

Stock Code: 4119

**SCI Pharmtech, Inc.**

**Handbook for the 2023 Annual  
Meeting of Shareholders**

**Physical Shareholders Meeting**

**【Translation】**

**June 19, 2023**

**PLACE: NO.61, LN.309, HAIHU N. RD., LUZHU DIST. TAOYUAN  
CITY**

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# **SCI Pharmtech, Inc.**

## **Procedures for the 2023 Annual Meeting of Shareholders**

Call the Meeting to Order

Chairperson Takes Chair

Chairperson Remarks

Report Subjects

Recognition Subjects

Approval Subjects

Questions and Motions

Adjournment

# SCI Pharmtech, Inc.

## 2023 Annual Shareholders' Meeting Agenda

**Time: 9:00 a.m. on Tuesday, June 19, 2023**

**Place: NO.61, LN.309, HAIHU N. RD., LUZHU DIST. TAOYUAN CITY**

**Call the Meeting to Order**

**Chairperson Remarks**

### **Report Subjects**

- (1) Report on the compensation for employees and directors of 2022
- (2) Report on the compensation for directors
- (3) Report on operating results of 2022
- (4) Report by Audit Committee on auditing of 2022 financial statements
- (5) Report on donation to related parties
- (6) Amendments to Rules of Procedure for Board of Directors Meetings
- (7) Amendments to Sustainable Development Best Principles

### **Recognition subjects**

- (1) Recognition of 2022 operation report and financial statements
- (2) Distribution of retained earnings

### **Approval subjects**

- (1) Proposal for capital increase out of earnings and employees compensation
- (2) Amendment to Article of Incorporation

### **Questions and Motions**

### **Adjournment**

## Report Subjects

### **Report 1** (Proposed by the Board of Directors)

Report on the compensation for employees and directors of 2022.

#### **Description:**

① 1.0% of the profits of Company were allocated for director compensation, totaling NT\$4,250,000, which was distributed in cash.

② 6.2% of the profits of Company were allocated for employee compensation, totaling NT\$26,091,471. Among them, NT\$22,177,685 were used to issue 203,465 ordinary shares, and the remaining NT\$3,913,786 were distributed in cash.

### **Report 2** (Proposed by the Board of Directors)

Report on the compensation for directors.

#### **Description:**

Please refer to Attachment 5 on Page 33 of the Handbook.

### **Report 3** (Proposed by the Board of Directors)

Report on operating results of 2022.

#### **Description:**

Please refer to Attachment 1 on Page 8 of the Handbook for the 2022 business report.

### **Report 4** (Proposed by the Board of Directors)

Audit Committee's review report of 2022 audited financial statements.

#### **Description:**

The Company's financial statements has been audited by the independent auditors, Kuan-Ying Kuo and Shu-Min Hsu of KPMG. And reviewed by the Audit Committee. Please refer to Attachment 2 & 3 on Page 15 of the Handbook for the 2022 Independent Auditors' Report and Audit Committee's review report.

### **Report 5** (Proposed by the Board of Directors)

Report on donation to related parties.

#### **Description:**

Donate to the Criminal Investigation Foundation of R.O.C. the company have raised NT\$600,000. For support criminal study purpose.

### **Report 6** (Proposed by the Board of Directors)

Report on Rules of Procedure for Board of Directors Meetings.

**Description:**

The Company propose to amend the Rules of Procedure for Board of Directors Meetings according to the amendments to the laws and practices. Please refer to Attachment 6 on Page 37 of the Handbook for the Comparison Table of Amended Articles of Rules of Procedure for Board of Directors Meetings.

**Report 7**

(Proposed by the Board of Directors)

Report on Sustainable Development Best Principles.

**Description:**

The Company propose to amend the Sustainable Development Best Principles according to the amendments to the laws and practices. Please refer to Attachment 7 on Page 41 of the Handbook for the Comparison Table of Amended Articles of Sustainable Development Best Principles.

## Recognition Subjects

### Proposal 1

(Proposed by the Board of Directors)

Recognition of 2022 operation report and financial statements.

#### Description:

The Company's financial statements has been audited by the independent auditors, Kuan-Ying Kuo and Shu-Min Hsu of KPMG. And reviewed by the Audit Committee. Business Report please refer to Attachment 1 on Page 8 and financial statements refer to Attachment 4 on Page 25 of the Handbook.

#### Resolution:

### Proposal 2

(Proposed by the Board of Directors)

Adoption of the Proposal for 2022 earnings distribution table.

#### Description:

Please refer to the 2022 earnings distribution table as follows:

#### SCI Pharmtech, Inc.

#### 2022 Earnings Distribution Table

( Unit: NTD )

Items	Total	Note
Beginning retained earnings	586,593,414	
Less: other comprehensive income	(3,072,046)	
Less:	(105,473)	
Add: net profit after tax	308,780,072	
Less: 10% Legal Reserve	(30,560,255)	
Less: Special Reserve	(5,797,691)	
Distributable net profits:	855,838,021	
Distributable Items:		
Dividend to shareholders (cash)	(23,845,593)	NT\$0.25/per share
Dividend to shareholders (share)	(119,227,970)	NT\$1.25/per share
Unappropriated Retained Earnings	712,764,458	

#### Resolution:

## **Approval subjects**

### **Proposal 1**

(Proposed by the Board of Directors)

Proposal for capital increase out of earnings and employees compensation.

#### **Description:**

①To support operating growth, the Company proposes to allocate NT\$119,227,970 from the Company's 2022 surplus available for appropriation, and to issue 11,922,797 as capital increase. Each share will have a par value of NT\$10, new shares to be issued by non-physical.

②125 shares will be distributed for every 1,000 shares in proportion to the number of shares owned by shareholders recorded on the list of stockholders on the ex-dividend date. Petty stock of less than 1 share will be distributed in cash. Shareholders can also piece together shares owned to the nearest one whole share to the share transfer agency within 5 days from the ex-dividend date. The Chairman will be authorized to negotiate with specific persons to purchase the petty cash at par value.

③The Company proposes to allocate NT\$22,177,685 from the employees compensation available for appropriation, and to issue 203,465 as capital increase. Each share will have a par value of NT\$10.

④New shares to be issued form in the current capital increase have the same rights and obligations as the ordinary shares already issued.

⑤Upon approval from the General Shareholders' Meeting and applying to the competent authority for approval pursuant to the law, the Company proposes to ask the Board of Directors to establish the ex-dividend date and related matters. Subsequently, if changes occur to the Company's share capital, affecting the number of shares outstanding, leading to adjustments to the rate of shareholders' dividend distribution, the Company proposes to ask Shareholders' Meeting to delegate the Board of Directors with all competent authority to handle related matters.

#### **Resolution:**

### **Proposal 2**

(Proposed by the Board of Directors)

Amendment to Article of Incorporation, please proceed to discuss.

#### **Description:**

The Company proposed to amend the Articles of Incorporation according to the amendments to Article 196 of the Company Act. Please refer to Attachment 8 on page 42 of the Handbook for the comparison table.

#### **Resolution:**



**Questions and Motions**

**Adjournment**

(Attachment 1)

Dear shareholders:

Time flies. Two years have passed since the disastrous fire. As the pandemic broke out in Taiwan in 2022 and the weather was often bad, coupled with many factors involving internal management and external contractors, we failed to meet the reconstruction schedule as planned. I hereby would like to apologize to all shareholders for letting you down, but we really work to the best of our abilities. We resumed partial production of Luzhu factory at the very end of 2021, and the production capacity gradually increased from single digits to 30% at the end of 2022. The lease agreement of external plant was terminated in early July, 2022, due to the lessor's own needs. These precious production capacities were like some rainfall to irrigate and nourish the dry land resulting from a long drought, and regenerate vitality. Therefore, in spite of nearly no stock injection, the 2022 revenues could grow slightly compared with the previous year. It is like the green sprouts are popping up. We will restore 60% of the production capacity in the second quarter of 2023 and all production lines will be completed by mid-2023. In addition, with the inauguration of the Guanyin Factory in 2024, we are confident that SCI will soon be lush with promising prospect. The following is the 2022 business report and 2023 business plan.

## **Business Report**

### **I. Annual Business Report of 2022**

#### **(1) Implementation results of our business plans**

2022 revenues were 899,738 thousand, the gross profit rate was 32%, and the operating profit was 118,970 thousand. As in the previous year, due to the subsequent impact of the fire, there were more non-operating incomes and losses in 2022. The net profit was 308,780 thousand, translating into 3.24 EPS. Using limited production capacity, we still made a profit. During the past toughest two years, we had cared every penny by means of trying to increase revenues and cutting expenditure as much as possible. Thus, the bottom lines were in the black. I believe we will be able to get rid of the haze of the fire and welcome a fresh start.

#### **(2) Situations of budget implementation**

SCI did not publicly disclose 2022 financial forecast. The annual budget passed by the board of directors in December 2021 wasn't exactly achieved mainly because the reconstruction work was behind schedule, making the production capacity shorter than the

expected.

