

ScinoPharm Taiwan, Ltd.

2021 Annual Report

Notice to readers

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

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Appendix A

Appendix B

I. Letter to Shareholders

Since the outbreak of Covid-19 in 2020, the pandemic has shown no signs of slowing down, and the virus has mutated into different variants such as Delta and Omicron. This has not only impacted the economic, political and social situations of various countries, but has also driven various industries around the world to rapidly develop corresponding adaptability. The pandemic has brought about a crisis in the operation of the economic system and social structure, but it has also presented an opportunity for human society to rethink, challenge the accustomed way of operation that has been taken for granted, and think outside the box. For business operations, it is a crisis, but also an opportunity for breakthroughs.

Despite facing high uncertainty in the global market and the various impacts of Covid-19, ScinoPharm Taiwan made use of every minute in the past year, accelerated the deployment and strategy implementation at various phases, and continued to stabilize its overall business performance. Although operations have been hindered to some extent due to the impact of local pandemic prevention policies, ScinoPharm Taiwan has reduced the impact of global market turbulence and volatility through elasticity and flexible adaptability, so as to allow us to tide through the uncertainties in year 2021 with resilience and strive to accomplish our tasks and goals.

In summary, the company's consolidated annual revenue in 2021 was NT\$2.762 billion. The after-tax net profit was NT\$243 million, and the after-tax earnings per share was NT\$0.31. As of the end of 2021, the company's paid-up capital was NT\$7.907 billion, and shareholder's equity was NT\$10.511 billion, which accounted for approximately 90% of its total assets of NT\$11.69 billion; long-term capital was 2.76 times the value of its fixed assets, with a current ratio of 10.73, maintaining a sound and healthy financial structure.

Reducing the impact of the market environment and stabilizing the original niche market

ScinoPharm Taiwan has been upholding the attitude of focusing on its core business and being prudent, as well as adhering to the company's strategy implementation. In order to maintain revenue and profit growth, the company continues to promote the extension of its business from APIs to preparations, gradually transforming and expanding its business scope. However, revenue growth has been sluggish in recent years, mainly due to external threats, such as pressure stemming from API prices and competition from the vertical integration of other companies, etc. At the same time, we will also explore in depth and reviewed the internal factors that need to be overcome, and accelerated our progress in enhancing the competitive advantage and market influence of our products by being more actively involved in product development and deconstructing and optimizing our overall cost structure.

Over the past 25 years, ScinoPharm's strength lies in the production and manufacture of APIs. Its sophisticated and stable production and manufacturing system has gained recognition from all parties. API development and manufacture is not only the foundation of ScinoPharm, but also the driving force of its operation momentum. The company plans its production schedules in a systematic manner to optimize capacity utilization. It analyzes the market and customer needs to optimize the production processes of major core products, in conjunction with flexible scheduling and use of production equipment. The company also gives thought to the efficient utilization of resources, promotes customized production projects and shares the benefits of cost optimization with its customers, creating new opportunities for existing core API products, while enhancing the competitiveness of its customers in the sales market, bringing more diversified collaboration possibilities for each other.

Revitalizing existing competitive advantages and deepening CDMO

In addition to ScinoPharm's own APIs and preparation products, contract development and manufacturing is also the mainstay of its business. Contract development and manufacturing organization (CDMO) will be of greater importance to the future development of the company. In the past, the company has been focusing on the synthesis of small molecules. Moving forward, the

company will also be focusing on the development of peptides and nucleic acid drugs derived from peptides, as well as planning the reconstruction of existing production lines and expansion of equipment.

In terms of preparation business, the focus will be on complex preparations and developing products that require relatively high technical difficulty. In 2021, the company applied for TFDA inspection of the lyophilized injection line of the Injectable Plant, which passed the GMP and GDP compliance assessment for new plants. ScinoPharm has developed and outsourced a number of products that continue to contribute to revenue, and a number of injection products are also being developed. In addition, following the approval of injectable generic peptide products (pre-filled needles), the water for injection products developed and produced by the company has been approved under the U.S. abbreviated new drug application (ANDA) in April last year.

Strategic deployment gradually takes effect and development blueprint is being realized in order

The operation of ScinoPharm's Changshu site is gradually on track. At present, a total of four products in collaboration with customers have obtained marketing approvals and commenced sales. The integration of the two plants in Tainan and Changshu is gradually demonstrating synergy, which will help create production advantages in API products of the company and exert cost competitiveness. The two plants will be promoting the sales of APIs to support the stocking requirements of customers in Japan and China. ScinoPharm's Injectable Plant has completed the first TFDA inspection in April 2021, achieving an important milestone in the company's transformation. In the first quarter of this year, ScinoPharm will also make every effort to prepare for the successful passage of the most important U.S. FDA inspection. It schedules to launch its first own injection product in 2023. Two other key products are also scheduled to be launched in 2025. The company is systematically advancing its injection preparation business.

The results of ScinoPharm's efforts in the Japanese market over the past few years are evident to all; ScinoPharm is now the largest supplier of two API products in Japan. In order to continuously deepen the investment in the Japanese market, the branch office originally set up in Japan has been upgraded to ScinoPharm Japan Branch, and in the future, it will leverage the extended expiration period for patents in the Japanese market combined with the new production capacity of existing APIs and injectable plants to strive for project collaboration opportunities for API integrated CDMO services with its customers. Currently, ScinoPharm Taiwan is the largest supplier of API products for the treatment of Alzheimer's disease and anti-cancer drugs in Japan, with market size of approximately US\$200 million for the former and over US\$100 million for the latter.

Establishing core business strategies and expanding business fields in diversified ways

In order to further strengthen the vertical integration of the company's business, more elasticity and possibilities in the preparation area, including collaboration in other sterile formulation products, such as ophthalmic or oral drugs, are opportunities to expand the scope of ScinoPharm's operations. ScinoPharm will seek out suitable products to invest in, starting from its own niche API products. In order to continuously expand the development of different forms of preparation business, the company will advance through different means. In addition to investing in internal construction, we will also seek cooperative alliance with external resources. As we move down from upstream APIs to the preparation business, we need to get more information and feedback from the end market to review whether our product strategy, R&D progress or pricing are in line with market demand.

In the future, ScinoPharm will not rule out the possibility of crossing over from the field of generic drugs to new drugs. The focus of new drug business will still be on cancer drugs and peptides, in which ScinoPharm specializes, linking up with its existing core competencies and exploring whether there are resources available and advantages for development from its existing API niche. The company has invited independent directors and clinical medical experts to form a technology advisory committee to give advice from the end-user's perspective and jointly discuss the direction of development.

Building consensus and facing future challenges with a positive attitude

ScinoPharm has had a complete series of specific action plans for the future, and we will implement them in a more systematic, efficient and disciplined manner so as to contribute to the overall operation and development of the company. We firmly believe that if the operation of every aspect is in compliance and errors are reduced to a minimum, profitability will increase; if the organization as a whole can be "right more often than wrong" in its workflow, it will spur the company to develop in a positive direction. We believe that with the concerted efforts of all our employees, ScinoPharm will break new grounds and harness exponential growth to reward all shareholders, customers and colleagues.

**Chih-Hsien Lo,
Chairman**

II. Company Profile

2.1 Date of Incorporation: Established date: November 11th 1997

2.2 Company History

- November 1997 ScinoPharm Taiwan, Ltd. was founded with paid-in capital of NT\$675 million.
- May 1998 The Food and Drug Administration (FDA) of the U.S. screened the Company's plant layout design and validation plan.
- July 1998 Started to rent a laboratory.
- October 1999 Relocated to the present site in Southern Taiwan Science Park, and started to use its own laboratory and office.
- January 2000 Inaugurated the first Kilo Lab.
- March 2000 Delivered the first batch of GMP (Good Manufacturing Practices) medicines to clients.
- April 2000 Establishment of the reinvested Xinjiang President-ScinoPharm Technology Co., Ltd.
- May 2000 Inaugurated the Pilot Plant.
- November 2000 Inaugurated the Mini Plant.
- January 2001 Delivered the first DMF (Drug Master File) raw medicine to the FDA for examination.
- February 2001 Establishment of the reinvested ScinoPharm (Kunshan) Biochemical Technology, Ltd.
- May 2001 The Customer submitted to the U.S.FDA abbreviated new drug application(ANDA) for the generic drug, the first one using the Company's active pharmaceutical ingredient(API)
- May 2001 Establishment of the reinvested ScinoPharm Biotech Ltd.
- June 2001 Inaugurated the small manufacturing unit (SMU).
- October 2001 Passed U.S. FDA's first comprehensive site inspection.
- November 2002 Inaugurated the Production Building.
- February 2003 Establishment of the reinvested Yunnan Ziyun Scino Bio-tech Co., Ltd.
- August 2005 Passed U.S. FDA's second site inspection.
- January 2007 Establishment of the reinvested HanFeng Biopharmaceutical (Shanghai) Co., Ltd.
- May 2007 Completed expansion of production lines, including Kilo II and ESP II.
- October 2007 Passed the site inspection by the Therapeutic Goods Administration (TGA) of the Australian Government Department of Health.
- May 2008 Kicked off construction of the Quality Inspection Laboratory Building.
- June 2008 Acquired subsidiary ScinoPharm Biotech Ltd.
- June 2008 Passed the site inspection by the National Institute of Pharmacy (NIP) of Hungary, a member state of the European Union.
- June 2008 Passed the site inspection by Pharmaceuticals and Medical Devices Agency (PMDA) Japan.
- September 2008 Passed the site inspection by Korea Food and Drug Administration (KFDA).

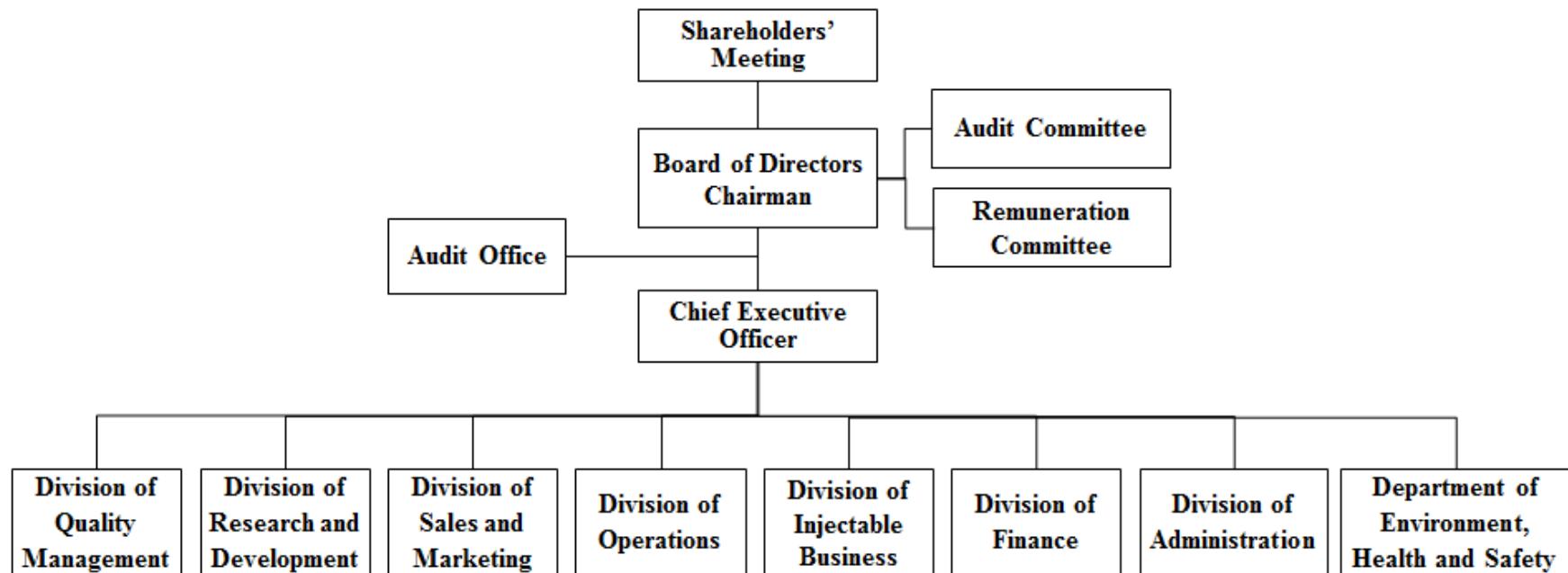
- October 2008 Passed U.S. FDA's third site inspection.
- December 2008 Inaugurated the Quality Inspection Laboratory Building.
- December 2008 Business revenues broke the US\$100 million mark.
- August 2009 Establishment of the reinvested ScinoPharm (Changshu) Pharmaceuticals, Ltd.
- June 2010 Liquidation of reinvestment in Xinjiang President-Scino Pharm Technology Co., Ltd.
- August 2010 Signed an investment cooperation pact with Tanvex Biologics, Inc. and Ruentex Group to jointly develop Biosimilar.
- September 2010 Completed initial public offering of its shares in Taiwan.
- November 2010 Obtained the Authorized Economic Operator (AEO) certificate from the Customs Administration under the Ministry of Finance as the first pharmaceuticals maker to do so.
- June 2011 Liquidation of reinvestment in HanFeng Biopharmaceutical (Shanghai) Co., Ltd.
- July 2011 Inaugurated the second peptide plant.
- September 2011 Liquidation of reinvestment in Yunnan Ziyun Scino Bio-tech Co., Ltd.
- September 2011 Listing shares on the Taiwan Stock Exchange, with stock code 1789
- November 2011 Establishment of the reinvested ScinoPharm Shanghai Biochemical Technology, Ltd.
- August 2012 Passed U.S. FDA's fourth site inspection.
- August 2012 Established an R&D team to venture into the development of injection medical preparations.
- December 2012 Production lines Bay4 and Bay 5 became operational.
- December 2012 ScinoPharm (Changshu) Pharmaceuticals, Ltd. won a production permit for pharmaceuticals.
- December 2012 Sent the first DMF of pharmaceuticals turned out by ScinoPharm (Changshu) Pharmaceuticals, Ltd. to the U.S. FDA for examination.
- August 2013 Passed the first EMA site inspection by European Medicine Agency.
- December 2013 Obtained the second AEO certificate from the Customs Administration of the Ministry of Finance.
- December 2013 Plant of ScinoPharm (Changshu) Pharmaceuticals, Ltd. has been completed and inaugurated.
- July 2014 Won the A++ rating in the 11th assessment on information disclosure by listed companies, conducted by the Taiwan Securities Exchange Corp. (TWSE).
- August 2014 Passed the second EMA site inspection.
- October 2014 Selected by the Institutional Investor, a leading financial monthly magazine in the world, as Taiwan's only biotech company to rank among the most esteemed enterprises in Asia.
- March 2015 Passed the U.S. FDA's fifth site inspection.
- April 2015 Won the A++ rating in the information disclosure assessment conducted by the TWSE on listed companies, for the second straight year.

- June 2015 Won the Outstanding Innovation Enterprise Award in the “People’s Well-being” Category of the 4th National Industrial Innovation Award hosted by the Ministry of Economic Affairs.
- August 2015 Ranked among the “Top 100 CSR Enterprises” in the “Excellence in Corporate Social Responsibility” Award hosted by the CommonWealth Magazine.
- October 2015 ScinoPharm (Changshu) Pharmaceuticals, Ltd. passed the U.S. FDA site inspection.
- July 2016 Awarded 2016 Taiwan API Manufacturing Company of the Year by Frost & Sullivan
- October 2016 Passed the first EDQM site inspection by European Directorate for the quality of Medicine.
- December 2016 Obtained the third AEO certificate from the Customs Administration of the Ministry of Finance.
- February 2017 Passed U.S. FDA’s Sixth site inspection.
- August 2017 Awarded in “Excellence in Corporate Social Responsibility” hosted by the Common Wealth Magazine.
- December 2017 Granted the honor of exporter/importer with good performance by the Bureau of Foreign Trade, the Ministry of Economic Affairs.
- December 2017 2nd place, the biotech industry category, best investment-relationship service, greater China, IR Magazine.
- May 2018 Passed second-time factory inspection undertaken by Pharmaceuticals and Medical Devices Agency (PMDA) under the Japan government.
- May 2018 SciAnda (Changshu) Pharmaceuticals, Ltd. passed the first plant inspection by PMDA of Japan.
- August 2018 Among the top-100 CSR (corporate social responsibility) awards selected by CommonWealth Magazine in 2018
- November 2018 Acquisitions of export permit for the U.S. for the self-developed anti-coagulation medicine via ANDA procedure.
- May 2019 Passed U.S. FDA’s seventh site inspection.
- November 2019 Self-developed injectable formulation, developed in collaboration with Baxter as antiemetic medication for chemotherapy patients has been approved by the U.S. Food and Drug Administration (US FDA)
- December 2019 Granted enterprise with excellent performance in job parity at workplace for year 2019.
- August 2020 Merger of subsidiaries SciAnda (Changshu) Pharmaceuticals and SciAnda (Kunshan) Biotech Co., Ltd., with the former as the surviving company.
- September 2020 SciAnda (Changshu) Pharmaceuticals, Ltd. had the first registered plant inspection by NMPA and GMP applied site inspection in China.
- December 2021 The injectable production line had the new factory GMP and GDP compliance assessment approval by the Ministry of Health and Welfare.
- December 2021 Granted Arts and Business Award by the Ministry of Culture in acknowledgement of the company’s long-term sponsorship for arts and cultural events
- March 2022 Had cumulatively obtained 65 DMF from the US Food and Drug Administration and 880 DMFs (drug master files) globally.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Introduction to Organizational Functions

Division of Quality Management

- Quality guarantee, quality control, and quality auditing of active pharmaceutical ingredients (API) and preparations

Division of Research & Development

- R&D on process, technology, platform, and analysis of active pharmaceutical ingredients and preparations

Division of Marketing & Sales

- Marketing and customer service for products, talk on contracted R&D, strategic alliance, application for registration and technological support

Division of Operation

- Operational management, development of production technology, and planning for plant affairs of API plant premises

Division of Injectable Operation

- Production management and planning of plant affairs for ampoule preparations

Division of Finance

- Execution of financial affairs and accounting and investor relationship and communications

Division of Administration

- Human resources, information safety, general-affairs administration, procurement, public relations, and other business management
- Supreme unit chief serves as corporate spokesperson

Department of Environment, Health and Safety

- Industrial safety, occupational hygiene, environmental protection, and risk management

Audit Office

- Supervising internal risk control and conducting independent evaluation on observation of management regulations.

