.	Please refer to page 14.	0
Independent Director	Vincent Wang	Please refer to page 14.	Please refer to page 14.	0

(2) Implementation of the Audit Committee

A total of 6 Audit Committee meetings were held in 2024. The attendance of independent directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate in Percentage (%)	Note
Independent Director	Te-cheng Tu	6	0	100%	
Independent Director	Chia-Chun Jay Chen	6	0	100%	
Independent Director	Vincent Wang	6	0	100%	

Other items that shall be recorded :

1. Major tasks of the auditing committee in the year:

- (1) Amendments to the internal control system.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Amendment to the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- (4) Review matters in which a director is an interested party.
- (5) Review asset transactions or derivatives trading of a material nature.
- (6) Review loans of funds, endorsements, or provision of guarantees of a material nature.
- (7) Review the offering, issuance, or private placement of equity-type securities.
- (8) Review the hiring or dismissal of a certified public accountant, or their compensation and independence.
- (9) The appointment or discharge of a financial, accounting, or internal audit officer.
- (10) Review annual and semi-annual financial reports.
- (11) Review other material matters as may be required by this Corporation or by the competent authority.

2. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted :

- (1) Article 14-5 of the Securities and Exchange Act listed items :
There had been a total of 6 meetings of the Audit Committee as of 2024. The meeting resolutions are all approved by Audit Committee.
- (2) Proposals approved by two-thirds of the Board of Directors and yet to be passed by the Audit Committee :
None.

- 3.If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified : None.
- 4.Communication among Independent Directors, internal audit officer, and CPA (including important matters, methods, and results of the Company's finance and operations) :
- (1) Head of Internal Audit:
- The Head of Internal Audit shall communicate with Independent Directors in person in the Audit Committee at least 4 times a year, and submit the audit report of the previous month to all Independent Directors for review each month. In 2024, the Head of Internal Audit attended 6 Audit Committee meetings and 6 Board of Directors meetings to communicate with Independent Directors in person, and the Independent Directors haven't provided any suggestions in regards to internal audit in 2024.
- (2) CPAs: The CPAs shall communicate to the Independent Directors directly at least four times per year in the Board of Directors' meetings. In 2024, the CPAs communicated with the Independent Directors in person to discuss the accounting systems, key audit matters, internal control, operational conditions, independence of the CPAs, the latest amendment in the laws and regulations, and other issues in the Board of Directors' meeting on March 12, 2024, May 9, 2024 、 August 9, 2024 、 November 8,2024, and on the shareholders' meeting on May 30, 2024. The Independent Directors have no opinions on the above-mentioned issues.

2.2.3 The state of the company's implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance :

Evaluation Item	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
1. Does the Company establish and disclose the Corporate Governance Best Practice Principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies ?	√		The Company has established the Corporate Governance Best Practice Principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and disclosed these Principles on the Market Observation Post System (MOPS) and SCI's website. The latest version of the Corporate Governance Principle has been amended and approved on Nov. 8, 2024.	None
2. Equity structure and shareholders' equity of the Company				
(1) Does the Company establish internal procedures for handling shareholders' proposals, inquiries, disputes, and litigation? Were such matters handled according to these internal procedures ?	√		A spokesperson / deputy spokesperson system has been established, and were assigned to handle shareholders' recommendations, disputes, and other questions. Matters related to the shareholders' meeting were implemented according to the Rules and Procedures of Shareholders Meeting.	None
(2) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	√		In compliance with the regulations, the Company disclosed changes in the shareholding of insiders on a monthly basis. During the book closure period, the stock agency will provide a list of shareholders to monitor changes in the shareholding of major shareholders.	None
(3) Does the Company establish and enforce risk controls and firewall systems with its affiliated companies ?	√		The Company proceeds and abides by in accordance with its Regulations Governing the Implementation of Internal Control Systems 、 Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises and the Procedures for Acquisition and Disposal of Assets.	None
(4) Does the Company stipulate internal rules that prohibit insiders from trading securities using information not disclosed to the market ?	√		The Company has stipulated the Ethical Corporate Management Best Practice Principles that prohibit insiders from trading securities using information not disclosed to the market. The company has amended the Corporate Governance Principle in the Board of Directors' meeting on March 18, 2022, with the introduction of new control measures on the share trading by the company insider when acknowledging the financial report or relevant business contents of the company, which includes (but not limited to) that the Directors may not trade their shares within 30 days before the publishment of annual financial report and 15 days before the publishment of quarterly financial report. The company also notifies the directors and all employees of the above-mentioned stock trading control measures by	None

			email on a quarterly basis.	
3. Composition and responsibilities of the Board of Directors				
(1)Has a policy of diversity and specific management goals been established and implemented for the composition of the Board of Directors ?	√		<p>The Company has established a board diversity policy in accordance with Article 20 of the Corporate Governance Code:</p> <ol style="list-style-type: none"> 1. There is no distinction in gender, age, nationality or culture among directors. 2. Directors must have business, legal, financial, accounting or public The working experience required for the company's business. 3. Directors must have operational judgment, accounting and financial analysis, Sustainable business management, crisis management, leadership, decision-making and other capabilities, As well as industry knowledge and international market perspectives. <p>In addition, please see the description on P.15 for specific management objectives and implementation status.</p>	None
(2)In addition to the Remuneration Committee and the Audit Committee established according to the law, has the Company voluntarily established other functional committees ?	√		<p>The Company's Board of Directors has approved the Sustainable Development Committee on December 20, 2024 Vesting to the Board of Directors.</p>	None
(3)Has the company stipulated the board of directors performance evaluation measures and method, conducted annual performance evaluation, and reported the performance evaluation results to the Board of Directors as a reference for individual directors' compensation and nomination?	√		<p>The company has amended the Board of Directors' Performance Evaluation Practices and Methods on November 6, 2020, and the evaluation of the Board of Directors' performance for 2024 is completed on January 6, 2025, which was reported to the Board of Directors by the Head of Corporate Governance on the Board of Directors' meeting on March 10, 2025, which shall be used as references for the Board of Directors and functional committee to determine the salary and remuneration of each Director and the nomination of continuous in office for the next term.</p>	None
(4)Does the company regularly evaluate the independence of CPAs ?	√		<p>The company's management authorities regularly evaluate the independence and competency of the CPAs every year. The evaluation procedures are:</p> <ol style="list-style-type: none"> 1. Self-evaluation by the CPAs : fill in the CPAs' independence and competency evaluation form, and issue a declaration of detachment and independence. 2. Initial evaluation of managers. 3. CPAs report AQIs to the board of directors. 4. Review and resolution of the Audit Committee and Board of Directors: <p>The overall evaluation results were submitted to the audit committee and the board of directors for review and resolution, and the company passed the CPAs' independence and competency evaluation on November 8, 2024.</p> <p>Included evaluation items: The CPAs, the spouses of CPAs, and the minor children of CPAs having no investment or</p>	None

			sharing a financial interest with the company, and the CPAs, the spouses of CPAs, the minor children of CPAs having no financial debt with the company, etc. and AQIs.	
<p>4.</p> <p>Is the company staffed with an appropriate number of qualified corporate governance personnel, does it designate a person as a corporate governance officer, responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information to perform business, assisting directors and supervisors in compliance, handling matters related to the Board of Directors meeting and the shareholders' meeting in accordance with the laws, handling company registration and registration of changes, and keeping minutes of the Board of Directors meeting and the shareholders' meeting) ?</p>	√		<p>The company's Head of Corporate Governance is concurrently served by the Vice President of FA, DeiterYang , who has the experience of serving as the Head of Accounting and Finance in Public Listed Companies for 22 years and with a CPA qualification.</p> <p>1.The scope of the Head of Corporate Governance's authority and responsibilities:</p> <p>1.1 Handling the related matters of the Board of Directors' meeting and shareholders' meeting.</p> <p>1.2 Preparing the minutes of the Board of Directors' meeting and shareholders' meeting.</p> <p>1.3 Assisting the Directors' onboarding and continuous learning.</p> <p>1.4 Providing the required data for Directors to perform their duties.</p> <p>1.5 Assisting the Directors' compliance with laws and regulations.</p> <p>1.6 Report to the board of directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure.</p> <p>1.7 Handle matters related to the change of directors.</p> <p>1.8 Other matters stipulated in the company's Article of Incorporation or agreements.</p> <p>2.The focus on the execution of corporate governance in 2024:</p> <p>2.1 Ensuring compliance with laws and regulations.</p> <p>2.2 Assisting the Directors' continuous learning and compliance with laws and regulations.</p> <p>2.3 Providing related corporate governance information to the Directors.</p> <p>2.4 Review the qualifications of independent directors during their term of office.</p> <p>3.The continuous learning of the Head of Corporate Governance in 2024 : p.114</p>	None
<p>5.</p> <p>Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established on the company website? Has the Company addressed major corporate social responsibility (CSR) topics that the stakeholders are concerned in a proper manner ?</p>	√		<p>The company has established a daily communication channel with stakeholders, and set up a special area for interested parties on the company's website to facilitate the use of stakeholders. The Company shall respond to the issues of concern to the interested parties by the Spokesperson or the Responsible Supervisor in a unified manner.</p> <p>On June 13, 2024, the Head of Corporate Governance of the Company reported to the Board of Directors on the actual communication with the interested parties.</p>	None

6. Has the Company delegated a professional stock agency to handle shareholders' meetings?	√		The company has delegated Horizon Securities Corp. to be in charge of handling affairs pertaining to shareholders' meetings .	None
7.Information disclosure (1)Did the Company establish a website to disclose information on financial operations and corporate governance ?	√		The company has established the official website for disclosing information on finances, business operations, and corporate governance. Links with Market Observation Post System (MOPS) have also been established to provide the prompt disclosure of information.	None
(2)Did the Company adopt other ways of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the company website) ?	√		The company has established chinese/english website and assigned persons to maintain and disclose corporate information through the website. The company has also fulfilled a spokesperson system. The company participated in the institutional investors' conference held by securities exchanges or other institutes and uploaded the brief and video of the conferences on the company's website or MOPS for investors and shareholders to reference and review.	None
(3)Does the company publicly announce and declare the annual financial report within two months after the end of the fiscal year, and publicly announce and declare the financial reports for the first, second, and third quarters and the monthly operating status early before the specified deadline ?	√		The company's financial reports for the first, second, and third quarters of 2024 were approved by the board of directors before the announcement period, and announced on the date of approval. In addition, the monthly revenue of the company is announced 1-2 days before the announcement period.	The company is currently not able to declare and publish the annual financial report within 2 months after the fiscal year ended.
8. Has the Company provided important information to provide better understanding of the state of corporate governance (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, progress of training of Directors, risk managementpolicy and state of implementing risk impact standards, state of implementing customer policies, and the Company's purchase of liability insurance for its Directors and Supervisors) ?	√		1.Employee rights : The recruitment of new employees is based on the principle of equality, including the employment of people who are physically and mentally challenged, as well as middle-aged and elderly workers. The company strictly complies with the Labour Standard Act and related laws and regulations to protect human rights and employee rights. The company holds the labor-management council every quarter to promote two-way communications, and harmonious labor-management relation has been maintained, which resulted in zero labor-management disputes arising until this day. 2.Employee cares : 2.1 The company provides emergency aid and assistance to employees, with the management participating in employees' weddings, funerals, and other events. 2.2The company invites the family of employees to participate in the company travels, end-of-the-year banquets, and other events. 2.3The management has meals with employees regularly to understand their living conditions. 2.4 The average salary for non-executive full-time employees was NT\$850,000 in 2023,	None

			<p>ranking 51rd of the 120 public listed biomedical companies.</p> <p>3. Investors relationship : The company fully disclosed information on SCI's website to allow investors to understand its operation instantly. The company communicated with investors through shareholders' meetings, investor conferences, and a spokesperson system.</p> <p>4. Supplier relationship : The company operates with the mindset of partnerships, practicing principles of equality and reciprocity to create a win-win situation for all. The company conducts audits irregularly to understand the operation of suppliers and to ensure the security of the supply chain. In addition, the company manages the supplier relationships following the "Supplier Management Policy" 、 "Ethical Corporate Management Best Practice Principles" and "Environmental Safety and health management of procurement practices," with regular audits and reports provided to the President.</p> <p>5. Stakeholders' rights : The company values good relationships between our stakeholders, including employees, investors(shareholders), clients, government authorities, communities, suppliers, and others. In addition to performing the rights and obligations by following laws, regulations, related agreements, and operational requirements, the company uphold the principle of good faith, maintaining decent communication channels to protect the legal rights of all parties.</p> <p>6. State of training of Directors : To enhance the promotion of corporate governance, the company has been requiring the Directors to participate in continuous learning. Please refer to the descriptions on page 112-113.</p> <p>7. The implementation of risk management policies and risk measurement standards : Please refer to Page 101-108 for the descriptions of the analysis and evaluation of risk matters.</p> <p>8. State of implementing customer policies: The company provides our clients all over the world with products in compliance with cGMP/ISO 9001 to ensure the satisfaction of our clients and has been continuously improving the quality system to meet the latest government laws and international regulations. Please refer to Appendix 10 for the Company's customer rights policy. According to the satisfaction survey retrieved from our clients in 2024, the company received a score of 4.8 out of 5.0. The item that brought the highest satisfaction was the quality and the client service, and the lowest was the price.</p> <p>9. Liability insurance for the directors purchased by the company: : The company insured a US\$3 million coverage from the property insurance company. The coverage amount, scope of insurance, and rates</p>	
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			of insurance fee on the agreement signed on August 3, 2024, were reported in the Board of Directors' meeting on August 9, 2024.	
9. Improvements made in the most recent year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation (TWSE), and prioritized matters and measures to be improved for matters that have not been improved.	√		<p>1. The result of the tenth Evaluation of Corporate Governance has been announced by the TWSE, and the company received a score of 81.16 as one of the companies listed in the top 36% to 50%.</p> <p>2. In 2024, Major defects that failed to meet the requirements in the Evaluation of Corporate Governance:</p> <p>2.1 Half of the independent directors have served more than three consecutive terms.</p> <p>2.2 Greenhouse gas emissions have not undergone external verification in the past two years.</p> <p>3. Improvements in 2024:</p> <p>3.1 A board re-election is planned for this year, with the replacement of one independent director. This change will ensure that no more than half of the independent directors have served over three consecutive terms.</p> <p>3.2 External verification was successfully obtained last year, and another verification is scheduled for September this year.</p>	None

2.2.4 Composition, duties, and operations of remuneration committee :

(1) Information on the members of the Remuneration Committee

March 31, 2025

Criteria Identity Name		Professional Qualification, and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an the Remuneration Committee member.
Independent Director (Convener)	Te-cheng Tu	Please refer to page 13.	Please refer to page 13.	2
Independent Director	Chia-Chun Jay Chen	Please refer to page 14.	Please refer to page 14.	0
Independent Director	Vincent Wang	Please refer to page 14.	Please refer to page 14.	0

(2) Information on the members of the Sustainable Committee

March 31, 2025

Criteria Identity Name		Professional Qualification, and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an the Remuneration Committee member.
Chairman	Wei-Chyun Wong	Please refer to page 12.	Please refer to page 12.	0

Independent Director	Chia-Chun Jay Chen	Please refer to page 14.	Please refer to page 14.	0
Independent Director	Vincent Wang	Please refer to page 14.	Please refer to page 14.	0

Note 1: The Company's Board of Directors approved on December 20, 2013 that the Sustainability Committee will be assigned to the Board of Directors and the first meeting is expected to be held on April 14.

Note 2: Responsibilities (annual work focus):

- 2.1 Formulate, promote and strengthen the company's sustainable development policies, annual plans and strategies, etc.
- 2.2 Review, track and revise the implementation status and effectiveness of sustainable development.
- 2.3 Supervise the disclosure of sustainable information and review the sustainability report.
- 2.4 Supervise the implementation of the Company's sustainable development code of business or other sustainable development related work approved by the Board of Directors.

(3) Implementation of the Remuneration Committee

A total of 3 Remuneration Committee meetings were held in 2024. The attendance of independent directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate in Percentage (%)	Note
Independent Director	Te-cheng Tu	3	0	100%	Convener
Independent Director	Chia-Chun Jay Chen	3	0	100%	
Independent Director	Vincent Wang	3	0	100%	

Other items that shall be recorded.

1. Composition: The fifth term of the company's Salary and Remuneration Committee has been established on June 21, 2022, and has been consists of 3 Independent Directors. For the information on the members, please refer to the "Directors' Information" page.
2. Authorities and responsibilities: (Annual work focus)
To act under the scope of authorities and responsibilities specified in Article 6 of the company's Salary and Remuneration Committee Charter, which is specified as follows:
 - (1) To review this charter and provide amendment opinions periodically.
 - (2) To enact and periodically review the target goals of the Directors' and Managers' salaries and remunerations, as well as the related policies, systems, standards, and structures.
 - (3) To periodically review the fulfillment of the performance goals of the company's Board of Directors and Managers, and provide opinions on the content and amount of the salary and remuneration for each of them.
3. If the Board of Directors rejects or modifies the opinion proposed by the Salary and Remuneration Committee, then the date of the meeting, the session, the content of the motions, the resolutions determined by the Board of

Directors, and the company's response to the Salary and Remuneration Committee's opinion shall all be specified (if the salary and remuneration resolution made by the Board of Directors exceeds the offering in the proposal of the Salary and Remuneration Committee, the details and cause of the difference shall be specified in the board meeting minutes): None.

4. For resolutions made by the Salary and Remuneration Committee, if any member posed opposition or opinions that are on record or stated in a written statement, then the date of the meeting, session, the content of motions, all members' opinions, and the response to the members' opinions shall be specified: None.

5. If the member is a Director, please specify whether the appointment is following the requirement stated in Paragraph 5 Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Salary and Remuneration Committee of a company Whose Stock is Listed On the Taiwan Stock Exchange or the Taipei Exchange:

All the members are Independent Directors, which complies to the laws and regulation.

2.2.5 The state of the company's pushing of Sustainable Development :

Pushing of Sustainable Development, Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons Thereof

Push Item	State of Implementations			Gaps with the Sustainable Development, Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
1.Has the company established a governing structure for sustainable development, and appointed exclusive (or concurrent) dedicated units under the command of the senior executives authorized by the Board of Directors? What is the status of the supervision from the Board of Directors?	√		<p>The company approved the establishment of the Sustainability Development Committee during the board meeting on December 20, 2024 (see Attachment 3). This committee is under the Board of Directors and comprises the Chairman and two independent directors as members. A dedicated Sustainability Development Task Force, led by the president is responsible for implementation. Additionally, four specialized subgroups have been established. The president regularly convenes these subgroups to review and improve execution. Furthermore, the Vice President, Wen-Chen Yang, of the Corporate Governance and Social Welfare Subgroup, reports at least once a year to the Board on the current status of sustainability development execution.</p> <p>Please refer to Appendix 3 for the company's sustainable development commitment and goals.</p> <p>Please refer to Appendix 3 for the company's sustainable development policy.</p> <p>Please refer to Appendix 3 for the company's sustainable development management guidelines and its implementation.</p> <p>Supervision from the Board of Directors: The current implementation status of sustainable development in 2024 has been reported by the board of directors on December 20, 2024, and the directors have no relevant suggestions.</p> <p>Under the company's Sustainable Development</p>	None

			<p>Committee, a total of 5 teams are established: The Executive Team, the Business Development Team, the Sustainable Environment Team (the Energy Saving & Carbon Reduction Team), the Corporate Governance Team, and the Charity Team. The teams are expected to detect business activity risks and opportunities related to the environment, clients, suppliers, employees' safety, community, corporate governance, etc., and provide timely responses.</p> <p>Currently, the executive team and sustainable environment team(energy-saving and carbon-reduction team) carry out relevant inventory operations based on the greenhouse gas inventory and third-party verification schedule discussed and approved by the board of directors on 111.6.29, and report the relevant progress to the board of directors on a quarterly basis.</p>	
2.Does the company conduct risk assessments on environmental, social, and corporate governance issues related to its operations in accordance with the materiality principle, and implement relevant risk management policies or strategies?	√		<p>The company has been certified with the ISO9001 (2015 version – valid until February 9, 2026) quality management system certification, the ISO 14001 (2015 version – valid until January 5, 2027) environmental management system certification, and the ISO 45001 (2018 version – valid until October 16, 2025) occupational health and safety management system certification. Through maintaining the aforementioned management system, the company has been successfully controlling risks and opportunities emerging from the environment, clients, suppliers, employees' safety, and other aspects, while providing timely responses.</p> <p>To strengthen the company's risk management capabilities, the company's risk management policies are to determine the scope of operational risks and take appropriate actions with the procedures of identifying the risks, evaluating the risks, supervising the risks, reporting the risks, and disclosing the risks, ensuring that all operational risks are properly managed.</p> <p>Please refer to Attachment 5 for the company's risk management policies and procedures.</p> <p>The company revised the risk management policies the board meeting on May 12, 2023, and the audit committee will be responsible for supervising the operation of risk management at a higher level.</p> <p>The company's Head of Corporate Governance shall report to the Board of Directors on the operation status of risk management at least once each year.</p> <p>Supervision from the Board of Directors:</p> <p>The report on the operation of risk management in 2024 was completed at the Board of Directors' meeting on December 20, 2024, and the directors had no relevant suggestions.</p> <p>This disclosed information included the sustainable development performance of the company from January 2024 to December 2024. The scope of risk assessment only covered the company, as the only subsidiary, Yushan Pharmaceuticals, is currently having no operational activities.</p>	None
3.Environmental issues (1) Does the company establish proper environmental	√		<p>The company has been certified with the ISO 14001 (2015 version – valid until January 5, 2027)</p>	None

management systems based on the characteristics of their industries?			environmental management system certification, and the ISO 45001 (2018 version – valid until October 16, 2025) occupational health and safety management system certification. The implemented complete environmental management system has been maintaining the effective operation of the aforementioned systems.	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	√		<p>1.Improvements in energy efficiency: The company currently primarily uses electricity as its main energy source, followed by gas and steam. In terms of energy-saving management measures, both the repaired Luzhu Plant completed in 2024 and the Guanyin Plant currently under construction are equipped with the latest energy-efficient machinery and equipment. These upgrades are expected to improve energy efficiency and reduce energy loss.</p> <p>2.Resource recycling and reuse: The company is committed to process improvement to minimize energy and resource consumption during production as much as possible. We also recycle and reuse raw materials such as solvents. In 2024, we recovered 52.8 kg of palladium and a total of 1,709,031 kg of DN-series solvents.</p> <p>3.Promoting circular economy: The company and Veolia Environment jointly established Formosa Specialty Chemical Recycling Corporation, focusing on 'innovative circular economy technologies' to process chemical solvents from the pharmaceutical industry. It is estimated that the annual solvent treatment capacity will reach 15,000 metric tons, with a solvent recycling rate of approximately 85%, fulfilling the vision of green manufacturing and carbon reduction.</p>	None
(3) Does the company assess the current and future potential risks and opportunities of climate change to the company, and adopt measures to respond to climate-related issues?	√		Currently, no potential opportunities related to climate change have been identified. However, extreme weather events such as heavy rainfall, droughts, and typhoons may lead to unstable water supply, affecting production line operations. Issues such as road collapses and flooding can disrupt logistics, while power outages and damage to plant facilities may hinder normal production. To mitigate these operational risks, the company has implemented measures including the installation of backup generators and water storage tanks, as well as the purchase of business interruption insurance.	None
(4) Does the company count the gas emissions of greenhouse, water consumption and total weight of waste in the past two years, and does the company formulate policies on energy saving and carbon reduction, reduction of greenhouse gas and water consumption or other waste management?	√		<p>1. Energy saving and carbon reduction, and reduction of greenhouse gas :</p> <p>The President Office, Environmental Protection Department, and Occupational Safety Office are responsible for promoting and implementing matters related to environmental protection, safety, and health. An Environmental Management Committee has been established to review and formulate the company's overall EHS (Environment, Health, and Safety) policies and proposals. EHS meetings are held biweekly to review the direction of implementation.</p> <p>In 2023, partial resumption of production areas resulted in total greenhouse gas emissions of 10,925 tons CO₂e (Scope 1 and Scope 2). In 2024, with full resumption of all production areas, total emissions</p>	None

		<p>reached 13,619 tons CO₂e (Scope 1 and Scope 2). The 2024 carbon emissions represent approximately 63% of the pre-incident emission level in 2020 (21,898 tons CO₂e), prior to the fire accident.</p> <p>Since 2022, the company has progressively launched various product carbon footprint projects, with four products already verified under ISO 14067:2018. Additionally, in 2024, the company obtained verification under ISO 14064-1:2018. Using the greenhouse gas emissions prior to the 2020 fire incident as the baseline year, the company aims to reduce carbon emissions by 20% by 2030. Through carbon footprint assessments and GHG inventories, emission hotspots are reviewed, and efforts are focused on improving equipment efficiency and continuously optimizing production processes to minimize the environmental impact of operations.</p> <p>2. Water consumption :</p> <p>The company currently sources its water from municipal tap water, which is categorized within the plant into four main uses: cooling water, boiler water, process water, and domestic water. In 2023, with the partial resumption of production areas, total water consumption (including tap water and recycled water) was 258,000 tons; in 2024, with full resumption of all production areas, total consumption increased to 280,000 tons. As part of our water recycling policy, cooling water and high- and low-pressure steam used for heating and cooling during production are recovered through a recycling system to reduce raw water usage. Each year, recycled water accounts for approximately 35–40% of total water consumption. Going forward, the company plans to gradually replace underground pipelines with elevated piping systems. This will improve visibility of the plant's water distribution network and help prevent large-scale water loss in the event of a leak.</p> <p>3. Total weight of waste :</p> <table><tr><td></td><td>2023</td><td>2024</td></tr><tr><td>Heading</td><td>Carrying capacity (kg)</td><td>Carrying capacity (kg)</td></tr><tr><td>solvent</td><td>1,977,202</td><td>1,966,910</td></tr><tr><td>General garbage</td><td>132,046</td><td>80,880</td></tr><tr><td>General business waste</td><td>83,632</td><td>97,490</td></tr><tr><td>Hazardous business waste</td><td>1,266,655</td><td>2,805,970</td></tr><tr><td>Total</td><td>3,459,535</td><td>4,951,250</td></tr></table> <p>4. Other energy saving measure :</p> <p>The company has implemented multiple energy-saving measures:</p> <p>(1) The factory area uses induction switches and timer-controlled lighting.</p> <p>(2) Promote power-saving mode for office equipment and encourage employees to turn off their computers after get off work to reduce standby energy consumption.</p> <p>(3) Improvement of air conditioning exhaust in office buildings, setting timed air conditioning shutdown,</p>		2023	2024	Heading	Carrying capacity (kg)	Carrying capacity (kg)	solvent	1,977,202	1,966,910	General garbage	132,046	80,880	General business waste	83,632	97,490	Hazardous business waste	1,266,655	2,805,970	Total	3,459,535	4,951,250
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Total	3,459,535	4,951,250																					

<p>4. Social Issues</p> <p>(1) Has the Company referred to international human rights conventions to formulate policies and specific management plans for the protection of human rights, and disclose them on the company's website or annual report?</p>	<p>√</p>	<p>saving electricity consumption, etc.</p> <p>(4) Gradually establish energy data monitoring devices and plan to introduce an energy management system.</p> <p>(5) Assess the feasibility of introducing renewable energy.</p> <p>(6) Evaluate the energy usage of production equipment and introduce frequency conversion technology or high-efficiency equipment to reduce energy consumption.</p> <p>SCI Pharmtech, INC. supports and adheres to the fundamental principles of human rights recognized internationally, such as the Universal Declaration of Human Rights (UDHR), the International Bill of Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.</p> <p>SCI Pharmtech, INC. has formulated a human rights policy to safeguard the rights and interests of current employees and also expects our suppliers and contractors to comply with the following principles to uphold human rights:</p> <ol style="list-style-type: none"> 1.Adhere to labor standards laws and relevant applicable laws to protect employees' rights. 2.Provide a safe, healthy, and harassment-free working environment. 3.Follow the principle of equal employment, and not discriminate or treat individuals differently based on race, nationality, age, gender, marital status, political views, religion, etc., and protect the labor rights of vulnerable or marginalized groups, such as indigenous people, women, migrant workers, contract employees, and persons with disabilities. 4.Prohibit forced labor and the use of child labor. 5.Respect employees' right to privacy and freedom of association. 6.Support and assist employees in maintaining physical and mental health and work-life balance. 7.Establish smooth labor-management communication channels and provide complaint mechanisms. 8.Regularly review and evaluate relevant human rights systems and actions. 9.Establish personal data protection management policies. (Attachment 9) <p>The company also complies with the governmental labor laws and regulations which prohibited any child labor, as no employees are under the age of 18.The company's recruitment activities are all conducted via public channels, such as employment websites or the company's official website, with sufficient disclosure on the job vacancies and equality recruitment policy practiced. Under the precondition of not impacting the corporate governance and internal control, the company encourages internal hiring as a priority to promote the harmony and stability of the labor-management relationship.</p> <p>Specific management solutions:</p> <ol style="list-style-type: none"> 1.Implement recruitment and selection control, screening application letters and interviews, and indeed check identity documents to eliminate the problem of child labor employment; since its establishment, SCI has not hired child laborers under the age of 16, nor has there been any labor 	<p>None</p>
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			<p>disputes.</p> <p>2. Take a 45-minute break at noon and leave work at 17:15 to avoid traffic spikes; hire a group meal company to provide food for employees, facilitate employee meals, and have a moderate lunch break after meals.</p> <p>3. Implement leave and encourage colleagues to pay attention to work-life balance.</p> <p>4. Provision is made for human rights protection education and training for colleagues once a year.</p> <p>5. For other specific explanations, see Labor Relations on pages P.89-91.</p> <p>The company evaluates that the implementation of the 2024 human rights policy is in good condition.</p>	
(2) Does the company establish And Implement reasonable employee welfare programs (including salary, leave, and other benefits) and adjust employee remuneration according to business performance?	√		<p>Employee remuneration : Please refer to page 116.</p> <p>Employee leave : All practices are in line with the Labor Standard Act.</p> <p>Other benefits : Trip activities, wedding gifts, childbirth gifts, funeral condolence money, hospitalization allowance, work-related injury leave, emergency aids, end of the year dinner party, employees' dormitory, complimentary meals, service award, insurance planning, and indoor sports court are all provided to employees.</p>	None
(3) Has the Company provided employees safe and healthy working environments? Are employees given regular training courses on health and safety?	√		<p>The company provides employees' health examinations each year, 8 hours of fire emergency exercise each year, 4 sessions of industrial safety training for field operators each year, group catering and drinking water safety inspection each year, and environmental inspection for chemical agents, carbon dioxide, and noises every six months.</p> <p>Passed ISO45001 (2018 edition) Occupational Safety and Health Management Department system certification.</p> <p>There were no employee occupational accidents in 2024.</p>	None
(4) Has the Company established effective career and competence development and training plans?	√		<p>The company has established performance appraisal and human resources management methods and employees Training and Development Plan (Appendix 11), through the performance appraisal system and The management meeting discovers outstanding and potential employees in the company and provides them with training and rotation training, using bottom-up and top-down methods, Promote employees' career development.</p>	None
(5) Has the company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?	√		<p>The company's products comply with the related laws and regulations of GMP and other international standards, while also have passed the inspection and review of the Ministry of Health and Welfare of Taiwan, FDA of the USA, EDQM of Europe, and PMDA of Japan.</p> <p>The company does not sell its products directly to the consumers and the company insured the products with the liability insurance of USD\$2 million.</p>	None
(6) Has the company established the supplier management policies requesting suppliers to comply			<p>Please see Attachment 8 for our company's supplier management policy.</p> <p>The company is regulated by Article 26 of the</p>	None

with laws and regulations related to environmental protection, occupational safety and health, or labor rights, as well as supervised their compliance?			<p>company's Sustainable Development Best Practice Principles and the Environment, Safety, and Health Management Procedures on its purchase operations. In addition to on-time delivery, price advantage, exception handling capabilities and cooperation, the supplier evaluation system will also gradually introduce sustainable development issues into the supplier evaluation system. In the supplier evaluation form with a total score of 100 points, if a supplier has international environmental safety certifications such as ISO 14001, ISO 45001, ISO 14064, or has made an ethics and human rights statement, they will each receive 5 points (up to a maximum of 20 points) as a basis for procurement in that year.</p> <p>Our Quality Assurance Department audited 8 suppliers in 2024, with product quality as the main audit item. The company has enacted in the Corporate Social Responsibility Principle that the company most ideally shall evaluate the supplier's history of impacting the environment or society before establishing any business relationships to prevent conducting transactions with suppliers contradicting the Corporate Social Responsibility Principle.</p> <p>The company has enacted in the Ethical Corporate Management Best Practice Principle that the company shall most ideally evaluate the supplier's history of unethical behaviors, and if the contracted supplier was involved in any unethical behaviors, the company may terminate or cancel the agreement at any time.</p>	
5. Does the company refer to internationally accepted report preparation standards or guidelines to prepare Sustainable Development reports to disclose the company's non-financial information? Has the company received assurance or certification of the aforesaid reports from a third party accreditation institution?		√	<p>The 2022-2023 sustainable development report published by the company in 2024 was composed by referencing the international general standards, yet it has not been accredited by any certification body. The sustainable development report for 2022-2023 has been uploaded at the end of September 2024. Since 2025, our company has issued a sustainable development report every year.</p>	None
6. Where the Company has stipulated its own Best Practices on Sustainable Development according to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company : None.				
<p>7. Other important information useful for understanding the state of Sustainable Development operations :</p> <p>(1) Environmental friendly :</p> <p>A: Passed ISO 14001 (2015) and ISO 45001 (2018) Certification, and the company has been commissioning agencies recognized by the competent authority to conduct annual operational environment examinations and water quality examinations, enhancing the pollution prevention measures and maintaining the company's compliance with laws and regulations of environmental protection.</p> <p>B: Cooperation with Industrial Technology Research Institute allows the company to enhance its pollution protection facilities and technologies.</p> <p>C: The company's related expense on environmental protection activities in 2024 is NT\$105,513 thousand, approximately 6.92% of the revenue.</p> <p>(2) Community involvement :</p> <p>A: Sponsorship of neighboring temples to Purdue, and other sesame oil money.</p> <p>B: Sponsored the Mid-Autumn Festival Gala in Haihuli and Binhaili. Sponsoring the community elementary school's table tennis team to support sports development.</p> <p>C: Providing the venue to the Republic of China Armed Forces for military exercises.</p>				