### (3) Analyses of financial income and expenditure and profitability

The overview of income and expenditure in 2022 is compared and elaborated as follows:

Income:

Unit: Thousand			
Item	2022	2021	Growth Rate
Revenues	899,738	864,217	4.1%
Other incomes	299,212	37,564	696.5%

Description:

In 2021, 60% of the revenues came from surviving inventory whereas in 2022, almost all from newly manufactured products. We prioritized the production and sales of high-margin items and tried our best to maintain or even increase the sales prices. This move drove revenues to grow slightly and gross profit to increase significantly. The operating activities continued to make a profit and generate cash inflows.

Other incomes mainly stemmed from insurance claim for business interruption, loss reversal of estimated neighboring factories' compensations and foreign exchange income. About 98% of the compensation amount caused by the fire had been settled as of March 1, 2023 and it is expected that the settlement would be fully completed this year. Overall, the actual compensation amount is about 80% of the estimated one.

Expenditure:

Unit: Thousand			
Item	2022	2021	Growth Rate
Operating cost	608,559	656,128	-7.2%
Operating expense	172,209	134,431	28.1%
Non-operating expense	30,362	45,716	-33.6

Description:

In 2022, the revenues were only about 1/3 of the pre-disaster level. Inability to reach the economic scale and the depreciation of new equipment also pushed up the operating cost, making the gross profit rate inferior to those before the disaster. Fortunately, due to favorable exchange rate and sales strategy, GP rate was much better than that of 2021. The leased production line could only produce less regulated and relatively limited

intermediates. In addition, after the lease agreement ended, it cost a lot of money and time to modify the equipment and return them to their original condition. These all increased operating costs.

After the disaster, we implemented a cost-saving policy to reduce operating expenses. In 2022, operating expenses increased by 28% compared with the previous year, mainly due to the increase in variable salary expenses such as employee compensation.

Other expenses consisted of the evaluation loss of financial assets and the recognition of Framosa's operating loss according to the shareholding. In 2022, the US raised interest rates by 4.25%, which caused a significant price drop of fixed-income financial products. Framosa expects to be operational in mid-2024 and make a profit in 2025.

Analysis of profitability:

Item		2022	2021
Profitability	Return On Assets(ROA) (%)	6.7	1.3
	Return On Equity (ROE) (%)	8.9	1.7
	Profit Margin(%)	34	6
	Earnings Per Share (EPS) ( NT\$ )	3.24	0.58

Description:

All in all, limited production capacity affected 2022 operating results. A significant part of net income came from non-operating activities.

#### (4) Situations of research and development

The personnel principle of the company in 2022 was "no replacement for vacancies". Hence, some colleagues in R&D department still supported production in the rented factory as in the previous year while others assisted with IQ, OQ, PQ required for new equipment in an effort to speed up factory overall resumption. The task of optimizing the manufacturing processes of old products continued to be carried out in order to save energy, reduce waste and conform to the ESG trend. The newly developed product, Buprenorphine, which is an anti-addiction drug, has its manufacturing process scaled up by the R&D department so that it could be smoothly mass-produced in the near future. The API of an Alzheimer's drug manufactured for a new drug developer several years ago has an excellent process and quality, which is highly recognized by the customer. Clinical trial data of the new drug now shows significant efficacy and it is hoped that this product would bear fruit in the near future.

## II. Annual business plan overview of 2023

### (1) Business policy

The business policy in the future:

1. Restore all of the production capacity by the second half of 2023, maintain a close relationship with customers and build up the connection with medications' originators.
2. Establish a new production plant to maintain operational flexibility and expand CDMO businesses.
3. Implement circular economy, contributing to the sustainability of the earth.

### (2) Expected sales volume and its basis

#### 1. Expected sales volume

Item	Sales volume ( Tons )
API	261
Intermediate	115
Others	0
Total	376

#### 2. Sales basis

The expected sales volume in the above chart is based on the company's 2023 Annual Budget approved by the board of directors. The estimation is mainly based on the demands from customers as well as the restoration of in-house capacity. With the capacity increase, the sales revenue is expected to grow compared with that of 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

Guanyin Factory held a beam-raising ceremony in mid-October, 2022. The 9-storey building rose up, becoming a prominent landmark in Guanyin Industrial Park. The following contracts of storage equipment, electricity and firefighting systems have also been drawn up, driving the factory towards trial run in the first half of 2024. The original capex of Guanyin factory was NT\$1.2 billion. However, due to the inflation and planning change, the board of directors approved an increase in the budget to a total amount of NT\$2 billion in December 2022. In addition, the reconstruction of Luzhu factory, whose total capex is estimated at over NT\$2 billion, will be completed in the second half of 2023. The increase in depreciation caused by these huge capital expenditures will definitely require high-margin niche products to recover and enhance the internal rate of return. Therefore, whether new products are able to produce the expected contributions will be a decisive factor affecting the company's future operations. The cash outflow of these investment activities depends on insurance claims and bank borrowings. It is expected that bank borrowings will reach a peak in 2024, and the overall debt-to-asset ratio may be up to 40%. This is a stark contrast with the company's long-term zero financial leverage in the past. As a result, the company's ability to distribute dividends will be greatly limited in the next 2-3 years. I hereby would like to ask all shareholders for your understanding and continued support. We will take on the overwhelming responsibility, moving forward, doing our utmost not to let you down. Framosa finished the second capital increase in 2022 and its construction project was in full swing in the fourth quarter of the year. Its capex also increased significantly like the Guanyin factory. Our French partner plans to use bank financing to respond. Loan for new venture typically requires investors' endorsement. Considering the legal restrictions on the amount of guarantee, SCI invested less in this capital increase, inviting Mercuries Holding, SCI's mother company, to subscribe to the remaining shares. The group as a whole still holds 40% of the shareholding. In view of the

ESG trend in the world, we believe that this is a direction we should head for. Veolia Group is the leader of the world's environmental protection industry. We are fortunate to have an excellent partner. We expect Framosa to serve as SCI's wings, which could fly us high in the global pharmaceutical market.

The company's current production capacity has not yet fully recovered. The main issue accordingly lies in supply capacity rather than market demand. The external competitive environment has a slight impact on our businesses for the time being. That being said, after the reconstruction of the Luzhu factory and the inauguration of the Guanyin factory, SCI will significantly face how to respond to external competition to increase capacity utilization. Price competition from Indian manufacturers is still the biggest challenge facing API producers. The Indian government's regulatory support and being the second most populous country in the world are competitive advantages which API manufacturers in other countries don't possess. We participated in the exhibition in 2022 in Europe again where we learned that some customers had found new suppliers during the two-year interruption of the company's operations, which put us under internal and external operating pressure. We hope that the Alzheimer's drug, narcolepsy drug, cannabidiol and Glaucoma drug, etc. could renew product portfolio and strengthen the company's competitiveness.

During the 2 years after the fire, the damaged facilities and equipment have been gradually rebuilt. The manufacturing equipment, air conditioning system, nitrogen system and computer system are almost all the same as before the disaster, and the relevant validation work has been subsequently completed. The audits by important customers from all over the world have not been interrupted (a total of 35 times). Whether it is remote or on-site, the results are satisfactory, showing the compliance of the GMP system and the effectiveness of its operation. The implementation of ISO-9000 system was reexamined by the third-party agency in late 2022, no non-compliance found. As a result, the certificate continues to be valid. Taiwan's TFDA completed the GMP inspection of the production of 4 APIs in the restored production lines in March 2022, and their drug certificates and GMP certificates are kept valid. In addition, in May 2022, when TFDA completed the routine GMP and Good Distribution Practice (GDP) evaluation, the auditing results were good. In October of the same year, we obtained 16 API products' Good Manufacturing and Good Distribution Certificates, making these products qualified for being manufactured at the restored factory area. The factory reconstruction keeps going on and the following GMP assessment of the restored factory area will be made by TFDA in order to achieve the GMP status of the whole factory. After the disaster, the relevant facilities and equipment rebuilding, validation and effectiveness, and product changes have been reported to

important government agencies around the world, such as the EU EDQM, the US FDA, and the Japanese PMDA. All registered API certificates are still maintained and remain valid. There is no problem exporting our products. SCI's GMP and ISO quality system continue to improve, regulatory compliance and operation are not interrupted, and SCI is duty-bound to provide high-quality APIs to global customers.

In 2022, the U.S. Federal Reserve raised interest rates drastically to curb inflation. In spite of the unprecedented move, the company has already suffered the consequences of the high cost of rebuilding. The bank loans in the next few years will also cause the company to bear higher interest costs. The phenomenon of declining birthrate and the magnetic attraction effect of the semiconductor industry have made workforce shortage a common problem faced by all enterprises in Taiwan, including SCI. In the post-epidemic time, governments of many countries are heavily in debt, and it is inevitable to cut various expenditures in the future. The end of 2022 saw the bankruptcy of the largest generic pharmaceutical company in the Netherlands. It seems that there is no reason for optimism judging from the macro-economic point of view. However, as the management class of an enterprise, we have no right to be pessimistic. What we can do is take the helm firmly, moving forward relentlessly and facing the uncertain future courageously.