3.2 Information on Directors and Management Team

3.2.1 Directors

3.2.1.1 Information Regarding Directors

As of 2021.12.31

Title	Nationality	Name	Gender	Age group	Date Elected	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 3)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark (Note 4)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director (Institutional Shareholder)	Tainan City	Uni-President Enterprises Corp.	-	-	2021.07.21	3	1997.10.16	299,968,639	37.94%	299,968,639	37.94%	-	-	-	-	-	-	-	-	-	-
Chairman (Representative)	R.O.C.	Chih-Hsien Lo (Note 5)	M	61~70	2021.07.21	3	2010.07.06	-	-	-	-	-	-	-	-	Education: MBA, U.C.L.A, U.S.A. Experience: Executive Vice President and President of Uni-President Enterprises Corp.	(Note 11)	director	Shiow-Ling Kao	spouse	-
Director (Representative)	R.O.C.	Tsung-Ming Su (Note 5)	M	61~70	2021.07.21	3	2010.07.06	-	-	-	-	-	-	-	-	Education: MBA, Iowa State Univ., U.S.A. Experience: CFO of Uni-President Enterprises Corp.	(Note 11)	-	-	-	-
Director (Representative)	R.O.C.	Tsung-Pin Wu (Note 5)	M	51~60	2021.07.21	3	2015.06.23	-	-	-	-	-	-	-	-	Education: Accounting, Chung Yuan Christian University Experience: Financial Planning Division Manager (Accounting Supervisor), Uni-President Enterprises Corp.	(Note 11)	-	-	-	-
Director (Representative)	R.O.C.	Jia-Horng Guo (Note 5)	M	61~70	2021.07.21	3	2017.08.18	-	-	-	-	-	-	-	-	Education: Master of Finance, University of Illinois, Master of Business Administration, University of Minnesota, BS, National Taiwan University. Experience: Managing Director & head of UBS Investment Banking, Taiwan, Executive Director of Citigroup Investment Bank, Taiwan, Director of ING Barings Investment Bank, Director of Citi Investment Bank(HK), Director of Taishin Securities Co., Ltd.	(Note 11)	-	-	-	-

Title	Nationality	Name	Gender	Age group	Date Elected	(Year) (years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark (Note 4)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director (Representative)	R.O.C.	Chin-Yuan Cheng (Note 5)	M	61~70	2021.07.21	3	2021.07.21	-	-	-	-	-	-	-	-	Education: Ph.D., Chemical and Biomolecular Engineering Department, The Ohio State University U.S.A. Experience: Director, Dairy Products Development Division, Uni-President Enterprises Corp.	(Note 11)	-	-	-	-
Director (Representative)	R.O.C.	Fu-Jung Lai (Note 5)	M	51~60	2021.07.21	3	2018.10.29	-	-	-	-	-	-	-	-	Education: MBA, Kun Shan Univ., R.O.C. Experience: Chief Secretary of President office of Uni-President Enterprises Corp. Manager of the Secretariat to the Board of Directors of Uni-President Enterprises Corp., Director of Uni-President Social Welfare Charity Foundation	(Note 11)	-	-	-	-
Director (Institutional Shareholder)	Tainan City	Kao Chyuan Inv. Co., Ltd.	-	-	2021.07.21	3	2002.06.13	14,832,733	1.88%	14,832,733	1.88%	-	-	-	-	-	-	-	-	-	-
Director (Representative)	R.O.C.	Shiow-Ling Kao (Note 6)	F	61~70	2021.07.21	3	2010.07.05	-	-	-	-	-	-	-	-	Education: Marymount College, University of Southern California Experience: Chairman of Kao Chyuan Inv. Co., Ltd.	(Note 11)	Chairman	Chih-Hsien Lo	spouse	-
Director Institutional Shareholder	Tainan City .	Tainan Spinning Co., Ltd.	-	-	2021.07.21	3	1997.10.16	23,605,921	2.99%	23,605,921	2.99%	-	-	-	-	-	-	-	-	-	-
Director (Representative)	R.O.C.	Po-Ming Hou (Note 7)	M	61~70	2021.07.21	3	2016.11.10	-	-	-	-	-	-	-	-	Education: Department of Tourism Management, Chinese Culture Univ., R.O.C Experience: Enterprise Chairman and Strategic Officer of Tainan Spinning Co., Ltd.	(Note 11)	-	-	-	-

Title	Nationality	Name	Gender	Age group	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark (Note 4)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director (Institutional Shareholder)	Taipei City	President International Development Corp.	-	-	2021.07.21	3	2010.07.06	28,673,421	3.63%	28,673,421	3.63%	-	-	-	-	-	-	-	-	-	-
Director (Representative)	R.O.C.	Chiou-Ru Shih (Note 8)	F	51~60	2021.07.21	3	2010.07.06	-	-	-	-	-	-	-	-	Education: MA in Economics, University of Hawaii Experience: Vice General Manager, President International Development Corp., Director, President Biosystems Co., Ltd., Department Director, President Life Sciences Co., Ltd. Investment	(Note 11)	-	-	-	-
Director (Institutional Shareholder)	Taipei City	National Development Fund, Executive Yuan	-	-	2021.07.21	3	1997.10.16	109,539,014	15.85%	109,539,014	13.85%	-	-	-	-	-	-	-	-	-	-
Director (Representative)	R.O.C.	Ming-Chuan Hsieh (Note 9)	F	51~60	2021.07.21	3	2018.06.27	-	-	-	-	-	-	-	-	Education: Master of Health Services Administration, China Medical University Experience: Executive supervisor, Taiwan Health & Wellness Counseling Association	(Note 11)	-	-	-	-
Director (Representative)	R.O.C.	Ya-Po Yang (Note 9)	M	51~60	2021.07.21	3	2018.06.27	-	-	-	-	-	-	-	-	Education; Ph.D. in Economics, Department of Economics National Taiwan University Experience: Professor and Chairperson of Institute of International Business, College of Business, Southern Taiwan University of Science and Technology	(Note 11)	-	-	-	-
Director (Institutional Shareholder)	Tainan City	Taiwan Sugar Corporation	-	-	2021.07.21	3	2012.06.13	32,581,963	4.12%	32,581,963	4.12%	-	-	-	-	-	-	-	-	-	-

Title	Nationality	Name	Gender	Age group	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark (Note 12)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director (Representative)	R.O.C.	Kuo-Hsi Wang (Note 10)	M	61~70	2021.07.21	3	2016.01.11	-	-	-	-	-	-	-	-	Education: Ph.D. in Agricultural, Department of Agriculture Chemistry, National Taiwan University Experience: Taiwan Sugar Corporation Chief, Deputy Chief, Executive Officer, Institute Chair, Vice President	(Note 11)	-	-	-	-
Independent Director	R.O.C.	Lewis Lee	M	61~70	2021.07.21	3	2018.06.14	-	-	-	-	-	-	-	-	Education: Master of Commerce, Department of Accounting, National Chengchi University Experience: Deputy Chairman of PwC Taiwan	(Note 11)	-	-	-	-
Independent Director	R.O.C.	Wen-Chang Chang	M	71~80	2021.07.21	3	2018.06.27	-	-	-	-	-	-	-	-	Education: Ph.D. Physiological Chemistry, University of Tokyo, Faculty of Pharmaceutical Sciences, Tokyo, Japan Experience: 1. Vice Chairman, Institute for Biotechnology and Medicine Industry 2. Deputy Minister, National Science Council、General Director, Department of Life Sciences, National Science Council, Taiwan 3. National Cheng Kung University, Tainan, Taiwan : Professor, Department of Pharmacology, College of Medicine、Chairman, Department of Pharmacology, National Cheng Kung University、Chairman, Institute of Basic Medical Sciences, National Cheng Kung University、Associate Dean, College of Medical、University Chair Professor、Director, Center for Biosciences and Biotechnology、Dean, College of Bioscience and Biotechnology、Distinguished Chair Professor、Emeritus Distinguished Chair Professor	(Note 11)	-	-	-	-

Title	Nationality	Name	Gender	Age group	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark (Note 4)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Li-Tzong Chen	M	61~70	2021.07.21	3	2018.06.27	-	-	-	-	-	-	-	-	Education: Ph.D., Kaohsiung Medical University Graduate Institute of Clinical Medicine Experience: 1. Research Vice Superintendent, Kaohsiung Medical University Chung-Ho Memorial Hospital 2. Director, Cancer Center of Kaohsiung Medical University Chung-Ho Memorial Hospital 3. Acting Board Director of Taiwan Oncology Society 4. Acting Supervisor of the Gastroenterological Society of Taiwan 5. Deputy Chair of National Institute of Cancer Research, National Health Research Institutes 6. Adjunct Professor, College of Medical Science and Technology, Taipei Medical University 7. Acting Director of Taiwan Pancreas Society 8. R&D consultant of Pharma Engine Inc.	(Note 11)	-	-	-	

Note 1: Amount of shares held and Percentage of shared held as of 2022.04.01

Note 2: Disruption for first term as the company's director: None

Note 3: If the Company's Directors have held any position in the Chartered Accounting firm or its affiliates: None

Note 4: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship : None

Note 5: Uni-President Enterprises Corp. Representative

Note 6: Kao Chyuan Inv. Co., Ltd. Representative

Note 7: Tainan Spinning Co., Ltd. Representative

Note 8: President International Development Corp. Representative

Note 9: National Development Fund, Executive Yuan Representative

Note 10: Taiwan Sugar Corporation Representative

Note 11: Current position with other company, please refer to next page.

Note 11 : Current position with other company

Name	Current Position with Other Company
Chih-Hsien Lo	<p>Chairman of : Uni-President Enterprises Corp., President Natural Industrial Corp., Ton Yi Industrial Corp., Ttet Union Corp., Prince Housing & Development Corp., President Packaging Industrial Corp., Woongjin Foods Co., Ltd., Daeyoung Foods Co., Ltd., President International Development Corp., Uni-President China Holdings Ltd., Changjiagang President Nisshin Food Co., Ltd., ScinoPharm Taiwan, Ltd., Uni-President (Philippines) Corp., Uni-President (Thailand) Ltd., Uni-President (Vietnam) Co., Ltd., Uni-President Enterprises (China) Investment Co., Ltd., President Chain Store Corp., Uni-President Cold-Chain Corp., Presco Netmarketing, Inc., Uni-President Dream Parks Co., President Century Corp., President Property Corp., Nanlien International Corp., Prince Real Estate Co., Times Square International Holding Co., Times Square International Hotel Co., Times Square International Stays Co., Uni-President Express Corp. Cheng-Shi Investment Holding Co.</p> <p>Vice Chairman of : President Nisshin Corp.</p> <p>Director of : Presicarre Corp., Uni-Wonder Corp., Uni-President Organics Corp., Uni-President Glass Industrial Co., Ltd., Cayman President Holdings Ltd., Kai Yu (BVI) Investment Co., Ltd., President Fair Development Corp., Uni-President Southeast Asia Holdings Ltd., Uni-President Asia Holdings Ltd., Uni-President Hong Kong Holdings Ltd., Champ Green Capital Co., Ltd., Champ Green (Shanghai) Consulting Co., Ltd., Uni-President Enterprises (Guangzhou) Co., Ltd., Uni-President Enterprises (Fuzhou) Co., Ltd., Uni-President Enterprises (Xinjiang) Food Co., Ltd., Uni-President Enterprises (Wuhan) Food Co., Ltd., Uni-President Enterprises (Kunshan) Food Co., Ltd., Uni-President Enterprises (Chengdu) Food Co., Ltd.、Uni-President Enterprises (Shenyang) Co., Ltd., Uni-President Enterprises (Harbin) Co., Ltd., Uni-President Enterprises (Hefei) Co., Ltd., Uni-President Enterprises (Zhengzhou) Co., Ltd., Uni-President Enterprises (Beijing) Drink Co., Ltd., Uni-President Enterprises (Kunshan) Food Technology Co., Ltd., Uni-President Enterprises (Nanchang) Co., Ltd., Uni-President (Shanghai) Trading Co., Ltd., Uni-President Enterprises (Kunming) Food Co., Ltd., Uni-Yantai Tongli Beverage Industries Co., Ltd., Uni-President Enterprises (Changsha) Co., Ltd., Uni-President (Bama) Mineral Water Co., Ltd., Uni-President Enterprises (Nanning) Co., Ltd., Uni-President Enterprises (Zhanjiang) Co., Ltd., Uni-President Enterprises (Chongqing) Co., Ltd.、Uni-President Enterprises (Taizhou) Co., Ltd., Uni-President Enterprises (Akesu) Co., Ltd., Uni-President Enterprises (Changchun) Co., Ltd., Uni-President (Shanghai) Pearly Century Co., Ltd.、Uni-President Enterprises (Baiyin) Co., Ltd., Hainan President Enterprises Co., Ltd., Uni-President Enterprises (Guiyang) Co., Ltd., Uni-President Enterprises (Jinan) Co., Ltd., Uni-President Enterprises (Hangzhou) Co., Ltd., Uni-President Enterprises (Wuxue) Mineral Water Co., Ltd., Shijiazhuang President Enterprises Co., Ltd.、Uni-President Enterprises (Xuzhou) Co., Ltd.、Uni-President Enterprises (Henan) Co., Ltd., Uni-President Trading (Kunshan) Co., Ltd., Uni-President Enterprises (Shaanxi) Co., Ltd., Uni-President Enterprises (Jiangsu) Co., Ltd., Uni-President Enterprises (Changbai Mountain Jilin) Mineral Water Co., Ltd., Uni-President Enterprises (Ningxia) Co., Ltd., Uni-President Enterprises (Shanghai) Co., Ltd., Uni-President Enterprises (Inner Mongolia) Co., Ltd., Uni-President Enterprises (Shanxi) Co., Ltd., Uni-President Enterprise (Hutubi) Tomato Products Technology Co., Ltd., Uni-President Enterprises (Shanghai) Drink & Food Co., Ltd., Uni-President Enterprises (Tianjin) Co., Ltd., Uni-President Enterprises (Hunan) Co., Ltd., Uni-Oao Travel Service Corp., President Packaging Holdings Ltd., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Ltd., President Energy Development (Cayman Islands) Ltd., Uni-President Development Corp., President Professional Baseball Team Corp., Tait Marketing & Distribution Co., Ltd., Wei Lih Food Industrial Co., Ltd., Keng Ting Enterprises Co., Ltd., President Chain Store (BVI) Holdings Ltd., President Chain Store (Labuan) Holdings Ltd., Rsi, Retail Support International Corp., Prince Property Management Consulting Co., Uni-President Assets Holdings Ltd., Kao Chuan Inv. Co., Ltd.</p> <p>Supervisor of : Infinity Holdings Ltd., Eternity Holdings Ltd., Celestial Prosperities Holdings Ltd.</p> <p>President of : Presco Netmarketing Inc., Uni-President Express Corp.</p>
Tsung-Ming Su	<p>Chairman of : President Life Sciences Co., Ltd., Tong Yu Investment Corp., Uni-President Development Corp., AndroSciences Corp.</p> <p>Director of : Grand Bills Finance Corp., President International Development Corp., Uni-President China Holdings Ltd., ScinoPharm Taiwan, Ltd., President Tokyo Corp., Uni-President Hong Kong Holdings Limited、President Chain Store Corp., President (BVI) International Investment Holdings Ltd., President Energy Development (Cayman Islands) Ltd.、President Life Sciences Cayman Co., Ltd., President Tokyo Auto Leasing Corp., Tong-Sheng Finance Leasing Co., Ltd., Tanvex Biologics, Inc., Cdib & Partners Investment Holding Corp., Xiang Lu Industrial Ltd.</p> <p>Supervisor of : Presicarre Corp., Uni-President Enterprises (China) Investment Co., Ltd., Presco Netmarketing, Inc.,</p> <p>President of : President International Development Corp., President Property Corp.</p>

Name	Current Position with Other Company
Shiow-Ling Kao	<p>Chairman of : Kao Chuan Inv. Co., Ltd., President Being Corp., President Fair Development Corp., Uni-President Department Store Corp., President Pharmaceutical Corp., President Drugstore Business Corp., Infinity Holdings Ltd., Eternity Holdings Ltd., Celestial Prosperities Holdings Ltd.</p> <p>Director of : Uni-President Enterprises Corp., Uni-Wonder Corp., Ton Yi Industrial Corp., Prince Housing & Development Corp., President International Development Corp., ScinoPharm Taiwan, Ltd., President Chain Store Corp., President Century Corp., Uni-President Development Corp., President (Shanghai) Health Product Trading Company Ltd., Grape King Bio Ltd., Beauty Wonder (Zhejiang) Trading Co., Ltd., Times Square International Holding Co., Times Square International Hotel Co.</p> <p>President of : Kao Chyuan Inv. Corp., President Fair Development Corp.</p>
Tsung-Pin Wu	<p>Chairman of : Tung –Ren Pharmaceutical Corp., Kai Nan Investment Co., Ltd.</p> <p>Director of : Prince Housing & Development Corp., President Fair Development Corp.、ScinoPharm Taiwan, Ltd. Uni-President (Vietnam) Co., Ltd., Uni-President Hong Kong Holdings Ltd., President Chain Store Corp., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Ltd., Tung Lo Development Co., Ltd., Tone Sang Construction Corp., Cheng-Shi Investment Holding Co., Prince Real Estate Co., Times Square International Holding Co., Times Square International Hotel Co.</p> <p>Supervisor of : President Kikkoman Inc., Woongjin Foods Co., Ltd., Daeyoung Foods Co., Ltd., Kunshan President Kikkoman Biotechnology Co., Ltd., President International Development Corp., President Kikkoman Zhenji Foods Co., Ltd., President Century Corp., President Professional Baseball Team Corp., Mean Time Enterprise Co., Ltd., Nanlien International Corp., Times Square International Stays Co., Uni-President Express Corp.</p>
Chin-Yuan Cheng	<p>Chairman of : Jin-Guan-Cheng Corp</p> <p>Director of : ScinoPharm Taiwan, Ltd.</p>
Fu-Jung Lai	<p>Vice President of the President's Office of Uni-President Enterprises Corp./ Corporate Governance Officer</p> <p>Director of : ScinoPharm Taiwan, Ltd.</p>
Po-Ming Hou	<p>Chairman of : Tainan Spinning Co., Ltd., Tainan Spinning Retail & Distribution Co., Ltd., Tainan Spinning Co., Ltd.(Vietnam), Nan-Fan International Investment(Cayman), Ltd. Tainan Textile Co., Ltd., Yu Peng Investment Co., Ltd., New Yupeng Investment Co., Ltd., Tainan Spinning Cultural and Educational Foundation.</p> <p>Director of : Nanfang Development Co., Ltd., Tainan Spinning Holdings (Cayman Islands) Co., Ltd., Prince Housing & Development Corp., Uni-President Enterprises Corp., President International Development Corp., ScinoPharm Taiwan, Ltd., Nantex Industry Co., Ltd., T. G. I. Co., Ltd., President Real Estate(U.S.) Investment Co, Nan Tai Royal Co., Ltd.</p>
Jia-Horng Guo	<p>Chairman of : Taishin Securities Co., Ltd.</p> <p>Director of : ScinoPharm Taiwan, Ltd.</p> <p>Supervisor : Standard Motor Corp., Dynasty Techwood Corp.</p>
Chiou-Ru Shih	<p>Director of : ScinoPharm Taiwan, Ltd., SyNergy ScienTech Corp., Kunshan Synergy Scientech Co., Ltd., President Life Sciences Cayman Co., Ltd., Helios Bioelectronics Inc., Grand Bills Finance Corp., IMQ Technology Inc., Dabomb Protein Corp.</p> <p>Vice President of : President International Development Corp.</p>
Ming-Chuan Hsieh	<p>Director of : ScinoPharm Taiwan Ltd., Harbinger VI Venture Capital Corp.,</p> <p>Independent Director of : Uni Pharma Co., Ltd</p> <p>Professor of Chia Nan University of Pharmacy & Science, Department of Hospital and Health Care Administration</p>
Ya-Po Yang	<p>Director of : ScinoPharm Taiwan, Ltd.</p> <p>Independent Director of : Air Asia Limited.</p> <p>Professor of Institute of Business and Management, College of Management, National University of Kaohsiung</p>

Name	Current Position with Other Company
Kuo-Hsi Wang	Director of : ScinoPharm Taiwan, Ltd., TaiGen biotechnology Co., Ltd President of : Taiwan Sugar Corporation
Lewis Lee	Independent Director of : Brogent Technologies Inc., All Ring Tech Co., Ltd., Poya International Co., Ltd., Xiamen Jinyuan President Securities Corp. Ltd.
Li-Tzong Chen	Distinguished Investigator, National Institute of Cancer Research, Executive Director of Taiwan Oncology Society, Chairman of Board, Taiwan NeuroEndocrine Tumor Society , Chair Professor , Internal Medicine, Kaohsiung Medical University, Emeritus Chair Professor of Institute of Biomedical Sciences, National Sun Yat-sen University, Adjunct Professor, Dept. Bio Science & Tech, National Yang Ming Chiao Tung University, Adjunct Attending Physician, Department of Internal Medicine, National Cheng-Kung University Hospital, Tainan, Professor, jointly appointed, Institute of Clinical Medicine, College of Medicine, NCKU, Professor, jointly appointed, Dept. of Internal Medicine, Clinical, Medicine, NCKU, Professor, jointly appointed, Institute of Molecular Medicine, NCKU, Professor, jointly appointed, Institute of Clinical Pharmacy and Pharmaceutical Sciences, NCKU, Independent Director, ScinoPharm Taiwan, Ltd.
Wen-Chang Chang	Chairman, Board of Trustees, of Graduate Institute of Medical Sciences, College of Medicine, Taipei Medical University, Chair Professor, Graduate Institute of of Medical Sciences, College of Medicine, Taipei Medical University Emeritus Distinguished Chair, Professor of National Cheng Kung University Academician of Academia Sinica, Remuneration Committee member of Universal Cement Corporation Independent Director of : ScinoPharm Taiwan, Ltd. Taiwan Aulisa Medical Devices Technologies Inc. Pharmosa Biopharm Inc.