D: Participating in community activities to maintain a decent relationship with the residents.
E: Performing joint fire safety exercises with the Shan Jiao Branch of the Fire Department.
(3) Social contributions :
A: Dedicating to the shareholders' interest and benefit: The net profit after tax in 2024 is NT\$ 534,678 thousand.
B: Contribution to the national treasury tax revenue as an honest taxpayer: The submitted business income tax in 2024 is NT\$ 42,068 thousand.
C: Attending to the interest and benefits of the employees and creating job opportunities: As of the end of 2024, the company hired 271 employees with harmonious labor-management relations and zero records of labor-management disputes. The expense on employee welfare in 2023 is NT\$ 323,868 thousand.
D: Manufacturing medical and pharmaceutical products, striving for the improvement of human health.
(4) Social service and welfare :
A: Joining the Republic of China Criminal Investigation Association to support the development of police public services.
B: Donated to the Zhang Zhaoding Foundation to sponsor research and publication in science, culture and talent cultivation.
(5) Health and safety :
A: Enacting comprehensive standard operating procedures and requiring the employees to follow them strictly.
B: Requiring the employees to wear protective equipment, such as safety goggles, safety footwear, safety helmet, protective clothing, etc.
C: Installing adequate emergency medical equipment such as AED with regular inspections, updates, and operations.
D: Regularly performing internal and external industrial safety educational training sessions, as well as health, safety, and environment examinations.
E: Offering employees' health examinations annually, with additional examination items provided to operators tackling special tasks.
(6) Other sustainable development activities :
A: Promote physical and mental well-being by organizing employee travel and leisure activities.
B: Establish table tennis, billiards, basketball, and badminton facilities to provide employees with comfortable recreational sports venues.

2.2.5.1 Climate-related information implementation status :

Item	Execution situation
1. Describe board and management oversight and governance of climate-related risks and opportunities.	SCI approved the establishment of the Sustainability Development Committee during the board meeting on December 20, 2024 (see Attachment 3). This committee is under the Board of Directors and comprises the Chairman and two independent directors as members. A dedicated Sustainability Development Task Force, led by the president is responsible for implementation. Additionally, four specialized subgroups have been established. The president regularly convenes these subgroups to review and improve execution. Furthermore, the Vice President, Wen-Chen Yang, of the Corporate Governance and Social Welfare Subgroup, reports at least once a year to the Board on the current status of sustainability development execution.
2. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term).	SCI initially identifies climate risks and opportunities: Short-term impact: Extreme weather events may lead to production interruptions, logistics delays, decreased sales, and increased costs. SCI has established contingency plans to mitigate possible impacts. Medium-term impact: Unstable climatic conditions in specific regions may affect the supply of specific raw materials. Therefore, Xufu will strengthen supply chain management to ensure the stability of raw materials. Long-term impacts: Climate change may have long-term impacts on a company's sustainability and financial stability. Xufu plans to introduce the risk assessment mechanism recommended by TCFD to conduct assessments on specific issues of climate change to understand the specific potential financial impacts, and adjust long-term strategies accordingly to ensure that the company's future development is consistent with climate challenges.
3. Describe the financial impact of extreme climate events and transition actions.	Extreme weather events may cause production interruptions, requiring remedial measures, such as temporary adjustments to

<p>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described.</p> <p>6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>production plans or reserve raw materials, which may put short-term pressure on financial performance; future implementation of climate transformation actions will require increased sustainability-related investments, such as purchasing more environmentally friendly products equipment and the introduction of green energy, etc. Such investment costs may have an impact on the company's cash flow in the short term. In addition, taking climate transformation actions may also increase the company's brand value and maintain the company's competitiveness in a market that increasingly values sustainability, which will have a positive impact on financial performance.</p> <p>In order to strengthen corporate governance and effectively implement and improve the company's risk management mechanism and reduce the risks that may be faced in operations, Xufu has formulated "Risk Management Policies and Procedures". In the future, climate risks will be gradually integrated into the overall risk management system and closely integrated with the company's governance structure. To ensure comprehensive and effective management of climate-related risks.</p> <p>Please see Attachment 12.</p> <p>The Board of Directors of ScinoPharm approved the planning and timeline for greenhouse gas (GHG) inventory and third-party verification, initially aiming to complete the verification by 2026. However, to address the multifaceted risks posed by climate change, ScinoPharm expedited its efforts in 2024. The company not only completed the scheduled carbon inventories for three products but also advanced the organizational GHG inventory and external verification processes ahead of plan. Moving forward, ScinoPharm will establish 2020 as the baseline year for GHG emissions, using the emissions data prior to the 2020 fire incident, to formulate its carbon reduction strategies. The company is committed to focusing on the following key areas:</p> <ol style="list-style-type: none"> 1. Reducing Carbon Emissions <ul style="list-style-type: none"> ○ Goal: Achieve a 20% reduction in carbon emissions by 2030. ○ Measures: Enhance energy efficiency, introduce renewable energy sources, and optimize manufacturing processes to gradually decrease reliance on fossil fuels. 2. Implementing Renewable Energy <ul style="list-style-type: none"> ○ Goal: Initiate a renewable energy installation plan by 2027. ○ Measures: Assess the feasibility of installing solar panels. 3. Energy Management System <ul style="list-style-type: none"> ○ Goal: Obtain ISO 50001 energy management certification within two years to comprehensively improve energy utilization management. ○ Measures: Establish a systematic energy management framework and implement continuous energy monitoring and improvement initiatives. <p>Planned to complete internal carbon pricing operations in 2025, referencing domestic and international carbon pricing trends.</p>
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<p>8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information should be explained. The source and quantity of offset carbon reduction credits or the quantity of renewable energy certificates (RECs).</p>	<p>1. Carbon Emissions Reduction</p> <ul style="list-style-type: none"> • Scope: Activities encompassing public facilities, production processes, office environments, and warehouse management. • GHG Emission Scopes: Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy consumption). • Baseline Year: 2020, prior to the fire incident. US EPA • Target: Achieve a 20% reduction in carbon emissions by 2030. • Annual Milestones: <ul style="list-style-type: none"> ○ 2023–2024: Completed carbon footprint assessments for four products and conducted an organizational greenhouse gas inventory to establish the baseline year. ○ 2025–2026: Develop specific carbon reduction plans, optimize processes, and replace outdated equipment. ○ 2027–2028: Achieve a 10% reduction in carbon emissions, implement an energy management system, and establish monitoring mechanisms. ○ 2029–2030: Attain the 20% carbon reduction target and complete the installation of renewable energy equipment or acquire renewable energy certificates (RECs). <p>2. Renewable Energy Implementation</p> <ul style="list-style-type: none"> • Scope: Energy usage in office environments. • GHG Emission Scope: Scope 2 (indirect emissions from energy consumption). • Plan Timeline: Initiate renewable energy installation projects by 2027, with feasibility assessments for solar energy installations. • Annual Milestones: <ul style="list-style-type: none"> ○ 2025–2026: Complete feasibility assessments for solar energy installations. ○ 2027–2028: Finalize equipment procurement and installation planning. ○ 2029–2030: Gradually install solar energy equipment to increase the proportion of green electricity. <p>3. Energy Management System</p> <p>Scope of Activities: Public facilities, production processes, office environments, and warehouse management.</p> <p>Implementation Timeline:</p> <ul style="list-style-type: none"> • 2025: Procurement and installation of equipment necessary for the energy management system. • 2026: Achieve ISO 50001 certification and commence continuous monitoring. <p>Currently, ScinoPharm primarily achieves its carbon reduction targets through enhancing energy efficiency and integrating renewable energy sources. Should there be a future need to utilize carbon offsets or purchase Renewable Energy Certificates (RECs), the company will further evaluate participation in carbon trading</p>
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	projects or the acquisition of RECs to ensure the fulfillment of its carbon reduction objectives.
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2.2.5.2 Greenhouse Gas Inventory and Confirmation Status

<p>1. Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/million yuan) and data coverage of greenhouse gases in the past two years.</p> <p>In 2023, partial production areas resumed operations, and by 2024, all production areas were fully operational. The greenhouse gas (GHG) emissions and intensities for these years are as follows:</p> <ul style="list-style-type: none"> • 2023: <ul style="list-style-type: none"> ○ Scope 1 and Scope 2 emissions: 10,925 metric tons CO₂e ○ Emission intensity: 9.07 metric tons CO₂e per million NTD ○ Breakdown: <ul style="list-style-type: none"> ▪ Scope 1: 2,978 metric tons CO₂e ▪ Scope 2: 7,947 metric tons CO₂e ▪ Scope 3: 11,691 metric tons CO₂e ○ Total emissions (Scopes 1, 2, and 3): 22,616 metric tons CO₂e • 2024: <ul style="list-style-type: none"> ○ Scope 1 and Scope 2 emissions: 13,619 metric tons CO₂e ○ Emission intensity: 8.95 metric tons CO₂e per million NTD ○ Breakdown: <ul style="list-style-type: none"> ▪ Scope 1: 3,499 metric tons CO₂e ▪ Scope 2: 10,120 metric tons CO₂e ▪ Scope 3: 15,882 metric tons CO₂e ○ Total emissions (Scopes 1, 2, and 3): 29,500 metric tons CO₂e <p>In 2024, with full resumption of production areas, Scope 1 and Scope 2 emissions reached approximately 63% of the pre-incident levels in 2020, where emissions were 21,898 metric tons CO₂e.</p>	
<p>2. A description of the confidence in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the standards of the confidence and the confidence opinion.</p> <p>Assurance Scope: January 1, 2023 – December 31, 2024, SCI</p> <p>Assurance Provider: SGS</p> <p>Assurance Standard: ISO 14064:2018</p> <p>Assurance Statement: ISO 14064:2018 verifications for the years 2020 and 2023 were completed in 2024. The verification for 2024 is scheduled to be obtained in September 2025.</p>	

2.2.6 Implementation of Ethical Corporate Management, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons Thereof

Evaluation Item	State of Operations			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
1. Stipulating policies and plans for ethical corporate management				
(1) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies, practices, as well as the commitment of the board of directors and the senior management to rigorous and thorough implementation of such policies?	√		<p>The company's Board of Directors approved the latest amendment of the Ethical Corporate Management Best Practice Principle on June 13, 2024, with the corporate ethical management policies specified in its contents, which shall be implemented thoroughly in the internal management and external business operations in a fair, just, and open manner.</p> <p>The company's ethical corporate management policy is "Treating all the stakeholders with honesty and integrity, promoting the transparency of the company management; Internalize honesty and integrity as the core value of the company and have zero-tolerance for any unethical behaviors."</p> <p>The company's Directors and the senior executives above the Manager level have signed the Declaration of Ethical Management.</p>	None
(2) Has the company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within its business scope which are at a higher risk of unethical conduct, and established prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	√		<p>The company's Audit Office conducts audit operations following the annual audit plan enacted after the evaluation of risks every year, and no unethical behaviors were discovered through the audit for 2024.</p> <p>The contents of the company's Ethical Corporate Management Best Practice Principle include the prevention measures for every item stated under the subparagraphs of paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principle for TWSE/GTSM Listed Companies. The Audit Office audited the implementation of ethical corporate management in 2024, and no unethical behaviors were discovered.</p> <p>The company actively observes the development of the domestic and international ethical corporate management and encourages the Directors, Managers, and personnel to offer suggestions for the improvement of the ethical corporate management policy and implementation measures, enhancing the efficiency of the company's ethical corporate management.</p>	None
(3) Has the company specified in its prevention programs the operating procedures, guidelines, disciplinary measures for violations, and a grievance system, and implemented them and reviewed the prevention programs on a regular basis?	√		<p>The contents of the company's Ethical Corporate Management Best Practice Principle include the operational procedures, guidelines of behaviors, disciplinary actions when violating the rules, and the complaint systems (please refer to Attachment 1), which are implemented accordingly.</p> <p>To prevent any unethical behavior, the company requires the employees to actively propose explanations when they meet any ethical concerns and conflicts of interest and follow the regulation of the Ethical Corporate Management Best Practice</p>	None

			<p>Principle.</p> <p>The company has established a complaint channel for employees or related personnel to blow the whistle on any inappropriate business behaviors, which shall be handled by the managerial executives appointed by the company. There were no unethical behaviors discovered or any whistle-blowing incidents in 2024.</p> <p>The company's Board of Directors enacted the latest amended Ethical Corporate Management Best Practice Principle at the meeting on June 13, 2024, and it is expected to be submitted to the shareholders' meeting on May 26, 2025.</p>	
2. Implementing ethical corporate management				
(1) Has the Company evaluated ethical records of its counterpart? Does the contract signed by the Company and its trading counterpart clearly provide terms on ethical conduct?	√		Currently, before the company trade with a supplier, the personnel in charge of the case will review the supplier's past transaction record or conduct Internet searches on the supplier to ensure there is no record of unethical behaviors, and it shall be clearly stated in the agreement that the company may terminate or cancel the agreement at any time if any unethical behaviors are involved.	None
(2) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once a year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	√		The company's dedicated unit in charge of promoting ethical corporate management is the President Office, which is supervised by the President, while the assigned Head of Corporate Governance is required to report to the Board of Directors annually concerning the implementation progress of the previous year, and the Audit Office shall audit the compliance of above-mentioned systems. The most recent report to the Board of Directors occurred at the Board meeting on March 10, 2025, where the report on the 2024 ethical corporate implementation was conducted by the Head of Corporate Governance, and no fraud or unethical behaviors have occurred in 2024.	None
(3) Has the Company established policies preventing conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	√		To prevent any unethical behavior, the company requires the employees to actively propose explanations when they meet any ethical concerns and conflicts of interest and follow the regulation of the Ethical Corporate Management Best Practice Principle.	None
(4) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted CPAs to conduct the audit?	√		The company has established effective accounting and internal control systems to ensure the implementation of ethical corporate management, and the Audit Office will audit the compliance of the aforementioned systems following the annual audit plan.	None
(5) Does the Company regularly organize internal and external	√		The company has enacted the Procedures for Handling Material Inside Information and Ethical	None

training courses on ethical corporate management?			<p>Corporate Management Best Practice Principle, which strictly prohibits insiders such as Directors or employees to gain profit from trading the company's shares with information not available to the public. The company has amended the Corporate Governance Principle in the Board of Directors' meeting on March 18, 2022, with the introduction of new control measures on the share trading by the company insider when acknowledging the financial report or relevant business contents of the company, which includes (but not limited to) that the Directors may not trade their shares within 30 days before the publication of annual financial report and 15 days before the publication of quarterly financial report. The company also notifies the directors and all employees of the above-mentioned stock trading control measures by email on a quarterly basis.</p> <p>In order to promote and publicize honest behavior and prevent insider trading, the company regularly conducts education and training every year. In early January 2025, the electronic system MasterControl Training Task was used to conduct online publicity on listed company regulations for 271 employees., including Ethical Corporate Management, Procedures for Processing Material Inside Information, Self-Regulatory Rules on Disclosure of Merger and Acquisition Information, Corporate Governance Principles, Sustainable Development Principles, and sample cases of the latest insider trading incident. The related regulations are uploaded to the company's internal network and websites for employees to reference at any time. The advantage of starting to use this system for control this year is that each colleague's training and test records will be left.</p> <p>Training courses from external institutes for corporate ethical management, corporate governance, and other related topics are provided in 2024, with 10 participants from the company reaching a total duration of 116 training hours.</p>	
3. Status for enforcing whistle-blowing systems in the Company				
(1) Has the Company established concrete whistle-blowing and reward systems and accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case reported by the whistle-blower?	√		The company has established a channel for complaints with a dedicated unit to handle the related matters, following the process specified by terms enacted in the Best Practice Principle. (Please refer to Attachment 1)	None
(2) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and relevant confidentiality mechanisms?	√		The company's Ethical Corporate Management Best Practice Principle has specified the investigation procedures and confidentiality mechanism. (Please refer to Attachment 1)	None
(3) Has the Company adopted protection against inappropriate disciplinary actions against the	√		The company's Ethical Corporate Management Best Practice Principle has specified the investigation procedures and confidentiality mechanism. (Please	None

whistle-blower?			refer to Attachment 1)	
4. Improvement of information disclosure Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities on its official website or the Market Observation Post System (MOPS)?	√		The company has disclosed its Ethical Corporate Management Best Practice Principle on the company's official site and the MOPS (Market Observation Post System). The company has uploaded the annual report to the company's website and has set up a Sustainable Development page to disclose information related to ethical corporate management for investors to reference.	None
5. Where the Company has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company : None.				
6. Any important information to better understand the Company's implementation of ethical corporate management (for example, any review or amendment to best practices for ethical corporate management of the Company): The company's Board of Directors approved the latest amendment of the Ethical Corporate Management Best Practice Principle on June 13, 2024.				

2.2.7 Other important information on the state of corporate governance activities :

- (1) MOPS : <http://newmops.twse.com.tw>
- (2) SCI's website : www.sci-pharmtech.com.tw

2.2.8 Implementation of the internal control system:

- (1) Statement of Internal Control System: <https://mops.twse.com.tw/mops/web/t06sg20>
- (2) Appointed accountants audit internal control system, should disclose accountant audition result :
Not Applicable.

2.2.9 Major resolutions and state of implementation of the shareholders' meeting and the Board of Directors in the most recent year up to the printing date of this Annual Report:

- (1) Major resolutions and state of implementation of the shareholders' meeting in 2024:

Ratification Items:

Propose 1

Proposal: Please ratify the 2023 business report and financial statements.

Resolution: This proposal has been voted and ratified by the shareholders present in the meeting.

Propose 2

Proposal: Please ratify the 2023 earnings distribution.

Resolution: This proposal has been voted and ratified by the shareholders present in the meeting.

Discussion Items :

Propose 1

Proposal: Amendment to the company's articles of association.

Resolution: This proposal has been voted and ratified by the shareholders present in the meeting.

Propose 2

Proposal: Amendment to Rules and Procedures of Shareholders Meeting.

Resolution: This proposal has been voted and ratified by the shareholders present in the meeting.

Propose 3

Proposal: Lifting the Non-Competition Agreement.

Resolution: This proposal has been voted and ratified by the shareholders present in the meeting.

Note: For the complete meeting records, meeting manual, and supplementary information of this meeting, visit MOPS at: <http://mops.twse.com.tw>

(2) Review of the state of implementation of resolutions from the previous annual shareholders' meeting:
All resolutions from the 2024 annual shareholders' meeting have been implemented accordingly.

(3) List of resolutions of the Board meeting:

Date	Content of Resolution	Result of Resolution
1st Meeting of the Board of Directors in 2024 (March 12, 2024)	<p>Report Items :</p> <ol style="list-style-type: none"> 1.Minutes and execution of the last meeting. 2.Report of important financial and business. 3.Report of internal audit. 4.Report of ethical corporate management. 5.Report of the performance evaluation of the board of directors. 6.Report of Greenhouse gas inventory and third-party verification progress. <p>Discussion Items :</p> <ol style="list-style-type: none"> 1.The compensation for employees and directors. 2.The 2023 operation report and financial statements. 3.Distribution of retained earnings. 4.Statement of internal control system. 5.Convention of 2024 general shareholders' meeting. 6.Terminate the non-compete of directors 7.Amendment to Article of Incorporation. 8.Amendment to Rules and Procedures of Board of Director Meetings. 9.Amendment to Audit Committee's Charter. 10.Amendment to Rules and Procedures of Shareholders Meeting. 11. Added new sustainability report preparation and verification procedures. 12. Change visa accountant. 13. Bank credit line extension. 	<p>All directors agreed to pass all proposals without objection.</p> <p>Opinions of independent directors: None.</p> <p>Disposal of opinions of independent directors : None.</p>
2st Meeting of the Board of Directors in 2024 (May 9, 2024)	<p>Report Items :</p> <ol style="list-style-type: none"> 1.Minutes and execution of the last meeting. 2.Report of important financial and business. 3.Report of Greenhouse gas inventory and third-party verification progress. 4.Report of internal audit. 5.Report on compliance of independent directors with relevant laws and regulations. <p>Discussion Items :</p> <ol style="list-style-type: none"> 1. The Company's consolidated financial statements for the first quarter of 2023. 2. Apply for a bank line of credit. 3.Revised Risk Management Policies and Procedures. 	<p>All directors agreed to pass all proposals without objection.</p> <p>Opinions of independent directors: None.</p> <p>Disposal of opinions of independent directors : None.</p>

Date	Content of Resolution	Result of Resolution
3rd Meeting of the Board of Directors in 2024 (June 13, 2024)	<p>Election Items :</p> <p>Election of chairman</p> <p>Report Items :</p> <ol style="list-style-type: none"> 1.Minutes and execution of tne last meeting. 2.Report of important financial and business. 3.Report of internal audit. 4.Report of communicate with stakeholders. <p>Discussion Items :</p> <ol style="list-style-type: none"> 1.Determine the base date for profit dividend distribution. 2.Donation to related party. 3.Revise the relevant management measures for public offerings. 4.Through manager remuneration amount. 	<p>Director Chen, Chia-Chun nominated director Wong, Wei-chyun to serve as the chairman of the current session, which was seconded and approved by the chairman after consultation with all attending directors.</p> <p>All directors agreed to pass all proposals without objection. (Directors Wong, Wei-Chyun 、Chen, Shiang-Li 、Chou, Wen-Chih and Hsu, Chin-Hsin recused themselves from voting in Proposal 2 due to the conflict of interest.) (Directors Wong, Wei-Chyun and Chou, Wen-Chih recused themselves from voting in Proposal 4 due to the conflict of interest.) Opinions of independent directors: None. Disposal of opinions of independent directors : None.</p>
4th Meeting of the Board of Directors in 2024 (August 9, 2024)	<p>Report Items :</p> <ol style="list-style-type: none"> 1.Minutes and execution of tne last meeting. 2.Report of important financial and business. 3.Report of director liability insurance. 4.Report of internal audit. 5.Report of Greenhouse gas inventory and third-party verification progress <p>Discussion Items :</p> <ol style="list-style-type: none"> 1.The Company's consolidated financial statements for the second quarter of 2023. 2.Apply to the bank for a comprehensive credit line. 3. 2022-2023 Sustainability report. 4.Acquire long-term securities investments. 	<p>All directors agreed to pass all proposals without objection. (Directors Wong, Wei-Chyun recused themselves from voting in Proposal 4 -1 due to the conflict of interest.) (Directors Wong, Wei-Chyun and Chen, Shiang-Li recused themselves from voting in Proposal 4-2 due to the conflict of interest.) Opinions of independent directors: None. Disposal of opinions of independent directors : None.</p>
5th Meeting of the Board of Directors in 2024 (November 8, 2024)	<p>Report Item :</p> <ol style="list-style-type: none"> 1.Minutes and execution of tne last meeting. 2.Report of important financial and business. 3.Report of internal audit. 4.Report of Greenhouse gas inventory and third-party verification progress <p>Discussion Item :</p> <ol style="list-style-type: none"> 1.The Company's consolidated financial statements for the third quarter of 2024. 2.The independent evaluation of CPAs and fees. 3.General Principles of the Pre-approval Non-Confirmed Services Policy and its Annex. 4.Extension of bank credit lines. 5.Revise the company's internal control system, internal audit system, internal control system implementation rules and self-evaluation internal control system operating procedures. 6. Revised the company's corporate governance code 	<p>All directors agreed to pass all proposals without objection. Opinions of independent directors: None. Disposal of opinions of independent directors : None.</p>

Date	Content of Resolution	Result of Resolution
	and formulated a corporate value enhancement plan.	
6th Meeting of the Board of Directors in 2024 (December 20, 2024)	<p>Report Items :</p> <ol style="list-style-type: none"> 1.Minutes and execution of tne last meeting. 2.Report of important financial and business. 3.Report of internal audit. 4.Report of ESG implementation. 5.Report of Risk Management Policy 、Procedure and implementation. 6.Report of Information security management and implementation. 7.Report of Intellectual Property Management Plan and implementation. <p>Discussion Items :</p> <ol style="list-style-type: none"> 1.2024 Operational Review and 2025 Budget. 2.Finalize the internal audit plan for 2025. 3.The Sustainability Committee is under the Board of Directors and establishes organizational charter. 4. Revised the preparation and verification procedures for the Sustainability report. 5.Approved manager's the Remuneration. 	<p>All directors agreed to pass all proposals without objection. (Directors Wong, Wei-Chyun and Chou, Wen-Chih recused themself from voting in Proposal 5 due to the conflict of interest.) Opinions of independent directors: None. Disposal of opinions of independent directors : None.</p>
1st Meeting of the Board of Directors in 2025 (March 10, 2025)	<p>Report Items :</p> <ol style="list-style-type: none"> 1.Minutes and execution of tne last meeting. 2.Report of important financial and business. 3.Report of internal audit. 4.Report of ethical corporate management. 5.Report of the performance evaluation of the board of directors. 6.Report of Greenhouse gas inventory and third-party verification progress <p>Discussion Items :</p> <ol style="list-style-type: none"> 1.The compensation for employees and directors. 2.The 2024 operation report and financial statements. 3.Distribution of retained earnings. 4.Statement of internal control system. 5.Convention of 2025 general shareholders' meeting. 6.Election of Directors. 7.Terminate the non-compete of directors 8.Amendment to Article of Incorporation. 9.Define the scope of grassroots employees. 10.Bank credit line extension. 	<p>All directors agreed to pass all proposals without objection. Opinions of independent directors: None. Disposal of opinions of independent directors : None.</p>

(4) List of proposals of the Audit Committee :

Date	Content of Resolution	Result of Resolution
1th Meeting of the Audit Committee in 2024 (March 12, 2024)	Discussion Item : 1.The 2023operation report and financial statements. 2.Distribution of retained earnings. 3.Statement of internal control system. 4. Amendment to Audit Committee's Charter. 5.Added new sustainability report preparation and verification procedures. 6.Change visa accountant.	All members agreed to pass all proposals without objection. Opinions of members : None. Disposal of opinions of Audit Committee : None.
2st Meeting of the Audit Committee in 2024. (May 9, 2024)	Discussion Items : 1. The Company's consolidated financial statements for the first quarter of 2024. 2.Revised Risk Management Policies and Procedures.	All members agreed to pass all proposals without objection. Opinions of members : None. Disposal of opinions of Audit Committee : None.
3th Meeting of the Audit Committee in 2024 (June 13, 2024)	Discussion Item : 1.Revise the relevant management measures for public offerings.	All members agreed to pass this proposals without objection. Opinions of members : None. Disposal of opinions of Audit Committee : None.
4th Meeting of the Audit Committee in 2024 (August 9, 2024)	Discussion Item : 1.The Company's consolidated financial statements for the second quarter of 2024. 2. 2022-2023 Sustainability report. 3.Acquire long-term securities investments.	All members agreed to pass all proposals without objection. Opinions of members : None. Disposal of opinions of Audit Committee : None.
5th Meeting of the Audit Committee in 2024 (November 8, 2024)	Discussion Item : 1.The Company's consolidated financial statements for the third quarter of 2024. 2.The independent evaluation of CPAs and fees. 3. Revise the company's internal control system, internal audit system, internal control system implementation rules and self-evaluation internal control system operating procedures.	All members agreed to pass all proposals without objection. Opinions of members : None. Disposal of opinions of Audit Committee : None.
6th Meeting of the Audit Committee in 2024 (December 20, 2024)	Report Items : Report of Risk Management Policy 、Procedure and implementation. Discussion Item : 1.Finalize the internal audit plan for 2025. 2.2024 Risk Management Policy 、Procedure and implementation.	All members agreed to pass all proposals without objection. Opinions of members : None. Disposal of opinions of Audit Committee : None.
1th Meeting of the Audit Committee in 2025 (March 10, 2025)	Discussion Item : 1.The 2024 operation report and financial statements. 2.Distribution of retained earnings. 3.Statement of internal control system.	All members agreed to pass all proposals without objection. Opinions of members : None. Disposal of opinions of Audit Committee : None.