Finally,

Wish you all happiness, health, and safety.

Chairman : Wei-Chyun Wong

General Manager : Wen-Chin Chou

Financial Manager : Wen-Chen Yang





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## Independent Auditors' Report

To the Board of Directors of SCI Pharmtech, Inc.:

### Opinion

We have audited the financial statements of SCI Pharmtech, Inc. ("the Company"), which comprise the statement of financial position as of December 31, 2022 and 2021, the statement of comprehensive income, the statement of changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Inventory valuation

Please refer to Note 4(g) and Note 5 of the financial statements for the accounting policy of inventory valuation, as well as the estimation of inventory valuation, respectively. Information regarding the inventory and related expenses are shown in Note 6(e) of the financial statements.

#### Description of key audit matters:

Due to the characteristics of the pharmaceutical industry, products are manufactured for specific customers, providing batch-specific differentiation services according to their needs while the Company estimates the net realizable value of inventory. If there were no objective information regarding the current sales price available for reference, the Company has to make an evaluation of each product's various factors, such as the demands of the market, to determine the net realizable value of the product. As the reasonableness of estimation might have an impact on the inventory valuation, the test of inventory valuation is one of the key audit matters in our audit.

Our audit procedures include:

- Assessing the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including the evaluation of changes in the market, customer demand and inventory turn-over, to identify the obsolete inventories.
- Performing a retrospective review of inventory movements to evaluate the reasonableness of inventory obsolescence reserve policy and policy on scrapping of inventories.
- Sampling and inspecting the Company's sales price; as well as verifying the calculation of the lower of cost or net realizable value; evaluating the adopted net realizable value as a basis for obsolete inventories.

## 2. Revenue recognition

Please refer to Note 4(o) of the financial statements, for the accounting policy of Revenue recognition for operating revenue recognition.

Description of key audit matters:

The Company's main products are the manufacture of Active Pharmaceutical Ingredients, and Intermediates, etc. The Company's major customers are foreign pharmaceutical companies that have transaction terms different from each other, and the revenue recognition was booked by using manual adjustments, which may result in an inappropriate risk in revenue recognition. Therefore, the revenue recognition is one of the key audit matters in our audit.

Our audit procedures include:

- Understanding and testing the related controls surrounding the aforementioned sales and collection cycle;
- Testing of details;
- Verifying whether the revenue had been recognized in the proper period by testing the selected sales transactions before and after the balance sheet date in order to evaluate the accuracy of the timing of the Company's operating revenue recognition.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan-Ying Kuo and Shu-Min Hsu.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2023

#### **Notes to Readers**

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

## **Representation Letter**

The entities that are required to be included in the combined financial statements of SCI Pharmtech, Inc. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, SCI Pharmtech, Inc. and subsidiaries do not prepare a separate set of combined financial statements.

Company name: SCI Pharmtech, Inc.

Chairman: Weichyun Wong

Date: March 14, 2023



安侯建業聯合會計師事務所  
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## Independent Auditors' Report

To the Board of Directors of SCI Pharmtech, Inc.:

### Opinion

We have audited the consolidated financial statements of SCI Pharmtech, Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Inventory valuation

Please refer to Note 4(h) and Note 5 of the consolidated financial statements for the accounting policy of inventory valuation, as well as the estimation of inventory valuation, respectively. Information regarding the inventory and related expenses are shown in Note 6(e) of the consolidated financial statements.

Description of key audit matters:

Due to the characteristics of the pharmaceutical industry, products are manufactured for specific customers, providing batch-specific differentiation services according to their needs while the Group estimates the net realizable value of inventory. If there were no objective information regarding the current sales price available for reference, the Group has to make an evaluation of each product's various factors, such as the demands of the market, to determine the net realizable value of the product. As the reasonableness of estimation might have an impact on the inventory valuation, the test of inventory valuation is one of the key audit matters in our audit.

Our audit procedures include:

- Assessing the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including the evaluation of changes in the market, customer demand and inventory turn-over to identify the obsolete inventories.
- Performing a retrospective review of inventory movements to evaluate the reasonableness of inventory obsolescence reserve policy and policy on scrapping of inventories.
- Sampling and inspecting the Group's sales price; as well as verifying the calculation of the lower of cost or net realizable value; evaluating the adopted net realizable value as a basis for obsolete inventories.

## 2. Revenue recognition

Please refer to Note 4(o) of the consolidated financial statements, for the accounting policy of Revenue recognition for operating revenue recognition.

Description of key audit matters:

The Group's main products are the manufacture of Active Pharmaceutical Ingredients, and Intermediates, etc. The Group's major customers are foreign pharmaceutical companies that have transaction terms different from each other, and the revenue recognition was booked by using manual adjustments, which may result in an inappropriate risk in revenue recognition. Therefore, the revenue recognition is one of the key audit matters in our audit.

Our audit procedures include:

- Understanding and testing the related controls surrounding the aforementioned sales and collection cycle;
- Testing of details;
- Verifying whether the revenue had been recognized in the proper period by testing the selected sales transactions before and after the balance sheet date in order to evaluate the accuracy of the timing of the Group's operating revenue recognition.

**Other Matter**

SCI Pharmtech Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan-Ying Kuo and Shu-Min Hsu.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2023

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(Attachment 3)

## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit SCI's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of SCI. According to relevant requirements of the Securities and Exchange Act and The Company Law, we hereby submit this report.

SCI Pharmtech, Inc.

Chairman of the Audit Committee

Tu, Te-Cheng

March 14, 2023



(English Translation of Financial Statements Originally Issued in Chinese)  
SCI PHARMTECH, INC.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4110	Sales revenue (Note 6(s))	\$ 899,738	100	864,217	100
5110	Cost of sales (Notes 6(e), 6(o) and 12)	608,559	68	656,128	76
5900	<b>Gross profit</b>	<u>291,179</u>	<u>32</u>	<u>208,089</u>	<u>24</u>
<b>Operating expenses (Notes 6(o) and 12):</b>					
6100	Selling expenses	50,404	6	49,108	6
6200	Administrative expenses	82,081	9	54,318	6
6300	Research and development expenses	39,649	4	30,347	4
		<u>172,134</u>	<u>19</u>	<u>133,773</u>	<u>16</u>
6900	<b>Net operating income</b>	<u>119,045</u>	<u>13</u>	<u>74,316</u>	<u>8</u>
<b>Non-operating income and expenses:</b>					
7101	Interest income	888	-	526	-
7130	Dividend income	5,494	1	9,437	1
7190	Other income (Notes 6(m), 6(u), 7 and 10)	264,427	29	25,285	3
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(14,074)	(2)	2,242	-
7510	Interest expense (Notes 6(m) and 7)	(1,608)	-	(41)	-
7590	Miscellaneous disbursements (Notes 6(h) and 6(v))	(1,319)	-	(17,126)	(2)
7610	Gains (losses) on disposals of property, plant and equipment	(1,333)	-	-	-
7630	Foreign exchange gains (losses)	27,542	3	(14,993)	(2)
7775	Share of loss of associates and joint ventures accounted for using equity method, net	(11,242)	(1)	(14,140)	(1)
		<u>268,775</u>	<u>30</u>	<u>(8,810)</u>	<u>(1)</u>
7900	<b>Profit before tax</b>	<u>387,820</u>	<u>43</u>	<u>65,506</u>	<u>7</u>
7950	Less: Income tax expenses (Note 6(p))	79,040	9	9,810	1
8200	<b>Profit</b>	<u>308,780</u>	<u>34</u>	<u>55,696</u>	<u>6</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss :</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(o))	(3,840)	-	2,508	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,798)	(1)	(19,551)	(2)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(p))	(768)	-	501	-
8300	<b>Other comprehensive income, net</b>	<u>(8,870)</u>	<u>(1)</u>	<u>(17,544)</u>	<u>(2)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 299,910</u>	<u>33</u>	<u>38,152</u>	<u>4</u>
<b>Earnings per share (Note 6(r)):</b>					
9750	<b>Basic earnings per share</b>	<u>\$ 3.24</u>		<u>0.58</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 3.23</u>		<u>0.58</u>	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

## SCI PHARMTECH, INC.

## Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(expressed in thousands of New Taiwan dollars)