Table I List of Major Shareholders of ScinoPharm's Institutional Shareholders

As of 2021.12.31

ScinoPharm 's Institutional Shareholders	Major Shareholders of ScinoPharm 's Institutional Shareholders (Holding Percentage)
National Development Fund, Executive Yuan	—
Uni-President Enterprises Corp.	Kao Chyuan Investment Co., Ltd. (5.00%), Cathay Life Insurance Co., Ltd. (3.41%), BNP Paribas's Wealth Management HK. Branch(3.02%), Po-Ming Hou (2.60%), Po-Yu Hou (2.27%), The Overlook Partners Fund L.P.(1.69%), Kao Shiow-Ling (1.64%), J.P. Morgan Chase Bank N.A. Taipei Brach in custody for Saudi Arabian Monetary Agency (1.47%), Labor Pension Fund(1.33%), Norges Bank –internal-NBIM PF EQ Internal CFD (1.27%)
Taiwan Sugar Corporation	Ministry of Economic Affairs (86.15%), Northern Region Branch of National Property Administration under the Ministry of Finance (9.92%), First Commercial Bank (0.75%), Changhua Commercial Bank (0.41%), Bank of Taiwan (0.36%), Taiwan Business Bank (0.30%), Hua Nan Commercial Bank (0.14%), Central Investment Holding (0.14%), Mega Bank (0.13%), Land Bank of Taiwan (0.08%), and Taiwan Cooperative Bank (0.08%).
President International Development Corp.	Uni-President Enterprises Corp. (69.37%), Tainan Spinning Company (9.00%), Prince Housing & Development (6.63%), President Chain Store Corp. (3.33%), Kai Yu Investment Co., Ltd.(3.33%), Tainan Spinning Construction (3.00%), Kao Chuan Investment Corp. (1.87%), NANTEX Industry Co., Ltd. (0.67%), and Nanlien International Corp. (0.67%).
Tainan Spinning Co., Ltd.	Hou Po-yu (6.255%), Hou Po-ming (6.223%), Hou Po-yi (6.156%) , Hsin Yung Hsing Investment Co., Ltd. (4.639%), Hsin Fu Hsing Industrial Co., Ltd. (4.200%), Hou Chen Pi-hua (1.572%),Kung Wei Investment Co., Ltd., (1.506%), Chuang Ying-chih (1.343%), Chuang Ying-nan (1.290%), Hou Gi-Xing (1.090%)
Kao Chyuan Investment Co., Ltd	Infinity Holdings Ltd.(51.11%), Eternity Holdings Ltd.(48.89%)

Table II Key members of Main Corporate Shareholders Listed in Table I

As of 2021.12.31

Names of corporate bodies	Main shareholders of corporate bodies
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100%)
Ministry of Economic Affairs	Government unit
Northern Region Branch, National Property Administration, Ministry of Finance	Government unit
First Commercial Bank	First Financial Holding (100%)
Changhwa Commercial Bank	Taishin Financial Holding (22.55%), Ministry of Finance (12.19%), Chunghwa Post Co., Ltd. (6.00%), First Commercial Bank (3.86%), Excel Chemical Corp. (2.76%), National Development Fund, Executive Yuan (2.75%), Taiwan Tobacco & Liquor Corp. (2.27%), Mega International Commercial Bank Co., Ltd., Head Office, Treasury Department (1.93%), Taiwan Cooperative Bank, Ltd.(1.45%), Hua Nan Commercial Bank, Ltd. (1.45%)
Bank of Taiwan	Taiwan Financial Holdings (100%)
Taiwan Business Bank	Bank of Taiwan (16.21%), National Development Fund, Executive Yuan (5.87%), Land Bank of Taiwan (2.29%), Ministry of Finance (2.08%), Morgan Stanley & Co. International Plc(1.73%), JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds (0.93%), Vanguard Emerging Markets Stock Index Fund A Series of Vanguard International Equity Index Funds(0.92%), BES Engineering Corporation (0.87%), Taiwan Business Bank Trust Account for Employee Stock Ownership of Taiwan Business Bank(0.80%), UBS Europe SE(0.76%)
Hua Nan Commercial Bank	Hua Nan Financial Holdings (100%)
Central Investment Holding	KMT (100%)
Mega Bank	Mega Holdings (100%).
Land Bank of Taiwan	Ministry of Finance (100%)
Infinity Holdings Ltd.	Shiow-ling Kao (55.91%), Chih-Hsien Lo (20.27%), Han-Di Kao (7.94%), Chi-Yi Kao (7.94%), Hsi-Ai Lo(7.94%)
Eternity Holdings Ltd.	Shiow-ling Kao(70.77%), Chih-Hsien Lo (21.18%), Han-Di Kao (3.36%), Chi-Yi Kao (2.45%), Hsi-Ai Lo (2.24%)
Prince Housing & Development Corp.	Uni-President Enterprises Corp. (10.03%), Tai Po Investment Co., Ltd. (7.19%), Kao Chuan Investment (4.22%), Tainan Spinning Construction (3.65%), Rui xing International Investment Co., Ltd. (2.93%), Tseng Chao-mei Wu (2.65%), President International Development Corp., (2.55%), Universal Cement Corp. (2.50%), Universal Cement Investment Corp. (2.15%), Hsin Yung Hsing Investment Co., Ltd. (1.63%),
President Chain Store Corp.	Uni-President Enterprises Corp. (45.40%), First State Investments ICVC - Stewart Investors Asia Pacific Leaders Fund(2.66%), PCSC Employees Benefits Trust account in the custody of CTBC Bank (2.12%), Labor Pension Fund (New Scheme) (1.47%), Labor Insurance Fund (1.41%), Cathay Life Insurance (1.41%), Matthews Pacific Tiger Fund (1.31%), Government of Singapore (1.11%), JPMorgan Chase Bank N.A.(0.93%), Citibank Hosting Norwegian Central Bank Investment Account(0.92%)
Tainan Spinning Construction Corp.	Tainan Spinning Co. (100.00%)
Universal Cement Corp.	Sheng Yuan Investment Co., Ltd.(9.98%), Yu Sheng Investment Co., Ltd(9.87%), Bo-yi Hou (7.78%), HSBC custodian Pictet investment accounts (6%), Bo Chih Investment Co., Ltd. (4.26%), Ching-Chieh Hou Su(3.41%), Lung I Chang Sand & Stone Co., Ltd. (3.18%), Standard Chartered custodian DBS Bank 0600049662 (3.09%), Bo-Yu Hou (2.61%), T.H. Wu Foundation(1.78%)
Universal Cement Investment Corp.	Universal Cement Corp.(100%)
Hsin Yung Hsing Investment Co., Ltd.	Bo Yi Hou (31.09%), Po-Yu Hou(32.09%), Po-Ming Hou (31.94%), Pi-hua Hou Chen(1.42%), Chin-chien Hou Su (0.93%), Chih-Sheng Hou (0.85%), Chih-Yuan Hou (0.85%), Chin-Hua Ho(0.62%), Hou Hsing Overseas Company(0.21%)
Hsin Fu Hsing Investment Co., Ltd.	Bo-yi Hou (23.51%), Po-yu Hou (24.11%), Po-ming Hou (24.09%), Pi-hua Hou Chen (9.88%), Chin-Chien Hou Su (3.00%), Hou Hsing Overseas Company (0.10%), Hsin Yung Hsing Investment Co., Ltd. (14.68%), Chih-Sheng Hou (0.33%), Chih-Yuan Hou (0.30%),
Rui xing International Investment Co., Ltd.	Yun-Ta Chuang (20.00%), Ching-Chih Chuang Lin (10.93%), Ying-Nan Chuang (5.00%), Chih-Yu Chuang Chen (5.00%), Ying-Chih Chuang (1.57%), Ming-Hsuan Chuang (10.00%), Chih-Chin Chuang(12.50%), Yu-Hsuan Chuang(10.00%), Ting-Ya Chuang(12.50%), Hsuan-Wen Wang(12.50%)

3.2.1.2 Professional qualifications and independence analysis of Directors and Independent Directors

Criteria Name	Professional qualifications (Note 1) and Experiences	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chih-Hsien Lo	Current Position: Chairman of Uni-President Enterprises Corp. Education: MBA, U.C.L.A, U.S.A. Experience: President of Uni-President Enterprises. Corp. not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Tsung-Ming Su	Current Position: Chairman of Uni-President Development Corp. Education: MBA, Iowa State Univ., U.S.A. Experience: CFO of Uni-President Enterprises Corp. not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Chin-Yuan Cheng	Current Position: Director, Purchasing Division, Uni-President Enterprises Corp Education: Ph.D., Chemical and Biomolecular Engineering Department, The Ohio State University U.S.A. Experience: Director, Dairy Products Development Division, Uni-President Enterprises Corp. not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Tsung-Pin Wu	Current Position: Chief Accounting Officer of Uni-President Enterprises Corp. Education: Accounting, Chung Yuan Christian University Experience: Financial Planning DivisionManager (AccountingSupervisor), Uni-President Enterprises Corp. not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Jia Horng Guo	Current Position: Chairman of Taishin Securities Co., Ltd Education: Master of Finance, University of Illinois.. Experience: Director of Taishin Securities Co., Ltd. not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Fu-Jung Lai	Current Position: Vice President of the President's Office of Uni-President Enterprises Corp./Corporate Governance Officer Education: MBA, Kun Shan Univ., R.O.C. Experience: Director of Uni-President Social Welfare Charity Foundation not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Shiow-Ling Kao	Current Position: Chairman of Kao Chyuan Inv. Co., Ltd. Education: Marymount College, University of Southern California Experience: Chairman of President Fair Development Corp. not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Po-Ming Hou	Current Position: Chairman of Tainan Spinning Co., Ltd Education: Chinese Culture Univ., R.O.C Experience: Chairman and President of Tainan Spinning Co., Ltd. not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Chiou-Ru Shih	Current Position: Vice General Manager, President International Development Corp., Education: MA in Economics, University of Hawaii Experience: Vice President of President International Development Corp. not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-
Ming-Chuan Hsieh	Current Position: Assistant Professor of Chia Nan University of Pharmacy & Science Education: Master of Health Services Administration, China Medical University Experience: Executive supervisor, Taiwan Health & Wellness Counseling Association not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	1
Ya-Po Yang	Current Position: Professor of Institute of Business and Management, College of Management, National University of Kaohsiung Education: Ph.D. in Economics, Department of Economics National Taiwan University Experience: Professor and Chairperson of Institute of International Business, College of Business, Southern Taiwan University of Science and Technology not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	1
Kuo-Hsi Wang	Current Position: President of Taiwan Sugar Corporation Education: Ph.D in Agricultural, Department of Agricultura Chemistry, National Taiwan University Experience: Taiwan Sugar Corporation Chief,Deputy Chief, Executive Officer,Institute Chair, Vice President not in contravention of Article 30 of the Company Act	As the statement of Independence of the board of directors	-

Criteria Name	Professional qualifications (Note 1) and Experiences	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Lewis Lee	<p>Current Position :</p> <ol style="list-style-type: none"> 1. Deputy Chairman, Zhi Cheng Co-Located CPA Firm 2. Adjunct Associate Professor, National Cheng Kung University 3. Independent director, Brogent Technologies Inc. 4. Independent director, All Ring Tech Co., Ltd. 5. Independent director, Poya International Co., Ltd. 6. Independent director, Xiamen Jinyuan President Securities Corp. Ltd. <p>Education: Master of Commerce, Department of Accounting, National Chengchi University Experience: Deputy Chairman of PwC Taiwan</p> <p>Not been a person of any conditions defined in Article 30 of the Company Act</p>	<ol style="list-style-type: none"> 1. Independent Director and his/her spouse or direct blood relative of second degree not director, supervisor or employee of the Company or any of its affiliates 2. Independent Director and his/her spouse or direct blood relative of second degree (or shares held under others' names) not a shareholder of the Company. 3. Independent Director is not a director, supervisor or employee of a specific company or institution with which the Company has financial or business dealings. 4. Independent Director is not a professional who provides commercial, legal, financial, accounting, or related services to the Company. 5. Independent Director is not a professional who provides auditing to the Company or its affiliates or with a total remuneration of more than NT\$500,000 in commercial, legal, financial, accounting, or related services in the past two years from the Company. 	3
Li-Tzong Chen	<p>Current Position:</p> <ol style="list-style-type: none"> 1. Distinguished Investigator, National Institute of Cancer Research, National Health Research Institutes 2. Executive Director of Taiwan Oncology Society 3. Chairman of Board, Taiwan NeuroEndocrine Tumor Society 4. Chair Professor, Internal Medicine, Kaohsiung Medical University 5. Emeritus Chair Professor of Institute of Biomedical Sciences, National Sun Yat-sen University, 6. Adjunct Professor, Dept. Bio Science & Tech, National Yang Ming Chiao Tung University, 7. Adjunct Attending Physician, Department of Internal Medicine, National Cheng-Kung University Hospital, Tainan, 8. Professor, jointly appointed, Institute of Clinical Medicine, College of Medicine, NCKU, 9. Professor, jointly appointed, Dept. of Internal Medicine, Clinical, Medicine, NCKU, 10. Professor, jointly appointed, Institute of Molecular Medicine, NCKU, 11. Professor, jointly appointed, Institute of Clinical Pharmacy and Pharmaceutical Sciences, NCKU, <p>Education: Ph.D, Kaohsiung Medical University Graduate Institute of Clinical Medicine</p> <p>Experience:</p> <ol style="list-style-type: none"> 1. Research Vice Superintendent, Kaohsiung Medical University Chung-Ho Memorial Hospital 2. Director, Cancer Center of Kaohsiung Medical University Chung-Ho Memorial Hospital 3. Acting Board Director of Taiwan Oncology Society 4. Acting Supervisor of the Gastroenterological Society of Taiwan 5. Deputy Chair of National Institute of Cancer Research, National Health Research Institutes 6. Adjunct Professor, College of Medical Science and Technology, Taipei Medical University 7. Acting Director of Taiwan Pancreas Society 8. R&D consultant of Pharma Engine Inc. <p>Not been a person of any conditions defined in Article 30 of the Company Act</p>	<ol style="list-style-type: none"> 1. Independent Director and his/her spouse or direct blood relative of second degree not director, supervisor or employee of the Company or any of its affiliates 2. Independent Director and his/her spouse or direct blood relative of second degree (or shares held under others' names) not a shareholder of the Company. 3. Independent Director is not a director, supervisor or employee of a specific company or institution with which the Company has financial or business dealings. 4. Independent Director is not a professional who provides commercial, legal, financial, accounting, or related services to the Company. 5. Independent Director is not a professional who provides auditing to the Company or its affiliates or with a total remuneration of more than NT\$500,000 in commercial, legal, financial, accounting, or related services in the past two years from the Company. 	-

<p>Wen-Chang Chang</p> <p>Current Position:</p> <ol style="list-style-type: none"> Chairman, Board of Trustees, of Graduate Institute of Medical Sciences, College of Medicine, Taipei Medical University, Chair Professor, Graduate Institute of Medical Sciences, College of Medicine, Taipei Medical University. Emeritus Distinguished Chair, Professor of National Cheng Kung University. Academician of Academia Sinica. Compensation Committee member of Universal Cement Corporation. Independent Director of Taiwan Aulisa Medical Devices Technologies Inc., Independent Director of Pharmosa Biopharm Inc. <p>Education:</p> <p>Ph.D. Physiological Chemistry, University of Tokyo, Faculty of Pharmaceutical Sciences, Tokyo, Japan</p> <p>Experience:</p> <ol style="list-style-type: none"> Vice Chairman, Institute for Biotechnology and Medicine Industry Deputy Minister, National Science Council、General Director, Department of Life Sciences, National Science Council, Taiwan National Cheng Kung University, Tainan, Taiwan : Professor, Department of Pharmacology, College of Medicine 、Chairman, Department of Pharmacology, National Cheng Kung University 、Chairman, Institute of Basic Medical Sciences, National Cheng Kung University 、Associate Dean, College of Medical 、University Chair Professor 、Director, Center for Biosciences and Biotechnology 、Dean, College of Bioscience and Biotechnology 、Distinguished Chair Professor 、Emeritus Distinguished Chair Professor <p>Not been a person of any conditions defined in Article 30 of the Company Act</p>	<p>1. Independent Director and his/her spouse or direct blood relative of second degree not director, supervisor or employee of the Company or any of its affiliates</p> <p>2. Independent Director and his/her spouse or direct blood relative of second degree (or shares held under others' names) not a shareholder of the Company.</p> <p>3. Independent Director is not a director, supervisor or employee of a specific company or institution with which the Company has financial or business dealings.</p> <p>4. Independent Director is not a professional who provides commercial, legal, financial, accounting, or related services to the Company.</p> <p>5. Independent Director is not a professional who provides auditing to the Company or its affiliates or with a total remuneration of more than NT\$500,000 in commercial, legal, financial, accounting, or related services in the past two years from the Company.</p>	<p>2</p>
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3. Diversification of the membership of board of directors

(1) The company has formulated the policy and concrete management goal on the diversification of the membership of the board of directors:

The company's "corporate governance best practice principles" and "measures governing election of directors" both specify that diversification should be taken into account in the composition of the board of directors, according to which in addition to the number of directors doubling as the company's managers should not exceeds one third of the total seats and the number of directors without spouse or relative within second kinship also serving as director should exceed one half of the total, the company should formulate diversification guidelines, in line with its operation, business type, and development need, covering, but not limited to, standards in the following two major aspects:

1) basic conditions and value: gender, age, etc.;

2). professional knowledge and skills.

(2) According to the diversification guideline, in addition to the goal of reserving at least two seats for females, the professional backgrounds and expertise of directors should span different fields and features, including operation and management, leadership and decision making, commerce and economy, finance and accounting, R&D, industrial experience, international market perspective, which are supplementary in nature, so as to strengthen the company's operation and attain the goal of sound corporate governance.

(3) Status in materialization of the diversification guideline:

1) Basic conditions and value:

a. The company's board of directors now consists of 15 seats, including three independent directors, for 20% share, who cannot serve more than three terms consecutively, according to the Articles of Incorporation. Of the three incumbent independent directors, one is newcomer and the other two have served for three to four years.

b. The company's current board of directors consists of 12 males and three females, at a ratio of 80:20, averaging 62 in age or 68 for independent directors.