(5) List of proposals of the remuneration committee :

Date	Content of Resolution	Result of Resolution
1st Meeting of the Remuneration Committee in 2024 (March 12, 2024)	Discussion Item : Discussion Item : The compensation for employees and directors in 2023.	All members agreed to pass this proposals without objection. Opinions of members : None. Disposal of opinions of Remuneration Committee : None.
2th Meeting of the Remuneration Committee in 2024 (June 13, 2024)	Discussion Item : Approved manager's the Remuneration.	All members agreed to pass this proposals without objection. Opinions of members : None. Disposal of opinions of Remuneration Committee : None.
3th Meeting of the Remuneration Committee in 2024 (December 20, 2024)	Discussion Item : Approved manager's the Remuneration.	All members agreed to pass this proposals without objection. Opinions of members : None. Disposal of opinions of Remuneration Committee : None.
1st Meeting of the Remuneration Committee in 2025 (March 10, 2025)	Discussion Item : Discussion Item : The compensation for employees and directors in 2024.	All members agreed to pass this proposals without objection. Opinions of members : None. Disposal of opinions of Remuneration Committee : None.

2.2.10 Any dissenting opinions on record or stated in a written statement made by Directors regarding key resolutions of the Directors' Meeting in the most recent year up to the publication date of this report: None.

2.3 Information on the CPA's fees:

2.3.1 The CPA's fees:

Unit: NT\$						
Name of the accounting firm	Name of CPA	CPA's Audit period	Audit Fee	Non- audit Fee	Total	Note
KPMG	Serena Hsin Huang, Keng Chia	Jan. 1, 2023 to Dec. 31, 2024	1,980,000	400,000	2,380,000	

Non- audit Fee				
Tax Compliance Audit	Business Registration	Recapitalization of retained earnings	Others	Subtotal
400,000	0	0	0	400,000

2.3.2 Where accounting firm was replaced and the accounting fee paid for the year was less than that of the previous year : Not Applicable.

2.3.3 The audit fee decreased by more than 10% compared with the previous year : Not Applicable.

2.3.4 The Company implements regular evaluate the independence and compliance every year :

The company's management authorities regularly evaluate the independence and competency of the CPAs every year. The evaluation procedures are:

1. Self-evaluation by the CPAs : fill in the CPAs' independence and competency evaluation form, and issue a declaration of detachment and independence.
2. Initial evaluation of managers.
3. CPAs report AQIs to the board of directors.
4. Review and resolution of the Audit Committee and Board of Directors:

The overall evaluation results were submitted to the audit committee and the board of directors for review and resolution, and the company passed the CPAs' independence and competency evaluation on November 8, 2024.

Included evaluation items:

The CPAs, the spouses of CPAs, and the minor children of CPAs having no investment or sharing a financial interest with the company, and the CPAs, the spouses of CPAs, the minor children of CPAs having no financial debt with the company, etc. and AQIs.

2.3.5 The board of directors of the company expects to refer to the audit quality indicators (AQIs) when assessing the independence and suitability of certified accountants once a year, and disclose the assessment procedures on the company website.

2.4 Replacement of CPA information :

2.4.1 About the former accountant :

Replacement date	March 12, 2024		
Replacement reasons and instructions	KPMG internal work adjustment		
Indicates that the appointing person or accountant has terminated or refused to accept the appointment	Party	Accountant	Appointed person
	Condition		
	Voluntary termination of appointment	✓	
	Not accepting (continuing) appointment		
Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years	None		
Disagreement with the issuer	Yes		Accounting Principles or Practices
			Disclosure of financial reports
			Check scope or steps
			Other
	No	✓	
	Illustrate		
Other disclosures	<p>1. The previous accountant had informed the company that it lacked a sound internal control system, making its financial reports unreliable: None.</p> <p>2. The previous accountant had informed the company that it could not rely on the company's statement or was unwilling to have any connection with the company's financial report: None.</p> <p>3. The previous accountant had notified the company that the scope of the audit must be expanded, or the information indicated that expanding the scope of the audit may damage the credibility of the previously issued or upcoming financial reports, but the former accountant did not expand the scope of the audit due to the change of accountants or other reasons : None.</p> <p>4. The former accountant had informed the company that based on the information collected, the credibility of the financial report issued or to be issued may be damaged, but due to the change of accountant or other reasons, the former accountant did not deal with this matter: None.</p>		

2.4.2 About Successor Accountants :

Firm name	KPMG
Accountant name	Huang, Keng Chia
Date of appointment	March 12, 2024
Consultation matters and results of accounting treatment methods or accounting principles for specific transactions and possible issuance of financial reports before appointment.	None
Written opinion of the successor accountant on matters with different opinions from the predecessor accountant.	None

2.4.3 Reply letter from the former accountant to item 1 and item 3 of Item 6 of Article 10 of this Standard: None.

2.5 If the Company's Chairman, President, or managers responsible for financial and accounting affairs have held any position in the accounting firm or its affiliates during the past year, all relevant information should be disclosed : None.

2.6 Equity transfer or changes to equity pledge of directors, managerial officers, or shareholders holding more than 10% of company shares in the most recent year to the publication date of this report :

MOPS Query URL : https://mops.twse.com.tw/mops/web/stapap1_all

2.7 Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree :

Relationship information between the 10 largest shareholders

March 28, 2025

Name	Shares held by the person		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationships of the 10 largest shareholders where they are related parties, spouses, or relatives within the second degree of kinship		Note
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
Mercuries & Associates Holding, Ltd. Institutional representative : Chen, Shiang-Li	35,590,777	29.78%	None	None	None	None	Mercury Fu Bao Mercuries & Associates Co., Ltd.	Note2 (A)	
	None	None	None	None	None	None	Mercuries & Associates Holding, Ltd Shanglin-Hsu, Chang-Hui Mercury Fu Bao Mercuries & Associates Co., Ltd.	Chairman The first degree of kinship. Director Director	
Zhan, Li-Wei	5,330,000	4.46%	None	None	None	None	None	None	
CTBC Bank is entrusted to SCI PHARMTECH, INC. Employee Shareholding Association Trust Property Special Account.	3,364,920	2.82%	None	None	None	None	None	None	
Mercury Fu Bao Co., Ltd.	2,839,592	2.38%	None	None	None	None	Mercuries & Associates Holding, Ltd	Note2 (B)	
Chen, Chun-Fang	1,468,900	1.23%	None	None	None	None	None	None	
Mercuries & Associates Co., Ltd.	1,439,485	1.20%	None	None	None	None	Mercuries & Associates Holding, Ltd	Note2 (B)	
Shuren Investment Co., Ltd. representative : Wong, Chau-Shi	1,270,125	1.06%	None	None	None	None	Wong, Wei-Chyun	The first degree of kinship.	
Chou, Yong-Cong	967,983	0.81%	None	None	None	None	None	None	
Shanglin Investment Co., Ltd. representative : Hsu, Chang-Hui	714,166	0.60%	None	None	None	None	Mercuries & Associates Holding, Ltd- Chen, Shiang-Li	The first degree of kinship.	
Wong, Wei-Chyun	670,560	0.56%	68,829	0.06	None	None	Mercuries & Associates Holding, Ltd Shuren – Wong, Chau-Shi	Director The first degree of kinship.	

Note 1: The 10 largest shareholders shall be listed. For corporate shareholders, the title of the corporate shareholder as well as the name of the representative shall be indicated.

Note 2: A. The investee company evaluated by the equity method for the enterprise.

B. It is an investor who evaluates the investment of the company by the equity method.

2.8 The number of shares held by the company, its directors, managers and enterprises directly or indirectly controlled by the company in the same invested enterprise shall be combined to calculate the comprehensive shareholding ratio:

Reinvestment business (Note)	The Company invest		Investments in businesses directly or indirectly controlled by directors, managers and companies		Comprehensive Investment	
	Shares	%	Shares	%	Shares	%
Yushan Pharmaceuticals Inc.	35,190,000	100.00%	0	0%	35,190,000	100.00%
Framosa Co.	14,375,000	25.00%	8,625,000	15.00%	23,000,000	40.00%
HoneyBear Biosciences, Inc.	1,750,000	4.00%	4,901,000	11.30%	6,651,000	15.34%

Note: This is an investment using the equity method in the company's 2024 individual financial report.

3 、 Capital Overview

3.1 Capital and Share

3.1.1 Source of Capital

Month/ Year	Issuance Price Per Share (NT\$)	Authorized Capital		Paid-in Capital		Note		
		Shares (thousands)	Amount (NT\$ thousands)	Shares (thousands)	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
September 1987	100	495	49,500	148	14,801	Funded	—	—
January 1988	100	495	49,500	495	49,500	Issuance of common stock	—	—
August 1990	100	800	80,000	800	80,000	Issuance of common stock	—	—
February 1991	100	1,200	120,000	1,200	120,000	Issuance of common stock	—	—
September 1991	100	2,000	200,000	1,600	160,000	Issuance of common stock	—	—
January 1993	100	2,000	200,000	2,000	200,000	Issuance of common stock	—	—
November 1995	100	1,200	120,000	1,200	120,000	Capital reduction	—	—
April 1996	10	20,000	200,000	20,000	200,000	Issuance of common stock	—	Note1
April 2002	10	30,000	300,000	22,800	228,000	Issuance of common stock & Recapitalization of retained earnings	—	Note2
January 2003	10	30,000	300,000	26,800	268,000	Issuance of common stock	—	Note3
June 2003	10	39,600	396,000	30,129	301,290	Recapitalization of retained earnings	—	Note4
July 2004	10	39,600	396,000	32,511	325,107	Recapitalization of retained earnings	—	Note5
June 2008	10	39,600	396,000	36,162	361,617	Recapitalization of retained earnings & employee bonus	—	Note6
July 2009	10	60,000	600,000	40,121	401,212	Recapitalization of retained earnings & employee bonus	—	Note7
November 2009	10	60,000	600,000	40,351	403,512	Issuance of stock from exercise of employee stock option	—	Note8
March 2010	10	60,000	600,000	40,462	404,622	Issuance of stock from exercise of employee stock option	—	Note9
July 2010	10	60,000	600,000	44,871	448,706	Issuance of stock from exercise of employee stock option	—	Note10
August 2010	10	60,000	600,000	44,991	449,906	Issuance of stock from exercise of employee stock option	—	Note11
November 2010	10	60,000	600,000	45,235	452,351	Issuance of stock from exercise of employee stock option	—	Note12
March 2011	10	60,000	600,000	45,267	452,671	Issuance of stock from exercise of employee stock option	—	Note13
July 2011	10	60,000	600,000	49,030	490,298	Recapitalization of retained earnings & employee bonus	—	Note14
December 2011	10	60,000	600,000	49,166	491,662	Issuance of stock from exercise of employee stock option	—	Note15
March 2012	10	60,000	600,000	49,191	491,913	Issuance of stock from exercise of employee stock option	—	Note16
November 2012	10	60,000	600,000	49,282	492,823	Issuance of stock from exercise of employee stock option	—	Note17
March 2013	10	60,000	600,000	49,317	493,173	Issuance of stock from exercise of employee stock option	—	Note18
August 2013	10	90,000	900,000	53,700	537,001	Recapitalization of retained earnings & employee bonus	—	Note19
September 2013	10	90,000	900,000	65,700	657,001	Issuance of common stock	—	Note20
March 2014	10	90,000	900,000	66,206	662,061	Restricted employee stocks & Convertible Bond	—	Note21
August 2014	10	90,000	900,000	69,690	696,905	Recapitalization of retained earnings & employee bonus / Cancellation of restricted employee stocks for a capital reduction	—	Note22

January 2015	10	90,000	900,000	69,652	696,525	Cancellation of restricted employee stocks for a capital reduction	—	Note23
August 2015	10	90,000	900,000	73,298	732,981	Convertible Bond	—	Note24
December 2015	10	90,000	900,000	75,121	751,213	Convertible Bond	—	Note25
April 2016	10	90,000	900,000	76,289	762,896	Convertible Bond	—	Note26
September 2016	10	90,000	900,000	79,485	794,853	Convertible Bond	—	Note27
September 2021	10	120,000	1,200,000	95,382	953,824	Recapitalization of retained earnings	—	Note28
August 2023	10	120,000	1,200,000	107,509	1,075,086	Recapitalization of retained earnings & employee bonus	—	Note29
September 2023	10	120,000	1,200,000	119,509	1,195,086	Issuance of common stock	—	Note30
August 2024	10	160,000	1,600,000	119,509	1,195,086	Increase capital	—	Note31

Note 1 : Approved by the MOEA Ching-(85)-Shou-Tzu Document No. 104652 of April 12, 1996.

Note 2 : Approved by the MOEA Ching-(91)-Shou-Tzu Document No. 09101187210 of May 29, 2002.

Note 3 : Approved by the MOF Tai-Cai-Zheng-Yi-Tzu Document No. 09100168605 of January 7, 1993.

Note 4 : Approved by the MOF Tai-Cai-Zheng-Yi-Tzu Document No. 0920123426 of May 28, 1993.

Note 5 : Approved by the FSC Jin-Guan-Zheng-Yi-Tzu Document No. 0930130746 of July 12, 2004.

Note 6 : Approved by the FSC Jin-Guan-Zheng-Yi-Tzu Document No. 0970032412 of June 30, 2008.

Note 7 : Approved by the FSC Jin-Guan-Zheng-Fa-Tzu Document No. 0980033622 of July 7, 2009.

Note 8 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 09833408300 of November 10, 2009.

Note 9 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 09931817460 of March 25, 2010.

Note 10 : Approved by the FSC Jin-Guan-Zheng-Fa-Tzu Document No. 0990035314 of July 8, 2010.

Note 11 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 09932503770 of August 26, 2010.

Note 12 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 09932819330 of November 12, 2010.

Note 13 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 10031763320 of March 18, 2021.

Note 14 : Approved by the FSC Jin-Guan-Zheng-Fa-Tzu Document No. 1000031659 of July 8, 2011.

Note 15 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 10032829090 of September 2, 2011.

Note 16 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 10131774560 of March 19, 2012.

Note 17 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 10132725810 of November 16, 2012.

Note 18 : Approved by the MOEA Ching-Shou-Chung-Tzu Document No. 10233283510 of March 20, 2013.

Note 19 : Approved by the FSC Jin-Guan-Zheng-Fa-Tzu Document No. 1020025591 of July 2, 2013.

Note 20 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10201196540 of September 25, 2013.

Note 21 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10301046450 of March 27, 2014.

Note 22 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10301172650 of August 27, 2014.

Note 23 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10401008270 of January 15, 2015.

Note 24 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10401148370 of August 19, 2015.

Note 25 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10401250530 of November 30, 2015.

Note 26 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10501075640 of April 22, 2016.

Note 27 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10501215700 of September 2, 2016.

Note 28 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 11001163710 of September 15, 2021.

Note 29 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 11230153980 of August 10, 2023.

Note 30 : Approved by the FSC Jin-Guan-Zheng-Fa-Tzu Document No. 1120355636 of September 22, 2023.

Note 31 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 11330121190 of August 1, 2024.

3.1.2 Category of shares

March 28, 2025 Unit: Share

Category of shares	Authorized Capital Stock			Note
	Outstanding Shares	Unissued Shares	Total	
Registered common shares	119,508,634	40,491,366	160,000,000	Outstanding stock of a listed company

3.1.3 List of major shareholders :

March 28, 2025 Unit: Share

Name of major shareholder	Shares	Shareholding	%
Mercuries & Associates Holding, Ltd. Institutional representative : Chen, Shiang-Li		35,590,777	29.78%
Zhan, Li-Wei		5,330,000	4.46%
CTBC Bank is entrusted to SCI PHARMTECH, INC. Employee Shareholding Association Trust Property Special Account.		3,364,920	2.82%
Mercury Fu Bao Co., Ltd.		2,839,592	2.38%
Chen, Chun-Fang		1,468,900	1.23%
Mercuries & Associates Co., Ltd.		1,439,485	1.20%
Shuren Investment Co., Ltd. representative : Wong, Chau-Shi		1,270,125	1.06%
Chou, Yong-Cong		967,983	0.81%
Shanglin Investment Co., Ltd. representative : Hsu, Chang-Hui		714,166	0.60%
Wong, Wei-Chyun		670,560	0.56%

3.1.4 Dividend Policy and Implementation Status

1. Dividend Policy:

Article 23 of the Articles of Incorporation :

If there is any surplus in the corporation's general annual report, such surplus should be firstly used for paying various withholding taxes and covering the accumulated losses, and then 10% of such surplus should be withdrawn and deposited to serve as the statutory surplus reserve. In addition, a special surplus reserve shall be set aside in accordance with the provisions of the "Securities and Exchange Law". If there are still any surplus profits after the remaining surplus have been used for distributing and paying dividends, the board of directors shall formulate an allocation proposal in accordance with the corporation's Dividend Policy, and submit it to the shareholders' meeting for a resolution to distribute bonuses to shareholders.

Article 23-1 of the Articles of Incorporation :

The Dividend Policy of the corporation is stipulated according to the provisions of the

Company Act and the articles of incorporation and will be determined depending on the factors such as the corporation's capital and financial structure, operating conditions, surplus profits, and its industry peculiarities and cycles. All the allocation will be conducted based on conservatism principle. The surplus profits shall be allocated in accordance with the provisions of the preceding article; what's more, the allocation of shareholders' dividends/bonuses in the current year should not be less than 50% of the after-tax surplus of the current year in principle, given that no special circumstances should be taken into account. The allocation of cash dividends will not be less than 10% of the total amount of dividends distributed.

2 . Dividend payout plans proposed during the most recent shareholder's meeting :

Table of 2024 Earnings Distribution

Unit: NT\$

Item	Amount		Note
	Subtotal	Total	
Undistributed earnings at the beginning of the period		992,488,230	NT\$ 1.5/per share
Actuarial gains and losses included retained earning		7,053,220	
Changes in affiliated enterprises and joint ventures recognized using the equity method		(1,374,494)	
Undistributed earnings adjusted		998,086,956	
Add: Profit	534,678,240		
Minus: Legal reserve appropriated	(54,035,697)		
		480,642,543	
Earnings available for distribution		1,478,729,499	
Distribution Item —			
Cash dividend		(179,262,951)	
Undistributed earnings at the end of the period		1,299,466,548	

3. Explanation of expected major changes in dividend policy:

The company does not major changes in dividend policy.

3.1.5 Impact to the company's business performance and earnings per share (EPS) for free allotment of shares proposed by this shareholder's meeting : Not applicable.

3.1.6 Remuneration for employees and directors :

1. The information regarding the remuneration of the employees and Directors is specified in the company's Articles of Incorporation are as the following:

If the company gains profits within the fiscal year, it shall allocate part of it for the remuneration for employees and Directors. The profits allocated as the remuneration for employees shall be no less than 3%, and the profits allocated as the remuneration for Directors shall be no more than 2%. However, if the company had accumulated loss, the amount to offset such loss shall be allocated in advance.

2. If the basis for estimating the amount of the employees' and Directors' remuneration

and calculating the number of shares to be distributed as employee remuneration, as well as the actual distributed amount, is different from the estimated figure in the current period, the CPAs will conduct the following process:

The estimated employees' and Directors' remuneration payable in 2024 was allocated under the Article of Incorporation and the regulation related to remuneration, which was from utilizing the net income before tax without the deduction of the employees' and Directors' remuneration multiplied by the percentage of employees' and Directors' remuneration specified in the Article of Incorporation as the basis for distribution, and it was listed as the operating costs or the operating expense of that specific period. If the Board of Directors decided to distribute employees' remuneration via shares, the numbers of shares of the remuneration are to be calculated with the closing price of the common shares on the day before the resolution of the Board of Directors was made.

3. The status of remuneration distribution approved by the Board of Directors:

(1) The approvals of the Board of Directors' meeting on March 10, 2025, are as follows:

Employee remuneration : NT\$ 35,376,537

Director's remuneration : NT\$ 5,500,000

(2) The amount of the employees' remuneration distributed through shares and its proportion in the after-tax net income stated in the individual or independent financial reports and the total employee compensation of the current period:
NA

4. The distribution of employees' and Directors' remuneration in 2023:

(1) The distribution of employee's and Directors' remuneration for the specific year is as follows:

Employee remuneration : NT\$ 24,407,466

Director's remuneration : NT\$ 3,936,000

(2) The discrepancy between the actual and estimated amount of the employees' and Directors' remuneration shall be listed with the reason and troubleshooting progress specified: No discrepancy was found.

3.1.7 Repurchase by the Company of its own shares : None.

3.2 Status of corporate bond : None.

3.3 Status of preferred share: None.

3.4 Status of global depositary receipt: None.

3.5 Status of employee stock option and restricted employee share : None.

3.6 Status of Mergers, Acquisitions, and Spin-Offs : None.

3.7 Financing plans and implementation status :

2023 years of cash capital increase and new shares issued

MOPS Website : https://mops.twse.com.tw/mops/web/bfhtml_q2

4 、 Operational Highlights

4.1 Business Activities

4.1.1 Business scope :

1. Primary business operated by the Company :

- (1) Research and development, production, and sales of active pharmaceutical ingredients (API), API intermediates, and specialized and fine chemicals.
- (2) Supporting for Quotation, bidding, and distribution of products from domestic and overseas manufacturers as a local partner.
- (3) Represent for research and development of the aforesaid products.

2. Proportion of primary business :

Unit: NT\$ Thousand

Item of Primary Product	2024	%
APIs	1,087,553	71.37%
API Intermediates	416,085	27.31%
Other	20,100	1.32%
Total	1,523,738	100.00%

3. Current products (services) offered by the Company :

Product Item	Name of Primary Product
APIs	VA Probucol Divalproate Sodium Propafenone Hydrochloride Duloxetine Hydrochloride Allopurinol Clindamycin palmitate HCl Articaine Hydrochloride HOCLQ-Sulfate Brinzolamide Sodium Valproate Pentobarbital Sodium Methylphenidate HCl Biso-FA Thiopental acid Loxoprofen Sodium Hydrate Atomoxetine HCl Cannabidiol Adenine Buprenorphine Pimobendan
API Intermediates	DEDPM PENT-2 AL-1 S-2 NBE EPMA-wet PEC Aminazole BHA PGA 2-BFAA

API Intermediates	BHZ 3-Azetidinol Hydroxifenone 5T(Ritalinic acid) 5TC 5-HMT BOV ZP-3 (S)-MMAA HOCLQ BPPCE-HCL Prop-3 Thiazole acid Isopropenyl MgBr Chiral Aux DPAEE EPA Olivetol PMDOL UDP-Glu-NAz
Specialty chemicals	7 chemicals, including diethyl ketone (DEK)

4. Development projects for new products (services) :

Name of Primary Product	New Product Description
Benserazide	API (Parkinson's disease treatment drugs)
ADC	Intermediates (antineoplastic drugs)
Iron sucrose	Iron deficiency anemia
CDMO-HMTM	Alzheimer's Drugs
CDMO-X project	Narcolepsy medications
CDMO-N Project	Anticancer drug intermediates
CDMO-A Project	Immunosuppressant intermediates

Note: Besides the aforementioned R&D projects will go forward, all production lines for the existing products will undergo replacement and modification.

4.1.2 State of the industry :

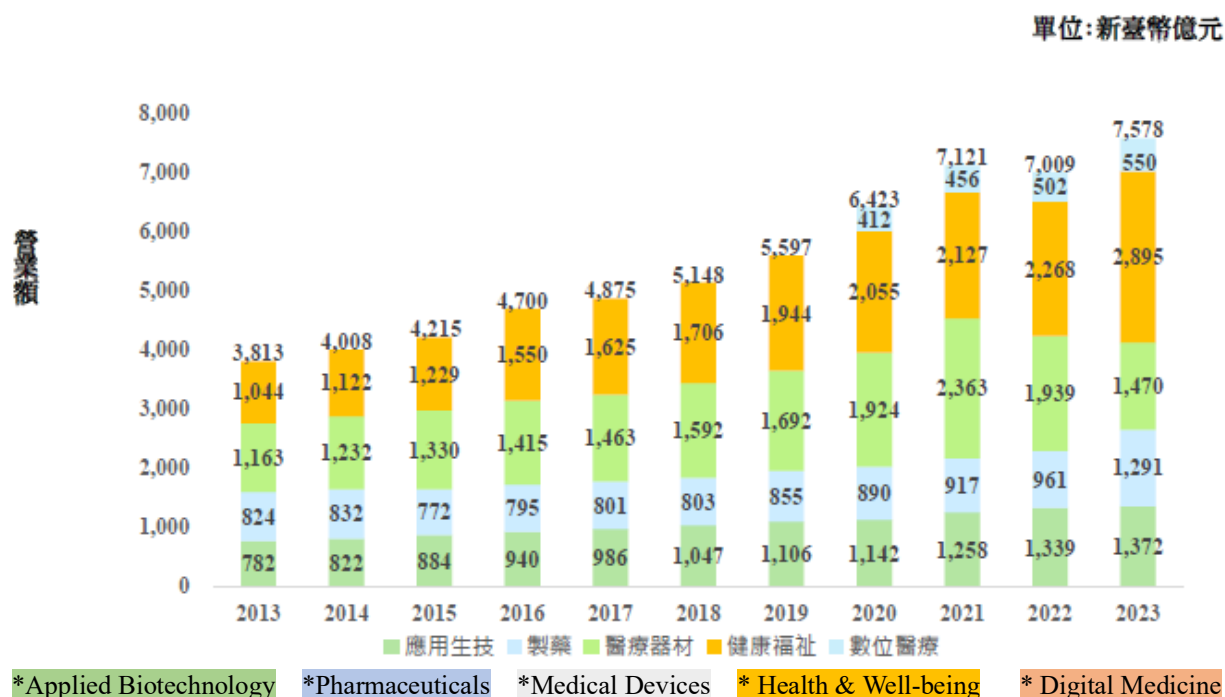
1. The current status and development of the industry: (Referenced from the 2024 Biotechnology Industry White Paper)

According to statistics from IQVIA, including COVID-19 vaccines and therapies, the global pharmaceutical market size in 2023 will be approximately US\$1.61 trillion, an increase of 8.4% from US\$1.48 trillion in 2022, of which the market size in advanced countries will be approximately US\$1.28 trillion, accounting for approximately 79.38% of the global pharmaceutical market. The pharmaceutical market size of the top ten advanced countries in 2023 is approximately US\$1.08 trillion, accounting for 67.31% of the global pharmaceutical market; the pharmaceutical market size of emerging pharmaceutical markets in 2023 is US\$303.7 billion, accounting for approximately 18.90% of the global pharmaceutical market. As for low-income countries, drug sales were US\$27.6 billion..

According to a survey by IQVIA, the global pharmaceutical market will increase at a compound annual growth rate of 5-8% in the next five years, and is expected to reach US\$2.3 trillion in 2028. The growth in North America, Western Europe and Japan will slow down, while the growth in China, India and the Asia-Pacific region will exceed 3%. In addition, it is believed that the key factors currently affecting the development of the pharmaceutical industry include the medical system's ability to withstand cost increases, commercial insurance and the government's financial pressure and cost control, and the strengthening of the review of the price of drugs, aging and epidemic infectious diseases, which require more investment. Dedicate more resources to preventive medicine and early detection.

The biomedical industry of Taiwan covers five main fields: Pharmaceuticals, medical devices, applied biotechnology, health & well-being, and Digital Medicine. Along with the continuous development of new products and the expansion in the international market of the domestic biotechnology and pharmaceutical companies, increases have been seen in the exports of the Taiwanese biotechnology and pharmaceutical industry, which further expands the scale of the domestic industry. The 2023 turnover of the biotechnology and pharmaceutical industry in our country has NT\$757.8 billion, with a increase of 8.12% compared to the NT\$700.9 billion in 2022. With the domestic pharmaceutical industry actively expanding in the international market in recent years, a significant increase of 34.34% in turnover in 2023, the growth of turnover has continued from NT\$96.1 billion in 2022 to NT\$129.1 billion in 2023.

Turnover



Source: Biotechnology and Pharmaceutical Industries Promotion Office, MOEA; Medical and Pharmaceutical Industry Technology and Development Center; Industry, Science and Technology International Strategy Center (ISTI), ITRI (2024)

The pharmaceutical industry in our country is categorized into the manufacture of drugs and medicines, Chinese prescriptions, biopharmaceuticals, and APIs. The steady growth over the years has been the result of the increasing domestic market demand and the successful expansion in the export market. The scale of my country's API market is not large, and domestic API companies mainly focus on exports. According to the import and export statistics of the Customs of the Republic of China, my country's raw materials were exported to 66 countries in 2023, with an export value of NT\$5.145 billion, a decrease of 5.02% from 2022. Japan, mainland China, India, the United States and Germany are the top five export destinations for my country's raw materials, among which the export amount to mainland China and Germany alone has increased. The import value of raw materials in 2023 is NT\$6.629 billion, an increase of 9.00% over 2022. Mainland China, Japan, India, Italy and South Korea are the top five importing countries, among which the import value from Italy has increased significantly by 137.36%.

Statistics on Import and Export Value of Taiwan's API Industry

Unit: NT\$100 million; %

Year Item	Export Value				
	2019	2020	2021	2022	2023
APIs	40.5	44.9	48.2	54.2	51.5

Unit: NT\$100 million; %

Year Item	Import Value				
	2019	2020	2021	2022	2023
APIs	63.2	65.4	56.7	58.5	66.3

Source: Import and export statistical tape data of the Customs of the Republic of China.

Note: The import and export value of APIs is represented by the tariff code that is more clearly the API product item.