						Other equity interest	
						Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
	Ordinary shares	Capital surplus	Retained earnings				
			Legal reserve	Special reserve	Unappropriated retained earnings		
Balance at January 1, 2021	\$ 794,853	1,348,339	390,081	-	818,327	(29,378)	3,322,222
Profit for the year ended December 31, 2021	-	-	-	-	55,696	-	55,696
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	2,007	(19,551)	(17,544)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	57,703	(19,551)	38,152
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	36,022	-	(36,022)	-	-
Special reserve appropriated	-	-	-	29,378	(29,378)	-	-
Cash dividends of ordinary share	-	-	-	-	(39,743)	-	(39,743)
Stock dividends of ordinary share	158,971	-	-	-	(158,971)	-	-
Balance at December 31, 2021	953,824	1,348,339	426,103	29,378	611,916	(48,929)	3,320,631
Profit for the year ended December 31, 2022	-	-	-	-	308,780	-	308,780
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	(3,072)	(5,798)	(8,870)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	305,708	(5,798)	299,910
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	5,771	-	(5,771)	-	-
Special reserve appropriated	-	-	-	19,551	(19,551)	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	8,788	-	-	(105)	-	8,683
Balance at December 31, 2022	\$ 953,824	1,357,127	431,874	48,929	892,197	(54,727)	3,629,224

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
SCI PHARMTECH, INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(expressed in thousands of New Taiwan dollars)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 387,820	65,506
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	83,044	56,191
Amortization expense	8,213	7,517
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	14,074	(2,242)
Interest expense	1,608	41
Interest income	(888)	(526)
Dividend income	(5,494)	(9,437)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	11,242	14,140
Losses from disposal of property, plant and equipment	1,333	-
Losses due to (reversal of) major disasters	(101,202)	(5,455)
Others	-	62
<b>Total adjustments to reconcile profit</b>	<b>11,930</b>	<b>60,291</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in notes and accounts receivable	(90,589)	254,773
(Increase) decrease in inventories	(219,248)	86,697
Decrease in other receivables and other current assets	266,159	239,656
Increase (decrease) in notes and accounts payable	14,857	(47,099)
Decrease in contract liabilities	(9,991)	(55,531)
Increase (decrease) in other payable	41,865	(60,190)
Decrease in provisions	(110,851)	(151,392)
Increase (decrease) in other current liabilities	196	(4,949)
Decrease in provision for employee benefits, non-current	(1,255)	(990)
<b>Total changes in operating assets and liabilities</b>	<b>(108,857)</b>	<b>260,975</b>
<b>Total adjustments</b>	<b>(96,927)</b>	<b>321,266</b>
Cash flow from (used in) operations	290,893	386,772
Dividends received	5,494	9,437
Interest received	888	526
Interest paid	(1,608)	(41)
Income taxes paid	(110)	(115,846)
<b>Net cash flows from (used in) operating activities</b>	<b>295,557</b>	<b>280,848</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(6,375)
Acquisition of financial assets at fair value through profit or loss	(2,123)	(2,158)
Proceeds from disposal of financial assets at fair value through profit or loss	250,905	311,954
Acquisition of investments accounted for using equity method	(77,750)	(66,000)
Acquisition of property, plant and equipment	(1,085,123)	(514,170)
Proceeds from disposal of property, plant and equipment	65	-
Decrease (increase) in refundable deposits	2,200	(2,000)
Acquisition of intangible assets	-	(3,953)
Increase in prepayments of property, plant and equipment	(82,461)	(256,858)
<b>Net cash flows from (used in) investing activities</b>	<b>(994,287)</b>	<b>(539,560)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	790,000	-
Decrease in short-term borrowings	(678,000)	-
Proceeds from long-term borrowings	435,767	-
Payment of lease liabilities	(2,061)	(1,773)
Cash dividends paid	-	(39,743)
<b>Net cash flows from (used in) financing activities</b>	<b>545,706</b>	<b>(41,516)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(153,024)</b>	<b>(300,228)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>302,866</b>	<b>603,094</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 149,842</b>	<b>302,866</b>

See accompanying notes to financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
(expressed in Thousands of New Taiwan Dollars, except for earnings per share)

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4110	<b>Sales revenue (note 6(t))</b>	\$ 899,738	100	864,217	100
5110	<b>Cost of sales (notes 6(e), 6(p) and 12)</b>	<u>608,559</u>	<u>68</u>	<u>656,128</u>	<u>76</u>
5900	<b>Gross profit</b>	<u>291,179</u>	<u>32</u>	<u>208,089</u>	<u>24</u>
<b>Operating expenses (notes 6(p) and 12):</b>					
6100	Selling expenses	50,404	6	49,108	6
6200	Administrative expenses	82,156	9	54,976	6
6300	Research and development expenses	<u>39,649</u>	<u>4</u>	<u>30,347</u>	<u>4</u>
		<u>172,209</u>	<u>19</u>	<u>134,431</u>	<u>16</u>
6900	<b>Net operating income</b>	<u>118,970</u>	<u>13</u>	<u>73,658</u>	<u>8</u>
<b>Non-operating income and expenses:</b>					
7101	Interest income	998	-	600	-
7130	Dividend income	5,494	1	9,437	1
7190	Other income (notes 6(n), 6(v), 7 and 10)	265,170	29	25,285	3
7235	Losses on financial assets at fair value through profit or loss	(14,074)	(2)	2,242	-
7510	Interest expense (note 6(n))	(1,072)	-	(41)	-
7590	Miscellaneous disbursements (notes 6(h) and 6(w))	(1,320)	-	(17,127)	(2)
7610	Losses on disposals of property, plant and equipment	(1,333)	-	-	-
7630	Foreign exchange gains (losses)	27,550	3	(14,995)	(2)
7770	Share of loss of associates and joint ventures accounted for using equity method, net (note 6(g))	<u>(12,563)</u>	<u>(1)</u>	<u>(13,553)</u>	<u>(1)</u>
		<u>268,850</u>	<u>30</u>	<u>(8,152)</u>	<u>(1)</u>
7900	<b>Profit before tax</b>	387,820	43	65,506	7
7950	Less: Income tax expenses (note 6(q))	<u>79,040</u>	<u>9</u>	<u>9,810</u>	<u>1</u>
8200	<b>Profit</b>	<u>308,780</u>	<u>34</u>	<u>55,696</u>	<u>6</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(p))	(3,840)	-	2,508	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,798)	(1)	(19,551)	(2)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(q))	<u>(768)</u>	<u>-</u>	<u>501</u>	<u>-</u>
8300	<b>Other comprehensive income, net</b>	<u>(8,870)</u>	<u>(1)</u>	<u>(17,544)</u>	<u>(2)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 299,910</u>	<u>33</u>	<u>38,152</u>	<u>4</u>
<b>Earnings per share (note 6(s)):</b>					
9750	<b>Basic earnings per share</b>	<u>\$ 3.24</u>		<u>0.58</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 3.23</u>		<u>0.58</u>	

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**SCI PHARMTECH, INC. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2022 and 2021**

**(expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Other equity interest	
	Ordinary shares	Capital surplus	Retained earnings			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings		
<b>Balance at January 1, 2021</b>	\$ 794,853	1,348,339	390,081	-	818,327	(29,378)	3,322,222
Profit for the year ended December 31, 2021	-	-	-	-	55,696	-	55,696
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	2,007	(19,551)	(17,544)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	57,703	(19,551)	38,152
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	36,022	-	(36,022)	-	-
Special reserve appropriated	-	-	-	29,378	(29,378)	-	-
Cash dividends of ordinary share	-	-	-	-	(39,743)	-	(39,743)
Stock dividends of ordinary share	158,971	-	-	-	(158,971)	-	-
<b>Balance at December 31, 2021</b>	953,824	1,348,339	426,103	29,378	611,916	(48,929)	3,320,631
Profit for the year ended December 31, 2022	-	-	-	-	308,780	-	308,780
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	(3,072)	(5,798)	(8,870)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	305,708	(5,798)	299,910
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	5,771	-	(5,771)	-	-
Special reserve appropriated	-	-	-	19,551	(19,551)	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	8,788	-	-	(105)	-	8,683
<b>Balance at December 31, 2022</b>	<u>\$ 953,824</u>	<u>1,357,127</u>	<u>431,874</u>	<u>48,929</u>	<u>892,197</u>	<u>(54,727)</u>	<u>3,629,224</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**SCI PHARMTECH, INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 387,820	65,506
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	82,399	56,191
Amortization expense	8,213	7,517
Net loss on financial assets or liabilities at fair value through profit or loss	14,074	(2,242)
Interest expense	1,072	41
Interest income	(998)	(600)
Dividend income	(5,494)	(9,437)
Share of loss of associates and joint ventures accounted for using equity method	12,563	13,553
Losses from disposal of property, plant and equipment	1,333	-
Losses due to (reversal of) major disasters	(101,202)	(5,455)
Others	-	62
<b>Total adjustments to reconcile profit</b>	<u>11,960</u>	<u>59,630</u>
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in notes and accounts receivable	(90,589)	254,773
(Increase) decrease in inventories	(219,248)	86,697
Decrease in other receivables and other current assets	266,490	239,673
Decrease in contract liabilities	(9,991)	(55,531)
Increase (decrease) in notes and accounts payable	14,857	(47,099)
Increase (decrease) in other payable	41,866	(60,190)
Decrease in provisions	(110,851)	(151,392)
Increase (decrease) in other current liabilities	196	(4,949)
Decrease in provision for employee benefits, non-current	(1,255)	(990)
<b>Total changes in operating assets and liabilities</b>	<u>(108,525)</u>	<u>260,992</u>
<b>Total adjustments</b>	<u>(96,565)</u>	<u>320,622</u>
Cash flow from (used in) operations	291,255	386,128
Interest received	998	600
Dividends received	5,494	9,437
Interest paid	(1,072)	(41)
Income taxes paid	(110)	(115,846)
<b>Net cash flows from (used in) operating activities</b>	<u>296,565</u>	<u>280,278</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(6,375)
Proceeds from disposal of financial assets at fair value through profit or loss	(2,123)	(2,158)
Acquisition of financial assets designated at fair value through profit or loss	250,905	311,954
Acquisition of investments accounted for using equity method	(92,750)	(66,000)
Acquisition of property, plant and equipment	(1,085,123)	(514,170)
Proceeds from disposal of property, plant and equipment	65	-
Decrease (increase) in refundable deposits	2,400	(2,000)
Acquisition of intangible assets	-	(3,953)
Increase in prepayments of property, plant and equipment	(82,461)	(256,858)
<b>Net cash flows from (used in) investing activities</b>	<u>(1,009,087)</u>	<u>(539,560)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	790,000	-
Decrease in short-term borrowings	(678,000)	-
Proceeds from long-term borrowings	435,767	-
Increase in guarantee deposits received	1,000	-
Payment of lease liabilities	(1,648)	(1,773)
Cash dividends paid	-	(39,743)
<b>Net cash flows from (used in) financing activities</b>	<u>547,119</u>	<u>(41,516)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(165,403)</u>	<u>(300,798)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>332,231</u>	<u>633,029</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 166,828</u>	<u>332,231</u>