2) Professional knowledge and skills (note 1):

a. Members of the current board of directors generally possess knowledge and skills for undertaking their duties, spanning business judgment, operation and management, industrial experience, R&D, and leadership and decision making, on top of abundant international perspective.

b. They are experts, scholars, and industrial specialists with diverse backgrounds spanning business management, finance and accounting, money, commerce, economics, medicine, pharmaceutics, and chemical, with independent directors all being prominent scholars and experts in their fields, including chairman of medical university and member of Academia Sinica, distinguished research fellow at Institute of Cancer Research, National Health Research Institute, and deputy director of accounting firm. It is evident that directors and independent directors have diverse and supplementary professional backgrounds, conforming to the diversification guidelines and facilitating enhancement of the company's business performance and management efficiency.

4. Independence of the board of directors

Except chairman Chih-Hsien Lo and his spouse director Shiow-Ling Kao, the current board of directors includes three independent director, conforming to article 14-2 of the Securities and Exchange Act, which sets the minimum at two and one fifth of the total, as well as the stipulation that the number of directors without spouse or relative within second kinship also serving as director should exceed one half of the total.

Note 1: Diversification and professional skills of the Individual member of board of directors

Item/Name	Gender	Professional background	Ability to make professional judgement	Ability to conduct management administration	Commerce and Economics	Ability to perform accounting and financial analysis	Knowledge of the industry	Professional R&D	An International market Prospect	Ability to lead	Ability to make policy decisions
Chih-Hsien Lo	M	Business Administration	✓	✓	✓	✓	✓		✓	✓	✓
Tsung-Ming Su	M	Business Administration	✓	✓	✓	✓	✓		✓	✓	✓
Chin-Yuan Cheng	M	Biochemical Engineering	✓	✓			✓	✓	✓	✓	✓
Tsung-Pin Wu	M	Finance & accounting	✓	✓	✓	✓	✓		✓	✓	✓
Jia-Horng Guo	M	Finance & Banking	✓	✓	✓	✓	✓		✓	✓	✓
Fu-Jung Lai	M	Business Administration	✓				✓			✓	
Po-Ming Hou	M	Tourist management	✓	✓	✓	✓	✓		✓	✓	✓
Shiow-Ling Kao	F	Business	✓	✓	✓		✓		✓	✓	✓
Ming-Chuan Hsieh	F	Medical Matters Management	✓	✓	✓	✓	✓		✓	✓	✓
Ya-Po Yang	M	Economics	✓	✓	✓				✓	✓	✓
Chiou-Ru Shih	F	Economics	✓	✓	✓	✓	✓		✓	✓	✓
Kuo-Hsi Wang	M	Agro-chemical		✓			✓	✓		✓	✓
Lewis Lee	M	Certified Public Accountant	✓	✓	✓	✓	✓		✓	✓	✓
Wen-Chang Chang	M	Pharmacy	✓	✓			✓	✓	✓	✓	✓
Li-Tzong Chen	M	Clinical Medicine	✓	✓			✓	✓	✓	✓	✓

3.2.2 Information of Management Team

As of 2021.12.31 Unit : Shares ; %

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Chief Strategy Officer	R.O.C.	Chih-Hsien Lo	M	2017.08.18	-	-	-	-	-	-	Education: MBA U.C.LA, U.S.A. Experience: Executive Vice President, President of Uni-President Enterprises. Corp.	Chairman of : Uni-President Enterprises Corp. President Chain Store Corp. Ton Yi Industrial Corp, TTET Union Corp., Prince Housing & development Corp., Uni-President China Holdings Ltd. , President Enterprises (China) Investment Co., Ltd. (Please refer to Page 14 for more details)	-	-	-	-
President & CEO	R.O.C.	Li-An Lu (Note 3)	F	2018.08.01	-	-	-	-	-	-	Education: University of Business Administration/Institute Financial Management, National Sun Yat-Sen University Work Experience: Vice President of IBT Securities Co. Ltd., Assistant Manager of Taiwan International Securities Corporation, Division Head of Treasury Division, Uni-President Enterprises Corp., Director of President Transnet Corp., and President Collect Service Corp, Supervisor of Tong Kuan Enterprise Co., Ltd., ScinoPharm Taiwan, Ltd. Vice President Administration	Director of: President Securities Corp., president Transnet Corp. Supervisor of: Tong Kuan Enterprise Co., Ltd.	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice-President Marketing and Sales & Strategic Officer	R.O.C.	Ching-Wen Lin	F	2010.06.01	106,619	0.013%	33,512	0.004%	-	-	Education: Ph. D in Chemistry at The Hong Kong Polytechnic University. Work Experience: Researcher, senior marketing manager and marketing director at ScinoPharm..	President and Director of: SciAnda Shanghai Biochemical Technology, Ltd. Director of: SciAnda(Changshu) Pharmaceuticals, Ltd., ScinoPharm Singapore Pte Ltd., Medical and Pharmaceutical Industry Technology and Development Center 、 Taiwan Pharmaceutical Manufacturer's Association Supervisor of: Taiwan Generic Pharmaceutical Association	Director of Procurement	Chi-Ching Lin	Spouse	-
Vice President Quality Management	R.O.C.	Katy Cheng	F	2019.03.25	-	-	-	-	-	-	Education: Kaohsiung Medical University Pharmacy, National Chiao Tung University MBA Master Experience: Alvogen Quality VP, Pfizer INJ Plant Manager, Pfizer QO Director, Symmorsa Plant Manager, J&J QA Manager, Novartis Quality Manager	NA	-	-	-	-
Vice President of Injectable Business Division & CSO	R.O.C.	Li-Chiao Chang	F	2007.11.19	8	0.000%	-	-	-	-	Education: Ph. D in Chemistry, National Taiwan University Work Experience: Senior researcher, quality control director, senior analysis and research manager, senior director of pharmaceutical preparation & peptide products development at ScinoPharm.	Director of: SciAnda(Changshu) Pharmaceuticals, Ltd. 、 SciAnda Shanghai Biochemical Technology, Ltd.	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President Operations	R.O.C.	Ling-Hsiao Lien	M	2011.01.03	-	-	-	-	-	-	Education: Bachelor & Master in Chemical Engineering, National Cheng Kung University Work Experience: Researcher, Kao (Taiwan) Corp.; quality assurance engineer at ASE Group; researcher, production procedure research manager, and senior manager, and production procedure technology senior manager at ScinoPharm.	Director of: SciAnda(Changshu) Pharmaceuticals, Ltd. 、 SciAnda Shanghai Biochemical Technology, Ltd.	-	-	-	-
Senior Director Product Portfolio Management	R.O.C.	Yu-Fen Hung	F	2010.09.15	107,194	0.014%	-	-	-	-	Education : PhD in Chemistry, Stanford University, USA Work Experience : Research Scientist, Roche Palo Alto. Chief Researcher, Manager, Senior Manager, Director, ScinoPharm Taiwan	NA	-	-	-	-
Senior Director Accounting	R.O.C.	Chih-Hui Lin	F	2010.06.01	-	-	-	-	-	-	Education: Accounting, Chung Yuan Christian University Executive Master of Business Administration of National Cheng Kung University Work Experience: Manager of finance and accounting at Aimate (Cayman) International Co Ltd.; Accounting manager, Senior accounting manager at ScinoPharm.	Director of: ScinoPharm Singapore Pte Ltd. Supervisor of: Technology Co., Ltd. 、 SciAnda (Changshu) Pharmaceuticals, Ltd. 、 SciAnda Shanghai Biochemical Technology, Ltd	-	-	-	-
Senior Director Finance	R.O.C.	Chih-Ching Hsu	F	2018.08.20	-	-	-	-	-	-	Education: MBA, Leonard N. Stern School of Business, New York University Work Experience: SVP, Credit Risk, HSBC Taiwan, SVP/VP, Credit Risk, HSBC China, AVP/VP, Risk Analysis Unit, GBM, HSBC Taiwan, Senior Financial Analyst, Hudson Advisors, Asia Pacific	NA	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 2)
					Shares	%	Shares	%				Title	Name	Relation	
Director Quality Control	R.O.C.	Bin Liu (Note 4)	M	2021.04.01	5,922	0.001%	-	-	-	Education: Bachelor in Chemistry, Kaohsiung Medical College, Master in Chemistry, National Sun-Yet San University Work Experience: ScinoPharm's Analytical Research & Development researcher, supervisor and manager; Quality Control senior manager and director	NA	-	-	-	-
Director Audit Office	R.O.C.	Ivan Hsu (Note 5)	M	2021.11.05	-	-	-	-	-	Education: Department of AccountingTechnology ,Shih Chien University Work Experience: Auditor General of Airmate(Cayman) International Co. Limited	NA	-	-	-	-
Director Management Development	R.O.C.	Shun Yang Lin (Note 6)	M	2015.08.03	-	-	-	-	-	Education: Department of international Trade, Tunghai University; Master in accounting and information technology, National Chung Cheng University. Work Experience: ScinoPharm's accounting manager, financial planning manager; deputy director of financial and accounting department, Chi Lin Optoelectronics Co.; chief financial and accounting administrator at RiPAL Optotonics, a subsidiary of Compal Group; chief financial officer at Hsin Kai Luo Precision Machinery Co.	Supervisor of: SciAnda(Changshu) Pharmaceuticals, Ltd.	-	-	-	-
Director Pharm	R.O.C.	Chia Chen Chen (Note 7)	F	2021.04.01	4,326-	0.001%-	-	-	-	Education: Ph.D. (Biochemistry & Molecular Genetics) University of Illinois at Chicago Research Scientist in Dept. of Biotechnology, Research Scientist, Supervisors, Manager, Senior Manager and Director in Dept. of Pharmaceutical development, ScinoPharm Taiwan Ltd.	NA	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director Plant Support and Services, Operation	R.O.C.	Szu Ching Wang (Note8)	M	2018.09.10	-	-	-	-	-	-	Education: BS, Dept. of Chemical Engineering, National Central University, Master, Dept. of Chemical Engineering, National Taiwan University of Science and Technical Work Experience: VP-Manufacturing, ,Plant Manager of Kaohsiung plant, Director of Safety/Security/Health /Environmental, Sale Manager, BU1 Production Manager, Kaohsiung Plant, Operating Engineer, Process Engineer, Kaohsiung Plant, of China American Petrochemical Co. Ltd. Process & Shift Engineer, TASCO	NA	-	-	-	-
Director of DPT	R.O.C	Yu-Wei Shen	M	2019.04.01	60,000-	-0.007%	35,000	0.004%	-	-	Education: National Central University Chemical Engineering Bachelor, National Taiwan University Chemical Engineering Master Work Experience: Food Industry Research and Development Institute Associate researcher, ScinoPharm Process Technology Department Supervisor, Production Supervisor, Manager, Process Technology Department Manager, Senior Manager	NA	-	-	-	-
Director of Human Resources and Admin.	R.O.C	Jason Chen (Note 9)	M	2021.06.15	-	-	-	-	-	-	Education : EMBA, UTA Pharmacy, TMU Medical Technology, CSMU Work Experience:	NA	-	-	-	-
Director of Procurement	R.O.C	Chi-Ching Lin	M	2020.02.01	33,512	0.004%	106,619	0.013%	-	-	Education : Hong Kong Polytechnic University, PhD. Work Experience: RD researcher, Production & Material Management Manager	NA	Vice-President Marketing and Sales & Strategic Officer	Ching-Wen Lin	Spouse	-

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 2)
					Shares	%	Shares	%				Title	Name	Relation	
Director of Analytical R&D	R.O.C	Shih-Hao Yan	M	2020.03.30	-	-	-	-	-	Education : Master of Chemistry, National Taiwan University, PhD of Chemistry, National Taiwan University Work Experience: QA & R&D Manager, Seven Star Pharmaceutical, Corporate Analytical Services Director, TWi Pharmaceutical, Quality Head, Visum Pharmaceutical Quality Unit Head/Analytical Research Director, Bright Future Pharmaceutical	NA	-	-	-	-
Director of Information Technology	R.O.C	Cynthia Hung	F	2020.05.18	-	-	-	-	-	Education : Lunghwa University of Science and Technology, Information Management. Work Experience: OBI Pharma IT manager, CoCo Fresh Tea & Juice IT manager.	NA	-	-	-	-
General Manager SPC	R.O.C	John Tsai	M	2021.11.05	153	0.000%	-	-	-	Education : Feng Chia University Department of Chemical Engineering Work Experience : Production Leader,Engineer,Supervisor,Manager, Senior Manager, Scinopharm Pharmaceuticals,Ltd. Engineering Manager, SciAnda(Changshu)Pharmaceuticals,Ltd.	NA	-	-	-	-

(Note 1): Holding Shares and holding percentage as of 2022.04.01

(Note 2) :Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship : None

(Note 3): The Vice President was promoted on 2021.08.10

(Note 4): The Director was promoted on 2021.04.01

(Note 5): The Director was newly appointed on 2021.11.05

(Note 6): The Director was transferred on 2021.11.05

(Note 7): The Director was promoted on 2021.04.01

(Note 8): The Director was discharged on 2021.09.25

(Note 9): The Director was newly appointed on 2021.06.15

(Note 10): The Director was promoted on 2021.11.05

3.3 Remuneration paid to Company directors, president, and senior vice presidents over the past year

3.3.1 Remuneration paid to each individual director

2021.12.31 : Unit: NT\$ thousands

Title	Name	Total Director Remuneration								Summation of A, B, C, and D as a % of After-Tax Income	Compensation to Directors Also Serving as Company Employees								Summation of A, B, C, D, E, F and G as a % of After-Tax Income	Compensation from Affiliates Other Than Subsidiaries			
		Remuneration (A)		Pensions (B)		Director Remuneration (C) (Note 1)		Business Expenses (D)			Salary, Bonuses, and special Allowance (E)		Pensions (F)		Employee Compensation (G)								
		SPT	All consolidated companies	SPT	All consolidated	SPT	All consolidated	SPT	All consolidated	SPT	All consolidated	SPT	All consolidated	SPT	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	SPT	All consolidated companies			
Director	Uni-President Enterprises Corp.	2,148	2,148	-	-	6,730	6,730	6,842	6,842	15,720	15,720	7,009	7,009	66	66	-	-	-	-	22,795	22,795	229,003	
Chairman	Uni-President Enterprises Corp. Representative : Chih-Hsien Lo																						
Director	Uni-President Enterprises Corp. Representative : Tsung-Ming Su																						
Director	Uni-President Enterprises Corp. Representative : Kun-Shun Tsai																						
Director	Uni-President Enterprises Corp. Representative : Tsung-Pin Wu																						
Director	Uni-President Enterprises Corp. Representative : Jia Horng Guo																						
Director	Uni-President Enterprises Corp. Representative : Fu-Jung Lai																						
Director	Uni-President Enterprises Corp. Representative : Chin-Yuan Chengi																						
Director	Tainan Spinning Co., Ltd.																						
Director	Tainan Spinning Co., Ltd. Representative: Po-Ming Hou																						
Director	President International Development Corp.																						
Director	President International Development Corp. Representative : Chiou-Ru Shih																						
Director	National Development Fund, Executive Yuan																						
Director	National Development Fund, Executive Yuan Representative : Ming-Chuan Hsieh																						
Director	National Development Fund, Executive Yuan Representative : Ya-Po Yang																						
Director	Kao Chyuan Investment Co., Ltd																						
Director	Kao Chyuan Investment Co., Ltd Representative : Shiow-Ling Kao																						
Director	Taiwan Sugar Corporation																						
Director	Taiwan Sugar Corporation Representative : Kuo-Hsi Wang																						
Independent Director	Wei-Te Ho	831	831	-	-	-	-	2,155	2,155	2,986 1.23%	2,986 1.23%	-	-	-	-	-	-	-	2,986 1.23%	2,986 1.23%	-		
Independent Director	Wen-Chang Chang																						
Independent Director	Li-Tzong Chen																						
Independent Director	Lewis Lee																						
Total		2,979	2,979	-	-	6,730	6,730	8,997	8,997	18,706 7.68%	18,706 7.68%	7,009	7,009	66	66	-	-	-	-	25,781 10.59%	25,781 10.59%	229,003	

(Note 1): According to compensations payout for managers passed by the board of directors on 2022.02.25.

(Note 2): ScinoPharm Taiwan's policy, system, standards, structure for monthly compensations of independent directors is decided by the board of directors, according to the corporate charter, as well as their responsibilities, risks, and input time, plus reference to the levels of peers, without bonus payout based on corporate profits. Given the industrial nature and scale of operation/assets, as well as responsibilities, existing compensations for independent directors is reasonable.