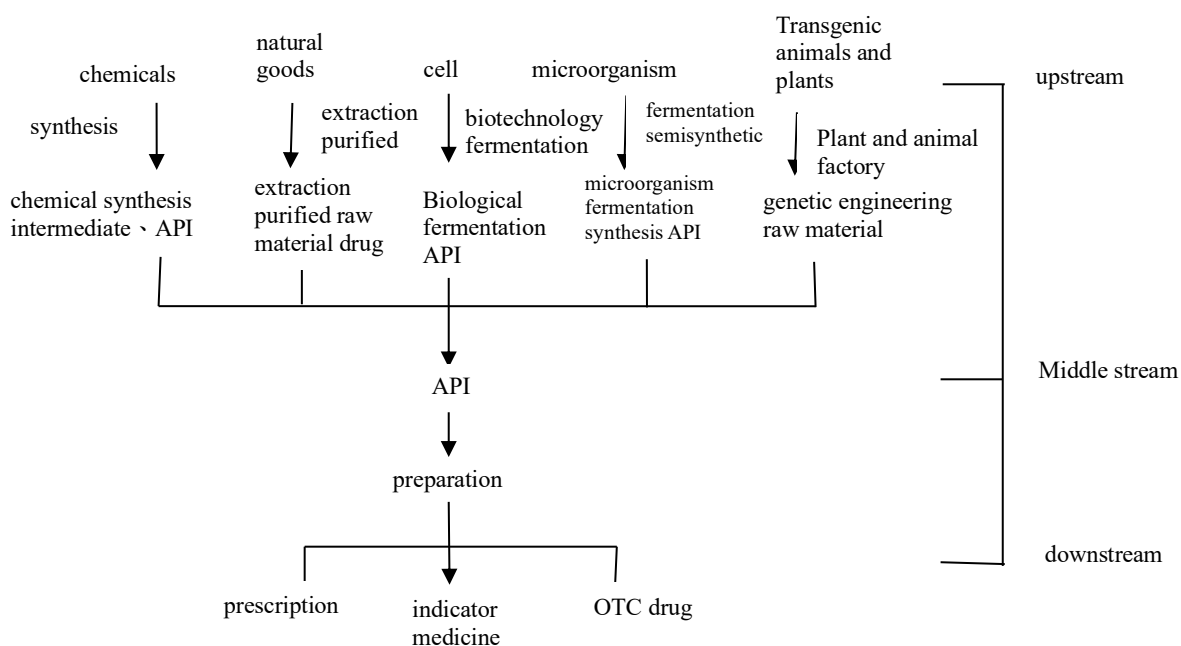
According to the statistic from the Biotechnology and Pharmaceutical Industries Promotion Office, MOEA, the investments in Taiwanese biotechnology and pharmaceutical industries has reached NT\$55.055 billion in 2023 with a decrease of 1.74% compared to the NT\$56.029 billion in 2022. If classified by industries, the investment in the pharmaceutical industry rosed to first place in the same category, and the amount increased to NT\$28.167 billion in 2023 with a decrease of 8.91% compared to the NT\$30.922 billion in 2022, which is mainly expanding the scale of investment for the domestic private companies. In addition, the investment in the pharmaceutical industry still reached NT\$28.167 billion in 2023, under the trade adversary of the two major economic powers, the US and China, inflation, as well as uncertainties of the geopolitical status, which indicates that the investing companies are especially optimistic in the future developments of the pharmaceutical industry.

The Taiwan government has continued to nurture the biotech industry. Since the Taiwan government proposed the 5+2 industrial innovation plan in 2017, the biomedical industry will drive Taiwan's next-generation industry. In order to grow, the combination of biotechnology, medical care, ICT and emerging technologies has been proposed to expand the application field and strengthen the kinetic energy of the biomedical industry and development, kicked off the domestic industrial flipping innovation, and continued to focus on the integration of cross-domain technology to promote the development of emerging technologies In addition to improving the construction of the ecosystem, we are looking forward to assisting the transformation and innovation of my country's biotechnology and pharmaceutical industry with a forward-looking layout. Given that our country has the full with the advantages of the world's top medical system, complete health insurance database, abundant human resources and good research and development environment, in 2021 from The extension and expansion of the ecological environment created by the "5+2 Industrial Innovation Plan" will promote the introduction of digital and scientific technology into the existing biotechnology and pharmaceutical industries. Technology elements, strengthen the combination of my country's biotechnology-information and communication (Bio-ICT), and guide the domestic industry to enter the development opportunities of emerging technologies, to promote the development of the industry towards a healthy vision of all ages covering health care, prevention, diagnosis, treatment, and care, and to increase national. While providing positive feedback on human health care, it also enhances the international competitiveness of the industry. Finally, it is hoped that by 2030, to achieve the vision of health for all ages.

Schedule	2002	2009	2013	2017	2021
Policy	Two trillion double star industry development plan	Taiwan Biotech take-off diamond action plan	Taiwan's biotech industry take-off action plan	5+2 Industrial Innovation	
				Biomedical Industry Innovation	Taiwan Precision Health

Source: Board of Science and Technology, Executive Yuan - Biomedical Industry Innovation Program

2. Correlation with upstream, midstream, and downstream sections of the industry



(1) Upstream

The upstream offers the raw material of the drug and medicine, including natural substances and common chemicals, intermediates and APIs mainly synthesized by chemical methods or prepared by the semi-synthesized method, as well as other raw materials or APIs obtained from plants, minerals, animal organs, microbial strains, and its related tissue cells. With the recent development of biotechnology, the production of medicine can be conducted by use of gene transfer, tissue culture technology, directly planting or animal culture.

(2) Midstream

The midstream is mainly the API industry. The majority of the API industry is the organic chemistry business, in which the products are commonly synthesized via biological or chemical methods. The characteristics of chemical methods are their convenience, fast speed, cheap prices, etc., therefore the industry majorly adopts chemical methods. In addition, different sources of raw materials require different methods of manufacturing. For raw materials obtained from natural substances, besides preparation processes such as fermentation, the main production technologies lie in extraction, isolation & hydrogenation, alcoholysis, esterification, saponification, alkylation, and purification (e.g. distillation, abstraction, crystallization, etc.). For those prepared from common chemicals, the main processing technologies are organic synthesis and isolation & purification. For those prepared from genetic engineering, utilized technologies include purification, recovery engineering, and others.

(3) Downstream

The downstream is the medicine manufacturing industry, where the main process is adding adjuvants to the APIs, such as an excipient, disintegrant, adhesive, lubricant, emulsifier, and others, and processing it into a convenient form for dosage, examples include tablets, capsules, creams, and others. The

medicine can also be applied by injection, and depending on the nature of the contents, the injections can be divided into the liquid for injection or powder for injection. The production of liquid for injection requires the APIs, adjuvants, acidity regulators, and others to dissolve in a solvent, then bottling for packaging and distribution. The physicochemical properties of certain solvents are unstable, and products with the risk of decomposition or deterioration in the manufacture, distribution, and storage process shall be desiccated in advance to maintain the stability of the products' quality.

3. Product development trends and competition

(1) Production development trends

The overall demand for pharmaceuticals is closely related to population growth. There has been a steady growth in sales of pharmaceuticals which are less affected by the overall economic environment. Besides, the emerging countries have rapidly developed their economies in which the medical care expenses grew alongside the GDP. Therefore, driven additionally by the demand of the emerging countries, it is anticipated that the global pharmaceutical market will continue to grow. The global sales of pharmaceutical products in 2023 was US\$1.62 trillion, which represented a growth of 8.4% compared to 2022. According to IQVIA, the 2024 to 2028 CAGR for pharmaceutical sales will be about 5-8%, reaching US\$2.3 trillion in 2028.

(2) Conditions of competition

The production value of the global pharmaceutical industry will reach US\$2.3 trillion in 2028, with 60% to 70% of the products being generic drugs. The production value of the generic drug market will increase every year due to several proprietary drugs losing their market share to generic drugs when their patents expired, another reason is that medical institutions are switching to generic drugs to reduce costs. In recent years, mergers and acquisitions have been an important way for major pharmaceutical companies to supplement their production lines and enter new fields. The largest M&A deal in 2024 was Novo Nordisk's acquisition of Catalent for US\$17.6 billion to strengthen its production capacity for blockbuster drugs, and the second largest M&A deal was Johnson & Johnson's acquisition of Shockwave Medical for US\$13.1 billion to expand its medical device portfolio.

Intense competition in the pharmaceutical preparations market also affected the development of API companies. The primary cause was price competitions between Chinese and Indian API companies. Companies from both countries enjoy advantages of a massive domestic market and planned support from the government, and their price competition may lead to reduced sales and competitiveness of API companies in other countries.

4. 1. 3 Technologies and R&D efforts

1. Research and development :

As countries have begun to levy carbon fees and carbon tariffs, in order to save energy and reduce waste, R&D colleagues continue to optimize the production processes of existing products such as Pentobarbital. In addition, the previously successfully developed and highly anticipated glaucoma drugs Brinzolamide and Cannabidiol (CBD) are gradually being marketed, and the R&D department is also assisting in identifying process problems and improving and eliminating them. At the same time, we continue to develop PGA downstream API Benserazide to expand our product line.

In addition, starting from 2023, Xufu entered the antibody-drug conjugation (ADC)

field through its indirect investment company Jiazheng, and currently supplies the chemical linker UDP-Glc-NAz. After a more effective small molecule drug (Payload) is tested in the follow-up, we will then start to scale up the product.

2. R&D goals :

(1) Establish self-developed technologies to create entry barriers and enhance competitiveness.

Self-developed technologies mostly take a form of trade secrets. Considering business strategies, SCI applies for patents on some technologies.

Existing and applying patents are as follows:

No.	Product name	Patent No.	Country	Patent expiration date
1	(S)-MMAA	US 7,829,731 B2	USA	2010/11/09 ~ 2028/8/14
2	Duloxetine	EP 2,228,372 B1	Europe Union	2012/02/29 ~ 2025/03/10 Withdraw UPC(06/27/2023) Abandon maintenance (2025/03/10)
3	Duloxetine	US 8,148,549 B2	USA	2013/04/03 ~ 2030/05/06
4	(S)-MMAA	US 8,168,805 B2	USA	2012/05/01 ~ 2030/01/13
5	Baclofen	US 8,273,917 B2	USA	2012/09/25 ~ 2031/01/27
6	Atomoxetine	US 8,299,305 B2	USA	2012/10/30 ~ 2030/12/16
7	Duloxetine	JP 5,143,167 B2	Japan	2010/03/11 ~ 2030/03/11
8	(S)-MMAA	US 8,420,832 B2	USA	2013/04/16 ~ 2027/10/29
9	Di-VANa	US 8,729,300 B2	USA	2014/05/20 ~ 2030/05/14
10	Duloxetine	US 8,530,674 B2	USA	2013/09/10 ~ 2031/06/02
11	Duloxetine	US 8,614,336 B2	USA	2013/12/24 ~ 2031/10/16
12	Duloxetine	EP 2,386,549 B1	Europe Union	2014/03/19 ~ 2030/05/10 退出 UPC(06/27/2023)
13	Duloxetine	US 8,957,227 B2	USA	2015/02/17 ~ 2030/05/05
14	Duloxetine	JP 5,830,245 B2	Japan	2015/10/30 ~ 2031/01/04
15	PR-038	US 9,718,765 B1	USA	2017/08/01 ~ 2036/06/21 Abandon maintenance (2025/02/01)
16	PR-038	EP 3,260,442 B1	Europe Union	2019/05/01 ~ 2037/06/21 放棄維護(02/01/2021)
17	MARAVIROC	US 10,556,899 B2	USA	2020/02/11 ~ 2038/02/09
18	CANNABIDIOL	US 10,981,849 B1	USA	2021/04/20 ~ 2040/02/20
19	CANNABIDIOL	I 738,586	Taiwan	2021/09/01 ~ 2040/12/10
20	CANNABIDIOL	JP 6984054 B2	Japan	2021/11/26 ~ 2041/02/10
21	PMDOL	I828123	Taiwan	2022/04/25~2042/04/24
22	PMDOL	EP4144717	Europe Union	2022/03/31~2042/03/31
23	CANNABIDIOL	EP 3868736 B1	Europe Union	2022/11/30 ~ 2040/02/21 退出 UPC(07/07/2023)
24	PMDOL	JP 7,367,147 B2	Japan	2023/10/13 ~ 2042/08/15
25	CANNABIDIOL	CA 3093271 C	Canada	2021/11/30 ~ 2040/09/16
26	(S)-MMAA	申請中	Europe	
27	Lisdexamfetamine	US 11608312 B1	USA	2023/03/21 ~ 2041/11/10
28	Lisdexamfetamine	EP 4122914 B1	Europe Union	2023/08/16 ~ 2041/07/22
29	PMDOL	US 11739050 B2	USA	2023/08/29 ~ 2041/10/08
30	Lisdexamfetamine	申請中	Europe Union	

(2) Respond to customers' questions and provide effective solutions quickly.

(3) Seek for R&D projects with potential and commercialize them efficiently.

3. R&D strategies :

(1) Recruit experienced R&D personnel to improve the capacity for R&D.

- (2) Seek for complementary partners to expand the R&D fields and strengthen cooperation.
- (3) Cooperation with the new drug development companies to enter the development of pharmaceutical products in their early stage.

4. Key R&D projects :

- (1) Develop the manufacturing processes and technologies of niche products.
- (2) Expand and commercialize manufacturing processes of new drugs under R&D.

5. R&D expenses invested in the most recent year up to the date of publication of the Annual Report :

Unit: NT\$ Thousand

Year Item	2024
R&D expenses	42,680

6. Products successfully developed in the most recent year up to the date of publication of the Annual Report :

Trial Production of New Product	Commercialized Mass Production of New Product	Improvement in Production Process
Adenine UDP-Glu-Naz CDMO-HMTM	Buprenorphine Cannabidiol	PGA Pentobarbital Pimobendan Buprenorphine Brinzolamide

4.1.4 Short-term 、Mid-term and Long-term business developing plans :

1. Short-term plans :

- (1) Plan production schedule to process the current orders.
- (2) Maintain good relations with the existing customer base and actively develop new customers to increase each product's growth momentum.
- (3) Completed the construction of Guanyin Plant to improve production capacity Utilization.

2. Mid-term plan :

- (1) Continue to introduce more intermediates and APIs and reinforce the development of APIs because APIs have high entry barriers and are subject to stringent regulations so that further development of the API market will increase the Company's competitiveness in the future.
- (2) Optimize the product lineup and eliminate products that contribute little.
- (3) Optimize the production process, lower costs, and increase competitiveness.
- (4) Optimize production scheduling and reduce production line replacement cost.

- (5) Promote circular economy and reduce the environmental impact of business operations while lowering operating costs and increasing competitiveness.

3. Long-term plans :

- (1) Develop and secure new businesses related to new drugs, capturing business opportunities from the early stage of development.
- (2) Optimize the production capacity matching and utilization of Luzhu Factory and Guanyin Factory to maximize capacity utilization.
- (3) Continue to improve and refine the production process and secure patents on those for niche products to improve production efficiency.
- (4) Cultivate talents with global perspectives for the Company's future growth.

4.2 Market and Sales Overview

4.2.1 Market analysis

1. Areas of sales (provision) of primary products (services) :

Unit: Thousand NTS

Year Business Areas		2023		2024	
		Sales	%	Sales	%
Export	Europe	636,052	52.82	936,951	61.49
	America	183,510	15.24	212,603	13.95
	Asia	246,601	20.48	190,638	12.51
	Others	41,758	3.47	39,016	2.56
	Subtotal	1,107,921	92.01	1,379,208	90.51
Domestic Sales		96,238	7.99	144,530	9.49
Total		1,204,159	100.00	1,523,738	100.00

2. Market share

- (1) The Company is one of the world's main manufacturers of BZA 、Probucol 、PF.HCl 、PEB.Na, PGA, VA,NaVA, Di-VNa and HOCLQ.
- (2) The Company is the only supplier of intermediates for controlled drugs, such as Pent-2, NBE, S-2, and AL-1.
- (3) Due to limited information, it is difficult to estimate market share of other Products.

3. State and growth of market supply and demand

Overall demand for pharmaceuticals will continue to grow given the medical advances and increasing population in emerging countries as well as aging populations and rising medical expenses in developed countries. The compound annual growth rate is estimated at 5-8% from 2024 to 2028, and the scale of the global pharmaceutical market is estimated to reach US\$2.3 trillion in 2028. Currently, the biggest market remains North America. API are active chemical components with pharmacological action, and the chemical structure must conform to the pharmacopoeia. Pharmaceuticals are basically composed of APIs and excipients. Operational strategies for this year as well as short-term and mid-term business plans of SCI Pharmtech focus on APIs, key intermediates, and other upstream products of the pharmaceutical industry. SCI Pharmtech will optimize product portfolio, develop new products, expand customer base, and develop extensive partnerships in order to reduce the impact of business fluctuations, achieve better profitability, and improve its position within the sector.

4. Positive and negative factors affecting competitive niches and long-term development, as well as response strategies

(1) Competitive niches

A. Professional R&D team :

The R&D personnel specializes in chemical synthesis. SCI's R&D team is capable of timely developing the products within the stringent requirements as demanded by the customers, which helps the Company to capture business

opportunities.

B. Quality products :

The quality of products must meet the requirements of health authorities and customers. As the business success and performance depends on the quality of products, the Company has strived to improve the quality management system and obtained ISO9001 verification in 2001. APIs and intermediates are produced based on the GMP standards, and products are reviewed and licensed by the Ministry of Health and Welfare, FDA of the U.S., EDQM in Europe, and health authorities in other countries. In 2024, 33 customers conducted audits and the auditing process well.

C. Advanced production technology and equipment

The Company has laid a solid foundation for establishment of plants, such as API plants. Currently, the plant establishment team is able to add and expand production lines in the most efficient way at any time within the given time limit and cost.

With more than 30 years of experience in production research and development, the Company has established operating technologies, such as alkylation, hydrogenation, condensation, Fridel-Crafts, Chapman, and Dieckmann reaction, and developed dozens of products. The solid foundation for technology is beneficial to the development of future business opportunities.

D. Adequate cost management

SCI has developed and refined process technologies to achieve competitive costs and has patented some of the technologies in the US and Europe to gain competitive advantages in those markets. Assisted by a complete supply chain, SCI Pharmtech timely meets the customers' demands and has gradually raised the profit in the recent years in the global market.

E. Marketing

Products were mainly exported to Europe, the U.S., Japan, India, and Taiwan . Over the past 30 years, the international business network has been established. The Company worked with international drug manufacturers to develop new drugs, which was highly beneficial to the future development of international markets.

(2) Positive factors for development vision :

A. Aging population and gradually increasing living standards

The world's population is moving toward aging society. Demand for various drugs will continue to increase as the population ages, providing API companies located upstream or mid-stream of the pharmaceutical supply chain with a growing market scale. More and more countries are placing greater importance on healthcare. Governments had enacted policies or legislation to lower and control drug prices and medical expenses, so as to improve the overall medical quality. Such policies and legislation will lead to increased demands for generic drugs. API developers would also continue to search for low cost solutions and collaborate with API producers that could achieve processing quality that complies with international standards. This measure would help future marketing and development efforts within SCI.

B. Government focus and consultation

To improve the quality of APIs, governments have strengthened control over APIs, such as DMF and GMP implemented in the U.S. and China, respectively, increasing the threshold for API production. Overall, M&A among global API manufacturers will be sped up to eliminate less competitive small and medium manufacturers. In the end, manufacturers with a large scale, and premium quality stay in the market. In addition, the pharmaceutical policies of developing countries (the Middle East and Southeast Asia) support domestic preparations, and Xufu API supply is expected to benefit.

C. Friendly drug review environment of FDA and TAA "Trade Agreement Act"

The U.S. FDA has provided a friendly drug approval process which is conducive to the development of the medical industry. As the FDA had accelerated the review process, there were a record of 50 new drugs in 2024. The U.S. TAA "Trade Agreement Act" requires the U.S. government to only purchase end products made in the U.S. or designated countries. Taiwan's positive list of countries indirectly restricts the purchase of APIs from China, India (and other) production locations.

D. The U.S. government proposes a "biosafety law"

The U.S. market is a market that the Company is eager to explore. The Company is cautiously optimistic about the long-term opportunities for exploring and deepening the U.S. market brought about by the U.S. "Biosafety Act".

(3) Positive and negative factors affecting competitive niches and long-term development, as well as response strategies :

A. Negative factors :

- a. The small scale of API companies in Taiwan and the limited capacity of the domestic market meant that the competitive niche offered in Taiwan could not compare to competitors from Mainland China and India. Competitive costs among peers in Mainland China and India are strong and their supply chains are complete.
- b. The global API market faced challenges, such as increases in stringent requirements, on-site audits, Drug supervision, environmental awareness, industrial competitiveness, prices of raw materials, no room for product prices increase (The health insurance system in the regulatory market requires preparations to be reduced in price every year.), Low birthrate and lack of jobs, which would cause less competitive small and medium manufacturers to reduce or terminate production.
- c. Large molecule drugs (protein, RNA/DNA) have become mainstream, and there are opportunities for the development of traditional small molecule drugs decreased, and the overall market sales value was compressed.
- d. The science-isolationism intensified by the state of the global politics has versely affected the cooperation and sharing of the scientific and medical researches.
- e. The new U.S government has increased its drug tariff policy.

B. Response strategies :

- a. Establish a quality system compliant to international quality standards and select products carefully to segregate the market.
- b. Work with the original drug developers to enter the patented drug market which offered greater profits.
- c. Recruit R&D talents around the world and solidify capability in R&D to meet customers' needs.

- d. The Company should sign the API production contracts with new drug developers to increase long-term cooperation in clinical experiments.
- e. The Company has set up a new business and introduced the advanced Veolia technology to purify and reuse the chemical solvents used in the pharmaceutical process, while promoting the development of a circular economy and reducing the impact of operations on the environment, so as to increase the Company's operating capacity while reducing operating costs.
- f. Continually evaluate the raw materials supply chain and establish alternative suppliers in different countries to avoid the risk of supply chain interruption.
- g. Use automated factory and smart factory technologies to build production lines and improve production efficiency.
- h. We will actively coordinate with our client in response to the increase in production costs and increase the price of our products timely.

4.2.2 Primary purpose of primary product and production process

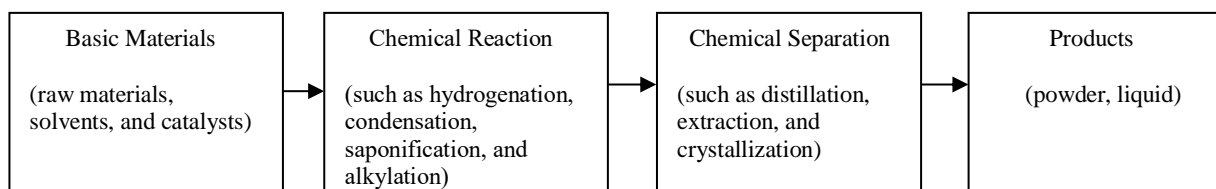
1. Major uses of the primary products:

	Name of Primary Product	Primary Purpose
APIs	VA	Antiepileptic and anticonvulsant
	Probucol	Antiatherosclerosis
	Divalproate Sodium	Antiepileptic and anticonvulsant
	Propafenone Hydrochloride	Arrhythmia
	Duloxetine Hydrochloride	Anti-depression
	Allopurinol	Gout
	Clindamycin palmitate HCl	Antibiotics
	Articaine Hydrochloride	Anesthetics
	HOCLQ-Sulfate	Malaria, rheumatoid arthritis, and lupus erythematosus
	Brinzolamide	Glaucoma
	Sodium Valproate	Antiepileptic and anticonvulsant
	Pentobarbital Sodium	Anesthetics
	Methylphenidate HCl	Anti-ADHD
	Biso-FA	High blood pressure and angina pectoris
	Thiopental acid	Anesthetics
	Loxoprofen Sodium Hydrate	Heat-relieving pain relief
	Atomoxetine HCl	ADHD
	Cannabidiol	Epileptic rarely in children 、 Multiple sclerosis
	Buprenorphine	Acute and chronic pain
	Adenine	Leukopenia
	Pimobendan	Heart failure (human and veterinary medicine)

API Intermediates	Pent-2	Anesthetics
	PGA	Antiparkinson medication
	NBE	Sleeping pills and anesthetics for surgical use
	5-HMT	Anti-AIDS
	BOV	Steroid
	(S)-MMAA	Anti-depression
	HOCLQ	Anti-malaria
	Prop-3	Heart rhythm disintegration
	Thiazole acid	Antitumor agent
	Olivetol	Antiepileptic
	PMDOL	Antiepileptic

2. Production process:

All these products were produced using chemicals available on the market as raw materials. Various chemical processing (such as hydrogenation, alcoholysis, esterification, saponification, and alkylation) were employed to create unrefined products which would then undergo purification (such as distillation, extraction, and crystallization) to create purified products of an acceptable grade. The following describes the production process:



4.2.3 Main Material State of Supply

Raw materials used by SCI are chemicals sold in the market without any risk of supply monopoly. The following table shows the supply of main materials:

Main Material	Name of the Main Supplier	State of Supply
Chemical Material	a	Good
Chemical Material	b	Good

4.2.4 Primary suppliers and customers e in the most recent 2 years

1. Primary customers

Unit: Thousand NT\$

	2023				2024			
Item	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with the Issuer
1	Client C	305,762	25.39	None	Client C	274,726	18.03	None
2	Others	898,397	74.61	None	Others	1,249,012	81.97	None
	Net Sales	1,204,159	100.00		Net Sales	1,523,738	100.00	

Note: Where sales to the customer exceed 10% of the total sales value in the most recent 2 years, the name, sales value, and proportion of the said sales shall be disclosed. However, contractual terms dictate that the names of such customer or trading counterparty cannot be disclosed if the said customer or trading counterparty is an individual and unrelated party, and may be suitably replaced by codes.

2. Reason for changes : None

3. Primary goods supplier

Unit: Thousand NT\$

Item	2023				2024			
	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer
1	d	81,921	23.68	None	a	139,777	30.07	None
2	a	48,435	14.00	None	b	95,174	20.48	None
3	b	36,875	10.66	None	Others	229,843	49.45	
4	Others	178,780	51.66					
	Net Purchase	346,011	100.00		Net Purchase	464,794	100.00	

Note: Where procurement acquired from a supplier exceed 10% of total procurement for the most recent two years, the name of the said supplier, procurement value, and proportion of the procurement shall be disclosed. However, contractual terms dictate that the name of such a supplier or trading partner cannot be disclosed if the said supplier or trading partner is an individual and unrelated party, and codes may be used to replace the names instead.

4. Reason for changes : The purchase amount of our largest supplier d in 2023 decreased because SCI changed back to the original process for PGA production in 2024 and no longer needed to purchase PGA primary products.

4.3 Human Resources

Information of employees for the 2 most recent years

Mar. 31, 2025

Year		2023	2024	2025Q1
Number of Employees	Managerial Level or Above	14	14	14
	General Employees	201	213	212
	Foreign Employees	39	44	44
	Total	254	271	270
Average Age		41.76	42.47	42.56
Average Years of Service		10.13	10.4	10.68
Education Distribution (%)	PhD	3.54	2.95	2.96
	Master	16.54	18.08	18.52
	University/College	50.39	49.45	49.26
	Senior or Vocational High School	13.39	12.92	12.59
	Below High School	16.14	16.60	16.67

4.4 Environmental Protection Expenditure

4.4.1 SCI is a professional API manufacturer and focuses greatly on environmental protection. Waste reduction processing would be considered as early as the process development phase. All controlled chemical ingredients, unless required, would be avoided in order to reduce the potential sources of pollution. Disposal of any waste (such as wastewater 、 exhaust gas 、 waste solvent 、 etc.) generated during production would be undertaken by processing equipment and professional personnel, or subcontracted to professional waste management agencies. The following describes the details of waste management :

1. Status on applications for setup permits for polluting facilities or pollution release permits :

A. Wastewater treatment

Part of the waste generated in the production process was processed by an in-house wastewater treatment system operated by specialty personnel, and once processed past the regulatory standard, the effluent would then be released to the water cycle outside the factory. SCI has obtained a wastewater/sewage release permit from the Taoyuan County government, numbered "Fu-Huan-Shui-Tzu No. 1090199881, Tao-Hsien-Huan-Pai-Hsu-Tzu No. H0558-07," effective from Aug. 11, 2020, to Aug. 10, 2025. SCI Pharmtech has also laid underground drain water pipelines so that the drain water would not contaminate the irrigation ditches for the farmlands.

B. Exhaust gas treatment

The company has acquired the Stationary Pollution Source Operating Permit and appointed a dedicated air pollution control specialist as required by the Air Pollution Control Act.

Fixed source of pollution	Permit No.	Valid date
Pharmaceutical production/general	Fu-Huan-Kong-Tzu No.1110245400,	Dec. 6, 2022 - Dec. 5, 2027

production process M01	permit number for operations: H6175-02	
Boiler and steam generating processes M02	Fu-Huan-Kong-Tzu No. 1120071733, permit number for operations: H4714-06	June 12, 2023 - June 12, 2028
Pharmaceutical production/general production process M04	Fu-Huan-Kong-Tzu No.1110245400, permit number for operations: H6175-02	Dec. 6, 2022 - Dec. 5, 2027

C. Waste solvent handling

- (a) SCI has established solvent distillation and recycling towers in order to recover as much organic solvent as possible from the various processes for recycling and reuse. The treatment of un-recyclable waste was subcontracted to qualified and professional agencies.
- (b) SCI has set up a new business and introduced the advanced Veolia technology to purify and reuse the chemical solvents used in the pharmaceutical process, while promoting the development of a circular economy and reducing the impact of operations on the environment, so as to increase the Company's operating capacity while reducing operating costs.

D. General waste

Treatment of general wastes produced during the production process was subcontracted to qualified professional agencies for regular handling.

2. Payment of pollution prevention fees :

In 2023, fees paid amounted to NT\$129,035; Subcontracted Processing fees amounted to NT\$48,621,999; internal processing expenses amounted to NT\$23,374,674.

3. Conditions for setting up dedicated units for environmental protection A total of 12 employees were assigned to the environmental protection department.

Item	Description
Air Pollution Control Specialists	Class A Air Pollution Control Specialist (85) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. FA090525 Class B Air Pollution Control Specialist (92) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. FB010012 Class B Air Pollution Control Specialist (98) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. FB080462 Class B Air Pollution Control Specialist (109) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. FB020221
Wastewater And Sewage Treatment Specialists	Class A Wastewater And Sewage Treatment Specialist (85) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. GA120070 Class A Wastewater And Sewage Treatment Specialist (92) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. GA060315 Class A Wastewater And Sewage Treatment Specialist (94) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. GA060315 Class A Wastewater And Sewage Treatment Specialist (100) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. GA450783 Class A Wastewater And Sewage Treatment Specialist (112) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. GA010524 Class B Wastewater And Sewage Treatment Specialist (106) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. GB210745 Class B Wastewater And Sewage Treatment Specialist (111) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. GB060553
Toxic Chemical Control Specialists	Class B Professional and Technical Control Specialists of Toxic Chemical (89) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. JB280970 Class A Professional and Technical Control Specialists of Toxic & concerning Chemical (113) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. JB280970
Waste Processing Specialist	Class A Waste Disposal Technician (92) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA020737 Class A Waste Disposal Technician (94) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA170156 Class A Waste Disposal Technician (101) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA260997 Class A Waste Disposal Technician (109) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA500397 Class A Waste Disposal Technician (112) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA271123

- 4.4.2 Any losses suffered by the Company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.
- 4.4.3 Possible disbursements for future responsive measures (including corrective measures) :
1. The Company attaches great importance to environmental protection and has invested no small efforts in the setup of pollution prevention facilities, employee training programs for improving awareness for environmental protection, active provision of on-job training, and development of waste reduction processes for the purposes of preventing environmental protection issues.
 2. The Company has made relevant preparations as the government established stronger controls for various sources of pollution. We are technically capable of fulfilling these requirements, and provided the needed budgetary allocations to setup relevant equipment.
 3. Environmental protection expenses have always been part of operational costs and were adequately reflected in product sales prices.
 4. Seek support from external research institutions and adopt advanced treatment equipment to improve waste treatment capabilities at lower costs.
 5. Use equipment that consumes clean energies to reduce the impact and effects upon the environmental and business aspect of the pollution.
 6. The Company has set up a new business and introduced the advanced Veolia technology to purify and reuse the chemical solvents used in the pharmaceutical process, while promoting the development of a circular economy and reducing the impact of operations on the environment, so as to increase the Company's operating capacity while reducing operating costs.
 7. Potential current and future losses : None.
- 4.4.4 Response to RoHS : Products are not affected by the Restrictions of Hazardous Substances Directive (RoHS) of the EU.