See accompanying notes to consolidated financial statements.

(Attachment 5)

Report on the compensation for directors

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. Business Execution Related Expenses:

Pay each director NT\$30,000 per month, and provide directors with business execution related expenses. However, the company shall reimburse directors for the air tickets and accommodation fees if the director makes a business trip required for the company's businesses.

(d) The procedures for deciding remuneration:

On March 14, 2023, the remuneration of NT\$4,250,000 equal to 1.0% of the company's 2022 profit was approved by the remuneration committee and then the board of directors. The Company completed the performance evaluation of directors on January 11, 2023, (Please refer to page 36) and took this assessment result into consideration for the distribution of directors' remuneration.

(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.

(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	None	None	None	None	2,000,000	2,000,000	None	None	2,000,000 0.65%	2,000,000 0.65%
Director	Shiang-Li Chen	None	None	None	None	330,000	330,000	None	None	330,000 0.11%	330,000 0.11%
Director	Mercuries & Associates Holding, Ltd. Institutional representative : Aurora Chen	None	None	None	None	340,000	340,000	360,000	360,000	700,000 0.23%	700,000 0.23%
Director	Mercuries & Associates Holding, Ltd. Institutional representative : Wen-Chih Chou	None	None	None	None	None (Note)	None (Note)	None	None	None	None
Independent Director	Hung-Chin Wu (step down)	None	None	None	None	None	None	180,000	180,000	180,000 0.06%	180,000 0.06%
Independent Director	Te-cheng Tu	None	None	None	None	400,000	400,000	360,000	360,000	760,000 0.25%	760,000 0.25%
Independent Director		None	None	None	None	450,000	450,000	360,000	360,000	810,000	810,000

	Chia-Chun Jay Chen									0.26%	0.26%
Independent Director	Vincent Wang (newly elected)	None	None	None	None	400,000	400,000	180,000	180,000	580,000 0.19%	580,000 0.19%

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	5,495,791	5,495,791	None	None	None	None	None	None	7,495,791 2.43%	7,495,791 2.43%	9,790,000
Director	Shiang-Li Chen	None	None	None	None	None	None	None	None	330,000 0.11%	330,000 0.11%	

Director	Mercuries & Associates Holding, Ltd. Institutional representative : Aurora Chen	None	None	None	None	None	None	None	None	700,000 0.23%	700,000 0.23%	
Director	Mercuries & Associates Holding, Ltd. Institutional representative : Wen-Chih Chou	4,085,386	4,085,386	108,000	108,000	286,000	1,144,000	286,000	1,144,000	5,623,386 1.82%	5,623,386 1.82%	
Independent Director	Hung-Chin Wu (step down)	None	None	None	None	None	None	None	None	180,000 0.06%	180,000 0.06%	None
Independent Director	Te-cheng Tu	None	None	None	None	None	None	None	None	300,000 0.54%	300,000 0.54%	80,000
Independent Director	Chia-Chun Jay Chen	None	None	None	None	None	None	None	None	330,000 0.59%	330,000 0.59%	None
Independent Director	Vincent Wang (newly elected)	None	None	None	None	None	None	None	None	330,000 0.59%	330,000 0.59%	None
<p>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 34.</p> <p>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.</p>												

Note: NT\$330,000 was paid to Mercuries & Associates Holding, Ltd. as the Directors' remuneration.

**SCI PHARMTECH, INC.**  
**Comparison Table of Amended Articles of Rules of Procedure**  
**for Board of Directors Meetings**

Content of Article after Amendment	Content of Article before Amendment	Description
<p>Article 3 : Convening and notice</p> <p>3.1 The board of directors shall meet at least quarterly.</p> <p>3.2 A notice of the reasons for convening a board meeting shall be given to each director before 7 days via E-mail before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>3.3 All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.</p>	<p>Article 3 : Convening and notice</p> <p>3.1 The board of directors shall meet at least quarterly.</p> <p>3.2 A notice of the reasons for convening a board meeting shall be given to each director before 7 days via E-mail before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>3.3 All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion <u>except in the case of an emergency or for other legitimate reason.</u></p>	<p>Since the items in Paragraph 1 of Article 12 are important matters related to the company's operations, they should be stated in the reason for the convening, so that the directors have sufficient information and time to evaluate their proposals before making decisions. Therefore, delete the provision of the third item, and clearly stipulate that the items in the first item of Article 12 should be listed in the reason for the convening, and cannot be raised as an ad hoc motion. In addition, if the company has an urgent matter that should be brought to the board of directors for discussion, it can call it at any time according to the second paragraph, and it should not affect the normal operation of the company's business or operations. The convening of the emergency board of directors shall still be held at a place and time convenient for the directors to attend in accordance with Article 6, and in accordance with the provisions of Article 4, the contents of the board of directors meeting, meeting materials, and the convening notice shall be sent to the members of the board of directors.</p>

**SCI PHARMTECH, INC.**  
**Comparison Table of Amended Articles of Rules of Procedure**  
**for Board of Directors Meetings**

Content of Article after Amendment	Content of Article before Amendment	Description
<p>Article 12 : Matters requiring discussion at a board meeting</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <p>1. The Corporation's business plan.</p> <p>2. The annual financial report signed or stamped by the chairman, manager and accounting supervisor and the second quarter financial report which must be audited and attested by a certified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p>6. <u>If the board of directors does not</u></p>	<p>Article 12 : Matters requiring discussion at a board meeting</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <p>1. The Corporation's business plan.</p> <p>2. The annual financial report signed or stamped by the chairman, manager and accounting supervisor and the second quarter financial report which must be audited and attested by a certified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p>	<p>1. Pursuant to Article 208, Paragraphs 1 and 2 of the Company Law, the election of the chairman of the board of directors is the responsibility of the board of directors or the executive board of directors.</p> <p>Although there is no clear text in the company law on the procedure for the dismissal of the chairman of the board of directors, it can only be explained by the Ministry of Economic Affairs on August 2, 2005 in Jingshangzi No. 09402105990, the method of dismissing the chairman of the board of directors is not expressly stipulated in the company law. Unless otherwise stipulated in the articles of association, it is more reasonable to still adopt the resolution of the originally elected board of directors or the executive board of directors.</p> <p>2. With reference to the provisions of the company law above and the explanation from the Ministry of Economic Affairs, and based on the fact that the dismissal and appointment of the chairman are both important matters of the company, a new paragraph 6 is added, it is clearly stipulated that</p>



**SCI PHARMTECH, INC.**  
**Comparison Table of Amended Articles of Rules of Procedure**  
**for Board of Directors Meetings**

Content of Article after Amendment	Content of Article before Amendment	Description
<p><u>have a managing director, the election or dismissal of the chairman.</u></p> <p>7. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>9.</u> Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph <u>8</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or</p>	<p>6. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph <u>7</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or</p>	<p>if the board of directors does not have an executive director, the election or dismissal of the chairman shall be discussed by the board of directors, and the current paragraphs 6 to 8 are moved to paragraphs 7 to 9.</p>

(Attachment 6)

**SCI PHARMTECH, INC.**  
**Comparison Table of Amended Articles of Rules of Procedure**  
**for Board of Directors Meetings**

Content of Article after Amendment	Content of Article before Amendment	Description
5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The following are omitted.	5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The following are omitted.	
Article 18 The above are omitted. <u>The tenth amendment was approved by the board of directors on Nov. 10, 2022.</u>	Article 18 The above are omitted.	Update record of amendment.