(Note 3): Compensations other than that disclosed the table above collected by directors for services for all the companies in the financial statement: Nil

Range of remuneration for directors

Range of Remuneration	Name of Directors				
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)		
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
Under NT\$ 1,000,000	Uni-President Enterprises Corp. Representative: Tsung-Ming Su Uni-President Enterprises Corp. Representative: Kun-Shun Tsai Uni-President Enterprises Corp. Representative: Tsung-Pin Wu Uni-President Enterprises Corp. Representative: Jia Horng Guo Uni-President Enterprises Corp. Representative: Fu-Jung Lai Representative: Chin-Yuan Cheng Uni-President Enterprises Corp. Tainan Spinning Co., Ltd. Tainan Spinning Co., Ltd. Representative: Po-Ming Hou President International Development Corp President International Development Corp. Representative: Chiou-Ru Shih Kao Chyuan Inv. Co., Ltd. Representative: Shio Ling Kao National Development Fund Executive Yuan Representative: Ming-Chuan Hsieh Ya-Po Yang Taiwan Sugar Co. Representative: Kuo-Hsi Wang Wei-Te Ho Wen-Chang Chang Li-Tzong Chen Lewis Lee	Uni-President Enterprises Corp. Representative: Tsung-Ming Su Uni-President Enterprises Corp. Representative: Kun-Shun Tsai Uni-President Enterprises Corp. Representative: Kun-Shun Tsai Uni-President Enterprises Corp. Representative: Tsung-Pin Wu Uni-President Enterprises Corp. Representative: Jia Horng Guo Uni-President Enterprises Corp. Representative: Fu-Jung Lai Representative: Jia Horng Guo Uni-President Enterprises Corp. Tainan Spinning Co., Ltd. Tainan Spinning Co., Ltd. Representative: Po-Ming Hou President International Development Corp President International Development Corp. Representative: Chiou-Ru Shih Kao Chyuan Inv. Co., Ltd. Representative: Shio Ling Kao National Development Fund Executive Yuan Representative: Ming-Chuan Hsieh Ya-Po Yang Taiwan Sugar Co. Representative: Kuo-Hsi Wang Wei-Te Ho Wen-Chang Chang Li-Tzong Chen Lewis Lee	Uni-President Enterprises Corp. Representative: Kun-Shun Tsai Uni-President Enterprises Corp. Representative: Tsung-Pin Wu Uni-President Enterprises Corp. Representative: Jia Horng Guo Uni-President Enterprises Corp. Representative: Fu-Jung Lai Uni-President Enterprises Corp. Representative: Chin-Yuan Cheng Tainan Spinning Co., Ltd. Tainan Spinning Co., Ltd. Representative: Po-Ming Hou President International Development Corp President International Development Corp. Representative: Chiou-Ru Shih Kao Chyuan Inv. Co., Ltd. Representative: Shio Ling Kao National Development Fund Executive Yuan Representative: Ming-Chuan Hsieh Ya-Po Yang Taiwan Sugar Co. Representative: Kuo-Hsi Wang Wei-Te Ho Wen-Chang Chang Li-Tzong Chen Lewis Lee	Uni-President Enterprises Corp. Representative: Kun-Shun Tsai Uni-President Enterprises Corp. Representative: Jia Horng Guo Uni-President Enterprises Corp. Representative: Po-Ming Hou President International Development Corp President International Development Corp. Representative: Chiou-Ru Shih Kao Chyuan Inv. Co., Ltd. Representative: Shio Ling Kao National Development Fund Executive Yuan Representative: Ming-Chuan Hsieh Ya-Po Yang Taiwan Sugar Co. Representative: Kuo-Hsi Wang Wei-Te Ho Wen-Chang Chang Li-Tzong Chen Lewis Lee	Uni-President Enterprises Corp. Representative: Kun-Shun Tsai Uni-President Enterprises Corp. Representative: Jia Horng Guo Uni-President Enterprises Corp. Representative: Po-Ming Hou President International Development Corp President International Development Corp. Representative: Chiou-Ru Shih Kao Chyuan Inv. Co., Ltd. Representative: Shio Ling Kao National Development Fund Executive Yuan Representative: Ming-Chuan Hsieh Ya-Po Yang Taiwan Sugar Co. Representative: Kuo-Hsi Wang Wei-Te Ho Wen-Chang Chang Li-Tzong Chen Lewis Lee
NT\$1,000,000 (included) ~ NT\$2,000,000 (not included)	National Development Fund, Executive Yuan Taiwan Sugar Co. Uni-President Enterprises Corp. Representative: Chih-Hsien Lo Kao Chyuan Inv. Co.,	National Development Fund, Executive Yuan Taiwan Sugar Co. Uni-President Enterprises Corp. Representative: Chih-Hsien Lo Kao Chyuan Inv. Co.,	National Development Fund, Executive Yuan Taiwan Sugar Co. Kao Chyuan Inv. Co.,	National Development Fund, Executive Yuan Taiwan Sugar Co. Kao Chyuan Inv. Co.,	National Development Fund, Executive Yuan Taiwan Sugar Co. Kao Chyuan Inv. Co.,
NT\$2,000,000 (included) ~ NT\$3,500,000 (not included)	None	None	None	None	None
NT\$3,500,000 (included) ~ NT\$5,000,000 (not included)	Uni-President Enterprises Corp.	Uni-President Enterprises Corp.	Uni-President Enterprises Corp. Representative: Tsung-Ming Su		None
NT\$5,000,000 (included) ~ NT\$10,000,000 (not included)	None	None	Uni-President Enterprises Corp. Representative: Chih-Hsien Lo		None
NT\$10,000,000 (included) ~ NT\$15,000,000 (not included)	None	None	None		Uni-President Enterprises Corp. Representative: Fu-Jung Lai
NT\$15,000,00 (included) ~ NT\$30,000,000 (not included)	None	None	None		Uni-President Enterprises Corp. Representative: Tsung-Pin Wu Uni-President Enterprises Corp. Representative: Tsung-Ming Su
NT\$30,000,000 (included) ~ NT\$50,000,000 (not included)	None	None	None		None
NT\$50,000,000 (included) ~ NT\$100,000,000 (not included)	None	None	None		None
Over NT\$100,000,000	None	None	None		Uni-President Enterprises Corp. Representative: Chih-Hsien Lo
Total	23	23	23	23	23

3.3.2 President and senior vice president remuneration

2021.12.31 ; Unit: NT\$ thousand dollars

Title	Name	Salary(A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D) (Note 2)				Ratio of total compensation (A+B+C+D) to net income (%)	Remuneration from ventures other than subsidiaries or from the parent company (Note 1)			
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements						
								Cash	Stock	Cash	Stock					
General Chief Strategy Officer	Chih-Hsien Lo	24,046	24,671	644	644	3,770	3,770	1,481	-	1,481	-	29,941	30,566	202,579		
President	Tsuung-Ming Su (Note 3)															
President	Li-An Lu (Note 4)															
Vice President	Ching-Wen Lin															
Vice President	Ling-Hsiao Lien															
Vice President	Li-Chiao Chang															
Vice President	Katy Cheng															
Vice President	Jess Tang (Note 5)															

(Note 1): 2021 retirement pension appropriate. Appropriation amount or actual payment amount.

(Note 3): Term accomplished on 2021.8.10

(Note 2): According to compensations payout for managers passed by the board of directors on 2022.02.25.

(Note 4): Promoted on 2021.8.10

(Note 5): Appointed on 2021.09.05, discharged on 2022.03.04.

Range of remuneration for president and vice presidents

Range of Remuneration	Name of President and Vice President		
	The Company		Companies in the consolidated financial statements
Under NT\$ 1,000,000	None		None
NT\$1,000,000 (included) ~ NT\$2,000,000 (not included)	Jess Tang		Jess Tang
NT\$2,000,000 (included) ~ NT\$3,500,000 (not included)	Tsung-Ming Su 、 Li-An Lu		Li-An Lu
NT\$3,500,000 (included) ~ NT\$5,000,000 (not included)	Chih-Hsien Lo 、 Ling-Hsiao Lien Li-Chiao Chang 、 Ching-Wen Lin		Ling-Hsiao Lien 、 Li-Chiao Chang
NT\$5,000,000 (included) ~ NT\$10,000,000 (not included)	Katy Cheng		Ching-Wen Lin 、 Katy Cheng
NT\$10,000,000 (included) ~ NT\$15,000,000 (not included)	None		None
NT\$15,000,00 (included) ~ NT\$30,000,000(not included)	None		Tsung-Ming Su
NT\$30,000,000 (included) ~ NT\$50,000,000(not included)	None		None
NT\$50,000,000(included) ~ NT\$100,000,000(not included)	None		None
Over NT\$100,000,000	None		Chih-Hsien Lo
Total	8		8

3.3.3. Distribution of bonuses to Company management during

2021.12.31 ; Unit: NT\$ thousands

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%) (%)
Executive Officers	President & CEO	Li-An Lu (Note 1)	—	3,990	3,990	1.64%
	Vice-President Marketing and Sales & Strategic Officer	Ching-Wen Lin				
	Vice President Operations	Ling-Hsiao Lien				
	Vice President Quality Management	Katy Cheng				
	Vice President Administration	Jess Tang (Note 2)				
	Vice President of Injectable Business Division	Li-Chiao Chang				
	Senior Director Research and Development	Yu-Fen Hung				
	Senior Director Accounting	Chih-Hui Lin				
	Senior Director Finance	Chih-Ching Hsu				
	Director Purchasing	Chi-Ching Lin				
	Director DPT	Yu-Wei Shen				
	Director Pharm	Chia Chen Chen (Note 3)				
	Director Quality Control	Bin Liu (Note 3)				
	Director IT	Cynthia Huang				
	Director Analytical R&D	Shi-Hao Yang				
	Director Management Development	Shun Yang Lin (Note 4)				
	Director HR	Jason Chen (Note 5)				
	Director Audit Office	Ivan Hsu (Note 6)				
	General Manager SPC	John Tsai (Note 7)				

Note 1: Promoted on 2021.08.10

Note 3: Promoted on 2021.04.01

Note 5: Newly appointed on 2021.06.15

Note 7: Promoted on 2021.11.05

Note 2: Newly appointed on 2021.03.14, discharged on 2022.03.04

Note 4: Transferred on 2021.11.05

Note 6: Newly appointed on 2021.11.15

3.3.4 Comparison of Remuneration for Directors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

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

Item/Year	The Company		Companies in the consolidated financial statements	
	Ratio of total remuneration paid to directors, presidents and vice presidents to net income (%)		Ratio of total remuneration paid to directors, presidents and vice presidents to net income (%)	
	2020	2021	2020	2021
Total remuneration paid to directors,	10.19	10.59	10.19	10.59
Total remuneration paid to presidents and vice presidents	10.63	12.30	10.94	12.55

- (a) Remunerations of directors include reward, transportation allowance, income from professional practice, and earnings distribution.
- (b) Remunerations of president and vice presidents are figured out in accordance with the Company's "Personnel Rules and Regulations" and their bonuses will be adjusted based on the Company's annual business performance.

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

- (a) The compensations for the company's directors for the execution of their duties are set by the board of directors, with authorization based on Article of Incorporation, according to the extent of participation in and contribution to the company's operation, in reference to the levels in Taiwan and abroad. According to the Article of Incorporation, if the company is profitable in the year and there is balance after deduction of compensations for employees and directors and reservation for offsetting loss, up to 2% of the balance would be appropriated as director compensations, to be paid out following resolution by the board of directors and report to shareholders' meeting, excluding independent directors who collect fixed monthly compensations only.
- (b) According to the Article of Incorporation, the appointment, dismissal, and compensations of the company's ranking managers, including president and vice presidents, are set by the board of directors. Compensations for managerial staffers include salaries, bonus, and other fringe benefits, with salaries being set according to rankings, education and experience, expertise, and duties, in reference to peer level, and bonus being set according to the performance evaluation items suggested by Remuneration Committee, including financial indicators (attainment rate of pretax net profit) and non-financial indicators (such as legal compliance, major defect in operating risk and other items), as well as contribution to the company's overall operation.
- (c) Employee compensations are set according to individuals' competence, contribution to the company, performance, market value of their positions, and the company's operating risk in the future, proportionate to the company's business performance. According to the Article of Incorporation, if the company is profitable in the year and there is balance after deduction of compensations for employees and directors and reservation for offsetting loss, up to 2% of the balance would be appropriated as employee compensations, to be paid out following resolution by the board of directors and report to shareholders' meeting. Employee compensations consist of fixed basic salary, bonus, and fringe benefits, with fixed basic salary being set according to market level for the position, bonus being linked to target attainment rate of employees and their divisions, as well as the company's business performance, and fringe benefits being based on legal requirement and employee needs.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

3.4.1.1 Total of 8 meetings of the Board of Directors were held of 2021 and up to the publish date of the annual report. The attendances of directors were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Notes
Chairman	Uni-President Enterprises Corp Representative : Chih-Hsien Lo	8	0	100%	Re-elected on 2021.07.21
Director	Uni-President Enterprises Corp Representative : Tsung-Ming Su	8	0	100%	Re-elected on 2021.07.21
Director	Uni-President Enterprises Corp Representative : Kun-Shun Tsai	3	0	100%	Previous term; Dismissed during the re-election on July 21 2021; Should Attend the Board of Directors Meeting three times during 2021.01.01~2021.07.21
Director	Uni-President Enterprises Corp Representative : Chin-Yuan Cheng	5	0	100%	New term; Newly Elected on July 21, 2021 Should Attend the Board of Directors Meeting five times during 2021.07.21~2022.04.01
Director	Uni-President Enterprises Corp Representative : Tsung-Pin Wu	8	0	100%	Re-elected on 2021.07.21
Director	Uni-President Enterprises Corp Representative : Jia-Horng Guo	8	0	100%	Re-elected on 2021.07.21
Director	Uni-President Enterprises Corp Representative : Fu-Jung Lai	8	0	100%	Re-elected on 2021.07.21
Director	President International Development Corp. Representative: Chiou-Ru Shih	8	0	100%	Re-elected on 2021.07.21
Director	Kao Chyuan Inv. Co., Ltd. Representative: Shiow-Ling Kao	8	0	100%	Re-elected on 2021.07.21
Director	Tainan Spinning Co., Ltd. Representative: Po-Ming Hou	8	0	100%	Re-elected on 2021.07.21
Director	National Development Fund, Executive Yuan Representative: Ming-Chuan Hsieh	8	0	100%	Re-elected on 2021.07.21
Director	National Development Fund, Executive Yuan Representative: Ya-Po Yang	7	1	88%	Re-elected on 2021.07.21
Director	Taiwan Sugar Corporation Representative: Kuo-Hsi Wang	6	2	75%	Re-elected on 2021.07.21
Independent Director	Wen-Chang Chang	8	0	100%	Re-elected on 2021.07.21
Independent Director	Li-Tzong Chen	8	0	100%	Re-elected on 2021.07.21
Independent Director	Wei-Te Ho	3	0	100%	Previous term; Dismissed during the re-election on July 21 2021; Should Attend the Board of Directors Meeting three times during 2021.01.01~2021.07.21
Independent Director	Lewis Lee	5	0	100%	New term; Newly Elected on July 21, 2021 Should Attend the Board of Directors Meeting five times during 2021.07.21~2022.03.31

Other issues to be noted:

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

(1) Issues specified in Article 14-3 of the Securities and Exchange Act: The Company had set up the Audit Committee, please refer to page 38 Operations of the Audit Committee " for more information regarding to Article 14-5 of the Securities and Exchange Act.

ScinoPharm held 8 board meetings of 2021 and up to the publish date of the annual report; and did not have any matters listed in Article 14-3 of the Securities and Exchange Act or other matters not passed by independent directors. Please refer to page 90~92.

(2) Other issues opposed by independent directors or about which said directors have reservations should be recorded in writing in the meeting minutes of the Board: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Board of directors	Director names	Contents of motions	Reasons for avoidance of conflict of interest and voting status
2nd meeting of 10th board of directors 2021/08/10	Chih-Hsien Lo	Discussion on chairman serving as managerial office	As an interested party, chairman appointed Tsung-Ming Su to chair the meeting, to avoid conflict of interest. The meeting continued discussion the motion and resolved to appoint Lu Chih-hsien, chairman, as chief strategic officer at the same time.
2nd meeting of 10th board of directors 2021/08/10	Tsung-Ming Su	Discussion of appointment of president	Due to his concurrent position as president, the director avoided engagement in the motion, leaving chairman and other directors to discuss the motion. The board of directors resolved to appoint Ms. Li-An Lu as new president.

3. Information on cycle, period, scope, method, and contents of self-evaluation by the board of directors (or peer evaluation):

According to "measures governing performance evaluation of the board of directors," passed by the board of directors on Nov. 1, 2019, the board of directors should evaluate the performances of the board itself, individual directors, and functional committees at least once a year, to be completed by the end of the first quarter of the following year for report to the board of directors in its most recent meeting. The company already completed 2021 performance evaluation for the board of directors (including evaluations for Remuneration Committee and Audit Committee) by March 31, 2022, with the results scheduled to be reported to the board of directors on May 6, 2022. For status of 2021 performance evaluation for functional committees (Audit Committee and Remuneration Committee) and results, please refer to the annual report, pages 37~38, and contents of 2021 performance evaluation for the board of directors are shown in the following table.

Evaluation Frequency	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Items
Annually	2021.01.01~2021.12.31	Performance of the Board of Directors, individual directors, and Functional Committees	Self-assessments by the Board of Directors' self-assessments by Directors	<p>A. Performance assessments of the Board of Directors should cover the following indicators:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Improvement in the quality of the decision making by the board of directors. 3. The composition and structure of the board of directors. 4. The election of the directors and their continuing professional education. 5. Internal controls. <p>B. Performance assessments by individual director should cover the following indicators:</p> <ol style="list-style-type: none"> 1. Their grasp of the company's goal and mission. 2. Their recognition of director's duties 3. Their degree of participation in the Company's operation 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. Internal controls. <p>C. Functional Committee: Audit Committee and Remuneration Committee Overall Performance assessments should cover the following indicators:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Improvement in the quality of the decision making by the Audit/ remuneration Committee. 3. The composition and structure of the Audit/ remuneration Committee. 4. The election of the directors and their continuing professional education. 5. Internal controls. <p>D. Performance assessments by individual member of Audit/Remuneration Committees should cover the following indicators:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Improvement in the quality of the decision making by the Audit/ remuneration Committee. 3. The composition and structure of the Audit/ remuneration Committee. 4. The election of the directors and their continuing professional education. 5. Internal controls.

4. Measures taken to strengthen the functionality of the board and execution evaluation :

- (1) The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties. The Company's board of directors authorizes the auditing committee and the Remuneration Committee, both under its direct jurisdiction, to help it exercise the authority of supervision. Both consist of three independent directors. According to regulations, related cases must be agreed by the committees before submission to the board of directors for approval and execution.
- (2) To strengthen corporate governance, the company established Remuneration committee on April 27, 2011, followed by setup of auditing committee on June 29, 2012, and formulated "Standard Operating Procedure for Handling Director Requests" on May 7, 2019, according to "Taiwan Stock Exchange Corporation Operation Directors for Compliance With the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," plus institution of corporate-governance chief by the board of directors on May 11, 2021. In addition, the board of directors passed "Measures Governing Performance Evaluation of the Board of Directors" on Nov. 1, 2019, effective Jan. 1, 2020.
- (3) According to revised "Sample Template for xxx Co., Ltd. Rules of Procedure for Shareholders' Meetings" unveiled by Taiwan Stock Exchange on Jan. 28, 2021 and revised "Sample Template for xxx Co., Ltd. Rules of Procedure for Board of Directors' Meetings" publicized by the TWSE on June 3, 2020, the Company's Board of Directors passed revised "Rules for Shareholders' Meetings" and "Norms for Board of Directors' Meetings" on March 18, 2021, which were submitted to 2021 shareholders' meeting for discussion.
- (4) According to revised "Taiwan Stock Exchange Corporation Operation Directions for Compliance With Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" promulgated by the TWSE on Jan. 2, 2020 and revised "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" publicized by the TWSE on Feb. 13, 2020, the company's board of directors already passed revision of the company's "standard operation procedure for handling of director requests" and "corporate governance best practice principles" at its meeting on May 11, 2021, as a result of which the company has instituted corporate governance chief.
- (5) According to article 4 of revised "Taiwan Stock Exchange Corporation Operation Directions for Compliance With the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" promulgated by the TWSE on Jan. 2, 2020, increase the number of seats on the board of directors, as the same person serves both as chairman and president. In line with change of the base for appropriation of legal reserves decreed by the Ministry of Economic Affairs on Jan. 9, 2020, the company's board of directors passed revision of the corporate charter at its meeting on Feb. 25, 2022, which will be submitted to 2022 shareholders' meeting for approval.
- (6) According to revised "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" publicized by the TWSE on Dec. 8, 2021, the company's board of directors already passed revision of the company's "corporate governance best practice principles" at its meeting on Feb. 25, forbidding engagement in stock trading by directors prior to publication of financial report, so as to prevent insiders' trading, and stipulating that independent directors can serve at most two consecutive terms.

3.4.1.2 2021 and up to the publish date Board of Directors Meetings attendance detail for Independence Directors:

Explanation: attend in person : ✓ ; attend by authorization : @ ; absent: - : Dismissed or not elected yet

2021	2021.03.18	2021.05.11	2021.06.29	2021.07.21	2021.08.10	2021.11.05	2021.12.11	2022.02.25
Wen-Chang Chang	✓	✓	✓	✓	✓	✓	✓	✓
Li-Tzong Chen	✓	✓	✓	✓	✓	✓	✓	✓
Wei-Te Ho	✓	✓	✓	-	-	-	-	-
Lewis Lee	-	-	-	✓	✓	✓	✓	✓

3.4.1.3 Status for performance evaluation for functional committees and results:

In 2021, the company evaluated the performance of Audit Committee and Remuneration Committee, along with self-assessment by their members, with the results, including self-assessment by independent directors in written form, listed below:

(1) Questionnaires for performance evaluation of Audit Committee and self-evaluation of its members cover five aspects.