4.5 Labor Relations

4.5.1 The systems and implementation status of the company's employee welfare policies, continuing education, training, and retirement, as well as the labor-management agreements, and the measures protecting employees' rights and interests:

1. In addition to the basic protection of labor insurance and health insurance, the company provides comprehensive employees' group insurances, including life insurance, medical insurance, casualty insurance, cancer insurance, etc. The employee's benefits include trip activities, wedding gift money, childbirth gift money, funeral condolence money, hospitalization allowance, work-related injury leave, emergency aids, end-of-the-year dinner party lucky draw, employees' dormitory, nursery room, and complimentary meals. Employees can also receive bonuses and performance bonuses for the operational results of the company each year. The average salary for non-executive full-time employees was NT\$850,000 in 2023, ranking 51rd of the 120 public listed biomedical companies.
2. The company continuously promotes the educational training and continuous learning of the employees to improve the quality of human resources and the development advantage to consolidate the foundation of sustainable management and development. The company enacted procedures for employees' educational training, which can be classified as internal training, external training, and overseas learning, as the annual educational training plan for each department is enacted by each department and uploaded to the internal network with regular records and updates. The internal training accumulated 42,369 session participants in 2024, with 12,023 session participants from the Production Department, 1,371 session participants from the Quality Assurance Department, 20,676 session participants from the Quality Control Department, 149 session participants from the Safety Office, and 245 session participants joining the external training program in 2024, achieving outstanding results. The expenses for the external training program in 2024 are NT\$872,696.
3. The company enacted the Employees' Pension Procedures as required by the Labor Standard Act, with 5% of the total monthly salary allocated as the fixed proportion for pension, which is deposited in the trust department of the Bank of Taiwan for fructus civiles. The company also contributes 6% as pension to the personal account of the employees monthly as required by the Labor Pension Act. In addition, the criteria for the employees' retirement application shall comply with the requirement of the Labor Standard Act, and the application form of retirement shall be signed and approved by the General Manager.
4. The employees' shareholding trust is implemented. The current major shareholder of the company is the Conference of Share Holding Employees to increase the security for employees' retirement.
5. The Board of Directors approved the purchase of employees' annuity on March 30, 2016, to increase the security of employees' retirement life.
6. The company adopts an open and two-way communication approach in disseminating The company's policies and understanding the opinions of the employees, the labor-management meetings are also held regularly in the hope to maintain the concordances between management and employees. There have been no records of labor-management disputes as of today. The company began to implement an employee satisfaction survey in 2025. The company began to implement an employee satisfaction survey in 2015. The questionnaire was filled out anonymously, and the questionnaire collection rate reached 83%. The questionnaire content was mainly divided into 6 major aspects (a total of 34 questions), including company management and development opportunities, supervisor leadership, and job satisfaction and stress. One open-ended question was included, allowing employees to fully express their opinions. The company's human resources department compiled the survey information and made an analysis report. On March 4,

2015, it was provided to the management as a reference for communication and improvement. At the same time, the report content was summarized and explained to the labor representatives at the labor-management meeting in the first quarter of 2015. The company's employees are basically 69% satisfied with the company's operations and management. The most dissatisfied aspects are mainly work assignments, salary and benefits, and promotion and development. A total of 18 employees expressed negative opinions on the open-ended questions, 4 employees had positive opinions, and 7 employees expressed neutral views. The general manager of the company told all managers that management must be fair and just, actively find and solve problems, absorb nutrients from success/frustration to grow themselves, improve the visibility of the department, and gain recognition from colleagues and superiors. Improving employee satisfaction next year is one of the management goals.

7. The outdoor basketball court shall be converted into a dual-purpose indoor basketball and badminton court to provide a leisure sports venue for the employees.

8. Implementation situations : SCI were implemented according to the regulations in 2024.

4.5.2 List any losses suffered by the Company in the most recent years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken : None

4.5.3 Protective measures for the safety of the workplace and personal safety of the employees :

SCI is a chemical industry. In the manufacturing process, failure to follow standard operating procedures may cause employees' personal injury; therefore, the following measures are taken to safeguard the personal safety of employees:

1. Conduct preventive maintenance every month.
2. Carry out hazard awareness training for new employees.
3. Write up SOPs and strictly require employees and contractors to follow.
4. Require employees to wear protective devices, such as goggles, safety shoes, and safety helmets.
5. Set up emergency rescue devices, such as eye wash devices and AED.
6. Conduct industrial safety training every half a year.
7. Promote environmental protection, safety, and health.
8. Organize the employee health examination in the middle of every year and arrange special examinations for employees working in special operations.
9. Hold an environmental safety meeting every two weeks to review deficiencies found in the environmental safety and health inspections.
10. Organize a meeting of the Occupational Safety and Health Committee every quarter to assess the risks of occupational safety and health.
11. Conduct the survey of musculoskeletal symptoms, personal overwork scale, and survey of violence and risk assessment every two years.
12. Encourage employees to provide recommendations for improvement through the environmental feedback form.
13. The were pedestrian passes laid out in each factory to separate pedestrians from vehicle traffic.
14. Implementation status: In 2024, all the above-mentioned measures were taken in accordance with the regulations.

4.6 Infocomm security management

4.6.1

The Infocomm security risk management framework, Infocomm security policy, concrete management programs, and resource investments for Infocomm security management:

1. Infocomm security risk management framework:
 - 1.1 The Information Office under the President's Office is in charge of the matters related to managing infocomm security, and the Audit Office has enacted internal control procedures and conducted internal audits regularly.
 - 1.2 Information supervisor entrusts Head of Corporate Governance to report to the board of directors on the implementation of infocomm security risk management in December every year.
 - 1.3 Considering the company's scale and operating conditions, currently, one supervisor and one employee are staffed.
2. Infocomm Security Policies: Revised on Jan. 10, 2024. Please refer to Attachment 2.
3. Concrete Management Programmes:
 - A. To ensure the company's infocomm security, the Information Office has subscribed to the Intrusion Prevention System services provided through Hinet by Chunghwa Telecom to block the network-based virus and intrusion attacks, which is further strengthened with the installation of the firewall, blocking attacks targeting the internal network. Another internal firewall was installed on the internal network to increase server protection. For the user end, Windows Update will automatically update and fix the bugs for Windows users through the Windows Update Services Server, preventing viruses and hackers from exploiting the bugs of the window system. In addition, the company installed the enterprise anti-virus software Symantec and Palo Alto Traps Advanced Endpoint Protection, enhancing the protection for all user ends. Irregularly through information security cases, the company raises employees' awareness of information security to reduce the occurrence of information security incidents.
 - B. The company's official website is managed by a professional hosting company to reduce the risk of cyber attackers invading the company's internal network environment through the company's official website.
 - C. The server room is locked at all times. Non-IT personnel must be accompanied by IT personnel when entering the server room, and must fill in the registration form.
 - D. Use Master Control system to control access to the company's important data files. Except for document management personnel, other users only have read-only and no printing permissions to reduce the risk of sensitive data leakage.
 - E. Important information system files and databases are set to be backed up daily, and a system restoration drill is performed at least once a year to verify the integrity and availability of the backup data.
 - F. The Information Office will also evaluate the necessity of information security insurance for reducing operational losses.
 - G. For the rest of the concrete management programs, please refer to Attachment 2 (Infocomm security policy).
4. Resource investments for information security management :
 - A. Applied and implemented the Intrusion Prevention System service provided by Chunghwa Telecom.
 - B. Built perimeter and internal firewalls.
 - C. Built a log server to record the company's internal and external network activities.

- D. Installed Antivirus Software.
- E. Installed Endpoint Protection Software.
- F. Joined the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC).
- G. Constructed an information security company to perform system vulnerability detection, web page vulnerability detection and penetration testing on the company's information system to correct information security vulnerabilities and risks.

4.6.2 The list of any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and countermeasures. Immeasurable incidents shall be specified with the reason of the incident being immeasurable: None.

4.7 Important Contracts

The parties, major contents, restrictive terms, and start/end dates of major contracts that could affect the shareholders' equity, such as supply contracts, technical partnership contracts, construction contracts, and long-term loan contracts that are still effective by the printing date of this annual report or have expired in the most recent fiscal year :

Nature of the agreement	Parties	The commencement and termination dates of the agreements	Major Content	Restrictive Provisions
Pharmaceutical Commissioning Manufacturing Agreement	Energenesis Biomedical Co., Ltd.	Jan. 14, 2019 ~ Jan. 14, 2024	Energenesis Biomedical Co., Ltd. commissioned the company for producing and manufacturing the APIs.	Non-Disclosure Agreement
Shareholders' Agreement	Veolia	Aug. 12, 2020	Introducing advanced technology of Veolia, purifying and re-using the chemical solutions in the pharmaceutical process, also promoting the circular economic development.	
Agreement of commissioning construction on the land owned by the company	ECO Technical Service CO.	Oct. 19, 2021 ~ Aug. 23, 2025	Service Agreement on the construction of the plant in Guanyin.	
Mid-Term Loan Agreement	Mega International Commercial Bank, Tao Hsin Branch	Five years since the first loan draw date	Signed a mid-term loan agreement with the Tao Hsin Branch of the Mega International Commercial Bank.	

Land Lease Agreement	Yushan Pharmaceuticals Inc.	Aug. 10, 2022~ Aug. 9, 2027	Acquire right-of-use assets.	
Wastewater Treatment Facility Contract	Framosa Co, Ltd.	Sep. 28, 2022~ Sep. 28, 2027	This facility is entrusted by Framosa to be responsible for the design, construction and operation (DBO).	
Agreement of commissioning construction on the land owned by the company	ECO Technical Service CO.	Mar. 1, 2023 ~ Dec. 31,2024	Guanyin factory new project - fire engineering	
Agreement of commissioning construction on the land owned by the company	ECO Technical Service CO.	Mar. 1, 2023 ~ Dec. 31,2024	Guanyin factory new project - automatic storage system	
Agreement of commissioning construction on the land owned by the company	ECO Technical Service CO.	Mar. 1, 2023 ~ Dec. 31,2024	Guanyin factory new project - mechanical and electrical engineering	

5 、 Review of Financial Conditions, Operating Results, and Risk Management

5.1 Financial Status:

Analysis of financial situation

Unit: Thousand NT\$

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	1,660,387	1,953,239	(292,852)	-14.99%
Non-current financial assets at fair value through profit or loss	81,427	96,814	(15,387)	-15.89%
Non-current financial assets at fair value through other comprehensive income	156,097	144,808	11,289	7.79%
Property, plant, and equipment	4,794,453	3,906,993	887,460	22.71%
Right-of-use assets	8,780	4,772	4,008	83.98%
Investment Property	228,012	228,012	0	0.00%
Intangible assets	37,765	46,147	(8,382)	-18.16%
Deferred tax assets	143,817	153,277	(9,460)	-6.17%
Other non-current assets	90,043	156,679	(66,636)	-42.53%
Total assets	7,200,781	6,690,741	510,040	7.62%
Current liabilities	1,014,378	569,887	444,491	77.99%
Non-current liabilities	709,471	1,020,901	(311,430)	-30.50%
Total liabilities	1,723,849	1,590,788	133,061	8.36%
Common stock	1,195,087	1,195,087	0	0.00%
Capital surplus	2,234,986	2,233,590	1,396	0.06%
Retained earnings	2,036,789	1,645,819	390,970	23.75%
Other equity	10,070	25,457	(15,387)	-60.44%
Total equity	5,476,932	5,099,953	376,979	7.39%
Analysis of changes in ratios :				
1. Increased property, plant, and equipment: Due to the construction of the Guanyin plant and the reconstruction of the Luzhu plant resulted in an increase in Property, plant, and equipment.				
2. Decreased other non-current assets: The main reasons are the completion and recognition of buildings, equipment, and construction in progress, as well as the reduction in advance payments for equipment.				
3. Increased current liabilities: Mainly due to an increase in the amount of long-term loans maturing within one year.				
4. Decreased non-current liabilities: Due to the reclassification of certain long-term debt as current liabilities, as these debts will mature within one year.				

5. Increased retained earnings : Due to a rise in operating gross profit, as well as an increase in non-operating income such as insurance claim income and foreign exchange gains, resulting in a significant increase in net profit for the period.
6. Decreased other equity: The decrease was mainly due to an increase in the valuation loss of financial assets measured at fair value through other comprehensive income.

Note : The analysis would not be required if the change is within 20% with the amount exceeding NT\$10 million.

5.2 Operation Results:

5.2.1

Analysis of financial performance

Unit: Thousand NT\$

Item	2024	2023	Difference amount	Proportion of change %
Operating revenue	1,523,738	1,204,159	319,579	26.53
Operating cost	1,113,073	853,836	259,237	30.36
Operating margin	410,665	350,323	60,342	17.22
Operating expenses				
Selling expenses	74,152	61,736	12,416	20.11
Administrative expenses	95,548	79,193	16,355	20.65
R&D expenses	42,680	49,094	(6,414)	(13.06)
Net operating income	198,285	160,300	37,985	23.69
Non-operating income and expense	448,572	203,890	244,682	120.00
Profit before tax	646,857	364,190	282,667	77.61
Income tax expense	112,179	69,469	42,710	61.48
Net profit for the year	534,678	294,721	239,957	81.41
Other comprehensive income	(8,333)	202,026	(210,359)	(104.12)
Total comprehensive income for the year	526,345	496,747	29,598	5.95

Analysis of changes in ratios :

1. Increase in operating revenue 、 operating cost & net operating income: The increase was due to the full recovery of production capacity in 2024, leading to continued revenue growth.
2. Increase in selling expenses: The continued revenue growth in 2024 led to an increase in freight, customs fees, and commission expenses compared to the previous year.
3. Increase in administrative expenses: The increase is mainly due to the additional operating expenses related to the construction of the Guanyin plant, as well as higher employee and director compensation compared to the previous year.
4. Increase in non-operating income and expense : The increase is mainly due to higher insurance claim income and foreign exchange gains.
5. Increase in profit before tax 、 income tax expense & net profit for the year: In addition to the increase in operating gross profit, the profit mainly came from non-operating income.
6. Decrease in other comprehensive income: The decrease was mainly due to an increase in the valuation loss of financial assets measured at fair value through other comprehensive income.

Note : The analysis would not be required if the change is within 20% with the amount exceeding NT\$10 million.

5.2.2 Estimated sales volume and its basis:

1. Estimated sales volume:

Item	Sales Volume (Ton)
APIs	297
API Intermediate	116
Others	225
Total	638

2. Estimated sales basis:

The expected sales volume in the above chart is based on the company's 2025 Annual Budget approved by the board of directors. The estimated basis is mainly based on customer product demand, with sales values expected to grow compared to the previous year.

5.2.3 Possible impact on the future finance of the Company and response measures :

The capacity of the Luzhu plant was fully restored at the beginning of 2024, and the Guanyin plant is expected to begin trial production in the second half of 2025. Currently, the company faces challenges such as increased depreciation costs and intensified market price competition. Improving capacity utilization is an urgent priority. The following plans are in place to address these challenges.

The following is the response measures:

1. Maintain close relationships with existing customers while actively expanding the customer base and re-engaging former customers to improve capacity utilization.
2. Build up the connection with medications' originators and expand CDMO businesses. Expand our business operations and continuously improve and optimize our product processes to enhance production efficiency.
3. Promote circular economy and reduce the environmental impact of business operations while lowering operating costs.

5.3 Cash flow:

5.3.1 Analysis and explanations of changes in cash flow in the 2 most recent fiscal years (if the change is within 20%)

Item \ Year	December 31, 2024	December 31, 2023	Proportion of change %
Cash flow ratio %	84.83	37.86	124.06
Cash flow adequacy ratio %	58.29	64.83	(10.09)
Cash reinvestment ratio %	10.54	2.98	253.69
Analysis of changes in ratios : Increase in Cash flow ratio & Cash reinvestment ratio : Due to a significant increase in the net cash inflow from operating activities during the period.			

5.3.2 Analysis of cash liquidity in 2024

Unit: Thousand NT\$

Cash at beginning of year (1)	Cash flows from operating activities for the entire year (2)	Cash outflow for the entire year (3)	Sum of cash surplus (inadequacy) (1)+(2)-(3)	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
942,057	860,516	(1,220,191)	582,382	—	—
1. Analysis of the cash flow changes of the year: (1) Operating activities: The net cash inflow from operating activities was NT\$860,516 thousand, which is greater than the pre-tax net income of NT\$646,857 thousand, indicating that the company's earnings quality is still decent maintained. (2) Investment activities: The net cash inflow from investing activities is NT\$1,009,351 thousand , which is mainly due to expenditures on rebuilding production lines, equipment, and constructing the Guanyin plant. (3) Funding activities: The net cash outflow from funding activities was NT\$210,840 thousand, mainly due to the distribution of cash dividends and repayment of loans. 2. Remedial actions for cash shortfall and the liquidity analysis: NA					

5.3.3 Cash liquidity analysis for the following year

Unit: Thousand NT\$

Cash at beginning of year (1)	Expected cash flows from operating activities for the entire year (2)	Expected cash outflow for the entire year (3)	Expected sum of cash surplus (or inadequacy) (1)+(2)-(3)	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
582,382	368,000	980,000	(29,618)	—	As noted in 2
<p>1. Analysis of the projected cash flow changes for 2025:</p> <p>(1) Projected net cash flow from operating activities within the year: The projected cash outflow from operating activities is NT\$368,000 thousand.</p> <p>(2) Projected net cash outflow within the year: The main expenses were for the purchase of machinery and equipment for the Guanyin plant, as well as cash dividends.</p> <p>2. Projected Remedial Actions for Cash Shortfall and the liquidity analysis:</p> <p>At the beginning of 2025, the company had approximately NT\$580 million in cash, with a remaining short-term loan limit of NT\$750 million. If necessary, the company can utilize its bank loan limit.</p>					

5.4 Impact of major capital expenditures on the financial business in the most recent year :

The major capital expenditures in 2024 were for the construction of the Guanyin plant and the reconstruction of factory buildings and equipment in the Luzhu plant.

5.4.1 Expected benefits :

1. Considering the growing demand in the pharmaceutical market and the risk of relying on a single factory, the company has decided to construct the Guanyin plant to maintain its sustainable development momentum. The Guanyin plant will introduce an automated warehousing system and packaging equipment, and its level of intelligence will be higher than that of the Luzhu plant. Currently, plans are in place to construct four production lines, with a maximum capacity expected to provide approximately 50% of the Luchu Factory's equivalent output. Production is scheduled to commence in 2025.
2. The company continues to rebuild the factory buildings and equipment damaged by the fire. By the beginning of 2024, the Luzhu plant has completed its reconstruction, and its production capacity has been restored to 100%.

5.4.2 Possible risks : If the utilization rate of the production capacity is not high enough after the operation started, it will affect the profitability of the company's main business.

5.4.3 Response measures :By strengthening the business team, expanding operational reach, exploring CDMO services, and optimizing product portfolios to enhance profitability.

5.5 Policy on investment in other companies, main reasons for profit / losses resulting therefrom, improvement plan, and investment plans for the upcoming fiscal year :

5.5.1 Policy on investment in other companies, main reasons for profit / losses resulting therefrom, improvement plan :

1. The reinvestment policy of the company is to invest in related fields of the medical and pharmaceutical industries, or businesses that can generate synergy with the major business of the company.
2. The main reasons for the company's profit or loss from reinvestment, and the improvement plan:

Name of investee	Original investment amount (thousands)	Percentage of ownership	Share of profit or losses of investee (thousands)	Major factors behind gain or loss	Strategy for improvement
Yushan Pharmaceuticals Inc.	351,761	100%	(868)	In 2024, the company recognized a loss from its investment in HoneyBear Biosciences Inc. based on its shareholding percentage.	The principle is to invest with a long-term strategic approach and to continuously evaluate with prudence.
Framosa Co.	143,750	25%	(15,900)	The construction of the plant is underway according to the planned schedule, and it is expected to commence operation in 2025.	After the company starts operating, it is expected that profitability will improve.
HoneyBear Biosciences, Inc.	68,000	11.65%	(7,832)	The company was founded in 2021 and focused on developing antibody-drug conjugate (ADC) research.	The principle is to invest with a long-term strategic approach and to continuously evaluate with prudence.

5.5.2 Investment plans for the upcoming fiscal year :

The board of directors approved the additional budget proposal for the Guanyin plant on July 5, 2023, with a total construction budget of NT\$2.44 billion. The plant will incorporate an automated storage system and packaging equipment, and plans to build 4 production lines. The maximum capacity will be approximately 50% of the Luzhu plant's capacity. The building usage permit has been obtained, and installation of production equipment has already begun. The plant is expected to start trial production and related validations in the second half of 2025, along with a GMP inspection. Additional capital expenditures will be required in 2025. The company is committed to keeping the construction budget within the amount approved by the board of directors.

5.6 For risks, the following items shall be analyzed and assessed for the most recent year up to the printing date of this annual report :

5.6.1 The policies and organizational structure of risk management: The Risk Management Policy and Procedure please refer to Attachment 5.

1. Policies: The company's risk management policy is to establish a risk management mechanism to identify, evaluate, supervise, and control risks following the company's operating policies, and to achieve the goals of rationalizing the risks and the reward within the

tolerable scope of risk.

2. Authority and responsibilities of each unit in the organisation:

(1) Board of Directors:

This is the highest authority of the company's risk management, and is in charge of approving, reviewing, and supervising the company's risk policies, ensuring the management structure and the operation of risk control functions.

(2) Audit Committee:

Serves as the supervisory unit for the company's risk management related operational mechanisms. It is responsible for reviewing risk management policies, procedures, and frameworks to ensure that risk management mechanisms can fully address the risks faced by the company. It also designates personnel (at least once a year) to report to the board of directors on the implementation of risk management.

(3) President Office:

The unit is in charge of planning the operational strategy, also supervising and implementing its execution to fulfill the effectiveness and efficiency of the operation, reducing the operational and strategic risks. This unit is also in charge of legal risk management, compliance with the government monitoring measures, and determining possible agreement disputes or legal disputes to reduce the legal risks; responsible for the related risks of climate change and exploring the opportunities that arise from them.

(4) Audit Office:

The unit is in charge of evaluating the key risks matters, which shall be referenced for the audit plan operation. This unit is also in charge of enacting or amending the related control procedures and practices for possible risks.

(5) IT Office:

The unit is in charge of overall planning and set-up of the ERP information equipment and the enterprise network, and is also responsible for managing the Internet information security to reduce the information security risks.

(6) Safety Office:

The unit is in charge of the planning and execution of the industrial safety and health practices to comply with the related laws and regulations, and reduce the related risks.

(7) Strategy Office:

The unit is adept at grasping market trends and devising organizational strategies to mitigate strategic risks.

(8) Business Division:

A. The unit is in charge of the development of clients and products, as well as enacting the transaction terms and conditions based on the relationship with the client, the client's financial condition, and the political and economic condition of the client's location to prevent the risks of unable to receive the account receivables.

B. The unit is in charge of the management of a decent supply chain, ensuring the stable supply of raw materials, their qualities meeting the specification, and the stability of the price, to reduce the risks of daily operations.

(9) Technical Division:

The unit is in charge of evaluating and ensuring the development of new products does not involve the risk of violating others' patents and intellectual properties. This unit is also in charge of the management of patents and intellectual properties.

(10) Quality Division:

The unit is in charge of ensuring the products are manufactured following the GMP and standards demanded by the clients, while also complying with the regulations of health competent authorities in different countries, to reduce the risks of relating to decreases in quality and client complaints.

(11) Operating Division:

- A. The unit is in charge of ensuring the production operation is following the schedule and related SOP to prevent the risks of delayed shipments or production disruptions.
- B. The unit is in charge of optimizing the quantities of raw materials and final products to control the inventory cost while preventing the shortage of raw materials and finished products. The unit is also in charge of managing the production schedule to improve production efficiency and planning for the requirements of sufficient future capacity to avoid the risk of production capacity shortage.
- C. The unit is in charge of planning and implementing the environmental protection policies to maintain compliance with related laws and regulations and reduce the related risks.
- D. The unit is in charge of the design and execution of the plant construction to ensure the plant and equipment meet the standard of the clients and the health-related authorities of different countries. This unit is also responsible for the preventive maintenance of the plant and equipment to reduce the risk of ceasing production due to the damaged production equipment.

(12) Finance and Administration Division:

The unit is in charge of the risk management for assets and compliance with the related laws and regulations from the government to ensure the sustainable operation of the company and the security of its assets. This unit is also responsible for evaluating the medium- and long-term investment performance, the financial operations and adjustment, the establishment of a hedging mechanism, and achieving the reliability of financial reports and compliance with laws and regulations to reduce the financial-related risks.

3. The company reports to the Board of Directors with the operational condition regularly every year, the latest company report to the Board of Directors have been conducted on December 20, 2024, and the operational conditions are as follows

(1) Operational risks - Supply chain risks:

- A. Evaluate: a.China's factories face unstable order intake due to the U.S.-China trade war, which can lead to factory shutdowns or suspensions, resulting in unstable supply and delayed delivery.
 - b. There is an oversupply of petrochemical raw materials, and the demand for fine chemicals is weak due to sluggish domestic demand in China. However, with Trump's election, there may be uncertainties. In the first half of 2025, there is a higher chance that raw material prices will remain stable.
 - c. Starting from October 2024, the Ministry of Transportation and Communications' Highway Bureau will strictly enforce container weight limits, which will reduce the volume of raw material imports in full containers, potentially increasing raw material costs.
- B. Impact: In the second half of 2024, raw material prices will continue to fluctuate at lower levels. It is expected that in 2025, prices will either remain stable or experience gradual increase.
- C. Response: a.For materials with unstable delivery times, establish a safety stock level.
 - b.Seek customer approval to increase supply sources.
 - c.Closely monitor the operational status of suppliers and adjust inventory based on order demand and market trends.

(2) Operational risks - EHS risks:

- A. Evaluate: a.Being in the chemical manufacturing industry carries high potential for fire and toxicity.
 - b.Equipment damage or employee death or injuries due to negligent operations that might lead to suspension of operations.
 - c.Environmental pollution due to negligent operations that might lead to

suspension of operations.

d. Net zero carbon impact.

- B. Impact: : a. In 2024, the company recognized insurance claim income of NT\$430 million.
b. The fire insurance premium is approximately 28.3 million, with the current insurance coverage rate at 84.5% (deductible is 15%).
c. If the Environmental Ministry expands the scope of carbon fee collection in the future, costs will increase by 6.6 million (based on 2020 carbon emissions estimates).
d. Products exported to Europe will be subject to a carbon tariff, with the European carbon tax approximately 10 times higher than Taiwan's.
- C. Response: a. To execute standard operational procedures faithfully, ensuring adherence to ISO45000 and ISO14001.
b. To conduct educational training and fire drills and include environmental pollution and work safety incidents as factors for performance awards and punishments.
c. To have fire insurance, the current combined insurance amount of which is about NT\$4.75 billion (including insurance for interruption of operations).
d. To have Insurances for public accident liability and employer liability.
e. Establishment of a Greenhouse Gas Inventory Promotion Task Force to gradually complete inventory and internal and external verification, thereby formulating policy objectives and control mechanisms.

(3) Operational risks - Quality risks:

- A. Evaluate: Failing a client audit or health authority inspection or receiving warning letters, which create issues in product quality that necessitate remake or scrapping.
- B. Impact: In 2024, the loss of inventory scrapping was about NT 35.96 million, and the amount of returns and allowances was about NT 10 million. The sulfur content in the PGA exceeds the standard, and the supplier is required to compensate for rework costs and shipping fees amounting to USD 300,000.
- C. Response: a. To implement quality assurance policies and good manufacturing practice, ensuring adherence to ISO9001.
b. To have introduced the SAP ERP and Master Control softwares for data integrity and launch the Laboratory Information Management System (LIMS).
c. To have a product liability insurance for US\$2 million.

(4) Financial risks - Exchange rates risks:

- A. Evaluate: 90% of the company's revenue is derived from exports. The quoted price is mainly in US dollars, and the appreciation or depreciation of the currency impacts the company's revenue significantly.
- B. Impact: The appreciation and depreciation of NT\$1 in the foreign exchange between US dollars and New Taiwan dollars approximately impact 2% of the gross margin. The position of US dollars generates non-operating exchange gains and losses, NT\$ 22.60 million of non-operating exchange gains in 2024, affecting NT\$0.19 in EPS after tax.
- C. Response: a. Based on developments in the international political and economic situation as well as trends in exchange rate fluctuations, determine the appropriate timing to buy or sell foreign currencies.
b. To undertake Forward Foreign Exchange to reduce exchange gains and losses.

(5) Financial risks - FVP&L:

- A. Evaluate: The current amount of financial assets at fair value through profit or loss is approximately 110 million, primarily consisting of preferred stocks from financial institutions and money market funds.
- B. Impact: a. In the year 2024, dividend income was approximately 1.95 million.
b. The evaluation gains and losses from investment positions resulted in an evaluation gain of approximately 3.61 million in 2024.
- C. Response: Dispose of assets as necessary based on the utilization of operating funds.

(6) Financial risks – PVOCI:

- A. Evaluate: Currently, the financial asset measured at fair value through other comprehensive income is Energenesis Biomedical Co., Ltd., with an amount of approximately NT\$ 81.43 million.
- B. Impact: In 2024, other comprehensive income resulted in a loss of approximately 15.38 million, mainly due to the evaluation loss of Energenesis Biomedical Co., Ltd.
- C. Response: As the investments in those companies are part of a long-term strategy, there is currently no disposal plan.

(7) Financial risks - Credit risks:

- A. Evaluate: a. For the default risk of account receivables, the current account balance is NT\$ 289 million.
b. For the default risk of cash and cash equivalent, the current balance is NT\$ 582 million.
- B. Impact: There was no bad debt loss in 2024. The interest income of cash and cash equivalent generated is approximately NT\$ 8.03 million.
- C. Response: a. The company shall implement proper client credit investigation, prepayment transactions shall be requested to the clients with concerning status, and factoring of accounts receivables and insurance shall be implemented when necessary.
b. The funds are deposited with financial institutions with high credit ratings, primarily consisting of Taiwanese dollar and US dollar time deposits, as well as short-term commercial paper.