**SCI PHARMTECH, INC.**  
**Comparison Table of Amended Articles of Sustainable  
Development Best Principles**

Content of Article after Amendment	Content of Article before Amendment	Description
<u>Article 27-1</u> <u>The Company shall continuously</u> <u>inject resources into cultural and</u> <u>artistic activities or the cultural and</u> <u>creative industry through donation,</u> <u>sponsorship, investment, procurement,</u> <u>strategic cooperation, voluntary</u> <u>technical services or other support</u> <u>models, in order to promote cultural</u> <u>development.</u>	(The article is newly added)	To encourage corporate support for cultural and artistic activities and promote sustainable cultural development, this shall be amended and added.
Article 32 1. Established on Dec. 30, 2014. 2. Amended on Mar. 13, 2020. 3. Amended on Mar. 18, 2022. <u>4. Amended on Mar. 14, 2023.</u>	Article 32 1. Established on Dec. 30, 2014. 2. Amended on Mar. 13, 2020. 3. Amended on Mar. 18, 2022.	Increase the number of revisions and dates of revision.

**SCI PHARMTECH, INC.**  
**Comparison Table of Amended Articles of Incorporation of**  
**SCI Pharmtech, Inc.**

Content of Article after Amendment	Content of Article before Amendment	Description
<p>Article 16-1:</p> <p>In order to protect the rights and interests of the corporation's shareholders, the corporation may purchase liability insurance for the directors with respect to their legal liability for compensation within the scope of their operational business during their term of office; <u>the remuneration of directors shall be determined by the Board of Directors, taking into account their level of participation in the operation of the company and the value of their contribution, and referring to domestic and international industry standards.</u></p>	<p>Article 16-1:</p> <p>In order to protect the rights and interests of the corporation's shareholders, the corporation may purchase liability insurance for the directors with respect to their legal liability for compensation within the scope of their operational business during their term of office.</p>	The new amendments.
<p>Article 25: The articles of incorporation were agreed and signed unanimously by the members of the promoters' meeting on Aug. 24, 1987. The first amendment was made on Nov. 28, 1987; the second amendment was made on Nov. 8, 1989; the third amendment was made on Jun. 30, 1990; the fourth amendment was made on Aug. 4, 1990; the fifth amendment was made on Dec. 10, 1990. The sixth amendment was made on Jun. 18, 1991; the seventh amendment was made on May 18, 1992; the eighth amendment was made on Jun. 29, 1992; the ninth amendment was made on Nov. 7, 1995; the tenth amendment was made on Apr. 27, 2001; the eleventh amendment was made on Apr. 9,</p>	<p>Article 25: The articles of incorporation were agreed and signed unanimously by the members of the promoters' meeting on Aug. 24, 1987. The first amendment was made on Nov. 28, 1987; the second amendment was made on Nov. 8, 1989; the third amendment was made on Jun. 30, 1990; the fourth amendment was made on Aug. 4, 1990; the fifth amendment was made on Dec. 10, 1990. The sixth amendment was made on Jun. 18, 1991; the seventh amendment was made on May 18, 1992; the eighth amendment was made on Jun. 29, 1992; the ninth amendment was made on Nov. 7, 1995; the tenth amendment was made on Apr. 27, 2001; the eleventh amendment was made on Apr. 9,</p>	Update record of amendment.

**SCI PHARMTECH, INC.**  
**Comparison Table of Amended Articles of Incorporation of**  
**SCI Pharmtech, Inc.**

Content of Article after Amendment	Content of Article before Amendment	Description
2002; the twelfth amendment was made on May 16, 2003; the thirteenth amendment was made on May 16, 2003; the fourteenth amendment was made on Jun. 16, 2004; the fifteenth amendment was made on Jun. 21, 2005; the sixteenth amendment was made on Jun. 28, 2006; the seventeenth amendment was made on Jun. 15, 2007; the eighteenth amendment was made on Jun. 19, 2009. The nineteenth amendment was made on Jun. 9, 2010; the 20th amendment was made on Jun. 27, 2012; the 21st amendment was made on Jun. 18, 2013; the 22nd amendment was made on Jun. 18, 2014; the 23rd amendment was made on Jun. 12, 2015; the 24th amendment was made on Jun. 21, 2016; the 25th amendment was made on July. 15, 2021; the 26th amendment was made on June 21, 2022; <u>the 27th amendment was made on June 19, 2023.</u>	2002; the twelfth amendment was made on May 16, 2003; the thirteenth amendment was made on May 16, 2003; the fourteenth amendment was made on Jun. 16, 2004; the fifteenth amendment was made on Jun. 21, 2005; the sixteenth amendment was made on Jun. 28, 2006; the seventeenth amendment was made on Jun. 15, 2007; the eighteenth amendment was made on Jun. 19, 2009. The nineteenth amendment was made on Jun. 9, 2010; the 20th amendment was made on Jun. 27, 2012; the 21st amendment was made on Jun. 18, 2013; the 22nd amendment was made on Jun. 18, 2014; the 23rd amendment was made on Jun. 12, 2015; the 24th amendment was made on Jun. 21, 2016; the 25th amendment was made on July. 15, 2021; the 26th amendment was made on June 21, 2022.	

(Appendix 1)

## Articles of Incorporation of SCI Pharmtech, Inc.

### Chapter I General Principles

Article 1: The corporation is incorporated as a company limited by shares under the Company Act of the Republic of China; its name is 「旭富製藥科技股份有限公司」 in Chinese, and “SCI Pharmtech, Inc” in English.

Article 2: The business scope of the corporation is as follows:

1. Processing, manufacturing, and selling Active Pharmaceutical Ingredients (APIs), intermediates, special and fine chemicals (limited to those approved by relevant competent authorities).
2. Being an agent for business operations such as quotation, bidding, and distribution of the products from domestic and foreign manufacturers.
3. Being an agent for various research and development business of relevant products mentioned in the preceding articles.
4. In addition to the permitted business, any business without statutory restrictions or prohibitions may be run by the corporation.

Article 3: The corporation may act as a guarantor and provide guarantees subject to the operating procedures for endorsement and guarantee.

Article 4: The corporation may be a shareholder of any other company with limited liability; the total amount of its reinvestment may exceed 40% of the paid-in capital, which is not subject to the percentage restriction as provided in Article 13 of the Company Act.

Article 5: The head office of the corporation is situated in Taoyuan City. If necessary, the corporation may set up subsidiaries or branch offices at home and abroad, pursuant to any resolution adopted by its board of directors.

Article 6: The public announcements regarding the corporation shall be made in accordance with Article 28 of the Company Act.

### Chapter II Shares

Article 7: The corporation holds a capital sum of NT\$1.2 billion, which is divided into 120 million shares, with NT\$10 per share, issued in installments. The unissued shares shall be issued upon any resolution approved by the board of directors according to actual needs. Among these shares, a total of eight million shares shall be reserved for

exercising the use of stock options regarding stock warrants, preferred shares with warrants, or corporate bonds with warrants.

Article 8: All the shares of the corporation shall be name-bearing, which should be affixed with the signatures or personal seals of the director(s) representing the corporation, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof. For the shares to be issued by the corporation, the corporation may be exempted from printing any share certificate for the shares issued. However, the corporation shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

Article 9: As for the handling of stock affairs, the corporation shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority in charge of securities affairs, as well as other relevant laws and regulations.

### **Chapter III Shareholders' Meeting**

Article 10: The shareholders' meetings take place in two ways: regular shareholders' meeting and special shareholders' meeting. The regular meeting shall be convened once a year, within six months after the end of each fiscal year. Special meetings shall be convened according to the laws when necessary. When a shareholder's meeting of the corporation is convened, it may be proceeded via video conference or by any method announced by the competent.

Article 11: Any shareholder of the corporation shall be entitled to one voting right per share, except for those who have no voting rights due to any restriction or those who are subject to the provisions in Paragraph 2 of Article 179 of the Company Act.

Article 12: The quorum shall be constituted as long as a shareholders' meeting is participated by shareholders' representatives whose total number of issued shares have accounted for more than half of the total issued shares or participated by their authorized representatives with Shareholder Proxy Forms. However, should there be any other provisions stipulated in the Company Act or in this the articles of incorporation provided otherwise, such provisions shall prevail. Any resolution made during a shareholders' meeting shall be adopted with the consent acquired from more than half of the voting rights of the shareholders attending such a meeting.