Overall Audit Committee Performance Assessments (Evaluation Indicators 40 items)	Assessments Results	Overall Assessments Results
A. Their degree of participation in the company's operations. (12 questionnaires) B. The decision-making quality of the Audit Committee (10 questionnaires) C. Composition and structure of the Audit Committee (6 questionnaires) D. Selection of directors and their continuing study (6 questionnaires) E. Internal control (6 questionnaires)	A. Meeting Affair Units have given favorable evaluation B. Meeting Affair Units have given favorable evaluation C. Meeting Affair Units have given favorable evaluation D. Meeting Affair Units have given favorable evaluation E. Meeting Affair Units have given favorable evaluation	Meeting Affair Units have given favorable evaluation

Audit Committee Individual Member Self- Assessment (Evaluation Indicators 39 items)	Assessments Results	Overall Assessments Results
A. Extent of participation in the company's operation(12 questionnaires) B. Contribution to the improvement of the decision-making quality of the Audit Committee. (10 questionnaires) C. Composition and structure of the Audit Committee. (6 questionnaires) D. Selection of directors and their continuing study. (6 questionnaires) E. internal control(5 questionnaires)	A. Members all have given favorable evaluation B. Members all have given favorable evaluation C. Members all have given favorable evaluation D. Members all have given favorable evaluation E. Members all have given favorable evaluation	All three Members have given favorable evaluation

(2) Questionnaires for performance evaluation of Remuneration Committee and self-evaluation of its members cover five aspects.

Overall Remuneration Committee Performance Assessments (Evaluation Indicators 39 items)	Assessments Results	Overall Assessments Results
A. Extent of participation in the company's operation(12 questionnaires) B. Contribution to the improvement of the decision-making quality of the Remuneration Committee. (10 questionnaires) C. Composition and structure of the board of directors (6 questionnaires) D. Selection of directors and their continuing study. (6 questionnaires) E. internal control(6 questionnaires)	A. Meeting Affair Units have given favorable evaluation B. Meeting Affair Units have given favorable evaluation C. Meeting Affair Units have given favorable evaluation D. Meeting Affair Units have given favorable evaluation E. Meeting Affair Units have given favorable evaluation	Meeting Affair Units have given favorable evaluation

Remuneration Committee Individual Member Self- Assessment (Evaluation Indicators 35 items)	Assessments Results	Overall Assessments Results
A. Extent of participation in the company's operation(11 questionnaires)	A. Members all have given favorable evaluation	All three members have high opinion

B.Contribution to the improvement of the decision-making quality of the Remuneration Committee(10 questionnaires) C.Composition and structure of the Remuneration Committee. (6 questionnaires) D.Selection of directors and their continuing study. (6 questionnaires) E.internal control(2 questionnaires)	B. Members all have given favorable evaluation C. Members all have given favorable evaluation D. Members all have given favorable evaluation E. Members all have given favorable evaluation	about each other
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Results of the performance assessments acknowledge the efficiency and operation of functional committees and their members, as the functional committees dutifully fulfill their responsibilities, including guidance and supervision of corporate strategies, execution of business development and risk management, setup of proper internal control system, and active participation in sustainable development, conforming to the demands of corporate governance and upholding shareholders' interests.

3.3.2 Operations of the Audit Committee

1. Major tasks of the auditing committee in the year

(1) The Company's audit committee consists of three independent directors, in charge of supervising, in assistance to the board of the directors, the Company's flow related to accounting, auditing, and financial report, as well as the quality and credibility of financial control.

The Company's audit committee held 6 meeting in 2021 and 2022 as of the date of the publication of the annual report, with major items it reviewed including:

- a. major auditing plan and report on major audited items of certified public accountants for the year.
- b. plan, implementation, and efficacy evaluation of the internal control system;
- c. Amendment to the procedure for acquisition and disposal of assets and revision of the Articles of incorporation.
- d. Provision of guarantee for medium-term loans for subsidiaries
- e. Payout of compensations for directors and employees to directors serving as managers or employees at the same time;
- f. appointment of certified public accountants and compensations;
- g. independence and qualification evaluation of certified public accountants;
- h. quarterly financial report and annual financial report;
- i. business report and proposal for distribution of earnings;
- j. other major items designated by the Company or competent authority.

(2)Review of financial report:

The board of directors produced the Company's business reports, Parent Company only and consolidated financial statements, proposals for earnings distribution for 2021, of which the Parent Company only and consolidated financial statements have been audited by PwC Taiwan, with the results shown in its auditing report. The committee has also audited the business reports, Parent Company only and consolidated financial statements, proposals for earnings distribution without finding any impropriety.

(3)Evaluation of the efficacy of internal control system:

The Company evaluates the efficacy of the design and implementation of the Company's internal control system, according to the evaluation items stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies." Based on management-control process, the regulations divide internal control system into five constituents: (1) environmental control, (2) risk assessment, (3) control operation, (4) information and communication, and 5. supervisory operation. The evaluation confirms the efficacy of the design and implementation of the Company's internal control system (including oversight and management of subsidiaries) as of 2021.12.31, in terms of attainment of the target for business performance and efficiency, as well as the reliability, timeliness, transparency, and legal compliance of reports.

(4) Certified public accountants

To assure the independence of the certifying accounting firm, the Auditing Committee evaluates the independence and qualification of certified public accountants, in reference to the criteria listed in No. 10 "The Norm of Professional Ethics for Certified Public Accountant of the Republic of China." The independence and qualification of certified public accountants Yung-chih Lin and Tzu-meng Liu of PwC Taiwan were reviewed and affirmed by the company's 3rd term Auditing Committee at its 14th meeting on 2021.03.11 and the 9th term Board of Directors at its 18th meeting on 2021.03.18. The independence and qualification of certified public accountants Yung-chih Lin and Tzu-Yu Lin of PwC Taiwan were reviewed and affirmed by the company's 4th term Auditing Committee at its 4th meeting on 2022.02.23 and the 10th term Board of Directors at its 5th meeting on 2022.02.25.

2. Audit Committee Members Qualification and Experiences :

Members	Qualification and Experiences
Independent Director Lewis Lee	Obtained Master of Commerce, Department of Accounting, National Chengchi University. Holds licenses of certified public accountant and Tax Agent, with experiences of Deputy Chairman of PwC Taiwan, Deputy Chairman, Zhi Cheng Co-located CPA Firm, Adjunct Associate Professor, National Cheng Kung University, Independent of Soft-World International Corp., etc.
Independent Director Wen-Chang Chang	Obtained PhD. Physiological Chemistry from University of Tokyo, Faculty of Pharmaceutical Sciences, Tokyo, Japan. With experiences of Chairman, Board of Trustees, of Graduate Institute of Medical Sciences, College of Medicine, Taipei Medical University, Chair Professor, Graduate Institute of Medical Sciences, College of Medicine, Taipei Medical University, Emiritus Distinguished Chair Professor of National Cheng Kung University, Academician of Academia Sinica, Remuneration Committee member of Universal Cement Corporation, etc.
Independent Director Li-Tzong Chen	Obtained Ph.D, Kaohsiung Medical University Graduate Institute of Clinical Medicine, certified doctor with experiences of Research Vice President, Kaohsiung Medical University Chung-Ho Memorial Hospital, Distinguished Investigator and Chair of National Institute of Cancer Research National Health Research Institutes, President of Taiwan Oncology Society and R&D consultant of Pharma Engine Inc., etc.

2. Total of 6 meetings of the Audit Committee were held of 2021 and up to the publish date of the annual report. Independent director attendance is detailed below:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remark
Independent director	Wen-Chang Chang	6	0	100%	Re-elected on 2021.07.21
Independent director	Li-Tzong Chen	6	0	100%	Re-elected on 2021.07.21
Independent director	Wei-Te Ho	2	0	100%	Dismissed during the re-election on July 21 2021; Should Attend the meeting twice during 2021.01.01~2021.07.21
Independent director	Lewis Lee	4	0	100%	Newly Elected on July 21, 2021 Should Attend the Meeting four times during 2021.07.21~2022.03.31

Other mentionable items:

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

- (1) Article 14-5 of the Securities and Exchange Act listed items:

There had been a total of 6 meetings of the Audit Committee as of 2021 and up to the publish date of the annual report. The meeting resolutions are listed in Note 1. The Article 14-5 of the Securities and Exchange Act listed items: are all approved by Audit Committee.

- (2) Other matters not passed by the Audit Committee, which were then agreed upon by two-thirds of the entire membership of the Board of Directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

In 2021, there was no case reviewed by the audit committee from which an independent director had to abstain, due to conflict of interest.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of the corporate finance or operations, etc)

- (1) The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. The communication channel between the Audit Committee and the internal auditor has been functioning well in 2021.

- (2) The Company's CPAs have presented the findings or the communications for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. The communication channel between the Audit Committee and the CPAs has been functioning well in 2021.

- (3) The company's independent directors meet with certified public accountant and auditing chief at least once a year (without other directors and management present) for exchanges on auditing operation and CPA's auditing opinions, on top of direct contact of auditing chief and CPA with independent directors in other times, if necessary. In 2021, communication between independent directors, CPA, and auditing chief was good.

- (4) As of 20201 and up to the publish date of the annual report. the communication among the independent directors, internal auditors and CPAs are listed in Notes 2 and Note 4. All the independent directors expressed no objection opinion.

Note 1. Major resolutions or opinion during the Auditing Committee Meetings

Board of Directors	Contents of Resolutions and follow-up	Circumstances listed in Article 14-5 of the Securities and Exchange Act	Circumstances not approved by the Audit Committee but were approved by two thirds or more of all directors	Contents of Independent Directors' major suggestions, contrary or reserved opinions
(1) The 18th meeting of the 9th term of Board of Directors (March 18, 2021)	<p>a. The Company's Remuneration distribution plans for directors and directors who are also employees for fiscal 2020.</p> <p>b. The Company's business report, parent and consolidated financial reports for fiscal 2020.</p> <p>c. The Company's proposed Distribution of 2020 Earnings.</p> <p>d. The Company's "Statement for Internal Control Systems" for fiscal 2020.</p> <p>e. The Company's evaluation results regarding the independence and suitability of the CPAs and the appointment of chartered certified accountant and remuneration package.</p> <p>f. The Company plans to provide guarantee to SciAnda (Changshou) Pharmaceuticals, Ltd. for mid-term loans</p>	✓ ✓ ✓ ✓ ✓ ✓	none none none none none none	none none none none none none
	Audit Committee resolution -The 14th meeting of the third term of Audit Committee (2021.03.11): approval has been obtained from all Audit Committee members			
	Company's response to the Audit Committee's opinion: Approval has been obtained from all attended Board members. .			
(2) The 19th meeting of the 9th term of Board of Directors (2021.05.11)	<p>a. The Company's consolidated financial statement and Auditor's report for the first quarter of 2021.</p> <p>b. Amendments to "Supervisory measures for Subsidiaries"</p>	✓ ✓	none none	none none
	Audit Committee resolution- The 15th meeting of the third term of Audit Committee (2021.05.05): approval has been obtained from all Audit Committee members			
	Company's response to the Audit Committee's opinion: Approval has been obtained from all attended Board members. .			
(3) The 2nd meeting of the 10th term of Board of Directors (2021.08.10)	<p>a. The Company's consolidated financial statement and Auditor's report for the Second quarter of 2021.</p>	✓	none	none
	Audit Committee resolution - The first meeting of the forth term of Audit Committee (2021.8.04) Approval has been obtained from all Audit Committee members			
	Company's response to the Audit Committee's opinion: Approval has been obtained from all attended Board members.			
(4) The 3rd meeting of the 10th term	a. The CPA's annual Audit plan and communicate report with company's governance unit	✓	none	none

Board of Directors	Contents of Resolutions and follow-up	Circumstances listed in Article 14-5 of the Securities and Exchange Act	Circumstances not approved by the Audit Committee but were approved by two thirds or more of all directors	Contents of Independent Directors' major suggestions, contrary or reserved opinions
of Board of Directors (2021.11.05)	b. The Company's consolidated financial statement and Auditor's report for the third quarter of 2020	✓	none	none
	c. Change of the company's chief internal auditor	✓	none	none
	Audit Committee resolution - The second meeting of the forth term of Auit Committee (2021.11.02): approval has been obtained from all Audit Committee members			
	Company's response to the Audit Committee's opinion: Approval has been obtained from all attended Board members. .			
(5) The 4 th meeting of the 10th term of Board of Directors (2021.12.21)	a. ScinoPharm audit planning for 2022.	✓	none	none
	Audit Committee resolution - The third meeting of the forth term of Auit Committee (2021.12.14): approval has been obtained from all Audit Committee members			
	Company's response to the Audit Committee's opinion: Approval has been obtained from all attended Board members. .			
(6) The 5 th meeting of the 10th term of Board of Directors (2022.02.25)	a. The company's Business Report, Parent and Consolidated financial reports for fiscal 2021.	✓	none	none
	b. The Company's earning distribution plan for fiscal 2021.		none	none
	c. Acknowledgement of disposal of stake in Foresee Pharmaceuticals Co., Ltd.	✓	none	none
	d. The Company's "Statement for Internal Control Systems" for fiscal 2021.	✓	none	none
	e. The Company's appointment of chartered certified accountant.	✓	none	none
	f. The Company plans to provide guarantee to SciAnda (Changshou) Pharmaceuticals, Ltd. for mid-term loans.	✓	none	none
	g. Revision of the "Articles of Incorporation"	✓	none	none
	h. Revision of "Operational Procedures for Loaning of Company Fund" and "Operational Procedures for Endorsements and Guarantees"	✓	none	none
	i. Revision of "Operational Procedures for Acquisition and Disposal of Assets".	✓	none	none
	Audit Committee resolution - The forth meeting of the forth term of Auit Committee (2022.02.23): approval has been obtained from all Audit Committee members			
	Company's response to the Audit Committee's opinion: Approval has been obtained from all attended Board members. .			

Note 2: Summary of communications among independent directors and in-house auditing chief

(1) Communications method: Policy on communications between independent directors, in-house auditing chief, and certified public accountant

- Independent directors and in-house auditing chief communicate with the board of director via audit committee, with in-house auditing chief making auditing report quarterly to independent directors at meeting of audit committee and communicate with the latter over the report's findings and status of follow-up tracking.
- Independent directors communicate with certified public accountant via audit committee, with CPAs explaining findings of audit or review on financial reports to independent directors at meeting of audit committee quarterly and discussing with latter on the need of adjusting entries in financial report and the influence of legal revision on accounting, among others.
- The company's independent directors meet with certified public accountant and auditing chief at least once a year (without other directors and management present) for exchanges on auditing operation and CPA's auditing opinions, on top of direct contact of auditing chief and CPA with independent directors in other times, if necessary. In 2021, communication between independent directors, CPA, and auditing chief was good.

(2) Communications results

(a) The communications key points between the independent directors and the internal auditors

Date	Attendees	Communication Key Points	result
2021.03.11 Audit Committee	Independent Director: Wei-Te Ho Wen-Chang Chang Li-Tzong Chen Audit Officer: Tom Lin	1. Reviewing the Internal Auditor's report for the fourth quarter of 2020. 2. Reviewing and approving 2020 Statement of Internal Control System.	No opinion
2021.05.05 Audit Committee	Independent Director: Wei-Te Ho Wen-Chang Chang Li-Tzong Chen Audit Officer: Tom Lin	Reviewing the Internal Auditor's report for the first quarter of 2021.	No opinion
2021.08.04 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Audit Officer: Tom Lin	Reviewing the Internal Auditor's report for the second quarter of 2021.	No opinion
2021.11.02 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Audit Officer: Tom Lin	Reviewing the Internal Auditor's report for the third quarter of 2021.	No opinion
2021.12.14 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Audit Officer: Ivan Hsu	2022 Audit planning	No opinion
2022.02.23 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Audit Officer: Ivan Hsu	1. Reviewing the Internal Auditor's report for the fourth quarter of 2021. 2. Reviewing and approving 2021 Statement of Internal Control System.	No opinion

(b) The communications key points between the independent directors and the CPA

Date	Attendees	Communication Key Points	result
2021.03.11 Audit Committee	Independent Director: Wei-Te Ho Wen-Chang Chang Li-Tzong Chen CPA: Yung-Chih Lin	The CPA's response in connection with 2020 financial report audit report and problems raised by independent directors	No opinion
2021.05.05 Audit Committee	Independent Director: Wei-Te Ho Wen-Chang Chang Li-Tzong Chen CPA: Tzu-Yu Lin	The CPA's response in connection with financial statements audit report for first quarter of 2021 and problems raised by independent directors	No opinion
2021.08.04 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen CPA: Tzu-MengLiu	The CPA's response in connection with financial statements audit report for second quarter of 2021 and problems raised by independent directors	No opinion
2021.11.02 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen CPA: Yung-Chih Lin	1. The CPA's response in connection with financial statements audit report for third quarter of 2021 and problems raised by independent directors 2. The CPA's response in connection with 2021 Audit planning and communication report with cooperative governance divisions.	No opinion
2022.02.23 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen CPA: Yung-Chih Lin	The CPA's response in connection with 2021 Audit planning and problems raised by independent directors	No opinion

(C) The communications key points between the independent directors, internal auditors and the CPA

Date	Attendees	Communication Key Points	result
2021.12.21 Forum	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen CPA: Yung-Chih Lin Audit Officer: Ivan Hsu	Audit business exchanges, content audit key reminders, etc.	No opinion