(8) Financial risks – Others:

- A. Evaluate: a. Interest rates risks.
b. Liquidity risks.
c. Inflation risks.
d. Endorsement / Guarantees risks. (Framosa Co.)
- B. Impact: a. As of the end of 2024, the accumulated capitalization amount of interest on the five-year loan from Mega Bank is approximately NT\$ 28 million, which will be amortized after the operation of the Guanyin plant.
b. Interest expense for 2024 was approximately NT\$ 5.54 million.
c. The inflation in 2024 has eased and has not caused significant impact.
d. If the endorser of the guarantee fails to fulfill their debt obligations, a loss must be recognized. As of the end of 2024, the actual disbursed amount is approximately NT\$ 196 million.
- C. Response: a. Interest rates : Closely monitor changes in the financial market and adjust the borrowing period accordingly
b. Liquidity : Monitor changes in liquidity and financial indicators, ensure sufficient bank credit limits for fund allocation. As of the beginning of 2025, there is still a borrowing limit of 1 billion, and bank borrowing limits can be utilized if necessary.

- c. Inflation : Closely monitor developments in relevant situations and adjust product prices moderately as needed. Strive to secure the return of existing customer orders and actively expand new clients to improve production capacity utilization.
- d. Endorsement / Guarantees: Record relevant matters in the reference book and monitor the utilization of guarantee limits. Internal audit personnel will audit the endorsement guarantee operation procedures and their execution at least quarterly.

(9) Strategy risks:

- A. Evaluate:
 - a. The company joint venture with Veolia to establish the Framosa Co., Ltd in the hope to reduce the consumption and the outsourced processing of chemical solvent, enhancing the competitiveness in operation and meeting the global trend of ESG, thus the company support Framosa to construct its plant and operate within the schedule.
 - b. Construction of a second plant: The plant in Guanyin is to decentralize the production locations and stabilize the relationships with clients.
- B. Impact:
 - a. The company is holding 25% of the shares of Framosa Co., Ltd., allowing it to become one of the company's affiliated companies. The shareholding ratio will be utilized to recognize the loss on investment (NT\$ 15.9 million of losses recognized in 2024).
 - b. If the capacity utilization rate at the Guanyin plant is low after its activation, it will affect the profitability of the core business. The estimated negative impact on the gross profit margin in 2025 is 4.5%.
- C. Response:
 - a. To support the construction and operation of the Framosa Co., Ltd. under the schedule to secure the solvent processing service agreements within the industry and establish economic scale.
 - b. To strengthen the business team to maintain good relationships with existing customers while actively expanding to acquire new customers. This approach aims to enhance the sustained growth momentum of the products and subsequently improve capacity utilization.

(10) Hazard risks – Natural disaster risks:

- A. Evaluate:
 - a. Taiwan is easily impacted by natural disasters such as typhoons, earthquakes, etc.
 - b. Risks of emerging infectious diseases.
- B. Impact: In 2024, there were a total of three days of typhoon day, resulting in a work stoppage loss of approximately NT\$ 6 million. Typhoon and earthquake-related repairs incurred costs of around NT\$ 0.5 million.
- C. Response:
 - a. To enact the continuous operation plan of the company.
 - b. To enact the reporting and protection measures of infectious diseases, and implement them accordingly.
 - c. To purchase property insurance, currently the total coverage amounts of insurance is approximately NT\$4.75 billion (the scope of insurance includes the stock, machinery equipment, buildings, and the interruption in operation.)

(11) Law risks :

- A. Evaluate:
 - a. Compliance with government laws and orders.
 - b. Investment agreement signed by the President's Office.
 - c. Non-disclosure agreement and supply agreement signed by the Business and Purchase Department.
 - d. Service agreement and equipment agreement from other departments.

B. Impact: In 2024, due to deferred shipments to the DCB, compensation costs amounted to approximately NT150,000.

C. Response: a. Each department shall assign personnel to review the amendment of laws and regulations and review its impact and the corresponding measures that shall be taken by the company.

b. Each department shall review all agreements carefully, and strictly enforce the internal control procedures requiring signatures and seals.

c. To commission services from legal firms for special and significant events.

d. To consult the opinions of General Counsel from the parent company for special and significant events.

(12) Others risks – Market risks:

A. Evaluate: a. The market for pharmaceuticals grows steadily each year under population growth, aging, and economic growth.

b. The risk of losing clients.

c. The risk of having excessive ratios of a single product and a single client in the company's revenues.

B. Impact: Due to the impact of the fire incident, not all customers have returned.

In 2024, revenue still shows a gap of approximately NT 1 billion compared to pre-disaster levels.

C. Response: a. To continuously enhance the relationship with the clients, speed up the processes of reconstruction, returning to production, and the construction of Guanyin Plant to restore the confidence of our clients.

b. To continuously develop new products with the goal of reducing the ratio of a single product to the company's revenue to below 15%.

c. To continuously develop new clients with the goal of reducing the ratio of a single client to the company's revenue to below 10%.

5.6.2 Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for the profits or losses generated thereby, and future response measures:

1. Policy : The Company always focuses on its scope of business and does not engage in high-risk or highly-leveraged investment activities. In order to effectively manage special matters arising from actual business needs, the company has established internal management measures and operational procedures based on sound financial and operational practices, in accordance with the relevant laws and regulations of the Securities and Futures Commission. These include procedures such as " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and " Regulations Governing the Acquisition and Disposal of Assets by Public Companies." Derivative transactions undertaken by the company are solely for hedging purposes. In the future, the company will strictly adhere to the relevant transaction processing procedures of regulatory authorities and the company itself. In addition to carefully evaluating execution, it will further strengthen control mechanisms. As of the end of 2024, the situation regarding the company's fund loans to others, endorsement guarantees, and derivative transactions is as follows:

(1) Loans to other parties: N/A.

(2) In response to the operational funding needs of our affiliated companies, banks have requested shareholders to provide guarantees in proportion to their capital contributions to ensure creditor rights. Below are the details of the endorsement

guarantees:

Company Name	With a relationship to our company	As of December 31, 2024, the amount of endorsement guarantees
Framosa Co., Ltd.	The affiliated enterprises.	NT\$ 196,158 thousand

2. Cause of profit or loss: N/A.

3. Future response measures: None.

5.6.3 Future R&D plans and expected R&D investments:

R&D Project Name	Current Progress	Expected Completion Time Mass Production Time	Key Factors Influencing R&D Success	Expected R&D Investments
Adenine	Process optimization	Jun. 2025	Key technology	Investment of about NT\$ 50million
Cannabidiol	Process optimization	Nov. 2025	Key technology	
Benserazide	Process development and optimization	Sep. 2025	Key technology	
Biso-FA	Process optimization	Sep. 2025	Key technology	
ADC	Development of novel molecular structures and process optimization	Dec. 2025	Key technology	
Iron sucrose	Process development and optimization	Dec. 2025	Key technology	
CDMO-X project	Process optimization	Jun. 2025	Key technology	
CDMO-N Project	Process optimization	Sep. 2025	Key technology	
CDMO-A Project	Process development and optimization	Jun. 2025	Key technology	

5.6.4 Changes in local and overseas policies and laws, impact on the Company's finances and operations, and response measures:

The business operation is faced with numerous laws and regulations. The pharmaceutical industry is more subject to the pharmaceutical laws and regulations, such as the Pharmaceutical Affairs Act and Pharmaceutical Good Manufacturing Practice Regulations. As the regulatory environment continues to change and improve, each department of SCI has designated personnel to be responsible for management of changes in laws and regulations. In addition, APIs are related to the quality of preparations, so the Ministry of Health and Welfare implements source management and continuously promotes policies related to API management to ensure that domestic API companies fully comply with PIC/S GMP standards.

5.6.5 Changes in technology and industry, impact on the Company's finances and operations, and response measures: None.

5.6.6 Changes in the corporate image, impact on the Company's risk management, and response measures: None.

5.6.7 Expected benefits and possible risks of mergers and response measures: None.

5.6.8 Expected benefits and possible risks of expanding factory buildings and response risks:

The major capital expenditures in 2024 were for the construction of the Guanyin factory and the reconstruction of factory buildings and equipment in the Luzhu factory.

1. Expected benefits:

- (1) Considering the growing demand in the pharmaceutical market and the risk of relying on a single factory, the company has decided to construct the Guanyin factory to maintain its sustainable development momentum. The Guanyin factory will introduce an automated warehousing system and packaging equipment, and its level of intelligence will be higher than that of the Luzhu factory. The plan is to construct 4 production lines, with a maximum capacity equivalent to approximately 50% of the Luzhu factory's output. Production is expected to commence in 2025.
- (2) The company continues to rebuild the factory buildings and equipment damaged by the fire. By the beginning of 2024, the Luzhu plant has completed its reconstruction, and its production capacity has been restored to 100%.

2. Possible risks: If the utilization rate of the production capacity is not high enough after the operation started, it will affect the profitability of the company's main business.

3. Response measures: By strengthening the business team, expanding operational reach, exploring CDMO services, and optimizing product portfolios to enhance profitability.

5.6.9 Risks resulting from the concentration of purchases or sales and response measures:

Most suppliers and customers of SCI are trading partners with long-term and close relationships resulting in low risk levels. In 2024, the largest supplier accounted for 30.07% of total purchases, and the largest sales customer accounted for 18.03% of net sales. Compared to 2023, where the largest supplier accounted for 23.68% of total purchases and the largest sales customer accounted for 25.39% of net sales, the share of the largest supplier in 2024 slightly increased. This was primarily due to the recovery of in-house production capacity in 2024, which allowed for more product offerings. The company adjusted raw material purchase items and quantities based on production needs.

On the other hand, the share of the largest sales customer slightly decreased in 2024. This was because the in-house production capacity was fully restored, and revenue continued to grow. Sales of major products, such as sedative-hypnotic drugs, antidepressants, and glaucoma medications, all showed growth. As a result, the share of the largest sales customer in total sales decreased. The future goal is to reduce the revenue proportion from a single customer to 10%.

5.6.10 Impacts, risks, and response measures pertaining to major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than ten percent (10%) of the Company's shares : None.

5.6.11 Impacts, risks, and response measures pertaining to changes in ownership: None.

5.6.12 Any litigious or non-litigious matters or administrative disputes up to the printing date of this annual report where the Company and its Directors, President, actual person in charge, and major shareholders holding more than 10% of the Company's shares, and affiliated companies that have been concluded by means of a final judgment or are still under litigation, to be a party thereof, and where the results thereof could materially affect shareholders' equity or prices of the Company's securities, as well as the facts of the dispute, amount of money at stake, start date of litigation, and main parties to the litigation: None.

5.6.13 Other important risks and corresponding measures: None.

5.7 Other important issues: None.

6 、 Special Disclosure

6.1 Affiliated enterprises: :According to Article 21, Item 1, Clause 1, and Article 22-1 of the "Regulations Governing the Matters to be Recorded in the Annual Report of Publicly Issued Companies," if the three reports on affiliated enterprises have been announced and filed with the Market Observation Post System (MOPS), the information query path can be recorded by index in the shareholder meeting's annual report to simplify the annual report preparation process.The MOPS query website is: https://mopsov.twse.com.tw/mops/web/t57sb01_q10

6.2 Private placement of securities of the most recent year up to the publication date of this report printed: None.

6.3 Other items that must be included:

6.3.1 Employee output value in 2024. (Productivity):The annual revenue of 2024 was NT\$ 1,523,738 thousand , the average number of employees was 271, and the average output value (productivity) of employees in 2024 was NT\$ 5,623 thousand

6.3.2 The annual report was sent to the accountant for reading on Apr. 01, 2025.

6.3.3 Professional training for directors:

Title	Name	Year	Trained
Chairman	Wei-Chyun Wong	2024	Mar. 01 / Corporate Governance and Securities Regulations/ CGA / 3 hour May 30/ Cybersecurity Governance under Corporate Governance and Future Development Trends/ CGA / 3 hour Jun.19/Exploring the International Competitiveness of Taiwanese Enterprises in the Context of Global Competition and Cooperation/TWIOD / 3 hours Aug.21/ Business Considerations and Legal Risk Analysis in Corporate Decision-Making/ CGA / 3 hour Aug.21/ ESG-Related Legal Issues that the Board of Directors Should Consider/ CGA / 3 hour Aug.29/ Current Status of IFRS 17 Implementation and Key Integration Points Review, Analysis of IFRS 17 Accounting Choices and Transition Strategies by International Peers, and Post-Integration International Peer Business Strategy Sharing/ Deloitte/ 3 hour Sep.26/ Ensuring Fair and Friendly Treatment of Vulnerable Customers from the Board of Directors' Perspective/ Lia-Roc/ 3 hour Dec.05/ International Anti-Corruption and Whistleblower Protection Practices, with a Discussion on Anti-Money Laundering/ Taiwan Insurance Institute/3 hour
Director	Shiang-Li Chen	2024	May 09/Corporate Governance and Securities Regulations - Information Disclosure System and Relevant Regulations for Listed Companies/COA / 3 hour May 30/ Cybersecurity Governance under Corporate Governance and Future Development Trends/ CGA / 3 hour Aug.29/ Current Status of IFRS 17 Implementation and Key Integration Points Review, Analysis of IFRS 17 Accounting Choices and Transition Strategies by International Peers, and Post-Integration International Peer Business Strategy Sharing/ Deloitte/ 3 hour Sep.26/ Ensuring Fair and Friendly Treatment of Vulnerable Customers from the Board of Directors' Perspective/ Lia-Roc/ 3 hour
Director	Chin-Hsin Hsu	2024	Mar. 01 / Corporate Governance and Securities Regulations/ CGA / 3 hour May 30/ Cybersecurity Governance under Corporate Governance and Future Development Trends/ CGA / 3 hour Jun.19/Exploring the International Competitiveness of Taiwanese Enterprises in the Context of Global Competition and Cooperation//TWIOD / 3 hours Aug.29/ Current Status of IFRS 17 Implementation and Key Integration Points Review, Analysis of IFRS 17 Accounting Choices and Transition Strategies by

			International Peers, and Post-Integration International Peer Business Strategy Sharing/ Deloitte/ 3 hour Sep.26/ Ensuring Fair and Friendly Treatment of Vulnerable Customers from the Board of Directors' Perspective/ Lia-Roc/ 3 hour
Director	Wen-Chih Chou	2024	Apr.10/2024 KPMG Leadership Academy Forum//TWIOD / 3 hours Jun.19/Exploring the International Competitiveness of Taiwanese Enterprises in the Context of Global Competition and Cooperation/TWIOD / 3 hours
Independent Director	Te-cheng Tu	2024	May 30/ Cybersecurity Governance under Corporate Governance and Future Development Trends/ CGA / 3 hour Sep.26/ Corporate Governance - The Latest Trends in ESG and the Framework for Preparing Sustainability Reports/ TWSA / 3 hours Sep.26/ Ensuring Fair and Friendly Treatment of Vulnerable Customers from the Board of Directors' Perspective/ Lia-Roc/ 3 hour Oct.18/ Current Status of IFRS 17 Implementation and Key Integration Points Review, Analysis of IFRS 17 Accounting Choices and Transition Strategies by International Peers, and Post-Integration Business Strategy Sharing by International Peers / Deloitte/ 3 hour
Independent Director	Chia-Chun Jay Chen	2024	Jun.19/Exploring the International Competitiveness of Taiwanese Enterprises in the Context of Global Competition and Cooperation//TWIOD / 3 hours Sep.26/ Corporate Governance - The Latest Trends in ESG and the Framework for Preparing Sustainability Reports/ TWSA / 3 hours
Independent Director	Vincent Wang	2024	Apr.10/2024 KPMG Leadership Academy Forum//TWIOD / 3 hours Jun.27/ Corporate Governance - New Forms of Securities Crimes and Market Manipulation/ TWSA / 3 hours

6.3.4 Professional training for Accounting Supervisor 、Accounting supervisorAgent 、Audit officer and Audit officeragent:

Title	Name	Year	Trained
Accounting Supervisor	Deiter Yang	2024	Accounting supervisor continuing course / ARDF / 12 hours
Accounting supervisor agent	Lisa Kuo	2024	Accounting supervisor continuing course / ARDF / 12 hours
Audit officer	Jacky Hsu	2024	Legal Liability for Employee Fraud and Practical Internal Control and Auditing Measures/ ARDF / 6hours Analysis of Laws and Regulations Related to Annual Reports, Sustainability Information, and Financial Report Preparation, and Practical Internal Control Management /ARDF / 6hours
Audit officer agent	Renee Chen	2024	How to Utilize Robotic Process Automation (RPA) to Enhance Internal Control Effectiveness/ ARDF / 6hours Internal Control and Auditing Practices in Sustainability Information Management/ SFI / 6 hours

6.3.5 Persons associated with transparency in financial information who have obtained the relevant certificates specified by the competent authorities :

Title	Name	License	License No.
Accounting Supervisor	Deiter Yang	CPA	FSC Zheny-Tzn N0.5467

6.3.6 Managers participate in training related to corporate governance :

Title	Name	Year	Trained
President	Wei-Chyun Wong	2024	Mar. 01 / Corporate Governance and Securities Regulations/ CGA / 3 hour May 30/ Cybersecurity Governance under Corporate Governance and Future Development Trends/ CGA / 3 hour Jun.19/Exploring the International Competitiveness of Taiwanese Enterprises in the Context of Global Competition and Cooperation/TWIOD / 3 hours Aug.21/ Business Considerations and Legal Risk Analysis in Corporate Decision-Making/ CGA / 3 hour Aug.21/ ESG-Related Legal Issues that the Board of Directors Should Consider/ CGA / 3 hour Aug.29/ Current Status of IFRS 17 Implementation and Key Integration Points Review, Analysis of IFRS 17 Accounting Choices and Transition Strategies by International Peers, and Post-Integration International Peer Business Strategy Sharing/ Deloitte/ 3 hour Sep.26/ Ensuring Fair and Friendly Treatment of Vulnerable Customers from the Board of Directors' Perspective/ Lia-Roc/ 3 hour Dec.05/ International Anti-Corruption and Whistleblower Protection Practices, with a Discussion on Anti-Money Laundering/ Taiwan Insurance Institute/3 hour
President	Wen-Chih Chou	2024	Apr.10/2024 KPMG Leadership Academy Forum//TWIOD / 3 hours Jun.19/Exploring the International Competitiveness of Taiwanese Enterprises in the Context of Global Competition and Cooperation/TWIOD / 3 hours
CG Officer	Deiter Yang	2024	Mar.22/ CPD Taiwan Launch Event - Building a New Carbon Era with Sustainability Knowledge / TWSE/3 hours Jun.19/Exploring the International Competitiveness of Taiwanese Enterprises in the Context of Global Competition and Cooperation//TWIOD / 3 hours Sep.03/ Advocacy Event: Building a New Carbon Era with Sustainability Knowledge / TWSE/6 hours Sep.26/ Corporate Governance - The Latest Trends in ESG and the Framework for Preparing Sustainability Reports/ TWSA / 3 hours Oct.29/ Advocacy Event: Shaping a New Carbon Era with Sustainability Knowledge/BCSD/ 6 hours

6.3.7 The Foundation for evaluating the method of recognizing the valuation account of assets and liabilities:

- Notes and accounts receivable are processed with a simplified approach to estimate the expected credit losses, which means the measurement is conducted by using the expected credit losses within the duration. For such measurements, these notes and accounts receivable are grouped in accordance with the common credit risks characteristics that represent the client's ability to pay all the amount due under the terms and conditions of the agreements while also incorporating the fair expectation of forward-looking information such as the historical credit losses experience and the future economic conditions, including the overall economic situation and the related industry information.
- Following IAS 2 "Inventories", inventories and allowance for inventory write-down to be recognized are measured by the net realizable value. The company recognized the allowance for inventory valuation and obsolescence losses due to the inventory write-down reaching the net realizable value. In addition, obsolete inventory from disasters, sales, or write-offs are no longer the factors of the net realizable value of the inventory dropping below cost, resulting in the reversal inventory write-down, with the related expenses presented as the cost of sales.
The inventory write-down and recovery of obsolete inventory in 2024 amounted to a gain of NT\$27,289 thousand.
- The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. Financial instruments trade

in active markets is based on quoted market prices. Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date. The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

6.3.8 Key Performance Indicator for the company's Industry characteristics:

1. Capacity Utilisation:

Due to the impact of the fire incident on December 20, 2020, production did not resume until the end of December 2021. By the beginning of 2024, repairs were completed; however, production capacity has not been fully utilized, with the average capacity utilization rate for 2024 being approximately 78%.

2. Authorized medicament license:

No.1	API	DMF (USA)	CEP (EDQM)		KDMF (Korea)	MF (Japan)	DMF (Canada)	CGMP certified (TFDA)	GMP certificate (Brazil)	China DMF	Brazil DMF
1	Adenine	2022									
2	Articaine Hydrochloride	2014	2014		2023			2013		2021	
3	Allopurinol	2011	2003					2004			
4	Atomoxetine Hydrochloride	2018	2018					2016			
5	Bisoprolol Fumarate							2006			
6	Brinzolamide	2015			2023	2017		2022 (GDP)	2023	2023	
7	Clindamycin Palmitate HCl	2011									
8	Divalproex Sodium	2005					2010	2022 (GDP)	2023	2010	
9	Duloxetine Hydrochloride	2011	2014			2017	2016	2022 (GDP)	2023	2013	
10	Hydroxychloroquine Sulfate	2014	2019				2014	2014	2023	2020	
11	Loxoprofen Sodium Hydrate					2011		2012	2023		2023
12	Methylphenidate HCl		2014					2022 (GDP)	2023		
13	Pentobarbital Sodium		2011					2022 (GDP)			
14	Probucol	2004				2017	2015	2022 (GDP)		2023	
15	Propafenone Hydrochloride	2010	2012			2012	2012	2022 (GDP)	2023	2018	
16	Sodium Valproate	2019	2006			2017		2022 (GDP)	2023	2014	
17	Thiopental							2020			
18	Valproic Acid	2003	2004			2008	2008	2022	2023	2023	
19	Cannabidiol (CBD)	2020						2020			
No.2	API intermediate	DMF (USA)	CEP (EDQM)			MF (Japan)	DMF (Canada)	CGMP certified (TFDA)			
1	Menthadienol (PMDOL)	2019									
2	Olivetol	2019									
3	Ethyl Olivetolate	2019									

- 6.3.9 The company disclosed the related information about financial instruments except for shares and depository receipts, please refer to the Consolidated Financial Statement of 2024.
- 6.3.10 The company has not enacted a code of conduct or the code of ethics for the employees, however, the current Work Rules, Ethical Corporate Management Best Practice Principles, Codes of Ethical Conduct, and related procedures are serving as the code of conduct for employees' behaviors, audits are also performed, with the implementations of such rules reported to the management.
Inquiry method for the related procedures:
The company's website: www.sci-pharmtech.com.tw
- 6.3.11 The company has amended the related articles for a whistle-blowing system in the Ethical Corporate Management Best Practice Principles and has set up a stakeholder zone and complaint process flowchart on the website.
Inquiry method: The company's website: www.sci-pharmtech.com.tw
- 6.3.12 Descriptions for the Employees' salary and remuneration:
The company's salary and remuneration policy is to provide competitive salary standards to recruit and retain the required employees for the business operation to achieve stable growth and sustainable development. The salary and remuneration paid to the employees of the company can be classified as fixed and variable salaries. Fixed salaries are the monthly salary paid to the employees, with the payment standard referring to the statistics of industries and labor market, adding considerations for the job position, nature of the job, professional abilities, and the occupational supply & demand. Variable Salary consists of the end of year bonus and employees' remuneration. Part of the salary and remuneration are connected with the operational performance by the variable salary.
The company enacted the Salary Management Procedures, which are thoroughly conveyed to all employees with the educational training for the new recruits and the internal mail system for a full understanding of the salary and remuneration system of the company. In addition, for the Managers, the company set up performance goals and enacted related procedures for the salary and remuneration policies, system, standard, and structure. The salary and remuneration for personnel above the Manager level require the approval of the Salary and Remuneration Committee and the Board of Directors, which is to improve the transparency of the company's corporate governance, and the decisions for salary and remuneration.
1. Fixed salary: Monthly salary paid to the employees each month.
 2. Variable salary: Connected to the operational performance.
 - (1) End of the year bonus: Paid according to the performance with a minimum of 1.5 months and a maximum of 4 months of the monthly salary.
 - (2) Remuneration of the employees: Approximately 3% to 10% of the annual profit.
- Inquiry method: The company's website: www.sci-pharmtech.com.tw
- 6.3.13 Descriptions for the succession planning of the member of the Board of Directors and key executives:
The key executives are the employees above the Manager level, there are currently 14 people classified in such positions. Each of the key executives has completed their job description manuals and roadmap for duties, assigned the deputies for the jobs, and conducted further training on them. The company requested Managers to take all their annual leaves, giving their deputies adequate opportunities to experience managerial roles and prepare for future succession. There is a Manager and Deputy General Manager in all the key departments of the company, such as the R&D and Business departments, and the succession plan has

basically been completed. As for the Production, Quality Control, Finance & Accounting, Engineering, and other departments, there are chief-level staff members qualified as the future successor to carry the duties of the key executives. Basically, the company has thoroughly implemented and completed the planning on the successions of the key executives, with periodic reviews and adjustments being performed. In addition, the company rotates the positions of key executives in different departments often in the hope to develop talents who are capable of managing in multiple fields, enabling flexible adjustments necessary when necessary, which shall strengthen the company's vast foundation of achieving a century-long business operation.

The company currently has 4 Directors, 2 of which are professionals business management and law, and the other 2 are the professionals in chemistry .Of the 3 Independent Directors, 2 of them are a professional in finance & accounting, and the other one is professionals in chemistry and chemical engineering, which are required for the company's main business. The future composition and the experience backgrounds of the Directors will apply the structure same as the current Board of Directors.Our company values diversity and inclusiveness in corporate governance, recognizing that gender diversity contributes to the quality of business decision-making. The selection of current board members is primarily based on professional capabilities, experience, and industry familiarity to ensure effective corporate governance. In the future, our company will continue to recruit female directors with professional expertise and industry experience to enhance gender diversity within the board.

With regards to the succession plans of the Board of Directors, the legal representatives of the parent will be 2 senior executives from the parent and 2 senior executives of the company as planned in the foreseeing future. There are dozens of companies underneath Mercuries & Associates Holding, Ltd. and several of them are public listed companies, resulting in the numerous Directors and professionals in senior management, therefore Mercuries & Associates Holding has an abundant talent pool for the succession of the two Directors position, and as for the two Directors from the senior executives of the company, please refer to the aforementioned succession plan of key executives. As for the Independent Directors, 1 of them shall be a professional in finance & accounting by law, experts in this field are sufficient domestically, and the company has planned the successor of this position as a Director to be an individual with academic background. The other 2 Independent Directors shall be professionals in chemistry and chemical engineering, the company still plans to academic background and the other from the industry. The company has been conducting close industry-academia cooperation with the National Tsing Hua University and National Taiwan Normal University, and has also been maintaining close relationships with several professors, which shall provide sufficient candidates for the company's Independent Director. As for the Independent Director from the industry, members of the domestic API industry have been actively differentiating each company's product portfolio to avoid excessive competition, and often held gatherings to exchange the industrial information and know-how while participating in overseas exhibitions in the same group. In addition, the company has been actively participating events such as the operations of the Taiwan Pharmaceutical Manufacturer Association and the Institute for Biotechnology and Medicine Industry to familiarize itself with other significant figures in the medical and pharmaceutical industry, providing suitable potential candidates for this Independent Director position. In addition, the company arranges to report to the board of directors regarding succession planning for managers after each board election. On December 26, 2022, the governance officer presented succession planning reports for each department to the board of directors.

6.3.14 The Intellectual Property Management Plan and its implementation:

1. The Intellectual Property Management Plan: Please refer to Attachment 6.
2. Implementation status:The Implementation status shall be reported to the Board of Directors

at least once per year. The implementation status report of 2024 has been delivered to the Board of Directors on December 20, 2024, by the Head of Corporate Governance.

6.3.15 Descriptions for the company's workplace diversity and gender equality policies:

1. Diversity and Inclusion: Our company adheres to the principle of equal employment and does not discriminate or provide differential treatment on the basis of race, nationality, age, gender, marital status, political views, religion, or any other factor. We also ensure the labor rights of vulnerable or marginalized groups such as indigenous peoples, women, migrant workers, contract workers, and people with disabilities. Employee promotion, salary, promotion, and rewards are based on job category, educational and professional background, expertise and technical skills, professional experience, and personal performance, without any differentiation based on age, gender, race, or other factors.

As of the end of December 2024, there were 227 Taiwanese employees, 1 Italian employee, 1 Malaysian employee, and 42 Filipino employees.

Item	percentage of total employees (%)
Republic of China nationality	83.76%
Foreign nationals	16.24%

In 2024, there were 219 male employees and 52 female employees, with female employees accounting for 19.19% of the total workforce."

Item	Ratio (%)
Female employees as a proportion of the total workforce (%)	19.19%
Female executives account for all executives (%)	27.40%
Female senior executives account for senior executives (managerial level and above) (%)	21.43%

2. Providing a gender-friendly environment:

We have set up Breastfeeding Room and provided friendly maternity leave policies, including prenatal and postnatal medical check-ups and parental leave. We have also established a 'Maternal Health Protection Plan' to take care of our employees' physical and mental health needs. In 2024, there were 6 employees who applied for parental leave.

3. Anti-sexual harassment policies:

The company has established a method to prevent, file complaints, and discipline sexual harassment, and has also set up a Sexual Harassment Complaints Committee to prevent unsafe and sexually harassing behavior in the workplace and maintain gender equality and personal dignity. In 2024, the company did not receive any reports of sexual harassment from its employees.