Article 13: If a shareholder is unable to attend the shareholders' meeting for any reason, he/she may provide a copy of the "Shareholder Proxy Form" printed and issued by the corporation that specifies the scope of authorization, and then permit an entrusted agent to attend the shareholders' meeting. When one person is entrusted according to

Shareholder Proxy Forms given by two or more persons at the same time, the voting rights of his/her proxy shall not exceed 3% of the voting rights of the total number of issued shares, except for trust enterprises or an agent for stock affairs approved by the competent authority in charge of securities affairs. Such excess of the voting rights will not be counted in.

#### **Chapter IV Directors**

Article 14: The corporation shall have seven (7) directors and the term of office shall be three (3) years. A candidate nomination system is adopted. Directors are elected by shareholders according to the list of candidates. The elected directors may be eligible for re-election next time.

Article 14-1: Among the aforesaid number of directors, the number of independent directors shall be three at least, which shall not account for less than 1/5 of the total number of directors. The professional qualifications, shareholding, part-time job limitations, nomination, and election modes of independent directors, as well as other matters for compliance, shall be handled according to the relevant regulations enacted by the competent authority in charge of securities affairs.

Article 14-2: The corporation shall establish an Audit Committee in compliance with Article 14-4 of the Securities and Exchange Law. This Audit Committee shall consist of all the independent directors. As from Jun. 9, 2010, the Audit Committee, or its members shall be responsible for performing their functional duties as supervisors specified under the Company Act, the Securities and Exchange Law, other laws and regulations.

Article 15: The corporation shall have a Chairman and may have a Vice Chairman; both of them shall be elected from the directors who vote for each other.

In case the Chairman is on leave or unable to exercise his/her functional duties for any reason, one person should be commissioned to act for behalf of him/her in accordance with Article 208 of the Company Act.

Article 16: The board of directors shall be called by the Chairman. When a meeting of the board of directors is about to be called, a written notice specified with the reasons shall be given to all the directors no later than seven days prior to the scheduled meeting date. However, in case of emergency, it may be convened at any time without any written notice. The proceedings of the board meetings shall be conducted under the



"Regulations Governing Procedure for Board of Directors Meetings" of the corporation.

Unless otherwise regulated by the Company Act, any resolution made by the board of directors shall be adopted with the consent from the majority of the attending directors who account for more than half of the total number of all the directors. A director may consign another director to act for his/her behalf to attend any meetings of the board of directors according to the laws, but such a consignee should be act for one director only.

Article 16-1: In order to protect the rights and interests of the corporation's shareholders, the corporation may purchase liability insurance for the directors with respect to their legal liability for compensation within the scope of their operational business during their term of office.

Article 17: The functional duties of the board of directors are as follows:

1. Approving important details regarding the articles of incorporation;
2. Preparing and providing business plans;
3. Reviewing budget allocation and final accounts;
4. Appointing and dismissing Chief Executive Officer, General Manager and Deputy General Manager of the corporation;
5. Proposing a proposal to distribute surplus earnings or cover the deficit;
6. Proposing a proposal for capital increase or capital reduction;
7. Reporting to the Audit Committee that the corporation is in danger of major damage;
8. Exercising other functional duties in accordance with the Company Act or the resolutions made in the shareholders' meetings.

Article 18: The functional duties of the Audit Committee shall be operated according to the "Organizational Rules of Audit Committee" of the corporation.

## **Chapter V Managers**

Article 19: The corporation may appoint a Chief Executive Officer, a General Manager and several Deputy General Managers. Their appointment, dismissal and remuneration shall be operated under Article 29 of the Company Act.

## **Chapter VI Accounting**

Article 20: The fiscal year for the corporation starts from January 1 to December 31 of each year, and the final accounts are handled after the end of the fiscal year.

Article 21: At the end of each fiscal year, the corporation's board of directors shall prepare and provide the following statements and records: (1) Business Report (2) Financial Statements (3) a proposal concerning surplus earnings distribution or deficit compensation, which shall be submitted to the Audit Committee pursuant to the laws for auditing and then forwarded to the regular shareholders' meeting for further recognition.

Article 22: If the corporation makes profits in each fiscal year, it shall allocate remunerations to employees and directors. The remuneration for employees shall not be less than 3%, while the remuneration for directors shall not exceed 2%; however, if the corporation still has accumulated losses, some profits shall be reserved in advance to serve as the amount for covering the deficit.

Article 23: 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: Dividend Policy: 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.

## **Chapter VII   Supplementary Provisions**

Article 24: In regard to unsettled affairs not provided in the articles of incorporation, the Company Act and other laws and regulations shall govern.

Article 25: The articles of incorporation were agreed and signed unanimously by the members of the promoters' meeting on Aug. 24, 1987.

The first amendment was made on Nov. 28, 1987; the second amendment was made on Nov. 8, 1989; the third amendment was made on Jun. 30, 1990; the fourth amendment was made on Aug. 4, 1990; the fifth amendment was made on Dec. 10, 1990. The sixth amendment was made on Jun. 18, 1991; the seventh amendment was made on May 18, 1992; the eighth amendment was made on Jun. 29, 1992; the ninth amendment was made on Nov. 7, 1995; the tenth amendment was made on Apr. 27, 2001; the eleventh amendment was made on Apr. 9, 2002; the twelfth amendment was made on May 16, 2003; the thirteenth amendment was made on May 16, 2003; the fourteenth amendment was made on Jun. 16, 2004; the fifteenth amendment was made on Jun. 21, 2005; the sixteenth amendment was made on Jun. 28, 2006; the seventeenth amendment was made on Jun. 15, 2007; the eighteenth amendment was made on Jun. 19, 2009. The nineteenth amendment was made on Jun. 9, 2010; the 20th amendment was made on Jun. 27, 2012; the 21st amendment was made on Jun. 18, 2013; the 22nd amendment was made on Jun. 18, 2014; the 23rd amendment was made on Jun. 12, 2015; the 24th amendment was made on Jun. 21, 2016; the 25th amendment was made on July. 15, 2021; the 26th amendment was made on June 21, 2022.

(Appendix 2)

## SCI PHARMTECH, INC.

### Rules of Procedure for Board of Directors Meetings

#### Article 1 : Purpose and basis

To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

#### Article 2 : Scope

With respect to the board of directors meetings ("board meetings") of this Corporation, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

#### Article 3 : Convening and notice

- 3.1 The board of directors shall meet at least quarterly.
- 3.2 A notice of the reasons for convening a board meeting shall be given to each director before 7 days via E-mail before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.
- 3.3 All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.

#### Article 4 : Proposal consulting and materials preparing

- 4.1 The designated unit responsible for the board meetings of this Corporation shall be F&A Department.
- 4.2 The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.
- 4.3 A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

#### Article 5 : Attendance book and attendance by proxy

- 5.1 When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.
- 5.2 Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation. Attendance by videoconference will be deemed attendance in person.
- 5.3 A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.
- 5.4 The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

#### Article 6 : Place and time

A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

#### Article 7 : Chair and acting chair

7.1 Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

7.2 In accordance with Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, if the board of directors is convened by more than half of the directors, the directors shall select one person from among themselves to serve as chair.

7.3 When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the directors to act. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.

#### Article 8 : Reference materials, non-voting participants

8.1 When a board meeting is held, the F&A Department shall furnish the attending directors with relevant materials for ready reference.

- 8.2 As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.
- 8.3 The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.
- 8.4 The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

#### Article 9 : Documentation by audio or video

- 9.1 Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.
- 9.2 If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained, the provisions of the preceding paragraph do not apply.
- 9.3 Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting

minutes and shall be retained for the duration of the existence of this Corporation.

#### Article 10 : Agenda items

Agenda items for regular board meetings of this Corporation shall include at least the following:

1. Matters to be reported:
  - A. Minutes of the last meeting and action taken.
  - B. Important financial and business matters.
  - C. Internal audit activities.
  - D. Other important matters to be reported.
2. Matters for discussion:
  - A. Items for continued discussion from the last meeting.
  - B. Items for discussion at this meeting.
3. Extraordinary motions.

#### Article 11 : Discussion of proposals

- 11.1 A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.
- 11.2 Before the conclusion of the agenda and extraordinary motions as set forth in the preceding paragraph, the chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.
- 11.3 At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.



## Article 12 : Matters requiring discussion at a board meeting

The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:

1. The Corporation's business plan.
2. The annual financial report signed or stamped by the chairman, manager and accounting supervisor and the second quarter financial report which must be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major

donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director of this Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

#### Article 12-1 : Principles with respect to the delegation of powers

Except for the matters that should be discussed in the board of directors of the company in Article 12, during the adjournment of directors, the chairman of the board may be authorized to exercise the powers of the board of directors. The authorization content is as follows:

- 12.1 Due to the needs of the company's finance and business, the company may authorize the chairman of the board to handle it in accordance with the relevant regulations and authority according to

"Procedures for Acquisition or Disposal of Assets" regulations of this Corporation.

12.2 Due to business needs, the chairman may be authorized to sign important contracts on behalf of the company in accordance with the provision of the Company Law.