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company established its own “Corporate Governance Best Practice Principles” in accordance with the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies,” with the principles passed by the board of directors on May 8, 2014 and partly revised on May 7 th 2015, Nov. 8 th 2016, Nov. 1 st 2019, May 11 2021 and February 25, 2022 in line with the revisions made by competent authorities. The latest contents of the Company’s corporate governance best practice principles are revealed on the Market Observation Post System of the TWSE and on the “Investor Relationship/ Corporate Governance/Major Internal Policy” section of the Company’s own website.	None
2. Shareholding structure & shareholders’ rights (1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has established the “Rules of Procedure for Shareholders Meetings”, and convenes annual shareholders meeting to serve as a channel of communications with shareholders. In addition, in order to build a good and instant mechanism of exchanges with investors, the Company has also set up spokespersons, acting spokespersons, public affairs and stock affairs specialists to deal with shareholders’ proposals or quench their doubts. In case of any dispute or possible lawsuit, these spokespersons and specialists will seek opinions from the legal affairs unit to work out appropriate countermeasures.	None
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		In addition to the setup of a contact window for stock affairs, the Company has commissioned a stock affairs agent to deal with shareholders - related affairs. It grasps the information on major shareholders and final controllers through the name list of shareholders compiled by the agent,	None
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The company has formulated measures governing related party transactions between the company and affiliates, endorsement and guarantee, and loan extension, plus risk management on subsidiaries, according "supervisory measures for subsidiaries," formulated according to "Regulations Governing Establishment of Internal Control	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Systems by Public Companies."	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		<p>In addition to article 15 of "procedures for ethical management and guidelines for conduct," forbidding use of unpublicized information by employees for insider trading, the company has formulated "procedure for handling major internal information," in order to help employees have correct concept on corporate governance and avoid insider trading. Also article 3.2 of the "code of conduct for employees" specifies ban on use of inside information by employees for obtaining benefits for themselves or others. In addition, the board of directors approved addition of article 10 to "corporate governance best practice principles" on Feb. 25, 2022 requiring insiders to comply with stock-trading control measures after learning the contents of the company's financial statement or business performance report, including, but not limited to, ban on stock trading by directors during the lock-up period of 30 days before publication of annual financial statement and 15 days before publication of quarterly financial report, for which insiders (including directors and managers) will receive reminder beforehand.</p> <p>The aforementioned regulations have been posted in the "investor relationship/corporate governance" section of the company's website.</p> <p>The company passes promotional materials from competent authority to relevant employees regularly and conducts education/training program on insider trading irregularly, to augment employees' knowledge on the issue. Pass on promotional information of competent authority to insiders regularly and hold education and training on ban on insider trading irregularly, so as to enhance knowledge of all the directors and employees on insider trading-related regulations.</p> <p>In 2021, the company conducted education and promotion on prevention of insider trading for all the employees, with the theme "promotion on prevention of insider trading and common flaws in shareholding report by insiders" for related courses and contents of promotion including regulations on prevention of insider trading and common errors of insiders in reporting shareholding changes, which were posted on the company's digital learning platform on Nov. 12, 2021, for access by employees anytime. As of</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>the end of 2021, the number of employees having completed the one-hour online course had topped 126 person/times. The company invited representatives of Formosan Brothers Attorneys-at-Law to deliver instruction on "insider trading-related legal issues" for two hours for 65 managers at a managerial meeting on Nov. 22, 2021, concerning insider trading-related regulations and cases. The company also conducted insider trading-related instruction via in-house organ, such as article titled "avoid careless involvement in insider trading via cautious protection of key corporate information" in 58th issue of e-bulletin "ScinoPharm News" posted on Dec. 30, 2021, with contents including definition of insider trading, source of law, related regulations, and cases. Prior to the publication of the company's financial statement on Feb. 25, 2022, the company reminded on Jan. 21, 2022 insiders (including directors and managers) not to engage in stock trading during the 30-day lock-up period and 15 days before publication of quarterly financial report.</p>	
3.Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		<p>1. The Company has called for, in "practical guidelines for corporate governance" and "Rules Governing Election of Director and supervisors", pluralized membership for the board of directors, specifying that directors with a managerial position at the same time should account for not more than one third of the seats on the board of directors and the number of directors whose spouses or relatives within second-degree kinship also sit on the board of directors should not exceed a half of the total seats. In addition, the Company has also formulated the policy of pluralization for its operation, business types, and development need, in terms of, but not limited to, criteria in the following two aspects:</p> <ul style="list-style-type: none"> (1) Fundamental conditions and values: gender, age, etc. (2) Professional knowledge and skill: professional background, professional skill, and industrial experience. <p>2. In line with the policy of pluralistic membership, the company's board of directors, in addition to at least two female seats, consists of members with diverse and supplementary backgrounds, including expertise in operation and management, decision making, commerce and economy,</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>finance and accounting, R&D, which encompass industrial experience and international-market perspective, facilitating attainment of sound corporate operation and corporate governance.</p> <p>3. Status for materialization of the pluralistic policy for the membership of the board of directors:</p> <p>(1) Basic conditions and values:</p> <p>①The company's board of directors has 15 seats, including three independent directors, for 20% share, who cannot serve for more than three consecutive terms. One incumbent independent director was newly elected, with the other two directors served three to four years.</p> <p>②The current board of directors consists of 12 male directors and three female directors, accounting for 80% and 20%, respectively, averaging 62 in age, with average age of independent directors reaching 68.</p> <p>(2) Professional knowledge and skills (note 1):</p> <p>①Members of the current board of directors mostly have knowledge, skills, and upbringing in operational judgment, business management, industrial experience, R&D, leadership and decision making, plus rich global perspective.</p> <p>②Members of the board of directors include experts, scholars, and industrial figures with diverse backgrounds, including business management, finance and accounting, monetary affairs, commerce, economics, medicine, pharmaceutics, and chemistry. Independent directors include president of medical university and member of the Academia Senica, director of the National Institute of Cancer Research, under National Health Research Institutes, and multi college professors, and Deputy Chair of CPA Firm. They have plural and supplementary backgrounds, in line with the pluralistic policy for the membership of the board of directors.</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	The Company hasn't establish any other functional committee besides the Compensation and Audit committees.	As illustration
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually? Submit results of performance evaluation to the board of directors as reference in determining the compensation of individual directors and nomination for successive term?		✓	The "evaluation measure for performance of the board of directors," was approved by the board of directors on Nov. 11 th 2019. Stipulate that there should be performance evaluation for the board of directors, individual directors, and functional committees at least once a year, with the results reported to the most recent meeting of the board of directors and as reference for nomination of directors in the future. The company already completed 2021 performance evaluation for the board of directors, functional committees (including evaluations for compensations committee and auditing committee), and individual directors and filed the report on the results to the regulator by March 31, 2022, followed by submission to the most recent meeting of the board of directors (scheduled on May 5, 2022). For status of 2021 performance evaluation for directors and results, please refer to the annual report, D. corporate governance, (a) information on the operation of the board of directors.	None
(4) Does the Company regularly evaluate the independence of CPAs?		✓	The company commissions certified public accountant to evaluate the independence and competence of its contracted CPA every year, according to article 29 of the company's "corporate governance best practice principles," with the results of the latest evaluation being reported to the auditing committee on Feb. 23 and approved by the board of directors on Feb. 25, 2022. It has been confirmed that CPAs Lin Yung-chih and Lin Tzu-Yu, both of PwC Taiwan, don't hold the positions of directors or managerial staffers at the Company and are not stakeholders of the Company. Nor do they receive pays from or have the relationship of investments or financial-interest sharing with the Company. Evaluation confirms their conformance to the Company's criteria for the independence and qualification of CPAs, ascertaining their suitability to become the Company's CPAs (Note 2). The contracted accounting firm has also issued statement on their independence (Note 3).	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
4. Whether or not public companies have designated sufficient number of qualified corporate-governance staffers and corporate-governance chief, in charge of corporate governance-related affairs (including, but not limited to, preparation of data needed by directors and supervisors in the execution of their duties, assistance for directors and supervisors in legal compliance, handling of affairs related to meetings of the board of directors and shareholders' meeting and production of minutes for the meetings)?	✓		<p>According to the schedule and normative elements stipulated in "Taiwan Stock Exchange Corporation Operation Directions for Companies with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," the company's board of directors passed the institution of corporate-governance chief at its meeting on May 11th 2021, in charge of the company's corporate governance-related affairs, requiring the corporate-governance chief to take courses for study for mandatory hours.</p> <p>In addition, in line with article 3-1 of "Corporate Governance Best Principles for TWSE/TPEX Listed Companies" and article 5 of "Sample Template for Company Rules of Procedure for Board of Directors Meetings," the company has designated the two units of administrative affairs and finance/accounting to handle corporate governance- and meeting-related affairs, according to their respective responsibilities, with the scope including:</p> <ol style="list-style-type: none"> 1. handling of affairs related to the meetings of the board of directors and shareholders' meeting; 2. production of minutes for the meetings of the board of directors and shareholders' meeting; 3. assistance for directors in assumption of offices and continuing study; 4. provision of data needed by directors in the execution of their duties; 5. assistance for directors in legal compliance; 6. other items specified in company by-laws or contracts. <p>In executing their duties, corporate-governance chief and staffers must abide by the "Company Act," "Securities and Exchange Act," "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," and other related legal requirements, in conformance to the spirit and requirements of corporate governance.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
5. Does the Company establish communication channels with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	✓		<p>Establish an open, transparent, and effective communications channel with stakeholders, whose opinions will be used as reference in the formulation, review, and execution of CSR policy. The company has established a "stakeholder section" on its website, with the scope of stakeholders including shareholders/investors, employees, customers, government agencies, communal residents, suppliers/contractors, news media, and industry associations, offering such information as communications windows, issues of concern, and communications channels/frequency. In addition, there has been "reporting system for breach of moral behaviors," offering a channel for stakeholders to report unethical behaviors, which will be handled by persons in charge, as references for improvement in the company's corporate governance and ethical management. The company didn't receive any such report in 2021.</p> <p>The Company's "report on fulfillment of corporate social responsibility (including corporate governance and ethical management)" was submitted to the Board of Directors on Nov. 5,2021 with contents covering topics concerned by stakeholders, communications channels, and communications frequency.</p> <p>Summary of the company's communications with stakeholders in 2021</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>follows:</p> <ol style="list-style-type: none"> 1. Shareholders/investors: compliance with anti-epidemic regulations in the holding of shareholders' meeting, attendance of five investors' conference, held by the company or others, publication of 32 pieces of material information; 2. Employees: including holding of one Employees' Meeting, four labor-management meetings, publication of six issues of e-bulletin ScinoPharm News, monthly publication of daily-life service programs for employees, and dissemination of information on anti-epidemic measures and hygiene via e-mails. 3. Communal residents: With a history of over 10 years, "ScinoPharm art forum" was held online, and held "support for living event," donating materials packages and female sanitary napkin. 4. Customers and suppliers/contractors: Keep close contacts with customers and suppliers/contractors via phone calls, e-mails, periodic questionnaire, field inspection, and online meeting. 5. News media: Update news media on the company's latest development in a transparent manner via phone calls, e-mails, news release, and online investors' conference. 	
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has commissioned the Shareholder Services Department of President Securities Corp. as a dedicated shareholder service agent, which also assists the Company in organizing shareholder's meetings. The agent is not an "affiliated enterprise" of the Company, as defined in Article 369-2 of the Company Law.	None
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company has launched a corporate website featuring dedicated sections for both investor relationship and interested parties, and a specific unit is assigned to manage and maintain the website, so as to timely update detailed information on the Company's finance, operation, corporate governance and corporate social responsibility. The website address is: www.scinopharm.com.tw	None
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle	✓		1. The Company has set up an English-language website to release its financial information in English for reference by investors. The website address is: www.scinopharm.com	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
information collection and disclosure, creating a spokesman system, webcasting investor conferences)?			<p>2. In order to boost the transparency of its information revelation, the Company has assigned a specific unit to handle information collection and revelation.</p> <p>3. The Company has appointed spokespersons and acting spokespersons to handle external speeches and information relation affairs, so as to make shareholders and interested persons better understand the Company's financial operations and corporate governance implementation.</p> <p>4. Briefings and video information of the Company's institutional investor conferences held quarterly and attend irregularly investor conferences held by domestic or foreign investment institutions, with related briefing and audio-visual materials, in both Chinese and English, are also revealed on the Market Observation Post System of the TWSE and the Company's own website.</p>	
(3) Whether or not the company publicizes and declares annual financial report within two months after the end of fiscal year and publicizes and declares financial reports for the first, second, and third quarter, as well as report on monthly business status, ahead of set deadline?	✓		Based on the principle of information transparency, the company publicizes and files quarterly financial reports and monthly business report ahead of deadline in principle. In 2022, the company has adjusted schedule for publicizing financial reports, according to which it publicized and file report on 2021 financial statement on Feb. 25, 2022 and plans to publicize and file report on Q1, Q2, Q3 financial reports and monthly business reports ahead of schedule.	None
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<p>1. Welfare of and Care for Employees: The Company shows high regard for harmonious labor-management relationship, and has constantly upgraded the interests and welfare of employees, such as offering employee dormitory, small welfare stations, employee restaurant, breastfeeding room, visually impaired massage service, employee travels, compensation for employee association, physical examination, performance bonus, employee stock subscription, and dividend sharing etc., all designed to make employees enjoy a sound welfare system and work hard to contribute well to the Company.</p> <p>2. Investor Relationship: The Company makes it the greatest goal to safeguard the interests of shareholders and grant equal treatment</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>to all the shareholders. Accordingly, the Company has not only timely revealed major information on financial and business operations and changes in insiders' shareholdings on the Market Observation Post System in accordance with related regulations, but has also set up an "Investor Relationship" section on its website to allow timely release of the Company's financial and corporate governance information.</p> <p>The company's General Shareholders' Meeting minutes is recorded according to Company Act and other relative regulation, which is publicized in Company Website and kept by the company throughout the existence of the Company.</p> <p>3 Supplier Relationship:</p> <p>The Company has worked out a set of rules governing the management of exchanges with suppliers, aiming to build long-term close relationship with suppliers under the win-win principle to jointly pursue sustainable development and growth.</p> <p>4. Interests of Interested Parties:</p> <p>The Company thinks highly of maintaining good relationship with interested parties including shareholders/investors, employees, customers, government agencies, communal residents, suppliers/contractors, news media, and industry associations. Besides fulfilling each other's rights and obligations in accordance with relevant laws and regulations, contracts and operating rules, the Company also endeavors to maintain good communication channels to safeguard legal interests of both parties, based on an integrity principle.</p> <p>5. Study Courses for Directors (including Independent Directors):</p> <p>The Company's directors (including independent directors) take study courses in accordance with related legal regulations, with number of the study hours meeting or even exceeding the required level. The Company will continue to arrange irregular study courses for its directors (including independent directors). Please see the annual report to learn more in this regard from the "Table of Study Courses for Directors and Independent Directors</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>in 2021. (Please refer to page 83~86)</p> <p>6. Risk Management Policy and Implementation of Risk Assessment Criteria:</p> <p>The Company's major business operation policies, investment projects, guarantee endorsements, lending to others and loans from banks all undergo intensive analysis and evaluation by internal competent units and then are put into practice based on resolutions passed by the board of directors.</p> <p>7. Implementation of Customer Policy:</p> <p>The Company follows the cGMP regulations governing pharmaceutical production to provide clients with high-quality and safe products, and its dedicated customer service staffers are assigned to deal with opinions presented by customers.</p> <p>8. Liability Insurance for Directors and Independent Directors:</p> <p>The Company has implemented liability insurance for its directors and managerial staff in accordance with the law. The insurance is renewed every year after reporting the insured amount, coverage, and premium to the board of directors and receiving its approval. The latest insurance, spanning the period from July 2021 to July 2022, was reported to and approved by the board of directors on June 29, 2021.</p> <p>9. Planning for succession to directors and key managerial posts and status of execution</p> <p>The company's Articles of Incorporation specifies candidates for seats the board of directors are nominated, for a three-year term, according to the principle of membership diversification, with the diversification standards to be set via consideration of the company's operation, business type, and development need, in line with stipulations of "corporate governance best practice principles" and "measures governing election of directors."</p> <p>The company conducts planning for succession to seats on the board of directors according to the following methods: 1. recommendation by incumbent directors; 2. recommendation by shareholders. The board of directors now comprise 15 members (including three independent directors), featuring diversified and supplementary experience and expertise in industry,</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>commerce, finance, and accounting. To augment performance of directors in fulfilling their duties, the company arranges study courses for them to boost their professional skills, covering corporate governance-related subjects, such as finance, accounting, business, commerce, legal affairs, information, risk management, internal control system, and corporate social responsibilities, for detailed of which please refer to table on study by directors and independent directors in 2021" in the annual report.</p> <p>To build up managerial talent pool, the company has established professional management training (PMT) program, helping unit chiefs on various levels hone their competence in management and leadership and excellent employees, selected from annual key talent inventory, augment their expertise and management skills, via related education and training, with arrangement of course taking into account the company's core values and direction of organizational development strategy. Talent cultivation is carried out, in conjunction with individual development plan, as well as on-the-job training, mentor program, interactive learning, and plural career development program. The company's management courses were attended by 805 person-time, totaling 1,377 hours, in 2021.</p>	

9. Please explain improvements that have been made as well as priorities to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center:

According to the final result of the eighth corporate-governance evaluation, the Company explains the status of improvement and priority items for further improvement as follows:

Contents of Evaluation Item	Status of Improvement and Priority Items
Whether or not the company holds shareholders' meeting by the end of May?	The company had decided to hold 2022 shareholders' meeting by the end of May (May 30) and will publicize the schedule, according to regulation.
Whether or not the company has put in place risk management and procedure, approved by the board of directors, disclosing the scope, organizational structure, and operation of risk management and report to the board of directors every year?	The company has formulated risk management policy and procedure, approved by the board of directors. Also the auditing unit reports result of corporate-risk evaluation to the board of directors quarterly. As the company has yet to formulate risk management policy and procedure for approval by the board of directors, it will comply with the regulation after doing so.
Whether or not the company has publicized annual financial statement within two months after end of fiscal year?	The company has completed and publicized 2021 financial statement (on Feb. 25, 2022) within two months after end of the fiscal year, which been posted on Market Observation Post System (MOPS).

Evaluation Item	Implementation Status					Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration			
Whether or not the company discloses annual greenhouse-gas emission volume, water consumption volume, and total waste weight in the past two years? [An extra point is added to the total score for external certification of annual greenhouse-gas emission volume, water consumption volume, and total waste weight in the past two years.]	In compliance with the indicators' demands, the company has disclosed greenhouse-gas emission volumes, water-consumption volumes, and total waste weight over the past two years. For extra-score items, the company has assured the total waste weight over the past one year in its 2020 CSR report, endorsed by assurance report of certified public accountant, and will carry out related verification in 2022, in order to meet the condition of external verification for the past two years, in order to secure extra score.					
Whether or not the company's website or annual report discloses stakeholders' identity, concerned issues, and communication channels and response methods? [An extra point is added to the total score for periodic report on communications with stakeholders to the board of directors.]	In compliance with the indicators' demands, the company has disclosed greenhouse-gas emission volumes, water-consumption volumes, and total waste weight over the past two years. For extra-score items, the company has assured the total waste weight over the past one year in its 2020 CSR report, endorsed by assurance report of certified public accountant, and will carry out related verification in 2022, in order to meet the condition of external verification for the past two years, in order to secure extra score.					

Note1 : Our boards of directors possess the following abilities:

Item/Name	Gender	Professional background	Ability to make professional judgement	Ability to conduct management administration	Commerce and Economics	Ability to perform accounting and financial analysis	Knowledge of the industry	Professional R&D	An International market Prospect	Ability to lead	Ability to make policy decisions
Chih-Hsien Lo	M	Business Administration	✓	✓	✓	✓	✓		✓	✓	✓
Tsung-Ming Su	M	Business Administration	✓	✓	✓	✓	✓		✓	✓	✓
Chin-Yuan Cheng	M	Biochemical Engineering	✓	✓			✓	✓	✓	✓	✓
Tsung-Pin Wu	M	Finance & accounting	✓	✓	✓	✓	✓		✓	✓	✓
Jia-Horng Guo	M	Finance & Banking	✓	✓	✓	✓	✓		✓	✓	✓
Fu-Jung Lai	M	Business Administration	✓				✓			✓	
Po-Ming Hou	M	Tourist management	✓	✓	✓	✓	✓		✓	✓	✓
Shiow-Ling Kao	F	Business	✓	✓	✓		✓		✓	✓	✓
Ming-Chuan Hsieh	F	Medical Matters Management	✓	✓	✓	✓	✓		✓	✓	✓
Ya-Po Yang	M	Economics	✓	✓	✓				✓	✓	✓
Chiou-Ru Shih	F	Economics	✓	✓	✓	✓	✓		✓	✓	✓
Kuo-Hsi Wang	M	Agro-chemical		✓			✓	✓		✓	✓
Lewis Lee	M	Certified Public Accountant	✓	✓	✓	✓	✓		✓	✓	✓
Wen-Chang Chang	M	Pharmacy	✓	✓			✓	✓	✓	✓	✓
Li-Tzong Chen	M	Clinical Medicine	✓	✓			✓	✓	✓	✓	✓

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

Based on the Article of Incorporation, the Company has established Remuneration Committee, whose members are appointed by the board of directors, according to the organization regulations of the committee. The current Remuneration Committee, the fifth Session, comprises three independent directors, who fulfill the following authorities faithfully, as a prudent administrator, and submit suggestions to the board of directors for discussion:

- (1) Formulating and periodically reviewing the policy, system, criteria and structure associated with the remunerations of directors and managerial staff, and assessing their performances.
- (2) Periodically assessing and determining the remunerations of directors and managerial staff.