- #### 6.3.16 Descriptions for the company's corresponding measures and tangible results regarding community risks or opportunities:
- Our company's factory is located in Taoyuan City, and the community scope is also within Taoyuan City. The potential risks and opportunities that may arise for the community are outlined in the table below:

Community risks	Specific implementation measures	The effectiveness of implementation
<p>Our company is in the chemical manufacturing industry and mainly engages in large-scale continuous production, chemical synthesis reactions, and other related activities. In the event of an accident, it may lead to chemical spills, emissions of pollutants such as exhaust gases and waste materials, or even dangerous incidents like fires and explosions, which could harm the health and safety of the community residents.</p>	<p>1. We have installed an oxidation-reduction scrubber to treat exhaust gases, reduce odor, and minimize volatile organic compound (VOCs) emissions. We have switched from heavy oil to low-pollution fuel natural gas for boiler combustion, significantly reducing air pollutant emissions. In addition, we have expanded our anaerobic tank capacity for wastewater treatment and installed dedicated pipelines to prevent industrial wastewater discharge into irrigation channels. Furthermore, we use a distillation recovery method to reduce waste generated during the production process and minimize the impact on the community environment.</p>	<p>In 2024, the company recycled 52.8 kg of palladium and 1,709,031 kg of DN series solvents, reducing the waste generated during the manufacturing process and minimizing the impact on the community environment. The company has set a target of reducing its greenhouse gas emissions by 1% annually, enhancing the efficiency of equipment utilization, and reducing its impact on the natural environment. For more details, please refer to Appendix 3, which outlines the company's sustainable development management policies and implementation status.</p>
	<p>2. Implement standard operating procedures to ensure effective operation of ISO45000 and ISO14001.</p>	<p>In February and July 2024, the entire factory conducted educational training and fire emergency response drills to enhance employees' response capabilities and strengthen disaster response and emergency management within the plant. Environmental and safety meetings are held every two weeks, and occupational safety and health committee meetings are held quarterly to review and improve issues identified during environmental and safety inspections and to assess labor safety and health risks.</p>
	<p>3. Regularly implement educational training and fire emergency response drills.</p>	
	<p>4. Regularly convene environmental safety meetings and occupational safety and health committee meetings.</p>	
Opportunities provided by the company to the community	Specific implementation measures	The effectiveness of implementation
<p>1. The company hires local labor from the area where it is located, providing employment opportunities to local residents in order to enhance community</p>	<p>Encourage employees to refer their relatives and friends for job interviews, and cultivate local relationships.</p>	<p>In 2024, there were 28 new hires (including 5 foreign employees), of which 17 are registered in Taoyuan City, accounting for 60.71%. If</p>

recognition.		excluding the foreign employees, the percentage rises to 73.91%. A total of 162 employees are registered in Taoyuan City, accounting for 59.78% of the entire company.
2.Strengthen the connection with the local community by investing company resources to maintain positive interactions with residents.	Actively participate in and promote community development activities, and cooperate with the operations of local government agencies.	<p>1.Sponsor community events such as the Holy Emperor Guan Cultural Festival series held by the nearby Cheng Sheng Temple and the Hailu Elementary School anniversary cultural season, totaling NT\$37,000, to establish positive interactions with local residents and community organizations.</p> <p>2.On March 21, 2024, a joint fire drill was conducted with the Shanqiao Substation of the Third Battalion of the Taoyuan City Fire Bureau. The drill aimed to enhance the emergency response capabilities of employees and firefighters in dealing with chemical disasters, while integrating the disaster response capabilities of both the private and public sectors to minimize damage caused by disasters and jointly ensure the safety of life and property in the community.</p>

6.3.17 Equipment Investment in Energy Efficiency or Green Energy for Environmental Sustainability:

1. Energy Conservation, Carbon Reduction, and Energy Management:

The primary energy used by our company is electricity, followed by gas and steam. In 2024, the company invested NT\$1.31 million to install heat recovery equipment— a economizer. This will save approximately 12,500 cubic meters of natural gas per year, translating to cost savings of about NT\$180,000 per year and a carbon reduction benefit of about 26 tons of CO₂e per year. This is expected to improve energy usage efficiency.

2. Investment in Main Equipment for Preventing and Controlling Environmental Pollution and Applications:

Equipment Name	Quantity	Acquisition Date	The investment amount in 2024 (thousands)	Applications
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Low-Emission Steam Boiler	1	2024.09.24	NT 4,747	The company has purchased boilers equipped with Flue Gas Recirculation (FGR) technology, which will significantly reduce the concentration of NOx emissions in the combustion exhaust gases, thereby reducing air pollution.
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6.3.18 Disclosure of Policies Linking Executive Compensation to ESG-Related Performance Assessments: Please refer to attachment 7.

6.3.19 Disclosure of the Personal Data Protection Policy and its Implementation:

1. For the content of the Personal Data Protection Policy, please refer to Appendix 9 and our company's website: www.sci-pharmtech.com.tw

2. Personal Data Protection Management Policies, Measures, and Implementation Results:

Personal Data Management System Establishment and Maintenance	<ul style="list-style-type: none"> ◆ Establish a dedicated unit or appoint a Personal Data Protection Officer (DPO) to oversee the implementation and revision of personal data management policies. ◆ Establish a personal data access control mechanism to ensure that only authorized personnel can access specific personal data. 	<ul style="list-style-type: none"> ◆ The dedicated unit is the Financial Affairs Department, which has been implementing the internal control - personal data management procedures in previous years. This year, to align with corporate governance evaluations, a clear personal data protection management policy was established and approved for implementation by the General Manager in January 2025.
Standardization of Personal Data Collection and Processing	<ul style="list-style-type: none"> ◆ Ensure that the collection of personal data complies with the principles of legality, fairness, and necessity, and does not exceed the necessary scope for specific purposes. ◆ Establish data retention periods and deletion mechanisms to ensure that personal data is stored appropriately within the legal or business-required timeframe, and is properly deleted or anonymized after the retention period expires. 	<ul style="list-style-type: none"> ◆ Once the interviewee's data is confirmed as not being selected for the position, it will be immediately destroyed.
Information Security and Technical Protection	<ul style="list-style-type: none"> ◆ Implement firewalls, intrusion detection systems, and access log monitoring mechanisms to prevent unauthorized access and data breaches. 	<ul style="list-style-type: none"> ◆ The IT department sets up firewalls to enforce control.
Internal Training and Education	<ul style="list-style-type: none"> ◆ Conduct annual regular training on personal data protection to ensure employees understand the data protection laws and internal company policies. 	<ul style="list-style-type: none"> ◆ The training was completed in January 2025, with a completion rate of 100%

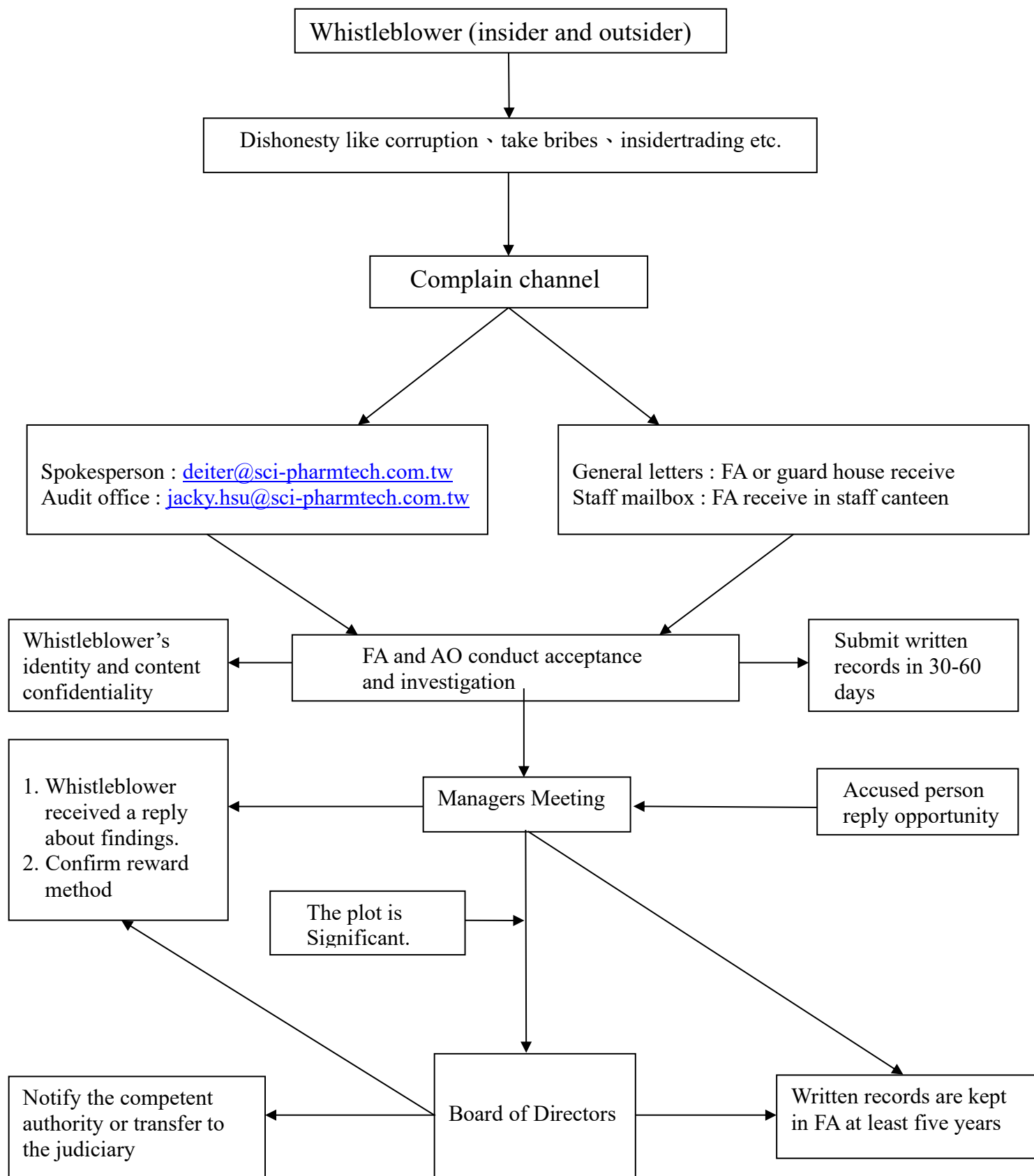
Personal Data Incident Response and Handling	<p>◆ Establish a data breach response mechanism, including detection and reporting, damage control, investigation and analysis, and subsequent remedial actions.</p> <p>◆ Establish a personal data breach reporting mechanism to ensure rapid internal response and legal reporting to the authorities and affected individuals.</p>	<p>◆ No personal data breaches or violations occurred in 2024. The audit department conducted a review of the internal control - personal data management operations on December 27, 2024, with no findings.</p>
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6.3.20 Enterprise Value Enhancement Plan: Approved by the Board of Directors on November 8, 2024
Market Observation Post System Inquiry URL: <https://mopsov.twse.com.tw/mops/web/t100sb16>
Company Inquiry URL: <https://www.sci-pharmtech.com.tw/investors-05-118>

6.3.21 Employee Training and Development Plan and 2024 Employee Training and Development Plan
Results Report: Please refer to Attachment 11 and our company website: www.sci-pharmtech.com.tw

6.4 Any event which has a material impact on the shareholders' equity or securities prices as prescribed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act that has occurred in the most recent year up to the printing date of this annual report: None.

Complain (Report) Flowchart



Attachment 2 : Information security management policy

SCI PHARMTECH, INC. Infocomm Security Management Policy

1. Explanation

SCI PHARMTECH, INC. (hereinafter referred to as “the company”) enacted this Infocomm Security Management Policy by taking into account the company’s business needs, in order to strengthen information security management, ensure the security of our company’s software, hardware and network management, for establishing various reliable information and communication systems, thereby enhancing the infocomm security and service quality of the operations related to the research and development, production and marketing of intermediates, APIs and specialty chemicals.

2. Purpose

The company aims to maintain the overall infocomm security, strengthen the security management of various infocomm assets, and ensure relevant confidentiality, integrity, and availability, to prevent any intentional or accidental threat and damage internally or externally that may result in any risks such as unauthorized business information alteration, disclosure, damage, loss, or others.

3. Scope of Applications

This policy applies to all the infocomm systems in the company as well as their relevant users. The infocomm users include formal employees, contractors, personnel related to business maintenance and operation, external units using infocomm resources, service providers, outsourced vendors, and other authorized personnel.

4. Definition

Generally, the basic requirements for infocomm security can be divided into three categories:

- A. Confidentiality: Ensure that only the authorized personnel have the access to information.
- B. Integrity: Ensure the correctness and integrity of information and processes.
- C. Availability: Ensure that authorized users have access to information and related services if necessary.

In addition to the above-mentioned three basic requirements, the following requirements must be met according to the characteristics of various business sectors. Relevant explanations are as follows:

- A. Authenticity: Ensure that an appropriate authentication process is required when a user logs in.
- B. Accountability: Ensure that appropriate traceability is available for tracing the executor whenever a user executes any task.
- C. Non-repudiation: Ensure that a user cannot deny the operations completed on the system.
- D. Reliability: Ensure that the performed operations demonstrate consistent results.

5. Explanations about Authority and Responsibility

- A. The Information Office governed by President is responsible for organizing and promoting infocomm security and relevant matters in the company. The Audit Office draws up relevant internal control procedures to conduct audit tasks regularly.
- B. The company, as well as relevant personnel from corresponding authorities/institutions and vendors, shall comply with this policy.

6. Objectives of Infocomm Security Management

The company divides the objectives of information security management into two categories, which are qualitative and quantitative:

- A. Qualitative Indicator
 - a. Enhance internal control, to prevent unauthorized access, and ensure the confidentiality of the company’s business-related information.

- b. Ensure the availability of the company's business-related infocomm equipment, and meet the needs for business operations regarding research and development, production, marketing, etc.
- c. Ensure that no information leakage will reveal to any unauthorized third party in the process of information transmission or due to any unintentional behavior, so as to ensure the correctness and integrity of the company's business-related information and enhance operational performance and quality.

B. Quantitative Indicator

- a. The management objective should be "no information security incident occurs" every year.
- b. Conduct the drills of data backup and disaster recovery for important systems, at least once every year.
- c. Ensure that important, confidential, and sensitive information will not leak out while data backup is in place. Internal audits shall be conducted once every year.

7. Responsibility of Infocomm Security

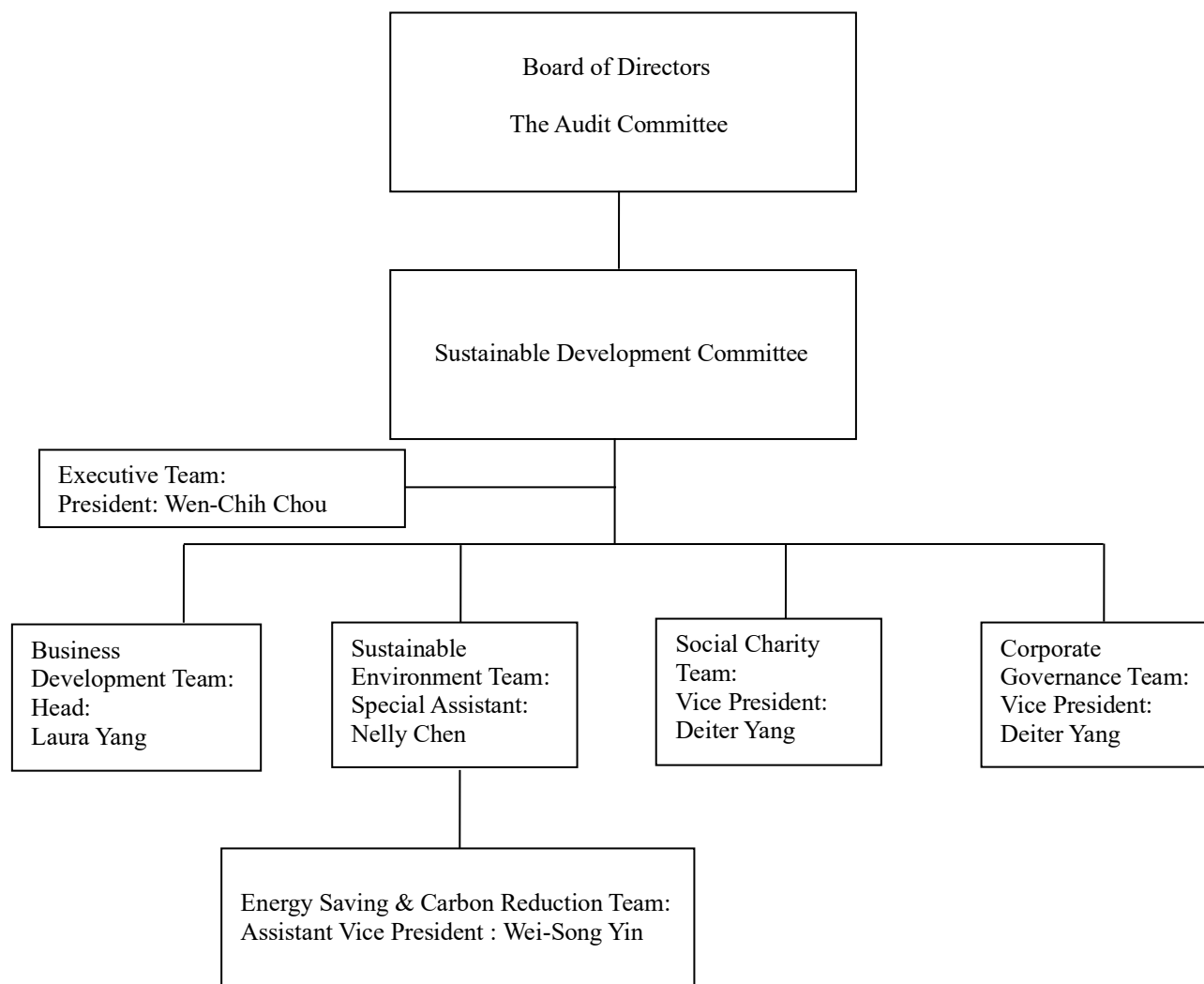
- A. Senior executives should actively participate in the activities of infocomm security management and operation, to support infocomm security management systems.
- B. The Information Office governed by President is in charge of the operations of infocomm security management. The Audit Office conducts internal audits according to relevant laws, regulations, and policies, to ensure the implementation and effectiveness of these systems.
- C. Review and discuss the issues related to internal and external infocomm security, requirements from stakeholders/parties, and infocomm security operation activities from other organizations, to enhance the protection ability of infocomm security.
- D. The Information Office should provide regular propaganda and training courses regarding infocomm security, to enhance the company personnel's awareness of information security.
- E. Ensure all the information security incidents or suspicious information security weaknesses have been escalated following appropriate reporting systems to the upper management and that appropriate investigation and handling have been undertaken.

8. Review and Implementation of Infocomm Security Policies

These policies shall be reviewed regularly every year. In case of any changes in organizations, businesses, laws and regulations, environments, or other factors, appropriate amendments should be made to these policies and then approved by the President for further proclamation and implementation, to ensure the validness of information security exercise and operation.

Attachment 3 : Sustainable Development

1. Sustainable Development Committee :



2. Sustainable development commitment and goals :

- (1) Company Vision - Contribute to Human Health.
- (2) Company Value - Sustainability, Trust, Innovation.

3. Sustainable Development Policies :

- (1) Comply with the laws and regulations, to implement integrity management.
- (2) Value employees' rights and benefits, to create happy workplaces.
- (3) Practice environmental protection policies, to contribute to society and communities.
- (4) Value shareholders' rights and benefits, to advocate activism.
- (5) Cooperate with suppliers, to improve product quality.
- (6) Protect customer rights, to contribute to human health.

4. Sustainable Development Management System :

To be executed in following the company's Sustainable Development Principle.

5. The Implementation Status of Corporate Social Responsibility:

The Head of Corporate Governance reported the implementation status of corporate social responsibility to the Board of Directors on Dec. 20, 2024, and placed on the company website: <http://www.sci-pharmtech.com.tw>

Major items	Management policy	Implementation in 2024
Stakeholder Communication	Keep the communication channels with all stakeholders open, communicate with all stakeholders in good faith, and strengthen the transparency of various information.	Table 5.1 below
Corporate Governance	Strengthen the functions of the board of directors, and implement the corporate governance system in accordance with the requirements of laws and regulations and corporate governance evaluation.	<ol style="list-style-type: none"> 1. Set up a special area on the company website to explain the implementation of corporate governance, labor practices, human rights, and integrity management. 2. In order to promote social responsibility, integrity management, and prevent insider trading, regular education and training are provided to employees every year. 3. The 2022-2023 sustainable development report is completed in 2024. 4. In 2024, the Taiwan Stock Exchange announced the 10th Corporate Governance Evaluation, and listed it as a company with a 36%-50% gap in the fourth level.
Customer Health and Safety	Follow the cGMP good manufacturing practice for pharmaceuticals and implement the ISO 9001 quality management system.	<ol style="list-style-type: none"> 1. Pass 33 customer audits in 2024. 2. Insured product liability insurance - USD 2 million.
Environmental Management	Implement ISO14001 (2015 edition) environmental management system and ISO45001 (2018 edition) environmental safety and health management system.	<p>Performance of environmental management objectives:</p> <ol style="list-style-type: none"> 1. In 2023, with the partial resumption of production areas, the total greenhouse gas (GHG) emissions (Scopes 1 and 2) amounted to 10,925 metric tons of CO₂e. In 2024, following the full resumption of production areas, the GHG emissions (Scopes 1 and 2) increased to 13,619 metric tons of CO₂e. This 2024 emission level represents approximately 63% of the pre-incident emissions in 2020, which were 21,898 metric tons of CO₂e. 2. Since 2022, the company has progressively initiated various product carbon footprint projects. Four products have successfully passed ISO 14067:2018 verification. Furthermore, in 2024, the company achieved ISO 14064-1:2018 verification. Using the pre-incident GHG emissions of 2020 as the baseline year, the company aims to reduce carbon emissions by 20% before 2030. This goal will be pursued through carbon footprint assessments and GHG inventories to identify emission hotspots, enhance equipment utilization efficiency, continuously improve product processes, and minimize the environmental impact of the company's operations. 3. The labor safety and health committee meeting is held quarterly.
Supplier Management	Committed to energy saving and carbon reduction in the supply chain, the procurement principle is based on local procurement and local supply, and supplier evaluation is carried out.	<ol style="list-style-type: none"> 1. New suppliers must pass the QCDS (Quality, Cost, Delivery, Service) assessment, environmental standard, and social standard assessment. 2. Work with suppliers to fulfill corporate social responsibilities on issues such as ethics, employee human rights, and the environment.

Employee Care	Implement human rights policies, improve employee benefits, and pay attention to employees' physical and mental conditions.	<ol style="list-style-type: none"> 1. Employee group insurance and annuity insurance. 2. Employee stock ownership trust. 3. Staff canteen and dormitory. 4. Promotion of employees' physical and mental health (such as: health checkups, holding health lectures, setting up indoor arenas, etc.). 5. Formulate annual employee education and training plans to cultivate employees' professional capabilities. 6. Regularly hold labor-management and managerial meetings.
Social welfare	Implement the concept of giving back to society and promote social integration.	<ol style="list-style-type: none"> 1. Participate in community and school activities and maintain good interaction with residents. 2. Assist in the development of police public welfare undertakings. 3. Donated to the Chang Chau-Ting Memorial Foundation, and sponsored the research and publication of science, culture and talent cultivation.

5.1

Stakeholder	Communication channels and response methods	Communication frequency
Employee	Email and Bulletin Board Announcements	Irregular 、 Set up a line group to communicate at any time
	Human resources service and health consultation	At any time / The administration department provides human resources services, health checks, external doctors and factory nurses provide health consultation.
	Conference communication	Labor-management meetings and occupational safety and health committees are held quarterly.
	Supervisor mailbox/employee opinion mailbox communication	At any time
	Complaint (report) process	At any time
	Employee education and training	Irregular Organize professional training for various departments.
Customer	Customer satisfaction survey	1 time per year / 2024 customer satisfaction survey about 4.8 points (Total score 5 points)
	Production and marketing meeting	Weekly
	Customer audit	Irregular / There were 33 customer audits in 2024.
	Reply to customer concerns by phone/email	At any time
	Participate in the exhibition	Regular / 2024 to participate in the European and Shanghai CPHI exhibition.
Supplier	Phone / Email Contact	Irregular
	Questionnaire	Regular
	Audit	Regular / 8 suppliers were audited in 2024.
Shareholders / Investors	Shareholders/Investors General Meeting	1 time per year
	Legal person briefing	Irregular / Invited to Yuanta Securities on Jan. 30, 2024.
	Phone / Email Reply	At any time / The website updates the post-disaster reconstruction record every month.
	Company official website	Regular announcement of financial statements and other relevant information.
	TESE	Regular announcement of financial statements and other major information.
Nonprofit / Community / Neighborhood Vendors	Nonprofit / Community Phone Interviews	At any time
	Face to face interview	At any time
	Phone / Email Contact	At any time
Government	Competent authority decree announcement letter and inspection	Irregular (The municipal government departments have repeatedly checked)
	Regulatory publicity meeting or symposium of the competent authority	Irregular
	Telephone, letter and email contact	Irregular

SCI PHARMTECH, INC.

Performance Evaluation Regulation of the Board of Directors

1. Set purpose and legal basis

To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, this regulation is established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. According to other appropriate methods, the internal evaluation of the board(include functional committees), and self-evaluation by individual board members shall be conducted annually.

2. Regulation compliance

The general evaluation cycles, evaluation periods, scope and method of evaluation, the unit conducting evaluations, evaluation procedures and other matters for compliance under the Company's regulations governing the board performance evaluation shall be subject to this regulation.

3. Evaluation cycle and period

Beginning of each year, the Company's board of directors shall conduct an internal board performance evaluation according to the evaluation procedures and the evaluation indexes, and evaluation period is previous years. Internal board performance evaluations shall be completed before the end of the first board meeting of the following year.

4. Evaluation scope and methods

The Company's board evaluation scope covers the evaluation of the board(include functional committees) and individual directors.

Methods of evaluation include the internal evaluation of the board(include functional committees), and self-evaluation by individual board members.

5. Evaluation executor

Corporate Governance officer conducting internal evaluations of the Company's board of directors shall have an adequate understanding of the operation of the unit subject to evaluation and shall play a fair, impartial and independent role.

6. Evaluation procedure

a. End of each year, Corporate Governance officer will collect information about the activities of the board of directors and distribute the Questionnaire of Self-Evaluation of Performance of the Board in Annex 1, the Questionnaire of Self-Evaluation of Performance of Board Members in Annex 2, and the Questionnaire of Self-Evaluation of Performance of the Functional Committee in Annex 3 to be completed.

b. Corporate Governance officer will collect all information, give scores based on the evaluation indexes in Article 8, record the evaluation results in a report, and submit the report to the board of directors.

7. Evaluation index and score standard

The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects:

- a. Participation in the operation of the company;
- b. Improvement of the quality of the board of directors' decision making;
- c. Composition and structure of the board of directors;

- d. Election and continuing education of the directors; and
- e. Internal control.

The criteria for evaluating the performance of the board members, should cover, at a minimum, the following six aspects:

- a. Alignment of the goals and missions of the company;
- b. Awareness of the duties of a director;
- c. Participation in the operation of the company;
- d. Management of internal relationship and communication;
- e. The director's professionalism and continuing education; and
- f. Internal control.

The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:

- a. Participation in the operation of the company;
- b. Awareness of the duties of the functional committee;
- c. Improvement of quality of decisions made by the functional committee;
- d. Makeup of the functional committee and election of its members; and
- e. Internal control.

The indexes of board performance evaluation shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company, subject to regular reviews and constructive comments of the remuneration committee.

Scoring criteria may be modified and adjusted based on the company's needs. The weighted scoring method may be adopted based on the aspects of evaluation.

8. Use of evaluation results

When electing or nominating members of the board of directors, the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance.

9. Annual report information disclose

It is advisable that the Company disclose in its annual report whether regulations governing the board performance evaluation have been established as well as how the board performance evaluation has been conducted each year, with a description of the evaluation method provided.

10. Disclose way

The performance evaluation regulation established by the Company shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website at all times, to be made available for consultation.

11. Implement

The Company's regulation shall take effect after having been discussed and approved by the board of directors. Subsequent amendments thereto shall be effected in the same manner.

12. Enact and amendment date

This regulation was enacted on Nov. 12, 2019 and amended on Nov. 6, 2020 for the first time.

SCI PHARMTECH, INC.
Risk Management Policy and Procedure

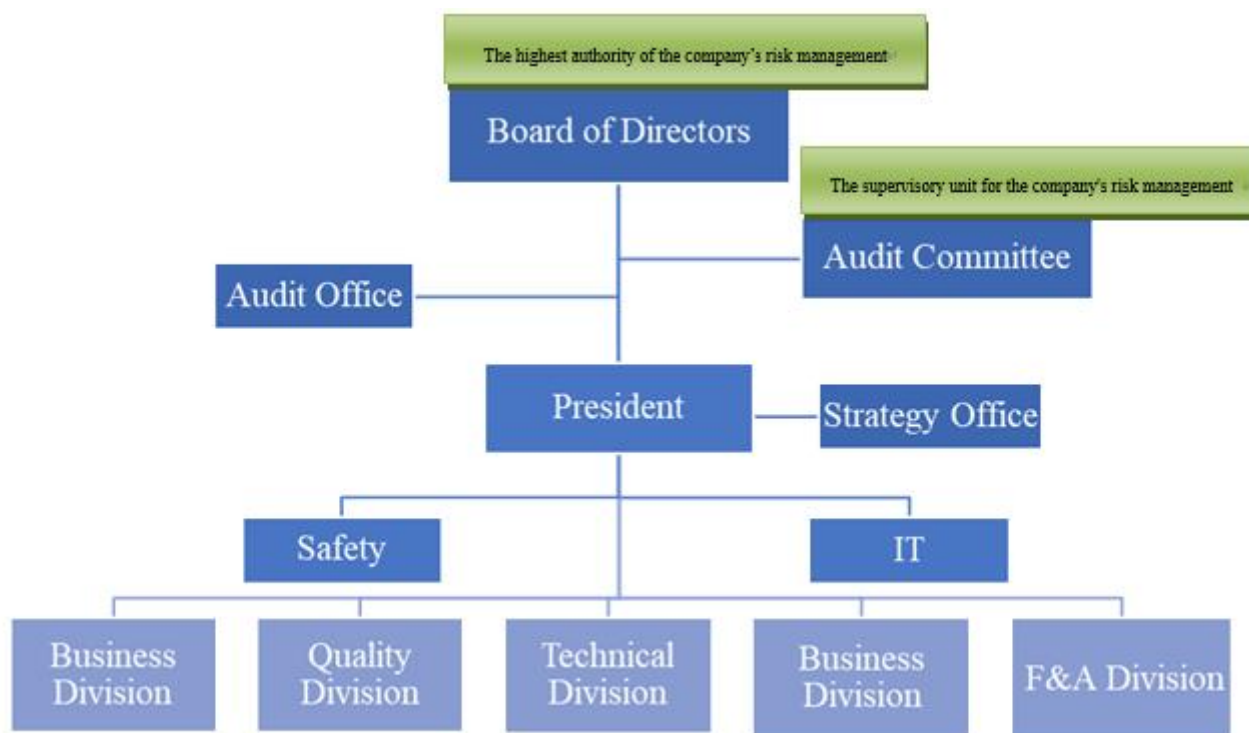
Article 1 Purpose of Enactment

This policy and procedure are hereby enacted to achieve the purpose of sustainable and stable management, in order to strengthen corporate governance, implement a sound and effective risk management mechanism for the company, and reduce potential risks that may occur in operations.

Article 2 Organizational Structures and Duties in Risk Management

1. The Organizational Structure of the company's risk management:

The company's board of directors serves as the highest governing body for risk management. In order to establish and strengthen our risk management capabilities, and taking into account the company's size, risk profile, and business activities, the audit committee serves as the supervisory unit for risk management operations. The organizational structure of the risk management team is as follows:



2. Duties of each unit in the risk management organization:

(1) Board of Directors:

This is the highest authority of the company's risk management, and is in charge of approving, reviewing, and supervising the company's risk policies, ensuring the management structure and the operation of risk control functions.