12.3 The determination of the actual issue date of the employee stock option certificate.

#### Article 13 : Voting-I

13.1 When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

13.2 When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved, its effect is the same as that of voting. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

13.3 One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

13.3.1 A show of hands or a vote by voting machine.

13.3.2 A roll call vote.

13.3.3 A vote by ballot.

13.3.4 A vote by a method selected at this Corporation's discretion.

#### Article 14 : Voting-II and methods for vote monitoring and counting

14.1 Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting

shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

- 14.2 When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.
- 14.3 If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.
- 14.4 Voting results shall be made known on-site immediately and recorded in writing.

#### Article 15 : Recusal system

- 15.1 If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.
- 15.2 If a director's spouse, second-degree relatives by blood, or a company with a controlling affiliation with the director has an interest in the matter of the meeting in the preceding paragraph, the director shall be deemed to have an interest in the matter.
- 15.3 Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply

mutatis mutandis in accordance with Article 206, paragraph 4 of the same Act.

#### Article 16 : Meeting minutes and sign-in matters

16.1 Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

16.1.1 The meeting session (or year) and the time and place of the meeting.

16.1.2 The name of the chair.

16.1.3 The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.

16.1.4 The names and titles of those attending the meeting as non-voting participants.

16.1.5 The name of the minute taker.

16.1.6 The matters reported at the meeting.

16.1.7 Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.

16.1.8 Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding

article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

16.1.9 Other matters required to be recorded.

16.2 The occurrence of any objection or expression of reservations by an independent director expresses of which there is a record or written statement, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting.

16.3 The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.

16.4 The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.

16.5 The meeting minutes of paragraph 1 may produced and distributed in electronic form.

#### Article 17 : Procedure of adoption and amendment

The rules shall be approved by the board of directors and then reported to the shareholders meeting, so as amendment.

#### Article 18

The rules of procedure was established and approved by the board of directors on Mar. 24, 2004.

The first amendment was approved by the board of directors on Dec. 22, 2006.

The second amendment was approved by the board of directors on Apr. 27, 2007.

The third amendment was approved by the board of directors on Mar. 21, 2008.

The fourth amendment was approved by the board of directors on Apr. 13, 2010.

The fifth amendment was approved by the board of directors on Feb. 24, 2012.

The sixth amendment was approved by the board of directors on Nov. 02, 2012.

The seventh amendment was approved by the board of directors on Nov. 08, 2017.

The eighth amendment was approved by the board of directors on Mar. 13, 2020.

The ninth amendment was approved by the board of directors on Nov. 06, 2020.

(Appendix 3)

SCI PHARMTECH, INC.  
Sustainable Development Best Principles

Chapter I General Principles

Article 1

In order to fulfill sustainable development initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, SCI hereby adopts the Principles in accordance with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies to be followed by SCI.

Article 2

The Principles apply to the entire operations of SCI and its business group. SCI actively fulfills sustainable development in the course of our business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

Article 3

In promoting sustainable development initiatives, SCI shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

SCI shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

Article 4

To implement sustainable development initiatives, SCI follows the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of sustainable development information.

Article 5

SCI shall take into consideration the correlation between the development of domestic and international sustainable development principles and corporate core business operations, and the effect of the operation of individual companies and of SCI's respective business groups as a whole on stakeholders, in establishing SCI's



policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

## Chapter 2 Exercising Corporate Governance

### Article 6

SCI is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

### Article 7

The directors of SCI shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies. The board of directors of SCI is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its sustainable development initiatives:

1. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of SCI, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

### Article 8

SCI is advised to, on a regular basis, organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

#### Article 9

For the purpose of managing sustainable development initiatives, SCI shall establish the promoting sustainable development of governance frameworks, and General Manager's office of SCI is to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

SCI is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

#### Article 10

SCI shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

### Chapter 3 Fostering a Sustainable Environment

#### Article 11

SCI shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

#### Article 12

SCI is advised to endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### Article 13

SCI is advised to establish proper environment management systems based on the characteristics of the industry. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.

3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of the operation on a regular basis.

#### Article 14

SCI is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for managerial officers and other employees on a periodic basis.

#### Article 15

SCI is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from the business operations:

1. Reduce resource and energy consumption of products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

#### Article 16

To improve water use efficiency, SCI shall properly and sustainably use water resources and establish relevant management measures.

SCI shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

#### Article 17

SCI is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.

SCI is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of inputted or acquired electricity, heating, or steam.
3. Other indirect emissions: emissions from operations which is not part of indirect emissions that are owned or controlled by other companies.

SCI is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reductions strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of the business operations on climate change.

## Chapter 4 Preserving Public Welfare

### Article 18

SCI shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

SCI, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

SCI shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that the human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

SCI shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. SCI shall respond to any employee's grievance in an appropriate manner.

### Article 19

SCI shall provide information for the employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

### Article 20

SCI is advised to provide safe and healthful work environments for employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents. SCI is advised to organize training on safety and health for employees on a regular basis.

#### Article 21

SCI is advised to create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills. SCI shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

#### Article 22

SCI shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

SCI shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

SCI shall, by reasonable means, inform employees of operation changes that might have material impacts.

#### Article 22-1

SCI is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. SCI shall also develop the relevant strategies and specific measures for implementation.

#### Article 23

SCI shall take responsibility for the products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, SCI shall ensure the transparency and safety of the products and services. SCI further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business

operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers. .

#### Article 24

SCI shall ensure the quality of the products and services by following the laws and regulations of the government and relevant standards of the industries.

SCI shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, the products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

#### Article 25

SCI is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society. SCI is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

#### Article 26

SCI is advised to assess the impact the procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with the suppliers to jointly implement the corporate social responsibility initiative. SCI is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, SCI is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When SCI enters into a contract with any of the major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

#### Article 27

SCI shall evaluate the impact of the business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

SCI is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate

resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

## Chapter 5 Enhancing Disclosure of Sustainable Development Information

### Article 28

SCI shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to SCI's sustainable development initiatives to improve information transparency. Relevant information relating to sustainable development which SCI shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

### Article 29

SCI shall adopt internationally widely recognized standards or guidelines when producing sustainable development reports, to disclose the status of the implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

## Chapter 6 Supplementary Provisions

Article 30

SCI shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve SCI's established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.

Article 31

The Principle shall be approved by the board of directors and then reported to the shareholders meeting, so as amendment.

Article 32

1. Established on Dec. 30, 2014.
2. Amended on Mar. 13, 2020.
3. Amended on Mar. 18, 2022.



(Appendix 4)

SCI PHARMTECH, INC.  
Rules of Procedure for Shareholders Meetings

Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

(Convening shareholders meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, this Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.

This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The

shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### Article 5

(Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting.

The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

#### Article 6

(Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

#### Article 6-1

(Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)

To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.

2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
- A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
  - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

## Article 7

(The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

#### Article 8

(Documentation of a shareholders meeting by audio or video)

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.

#### Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a

virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

#### Article 11

(Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card

number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

## Article 12

(Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed



as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

### Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal,

based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

## Article 14

### (Election of directors)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at

least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of this Corporation.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online

#### Article 16

(Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number

of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

#### Article 17

(Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### Article 18

(Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### Article 19

(Disclosure of information at virtual meetings)

In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

## Article 20

(Location of the chair and secretary of virtual-only shareholders meeting)

When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

## Article 21

(Handling of disconnection)

In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders

meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

#### Article 22

(Handling of digital divide)

When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

#### Article 23

These Rules shall take effect after having been submitted to and approved by the board of directors and a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

#### Article 24

These procedures were formulated on April 09, 2002; the first amendment was made on June 07, 2002; the second amendment was made on June 10, 2011; the third amendment was made on June 19, 2020; the fourth amendment was made on July 15, 2021; the fifth amendment was made on June 21, 2022.

(Appendix 5)

### Shareholding of All Directors

1. The Company's shares as below:

The Company's issued shares outstanding are 95,382,372 shares.

All Directors shall hold a minimum of 7,630,589 shares.

2. Below is a list of actual shareholding from All Directors of the book closure date on April 21, 2023.

Title	Name	Shares	Legal Representative	Remarks
Chairman	Wong, Wei-Chyun	526,970		
Director	Chen, Shiang-Li	0		
Director	Mercuries & Associates Holding Ltd.	30,283,358	Aurora Chen	
Director	Mercuries & Associates Holding Ltd.	30,283,358	Chou, Wen-Chih	
Director	Tu, Te-Cheng	0		Independent Director
Director	Chia-Chun Jay Chen	0		Independent Director
Director	Vincent Wang	6,000		Independent Director
Shares held by all Directors		30,816,328		
Shareholding ration		32.31%		

3. All Directors hold shares to follow the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

(Appendix 6)

Effect of Issuance of Bonus Shares to be revolved at this Shareholders' Meeting on Operating Performance and Earnings per share.

The Company is not required to disclose 2023 financial forecasts according to relevant laws and regulations. Hence, the Company is not required to disclose yearly forecast information.