(2) Audit Committee:

Serves as the supervisory unit for the company's risk management related operational mechanisms. It is responsible for reviewing risk management policies, procedures, and frameworks to ensure that risk management mechanisms can fully address the risks faced by the company. It also designates personnel (at least once a year) to report to the board of directors on the implementation of risk management.

(3) President Office:

The unit is in charge of planning the operational strategy, also supervising and implementing its execution to fulfill the effectiveness and efficiency of the operation, reducing the operational and strategic risks. This unit is also in charge of legal risk management, compliance with the government monitoring measures, and determining possible agreement disputes or legal disputes to reduce the legal risks; responsible for the related risks of climate change and exploring the opportunities that arise from them.

(4) Audit Office:

The unit is in charge of evaluating the key risks matters, which shall be referenced for the audit plan operation. This unit is also in charge of enacting or amending the related control procedures and practices for possible risks.

(5) IT Office:

The unit is in charge of overall planning and set-up of the ERP information equipment and the enterprise network, and is also responsible for managing the Internet information security to reduce the information security risks.

(6) Safety Office:

The unit is in charge of the planning and execution of the industrial safety and health practices to comply with the related laws and regulations, and reduce the related risks.

(7) Strategy Office:

The unit is adept at grasping market trends and devising organizational strategies to mitigate strategic risks.

(8) Business Division:

A. The unit is in charge of the development of clients and products, as well as enacting the transaction terms and conditions based on the relationship with the client, the client's financial condition, and the political and economic condition of the client's location to prevent the risks of unable to receive the account receivables.

B. The unit is in charge of the management of a decent supply chain, ensuring the stable supply of raw materials, their qualities meeting the specification, and the stability of the price, to

reduce the risks of daily operations.

(9) Technical Division:

The unit is in charge of evaluating and ensuring the development of new products does not involve the risk of violating others' patents and intellectual properties. This unit is also in charge of the management of patents and intellectual properties.

(10) Quality Division:

The unit is in charge of ensuring the products are manufactured following the GMP and standards demanded by the clients, while also complying with the regulations of health competent authorities in different countries, to reduce the risks of relating to decreases in quality and client complaints.

(11) Operating Division:

- A. The unit is in charge of ensuring the production operation is following the schedule and related SOP to prevent the risks of delayed shipments or production disruptions.
- B. The unit is in charge of optimizing the quantities of raw materials and final products to control the inventory cost while preventing the shortage of raw materials and finished products. The unit is also in charge of managing the production schedule to improve production efficiency and planning for the requirements of sufficient future capacity to avoid the risk of production capacity shortage.
- C. The unit is in charge of planning and implementing the environmental protection policies to maintain compliance with related laws and regulations and reduce the related risks.
- D. The unit is in charge of the design and execution of the plant construction to ensure the plant and equipment meet the standard of the clients and the health-related authorities of different countries. This unit is also responsible for the preventive maintenance of the plant and equipment to reduce the risk of ceasing production due to the damaged production equipment.

(12) Finance and Administration Division:

The unit is in charge of the risk management for assets and compliance with the related laws and regulations from the government to ensure the sustainable operation of the company and the security of its assets. This unit is also responsible for evaluating the medium- and long-term investment performance, the financial operations and adjustment, the establishment of a hedging mechanism, and achieving the reliability of financial reports and compliance with laws and regulations to reduce the financial-related risks.

Article 3 Risk Management Policy

The company's Risk Management Policy is established following the company's business guidelines, to set up a risk management mechanism for identifying, measuring, supervising, and controlling risks, achieving the goals of rationalizing the risks and the rewards within the scope of tolerable risks.

Article 4 Risk Management Procedure

To perform the sound function of operational risk management, the company determines the scope of operational risks and takes appropriate measures to ensure relevant operational risks related to management through the procedures for risk identification, risk measurement, risk monitoring, risk report, and disclosure.

1. Risk Identification: Risk Identification is to find out the risk factors required to be managed. By referring to the factors such as the company's business characteristics, internal and external environments, etc., the company is likely exposed to the risks classified as follows:

- A. Business Risk: It means the risk that may affect the company's normal management due to uncertainty factors in the process of the company's production and management, such as operational risk (factors such as material shortage or improper production schedules), product quality risk, and information system risk.
- B. Financial Risk: It means the risk that may affect the company's financial status and business due to factors such as economic and industrial changes both domestically and internationally, e.g. the risks concerning interest rate, foreign exchange rate, liquidity, credit, etc.
- C. Strategic Risk: It means the risk arising from the loss due to any business strategy error, e.g. the risks due to excessive concentration of sales territories, excessive concentration of clients, mergers and acquisitions, etc.
- D. Hazard Risk: It means the risk that may cause damage to the company due to the occurrence of any incident such as major natural disasters or man-made disasters, e.g. earthquake, fire, chemical leakage, pandemic disease, etc.
- E. Legal Risk: It means the risk that causes damage to finance or goodwill due to any failure at complying with relevant laws and regulations enacted by the competent authorities, or due to other factors such as any invalid agreement that has been signed, or due to any breach, inadequate regulations, omissions in terms and conditions, etc.
- F. Other Risk: This indicates the risk apart from the risks mentioned above. If any other risk caused the company to suffer losses, then appropriate risk management procedures shall be established according to risk characteristics and susceptibility degree.

2. Risk Measurement

After identifying the potential risks that may affect the company, the company shall analyze the nature and scale of various business and operational activities as well as the degree of the company's risk tolerance, then set up appropriate risk measurement standards. For risks that can be quantified, rigorous statistical analyses and techniques should be applied to conduct analyses and management. For risks that are difficult to be quantified, the risk impact degree can be described in writing. Compare the risk level determined according to risk analysis results with the risk measurement standards enacted by the company, and then determine the priority of such risks for serving as the reference of risk management.

3. Risk Monitoring

Each department shall continuously monitor business-related risks. Whenever the risk exposure level exceeds the risk limit, relevant departments shall propose countermeasures, and then escalate the risks and countermeasures to the senior executive level.

4. Risk Report and Disclosure

To fully document risk management procedures and subsequent implementation results, the Audit Committee shall regularly report the risk conditions to the Board of Directors for reference, to ensure that management structures and risk control functions can operate properly.

Article 5 Risk Management Execution

The company executes risk management on three levels:

The First Level is carried out by the business case responsible person in each department. The business case responsible person performs daily risk management activities following internal control systems and internal regulations related to business, then conducts risk assessments of risk control activities.

The Second Level is carried out by the supervisors of each level in a department. The supervisors are responsible for business-related risk management, compiling the results of risk management implementation activities, and supervising the risk management activities within the department. The supervisors can determine risk levels and recommend risk assumption methods depending on the changes in external environments and internal strategies. The supervisors shall coordinate interactions and communications regarding cross-department risk management when necessary.

The Third Level is carried out by the executive management, who are required to review the integrity of the company's mechanisms related to risk management and supervise relevant risks in each unit through risk management decisions and related risk management practices.

Article 6 Operation Condition and Disclosure of Risk Management

1. The company manages business-related risks through the following regular and irregular meetings:
 - A. Regular Meeting on Production and Marketing.
 - B. Regular Meeting on Research and Development.
 - C. Meeting on Good Manufacturing Practice of Drugs.
 - D. Regular Meeting on Engineering.
 - E. Meeting on Environmental Safety and Health.
 - F. Regular Meeting on Production.
 - G. Meeting on Quality Control Review.
 - H. Business Management Meeting of Senior Executives.
 - I. Board of Director's Meeting.
 - J. Other Meetings (for example, Labor-Management Meeting, etc).
2. In addition to the disclosure of relevant information following the regulations enacted by the competent authority, the information related to risk management should be disclosed on the company's website and in annual reports.

Article 7

This risk management policy and procedure shall be implemented after being approved according to the resolution of the Board of Directors, and any revisions shall also require approval by the board of directors.

Article 8

This Risk Management Policy and Procedure was established on May 8, 2020. The first revision was made on May 12, 2023. The second revision was made on May 9, 2024.

Attachment 6 :

SCI Pharmtech, INC
Intellectual Property Right Management Plan

1. Purpose: For effective management of the company's intellectual property rights, the plan is hereby established.
2. Scope: This plan includes patent rights, trademark rights, copyrights, and trade secrets. Its objects cover all kinds of intellectual property rights produced or obtained by the company's employees and the external parties involved in the company's research projects.
3. Principles:
 - 3.1 The company values its own intellectual property rights and respects others' intellectual property rights. The main concern of the company is not to infringe others' intellectual property rights in the process of research and development or technology introduction.
 - 3.2 The intellectual property rights arising from the employees when performing their duties, including the rights of any invention, creation, writing, trade secret, and others, shall belong to the company following the Labor Agreement.
 - 3.3 The company may implement and use the invention, creation, writing, and trade secrets made by the company's employees if such property is created through the company's resources or experiences.
 - 3.4 When the company entrusts others, accepts any commission, or collaborates with others to research and develop any technology, the ownership of such intellectual property shall be determined by the agreement thereof.
 - 3.5 When the patent is owned by two persons/parties or more, it shall not be assigned or authorized to be exercised by any person other than the co-owners themselves, unless unanimous consent from all the co-owners has been acquired. However, if an agreement is provided otherwise, the agreement shall prevail.
 - 3.6 The co-owner of a patent may not assign, trust, or create a pledge of his or her rightful portion without any unanimous consent from all the other co-owners. However, if an agreement is provided otherwise, the agreement shall prevail.
 - 3.7 The company shall have the priority use of any patent for which an employee is the patent applicant on behalf of the company, and the employee shall not assign or authorize such a patent to others.
4. Patent Management:
 - 4.1 Case creation: The patent will be analysed jointly by the personnel from the departments of Research & Development, Legal, and Business, to confirm the value of the patent and its necessity for application. The patent will be submitted to the Research & Development Meeting for discussions and further approval, and then be recorded in the meeting minutes.
 - 4.2 Application: The personnel of the Research & Development Department shall prepare and provide the patent portfolio planning. They are also responsible for patent applications, responses, and maintenance. If necessary, the R&D and legal compliance personnel will contact a patent firm to discuss matters related to intellectual property rights. The legal compliance and business personnel will have communications with clients, while the R&D personnel will provide relevant assistance.
 - 4.3 Safekeeping, Litigation, and Maintenance:
 - 4.3.1 R&D personnel shall properly keep the reports or records arising from the research and development process of intellectual property.
 - 4.3.2 In the event of any dispute or legal proceeding brought by a third party against any intellectual

property right owned by the company, the R&D personnel shall assist the legal firm in handling legal proceedings such as objections, petitions, administrative litigation, or legal actions regarding such intellectual property.

4.3.2 The Research & Development Department assistants shall be responsible for the safekeeping of the patent certificate as well as the annual maintenance of such a patent.

5. Trademark Management:

5.1 The trademark of the company shall be used in the company and its related business by each trademark user from every unit.

5.2 The Administration Division shall be responsible for the application and maintenance of the trademark.

6. Trade Secret Management:

6.1 The SOP documents, manufacturing batch records, and other documents are controlled by Master Control System.

6.2 The employees of the company shall comply with the regulations in the SOP “Controlled Documents and Security Management”, to implement the controls on the controlled document.

6.3 Article 6 of the Labor Agreement enacted by the company indicates that “The employee agrees that confidential information known or held by the employee during his/her employment shall not be disclosed, communicated, delivered, or transferred to others or published publicly without any written consent from the company. This non-disclosure agreement shall remain valid after the Contract has been terminated, except for the extent that the company’s information and materials have already been publicly available, known to the public, or become public property.”

6.4 Each unit of the company shall take appropriate confidentiality measures when handling any information that has economic value or confidential nature regarding the production, sale, or operation of the company.

6.5 Before resigning from the company, any employee of the company shall return all of the company’s trade secrets such as information, documents, reports, and files held in his/her own possession.

SCI Pharmtech, INC ESG Performance and Executive Compensation Linkage Policy

Article 1: Policy

The purpose of this policy is to establish guiding principles for linking the compensation of executives within the organization to their performance in environmental, social, and governance (ESG) aspects. It aims to align executive compensation with the organization's commitment to ESG, reinforcing a culture of sustainable operation from top to bottom.

Article 2: Objectives

1. Align executive compensation with the organization's long-term sustainable development goals.
2. Foster an accountability culture regarding ESG performance.
3. Encourage executives to incorporate ESG into the decision-making process.

Article 3: Definitions:

1. Executives: Executives at the division head level or above within the company.
2. ESG Performance: The company's performance in the areas of environmental, social, and governance, including but not limited to carbon reduction, diversity and inclusivity measures, ethical business practices, and board diversity.

Article 4: Assessment Framework:

1. Incorporate ESG performance indicators alongside traditional performance indicators in the evaluation of executives, subject to regular review to ensure compliance with ESG standards and organizational goals.
2. ESG performance indicators carry significant weight, with adjustments made as necessary, with higher-ranking positions carrying greater weight to reflect the organization's commitment to sustainable development.
3. Based on the scores from the performance indicators, executive assessments are categorized into A, B+, B, and C levels, with these distinctions factoring into the distribution of short-term variable compensation such as year-end bonuses and employee compensation to incentivize performance.
4. Long-term incentive measures such as stock or options will be continuously linked to ESG performance to incentivize executives to consider long-term sustainable development strategies.

Article 5: Executive ESG Performance Indicators:

1. President: Sustainable development performance carries a weight of 20%, with assessment indicators including: Enterprise Risk Management (5%), Resource Efficiency Management (5%), Partnership Diversity Establishment (5%), and Responsible and Transparent Institutional Establishment and Implementation (5%).
2. Vice President of Business Division: Sustainable development performance carries a weight of 15%, with assessment indicators including: Supply Chain Management (5%), Sustainable Product and Development (5%), and Customer Relationship Management (5%).
3. Vice President of Technology Division: Sustainable development performance carries a weight of 15%, with assessment indicators including: Green Process Development (10%) and Customer Health and Safety (5%).
4. Vice President of Finance and Administration Division: Sustainable development performance carries a weight of 15%, with assessment indicators including: Board Performance (3%), Talent Cultivation and Development (3%), Healthy Workplace and Human Rights (3%), Social Engagement (3%), and Stakeholder Communication (3%).
5. Assistant Vice President of Operating Division: Sustainable development performance carries a weight of 15%, with assessment indicators including: Responsible Production (5%), Carbon and Water Energy Efficiency (5%), and Waste and Environmental Management (5%).
6. Assistant Vice President of Quality Division: Sustainable development performance carries a weight of 15%,

with assessment indicators including: Customer Health and Safety (10%) and Sustainable Responsible Procurement (5%).

SCI Pharmtech, INC

Supplier Management Policy

SCI formulates Supplier Management Policy that requires cooperation with suppliers to follow relevant regulations on ESG (Environmental, Social and Governance) and work together to improve corporate social responsibility management procedures.

1. Purpose:

In order to ensure that suppliers understand the requirements of corporate social responsibility and ethics standards and gradually improve their social responsibility and ethics performance, this policy is specially formulated.

2. Content:

- 1) The Procurement Section (hereinafter referred to as PCS) should select suppliers based on their social responsibility and ethics performance, select suppliers with good performance, and eliminate suppliers with poor performance, thereby encouraging all suppliers to take measures to improve their social responsibility and ethics performance.
- 2) All suppliers should sign a commitment letter regarding human rights and ethics policies before receiving an order or contract. The letter should confirm their agreement to comply with local labor laws and social responsibility standards and ethics guidelines.
- 3) PCS shall regularly conduct on-site audit or written review of suppliers to evaluate the supplier's performance in terms of social responsibility and ethics, and follow up on improvement measures.
- 4) If a supplier is found to have intentionally used child labor, forced labor or other serious violations of labor regulations, the cooperative relationship should be terminated immediately.
- 5) If there is any instance of offering bribes or other inappropriate benefits to customers, such as kickbacks or gifts, the company must disclose its business activities and financial status truthfully, without any falsification or deception. Failure to comply will result in the immediate termination of the partnership.
- 6) It is strictly forbidden on convenience of the position to seek profit, obtain property, etc. As for the obligation of bribery, confidentiality of business information and other criminal liabilities, it will be dealt with in accordance with the relevant laws.

3. Domestic and foreign supplier selection process

- 1) PCS collects information on manufacturers capable of producing raw materials required by SCI.
- 2) Qualification assessment: For suppliers that have passed domestic or international quality system certification, PCS will request the manufacturer for a copy of the certified qualifications, such as domestic or foreign certificates of quality management, environmental protection, occupational safety and health or labor rights. These certificates serve as the basis for assessment.
- 3) Sample delivery: PCS will notify the manufacturer of new source samples or important raw materials to send samples. The samples sent by the manufacturer will be transferred to the Quality Control Department by PCS for sample inspection and evaluation. If the sample fails to pass the inspection, PCS will notify the manufacturer of the inspection results and request resubmission of the sample for inspection. If it still fails to meet the required standards, the supplier will be disqualified.
- 4) Assessment: Suppliers of important raw materials will be understood and assessed in writing review or on-site audit by the Quality Control Department based on the assessment items.
- 5) Review and evaluation: Suppliers fill in the supplier self-evaluation questionnaire and provide relevant certificates for qualification review by the Quality Assurance Department.

- 6) Qualification approval: Suppliers must be reviewed and evaluated based on the audit results before being added to the list of qualified suppliers. Registration: After suppliers are approved, the Quality Assurance Department should register them in the "Qualified Supplier List" of SAP ERP as a basis for selecting suppliers for future purchases.

4. Supplier selection

- 1) The assessment items are divided into five categories: delivery time, price, exception handling, cooperation, quality, environmental safety, and other international certifications.
- 2) Assessment basis:
 - A. Delivery time: Scores will be given based on delivery records and statistical delivery timeliness.
 - B. Price: Scoring will be based on the market price and the price reasonableness of existing suppliers.
 - C. Exception handling: Scoring will be based on quality inspection results, return of defective products, timeliness and results of exception handling, dispatch of market shortages, assistance with inventory adjustment, etc.
 - D. Cooperation: Scoring will be based on the timeliness of sample delivery, new product provision and description, timeliness and reasonableness of quotation, cooperation with company policies, etc.
 - E. Quality and environmental safety systems and other international certifications: Scoring will be based on the manufacturer's acquisition of international certifications, the company's response speed to the questionnaire, and the results of inspections by regulatory agencies.
- 3) Regular evaluation
 - A. Once annually, PCS will actively schedule and coordinate an appropriate time for the PCS and Quality Assurance Department to conduct either a written review or an on-site audit. Alongside addressing previous evaluation shortcomings, they will collaborate with manufacturers on crucial issues and propose improvement strategies, requesting necessary enhancements. Any significant deficiencies or performance shortcomings not rectified must be addressed within a designated timeframe. Failure to comply may lead to disqualification.
 - B. For suppliers that have obtained relevant certifications, PCS must confirm whether their certifications are still within the validity period. If they are still within the validity period, the supplier will still be qualified. If any certificate has expired, the supplier will be requested to submit a valid certificate, otherwise, they will be disqualified.

SCI PHARMTECH, INC.
Personal Data Protection Management Policy

1. Purpose

SCI PHARMTECH, INC. (hereinafter referred to as "the Company") has established this Personal Data Protection Management Policy (hereinafter referred to as "this Policy") to ensure the protection and management of personal data and to comply with the requirements of the Personal Data Protection Act (hereinafter referred to as "PDPA").

2. Objectives

2.1 Ensure that all business operations comply with the relevant laws and regulations of the PDPA.

2.2 Protect the legitimate rights and interests of data subjects, preventing risks such as data theft, alteration, damage, loss, or leakage due to external threats or improper internal management and usage.

3. Scope and Applicability

This Policy applies to all personnel involved in the collection and processing of personal data within the Company for operational purposes.

4. Collection and Processing of Personal Data

The Company may collect and process personal data necessary for business operations, including but not limited to individuals' names, dates of birth, national identification numbers (passport numbers), physical characteristics, fingerprints, marital status, family details, education, and occupation. The collection and processing of personal data shall comply with the PDPA and other applicable laws, ensuring that such activities are conducted lawfully, fairly, appropriately, and to the extent necessary for the specified purposes.

5. Exceptions to Personal Data Usage

5.1 The Company is obligated to maintain the confidentiality of personal data. Except in cases where data subjects request access or in the following circumstances, the Company shall not disclose personal data to third parties unless required by Article 16 of the PDPA and related laws and regulations, and only upon receiving a formal written request:

5.1.1 Required by judicial, supervisory, or law enforcement agencies for criminal investigations or evidence collection.

5.1.2 Required by other government agencies for legitimate execution of public authority.

5.1.3 Required by public safety agencies for emergency rescue purposes.

5.2 The Company shall use personal data only within the necessary scope of the specific purposes for which it was collected, except in the following circumstances where data may be used beyond its original purpose:

5.2.1 Explicit legal provisions require such usage.

5.2.2 Necessary for national security or public interest.

5.2.3 Necessary to protect the life, body, freedom, or property of the data subject.

5.2.4 Necessary to prevent significant harm to the rights and interests of others.

5.2.5 For statistical or academic research conducted by government agencies or academic institutions, provided that the data is processed so that individuals cannot be identified.

5.2.6 Beneficial to the rights and interests of the data subject.

5.2.7 With the consent of the data subject.

6. Awareness and Training

The Company shall conduct personal data protection awareness and training session at least one time annually to ensure that employees understand relevant legal requirements, responsibilities, and mechanisms, procedures, and measures for personal data protection.

7. Zero Tolerance Policy

The Company strictly prohibits any intentional, malicious, or knowingly tolerated violations of this Policy by employees. Any such violations will be subject to penalties as outlined in Section 8.

8. Penalties

Employees must adhere to this Policy and internal regulations. Any violation that adversely affects individuals or the Company will result in penalties in accordance with internal policies and legal accountability based on the severity of the violation.

9. Implementation and Revisions

9.1 Matters not covered by this Policy shall be handled in accordance with the Company's relevant management regulations and applicable laws and regulations set forth by competent authorities.

9.2 This Policy shall be implemented upon approval by the President and shall be revised following the same procedure.

SCI PHARMTECH, INC.

Customer Rights Policy

1. Policy Objectives

In order to protect the legitimate rights and interests of customers and enhance their trust and satisfaction with our products and services, we are committed to adhering to principles of integrity in business operations. This policy has been established to ensure the basic rights of customers when using our products and services.

2. Scope of Application

This policy applies to all customers who have signed cooperation agreements with our company, including but not limited to pharmaceutical manufacturers, distributors, research institutions, etc.

3. Customer Rights

1. Product Quality Assurance

We commit to providing products manufactured in compliance with CGMP and ISO9001 standards to ensure customer satisfaction. We continuously improve our quality system to meet current government regulations and international standards.

2. Transparency and Accuracy of Information

We guarantee that all product-related information (such as specifications) is accurate, complete, and provided to customers in a transparent manner.

3. Timely Delivery

We promise to deliver products or services on time according to the agreements reached with customers.

4. Confidentiality Obligation

We strictly protect the business secrets and data of customers. Without written consent from the customer, we will not disclose any related information.

5. Support and Communication

We offer professional technical support and after-sales service to ensure that customers receive timely assistance and solutions during the use of our products.

4. Customer Rights

1. Complaints and Feedback

Customers have the right to lodge complaints regarding product quality, delivery, services, and other issues. We will process these complaints in accordance with the standard operating procedure SOP-017 for customer complaints, striving to resolve customer issues within a reasonable time frame.

2. Return and Exchange Policy

If a product does not meet the requirements due to quality issues or other reasons within our responsibility, customers have the right to request a return or exchange, and we will handle it according to the terms of the agreement.

3. Insurance

We promise to insure product liability with a coverage of USD 2 million to comprehensively protect customer interests.

5. Our Responsibilities and Obligations

1. Compliance Operations

We comply with all relevant laws, regulations, and standard operating procedures, and are always ready

to cooperate with customer audits and factory inspections. We continuously improve internal processes to ensure compliance and meet customer requirements.

2. Quality Control

We have established and operate a strict quality management system, controlling the entire process from raw materials to finished products, ensuring the stability and consistency of product quality.

3. Continuous Improvement

We value customer suggestions and feedback as important bases for improving our products and services, and regularly conduct customer satisfaction surveys.

6. Policy Changes

We reserve the right to revise this policy based on business needs and regulatory changes.

SCI PHARMTECH, INC.
Employee Training and Development Plan

1. Plan Objectives:

To enhance workforce quality and strengthen competitive advantage, the company continuously implements a systematic employee education and training program. This initiative aims to promote professional growth, improve work efficiency, and ensure sustainable business operations. The objectives include:

- Establishing a standardized training system to enhance employees' core competencies.
- Strengthening professional knowledge and skills to ensure smooth business operations.
- Developing a talent pipeline to improve career development and internal promotion opportunities.
- Increasing employee satisfaction and loyalty while reducing turnover rates.

2. Training Participants:

This plan applies to all full-time employees. Training content is tailored based on departmental roles, job levels, and functional requirements.

3. Training Content and Methods:

3.1 Onboarding Training (New Employees):

- Company culture and values
- HR policies and work regulations
- Employee benefits and rights
- Workplace safety and occupational health
- Quality management and GMP standards

3.2 Skills Training (Current Employees):

- Professional skill enhancement (designed per departmental needs)
- Cross-departmental collaboration and communication skills
- Problem-solving and decision-making abilities
- Digital tools and technology applications

3.3 Advanced Career Development (High-Potential Employees and Management):

- Personal growth and career planning
- Leadership and team management
- Industry trends and market analysis
- Professional certifications and continuous education
- Project management and innovative thinking

4. Training Methods:

- Internal Training: Conducted by in-house instructors, senior employees, or supervisors.
- External Courses: Participation in training by professional institutions, seminars, online courses, etc.

- On-the-Job Coaching: Through mentorship programs or job rotation to promote practical application.

5. Training Schedule and Frequency:

- Onboarding Training: Completed within one week of new employee's start date.
- Skills Training: At least once per quarter, adjusted based on departmental needs.
- Advanced Career Development: Annually arranged according to talent development plans, with high-potential employees recommended for participation.

6. Training Effectiveness Evaluation:

6.1 Learning Assessment:

- Post-training tests to evaluate learning outcomes.

6.2 Practical Application:

- Supervisors observe and provide feedback on employees' application of skills in the workplace.

6.3 Long-Term Tracking and Improvement:

- Regular reviews of the training plan, optimized based on company development and business needs.

2024 Employee Training and Development Plan Performance Report

1. Training Outcomes Overview:

- Total Internal Training Participants: 42,369
- Total Training Sessions: 3,957
- Professional Certifications Obtained: 213
- Total External Training Participants: 245
- External Training Expenses (NTD): 872,696
- Average External Training Cost per Person (NTD): 3,562

2. Internal Training Results:

- Training Scale: Conducted 3,957 internal training sessions with a cumulative participation of 42,369, averaging approximately 16 training sessions per employee annually. Internal training serves as the core mechanism for enhancing employee skills.
- Course Content: Covered diverse areas including onboarding training, professional skills, cross-departmental collaboration, problem-solving, and digital tool applications.

3. External Training Results:

- Professional Certifications: A total of 213 employees obtained or maintained professional certifications, complying with relevant regulatory standards and demonstrating the tangible benefits of training.
- External Participation: A total of 245 participations in external training, primarily encompassing professional certification courses and industry trend seminars.

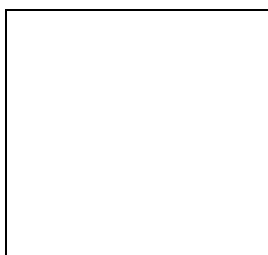
Attachment 12: List of Climate-Related Risks, Opportunities, and Financial Impacts

Topic	Risk Category	Impact Level	Issue Description	Potential Financial Impact
Carbon Fee	Policy and Regulation	High	The Ministry of Environment will implement a carbon fee, setting preferential rates and regulations for deducting emissions subject to the fee.	Currently, SCI is not classified as a major carbon emitter. If regulations expand, with 2024 GHG emissions at approximately 14,000 tons (Scope 1 and 2), at NT\$300 per ton, the estimated carbon fee would be about NT\$4.2 million, increasing expenses.
Water Consumption Fee	Policy and Regulation	Medium	In 2023, the government amended the Water Resources Act to impose a "water consumption fee" on high-volume users.	During drought periods, the excess water usage fee is NT\$3/m³, halved until the end of 2025. The estimated additional water fee is about NT\$270,000, increasing expenses.
EU and US Carbon Border Tax	Policy and Regulation	High	The EU announced the Carbon Border Adjustment Mechanism (CBAM) in 2021, requiring importers to report product carbon emissions and pay carbon tariffs, effective in 2027 and expanding to all product categories by 2030.	Future exports to the EU, mainly organic chemicals, will be affected, increasing costs and reducing product competitiveness.
Customer Carbon Reduction Requirements	Market	High	Some EU clients have set carbon reduction targets for 2030 and will require suppliers to participate in reduction plans.	Currently, supplier evaluations focus on price and quality. Future emphasis on suppliers' carbon reduction capabilities may increase procurement costs.
Company Reputation	Reputational	Medium	With growing emphasis on ESG, financial institutions consider ESG performance in investment and lending decisions.	If ScinoPharm's climate change responses fail to meet financial institutions' expectations, it may negatively impact the company's reputation and lead to higher borrowing rates, increasing interest expenses.
Flooding	Acute Physical Risk	Low	Abnormal climate-induced heavy rainfall/flooding may cause plant shutdowns due to inundation, leading to revenue loss.	With an estimated annual revenue of NT\$1.2 billion, a one-day shutdown due to flooding could result in a loss of NT\$4.86 million.
Water Shortage	Chronic Physical Risk	Medium	Considering the impact of climate-induced water shortages, production processes may be reduced during water restrictions, and severe shortages could lead to reduced operations or shutdowns.	Assuming a 10% water restriction for four months, reducing plant capacity to 80%, the estimated revenue impact is about NT\$186 million.
Circular Economy	Technology	High	Utilizing in-process purification technology to develop solvent recovery processes in the pharmaceutical industry.	Jointly invested with French company Veolia to establish Formosa Company, aiming for an 85% solvent recovery rate, with an annual recovery volume estimated at 23,000 tons.
Reuse	Resource Efficiency	Medium	Considering product life cycles and value chains, the company develops low-carbon products through raw material recycling and process improvements, treating and reusing by-products to reduce production costs and promote sustainable resource use.	To achieve environmental sustainability, the company is expanding circular economy initiatives, increasing solvent recovery rates, and reducing waste to lower raw material procurement and waste disposal costs.
Low-Carbon Fuel or Renewable Energy	Resource Efficiency	Medium	The amended Renewable Energy Development Act, enacted in 2019, requires regulated companies to install renewable energy or storage equipment with a contracted capacity of 10% or purchase renewable energy certificates, or pay a substitute fee.	Currently, ScinoPharm is not a regulated company. If regulations expand, the estimated benefit of installing solar panels is about NT\$2,300 per kWp.

SCI PHARMTECH, INC.

2024 years of the Republic of China

Corporate Seal



Chairman : Wei-Chyun Wong