The company's Remuneration Committee adheres to the following principles in exercising the aforementioned authorities:

- (1) In performance evaluation and determination of salaries and compensations of directors and managerial staff, take into account the payment levels of peers, individual performance, the company's business performance, and future risks.
- (2) Discourage directors and managers from taking risk beyond reasonable scope for the company, in their quest for high salaries and compensations.
- (3) Take into account industry features and the company's business nature, in determining the share for the payout of bonus for directors and ranking managers and modification of the payment time for salaries and compensations.

The aforementioned salaries and compensations include cash compensations, stock options, stock bonus for employees, retirement benefits and termination benefits, various subsidies, and other substantial incentives.

3.4.4.1 Information Regarding Remuneration Committee

Position	Criteria Name	Work Experience and Professional Qualification Requirements	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Convener of forth, fifth term)	Wen-Chang Chang	Please refer to page 19~20 for related contents	In line with legal requirement, the company has secured written statement of independent directors assuring that they, their spouses, and any of their relatives within second kinship don't hold such posts as the director, supervisor, or employee of the company and its affiliates, there is no holding of the company's shares by these people, they are not directors, supervisors, or employees of companies with special relationship with the company, and they didn't provide such services as commerce, legal affairs, finance, and accounting to the company and affiliates in recent two years.	1

Independent Director (forth, fifth term)	Li-Tzong Chen	In line with legal requirement, the company has secured written statement of independent directors assuring that they, their spouses, and any of their relatives within second kinship don't hold such posts as the director, supervisor, or employee of the company and its affiliates, there is no holding of the company's shares by these people, they are not directors, supervisors, or employees of companies with special relationship with the company, and they didn't provide such services as commerce, legal affairs, finance, and accounting to the company and affiliates in recent two years.	0
Independent Director (forth term)	We-Te Ho	In line with legal requirement, the company has secured written statement of independent directors assuring that they, their spouses, and any of their relatives within second kinship don't hold such posts as the director, supervisor, or employee of the company and its affiliates, there is no holding of the company's shares by these people, they are not directors, supervisors, or employees of companies with special relationship with the company, and they didn't provide such services as commerce, legal affairs, finance, and accounting to the company and affiliates in recent two years.	0
Independent Director (fifth term)	Lewis Lee	In line with legal requirement, the company has secured written statement of independent directors assuring that they, their spouses, and any of their relatives within second kinship don't hold such posts as the director, supervisor, or employee of the company and its affiliates, there is no holding of the company's shares by these people, they are not directors, supervisors, or employees of companies with special relationship with the company, and they didn't provide such services as commerce, legal affairs, finance, and accounting to the company and affiliates in recent two years.	0

3.4.4.2 Attendance of Members at Remuneration Committee Meetings

- (1). There are 3 members in the Remuneration Committee.
- (2). The forth term of the Remuneration Committee is from July 5 2018 to June 26 2021. The fifth term of the Remuneration Committee is from August 10 2021 to July 20 2024. Total of 5 Remuneration Committee meetings were held in 2021 and up to the print date. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks (Note)
Convener	Wen-Chang Chang	5	0	100%	
Committee Member	Li-Tzong Chen	5	0	100%	
Committee Member	Wei-Te Ho	2	0	100%	Dismissed during the re-election on August 10 2021; Should Attend the meeting twice during 2021.01.01~2021.08.10
Committee Member	Lewis Lee	3	0	100%	Newly elected during the re-election on August 10 2021; Should Attend the meeting three times during 2021.08.10~2022.03.31
Other mentionable items:					
1. If the board of directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the Remuneration Committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.					
2. Resolutions of the Remuneration Committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.					

(3) Major resolutions or opinion during the Remuneration Committee Meetings As of 2021 and up to the publish date

Remuneration Committee Meeting dates and Terms	Proposals contents	Resolutions	The company's responses to proposals from Remuneration Committee
2021.03.11 The 12 th meeting of the Forth Term	1.The Company's remuneration distribution plans for directors and employees for fiscal 2020 2.The Company's performance bonus for Managing Directors and above for fiscal 2020 3.Compensation planning for hiring managerial positions	Approved by all attended Remuneration Committee Members	Submitted to the Board of Directors Meetings for approval
2021.05.05 The 13th meeting of the Forth Term	Compensation planning for hiring managerial positions	Approved by all attended Remuneration Committee Members	Submitted to the Board of Directors Meetings for approval
2021.11.02 The 1st meeting of the Fifth Term	1.The Company's remuneration standards and structurefor directors for fiscal 2021. 2.The Company's remuneration plan for CEO. 3. Compensation planning for hiring subsidiary managerial positions 4.Compensation planning for hiring managerial positions	Approved by all attended Remuneration Committee Members	Submitted to the Board of Directors Meetings for approval
2021.12.14 The 2nd meeting of the Fifth Term	1.The Company's remuneration standards and structurefor directors for fiscal 2021. 2. Employees(including Managers) salary increasing plan for fiscal 2022.	Approved by all attended Remuneration Committee Members	Submitted to the Board of Directors Meetings for approval
2022.02.23 The 3rd meeting of the Fifth Term	1.The Company's remuneration distribution plans for directors and employees for fiscal 2021. 2.The Company's performance bonus for Managing Directors and above for fiscal 2021 3.Compensation planning for hiring managerial positions.	Approved by all attended Remuneration Committee Members	Submitted to the Board of Directors Meetings for approval

3.4.5 Promoting Sustainable Development Implementation and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		<p>The Company's president is authorized by the board of directors to supervise the execution of the mission of fulfilling corporate social responsibilities by the Company and its affiliated enterprises, and then duly report the implementation results to the board of directors.</p> <p>Report on the status of execution in the year and key points of enforcement plan, including (1) Stakeholders' related issues (including communication information and actual practice). (2) Corporate social responsibility best principles actual practice and business operation strategy for the following year was presented in the meeting of the board of directors on November 5th 2021.</p> <p>The company and affiliates have been dedicated to upholding sustainability of environment and stability of industrial supply chain, in the hope of building up a quality security-oriented culture and attaining the goal of bettering human health and well-being and maintaining product quality ultimately.</p> <p>For fulfillment of corporate social responsibility, the first step is legal compliance, for which the "administrative and human-resources division" is in charge of planning and execution of affairs related to protection of employees' legal rights, social participation, public-service giveback, and CSR information disclosure and "safety, hygiene, and environment-protection unit" in charge of planning and supervision of manufacturing and production risk, affairs related to environmental protection, safety, and hygiene, and employee health.</p> <p>In addition, the Company has set up an "Occupational Safety and Health Committee" and a "Sustainable Management Committee." The former is the Company's top decision-making unit for environmental safety and health, established in accordance with the Occupational Safety and Health Act, with the Company's president as a General Convener and is responsible for convening a quarterly meeting with chiefs of business units and production plants, heads of various departments and employee representatives to examine the Company's practices in promoting environmental safety and health and determine a future direction for making key improvements. The latter is established to integrate the tasks in promoting environmental protection, safety and health, energy saving, water conservation, and greenhouse gas management, so as to effectively boost the Company's</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>sustainable competitiveness. The Sustainable Management Committee is headed by the vice production president and comprises six sub-committees, such as sales and distribution, health, safety, sanitary, waste reduction, and energy saving, to map out annual sustainable management plans and review the implementation of the plans, so as to serve as the basis for internal examinations. All the efforts to safeguard the health of employees, create a safe and friendly working environment or list environmental protection among the Company's goals are designed to consolidate the Company's foundation.</p> <p>The Company's affiliated enterprises have set up their own "Production Safety Committee" as the top decision-making unit for environmental safety and health promotion. The committee is headed by president, who is responsible for convening chiefs of business units and production plants, and heads of various departments to promote the safety, health and environmental protection systems and determine the future direction for making key improvements. In addition, the committee should also compare the Company's safety systems with national standards, periodically examine the difference between the current state and operating principles, formulate or revise action plans for execution by related units, and review the implementation progress.</p> <p>Besides, the Company has established an "Employee Welfare Committee" and a "Labor-Management Meeting" to screen, promotes and supervises employee welfare operations, mediate labor-management relationship and push for labor-management cooperation, in accordance with related rules and regulations.</p>	
2. Does the company follow the principle of materiality in evaluating risks related to the issues of environment, society, and corporate governance related to the company's operation and formulate related risk-management policy or strategy?	✓		<p>In line with the Company's "corporate social responsibility best principles," which is based on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," and given connection between CSR development trend, both in Taiwan and abroad, and corporate core businesses, and the influence of business activities of the company and group on stakeholders, the company has formulated CSR policy, system or related management guidelines, and concrete implementation plan.</p> <p>In fulfilling corporate social responsibility, the company attends to the interests of stakeholders and regards highly such factors as environment, society, and corporate governance while pursuing sustainable development and profits. Such factors have been incorporated into the company's management guidelines and business activities, as</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>the company reviews and evaluates possible risks and the effectiveness of related management strategy:</p> <ol style="list-style-type: none"> 1. Environment: Treat environmental protection and public safety as key issues and establish an effective occupational safety and health system, based on the strictest "responsible care system" of the chemical engineering industry, so as to assure the safety of people and actual operation of waste abatement, emission reduction, and pollution prevention, as well as avoid environmental-pollution risk and attain harmonious co-existence with community and environment. 2. Society: Treating of labor safety and employees' welfare as key issues, the company strives to forge a safe and healthy working environment, regards employee education and training highly, and offers good fringe benefits, so as to create a good labor-management relationship and avoid the risk of labor-management disputes, thereby realizing the target of employee-based operation. 3. Corporate governance: Treat legal compliance as a key issue and assure legal compliance by the company and employees via concerted effort of related units and internal control, so as to avoid the risk of breach of laws/regulations. <p>All the information concerning the Company's fulfillment of its corporate social responsibility has been revealed in the Company's annual report and on its website's "Corporate Social Responsibility" section.</p>	
3. Environmental Topic (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		<p>The Company's environment management system is established in accordance with the chemical industry's strictest "Responsible Care" system. The Responsible Care system is initiated by the global chemical engineering community to help enterprises set up a sound industrial safety, health and environmental protection system, through concrete commitments to improving the EHS (environment, health and safety) aspects by signing the Statement of Commitment (a prerequisite for membership), formulating the Codes of Management Practices, implementing a Self-Evaluation system, promoting the Management System Verification (MSV), delivering the SHE Performance Indicators report, and sharing responsible care systems with other companies.</p> <p>The Company has joined the Taiwan Responsible Care Association (TRCA) as a member since its plant was inaugurated, actively promoting its safety, health and environmental protection management system. Besides stringently</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>observing environmental protection regulations issued by the competent authorities, the Company also conducts various public activities associated with environmental management to boost resources utilization efficiency and reduce the output of wastes, so as to respond positively to public concerns, further protect public safety, health and environment, reduce the total amount of pollutant emissions on the air, water and soil, boost pollution prevention efficiency and economic benefits, and complete verification on six management codes set by the TRCA. Of the codes, those associated with environmental management include procedure safety management, wastes management, emissions reduction management and product management. Concrete practices are as follows:</p> <ol style="list-style-type: none"> 1. During its research and development (R&D) of production procedures for pharmaceuticals, the Company manages to skip the use of substances or materials subject to restrictions under domestic and international regulations, such as toxic chemicals, precursor chemicals for narcotic drugs, controlled substances for chemical weapons, and ozone depleting substances, and instead, uses less-toxic or-hazardous substances and materials as substitutes. 2. During its R&D of production procedures for pharmaceuticals, the Company manages to assess the possibility of reducing the usage amount of chemical solvents and hazardous substances to mitigate relevant impact on environment and decrease the exposure to hazardous chemicals or active substances on the part of operating staff. 3. Before putting a new production procedure into practice, the Company should organize a meeting to analyze the possible hazard of the production procedure, focusing discussions on the likely hazard to safety, health and environment and then seeking proper preventive solutions. 4. The Company disposes of all the wastes generated by production plants, including biodegradable waste water, waste solvents, solid wastes, and air pollutants, totally in accordance with related regulations. 5. The biodegradable waste water is usually treated via an activated sludge process and an ultrafiltration system, and the resultant organic sludge is separately filtered and then incinerated by the Resource Recycling Center of the Southern Taiwan Science Park, or other qualified incineration vendors with the disposed 	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>waste water and waste living water piped into the waste water disposal plant in the science park. The organic sludge generated at the Company's affiliated enterprise undergoes a separate filtration process before being delivered to the Jiangsu Kangbo Industrial Solid Rejectamenta Treatment Co., Ltd. for incineration. And the disposed waste water and the waste living water are piped into Binjiang Waste Water Disposal Plant.</p> <p>6. Hazardous or general solid wastes are delivered to the Resource Recycling Center of the science park or other qualified companies for incineration. The air pollutants generated by production plants, such as particulate pollutants, acid gas, alkaline pollutants and organic steam, all undergo two-step treatment by condenser and scrubbing tower for disposal. The recyclable solvents generated by the Company's affiliated enterprise are sent to the Kunshan Deyuan Environmental Protection Development Co., Ltd. for purification and recycling.</p> <p>Although the Company hasn't undergo ISO14001 certification, in addition to the aforementioned environment management system now in smooth operation and compliant with the features of biotech and pharmaceutical industry, the Company has experienced more than 10 times of factory inspections by regulators of the U.S., Europe, and Japan (FDA, EMA), EDQM, and PMDA) and auditing of safety, hygiene, and environmental protection by international pharmaceutical firms (such as Pfizer, GSK, and Aventis), all of affirm the soundness and completeness of company's environment management system. ISO14001 certification is meant to offer a standard environment management system for abidance by enterprises. The Company has put in place a complete industrial safety, hygiene, and environment protection system, which has gained international acceptance and certified by international firms, making ISO14001 certification dispensable for the Company. In compliance with the highest standards and the spirit of sustainable management, the Company will continue strengthen environment management system and concern for the issues of industrial safety, hygiene, and environmental protection, meeting the requirements of international standards and fulfilling corporate social responsibility.</p>	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials	✓		The company has set up "sustainable management committee," in charge of environmental protection, occupational safety and health, energy conservation, and greenhouse-gas emission, overseeing a waste abatement and	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
which have low impact on the environment?			energy conservation team responsible for raising utilization efficiency of various resources and lowering impact on environment. The committee puts forth annual sustainable management plan and reviews execution performance for improvement. In this regard, the tasks undertaken include recycling garbage resources, employing recycled materials to reduce adverse impact on the environment, recycling compensated water from reverse osmosis pure water machines and air conditioners to cooling towers, adopting water-conservation washing faucets, saving living water, incorporating the concept of environmental protection and green energy into production procedure and equipment, promoting green environmental protection and laying stress on ecological balance.	
(3)Whether or not the company has evaluated the potential risks and opportunities of climate change for the company, now and future, and adopted countermeasures for related issues?	✓		The company has set up a "sustainability management committee, summarizing information on climate change issue in Taiwan and abroad and feedback opinions from various sections irregularly, to monitor and identify potential risks and corresponding opportunities and benefits of climate-change issues for ScinoPharm, such as materials price hike induced by extreme weather, advance planning and setup of plural supply sources, cost increase caused by greenhouse-gas emission, set up of carbon abatement devices and reduction of emission, impact of unstable power and water supply on production and improvement of resources utilization efficiency, increase power bill resulting from energy transformation in the short term, and potential benefits in the future, as well as formulation of corresponding risk management and corresponding measures, so as to augment ScinoPharm's management and adjustment capability for climate change, resources utilization, and other related issues. In addition, the company has put in place a business continuity plan, evaluating and analyzing various risks which may disrupt its operation and formulating countermeasures. The "sustainability management committee" comprised six functional sections, namely distribution, health, safety, hygiene, waste reduction, and energy conservation. For the sake of energy conservation and carbon abatement, the energy conservation section conducts greenhouse-gas inventory and devises strategy for energy conservation/carbon abatement and greenhouse-gas reduction strategy, in addition to reviewing its performance quarterly. Existing emission reduction strategies include substitution of gas-fired boilers for oil-fired boilers for steam supply, enhance energy efficiency of air conditioning systems, installation of water-saving,	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons																								
	Yes	No	Abstract Explanation																									
			low power- and heat-consumption energy-saving equipment and devices, subsidy for carpooling among employees, and arrangement of transportation bus, so as cut gasoline consumption. For other countermeasures and management goal, please refer to summarized explanation in item number (4).																									
(4) Whether or not the company has calculated its total volumes of greenhouse-gas emission, water consumption, and wastes and formulated policies on energy conservation, carbon abatement, green-house gas emission reduction, water-consumption reduction, and other waste management measures?	✓		<p>The Company's greenhouse gas emission, water-consumption volume, and total wastes volume for</p> <table border="1"> <thead> <tr> <th>Items</th><th>2020</th><th>2021</th></tr> </thead> <tbody> <tr> <td>Greenhouse gas emission</td><td>23,302 tons CO2e</td><td>22,901 tons CO2e</td></tr> <tr> <td>Direct emissions (scope 1)</td><td>2,658 tons CO2e</td><td>3,162 tons CO2e</td></tr> <tr> <td>Indirect emission (scope 2)</td><td>20,644 tons CO2e</td><td>19,739 tons CO2e</td></tr> <tr> <td>water consumption volume</td><td>147,251 cube meters</td><td>149,461 cube meters</td></tr> <tr> <td>Power consumption vikyne</td><td>31,920,685 kilowatts/hour</td><td>32,253,016 Killowatts/hour</td></tr> <tr> <td>Total Hazardous wate volume</td><td>3,212 tons</td><td>1,955 tons</td></tr> <tr> <td>Total Non-hazardous waste volume</td><td>368 tons</td><td>352 tons</td></tr> </tbody> </table> <p>past two years is shown in the following: Note: Scope 1 and scope 2 only limited to ScinoPharm itself.</p> <p>2.2021 emission reduction targets include: (1) Cap waste treatment outlay at NT\$28 million, via recycling of process solvent, reduction of cleaning solvent, intensification of tower-stripping treatment, and toxic waste-water monitoring. The actual outlay was NT\$23.69 million in 2021. (2) To push renewable energy and cut greenhouse-gas emission, set up PV power system, generating 34,000 kilowatts/hour a year. In addition, optimize production schedule to avoid unnecessary production-line operation, while taking into account minimum security and quality requirement, to reduce power consumption. In 2021, actual power consumption volume increased 1%, due to output growth and inauguration of injection-drug plant. 3.In line with the environment-protection objective set by international pharmaceutical firms Novartis for its supply chain, the company, with</p>	Items	2020	2021	Greenhouse gas emission	23,302 tons CO2e	22,901 tons CO2e	Direct emissions (scope 1)	2,658 tons CO2e	3,162 tons CO2e	Indirect emission (scope 2)	20,644 tons CO2e	19,739 tons CO2e	water consumption volume	147,251 cube meters	149,461 cube meters	Power consumption vikyne	31,920,685 kilowatts/hour	32,253,016 Killowatts/hour	Total Hazardous wate volume	3,212 tons	1,955 tons	Total Non-hazardous waste volume	368 tons	352 tons	None
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Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			2019 as the base year, started to incorporate compliance with international requirement for environmental protection into its business plan, on top of attainment of production goal, in 2021. The company has targeted cutting greenhouse-gas emission by 1-2%, water consumption by 1-2%, and waste output by 3-5% (based on the 2018 level) via various energy-conservation and waste-abatement measures.	
4. Social Topic (1)Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		<p>1. The company formulates various management policies based on criteria even better than the stipulations of the "Labor Standards Act" and abide by the spirit of the "International Covenant on Civil and Political Rights" and the "International Covenant on Economic, Social, and Cultural Rights." In addition to stressing respect and equal rights, the corporate culture calls for protection of basic human rights and gender equality in work, which is incorporated into systems and regulations. The company also bans, in specific regulations, child labor and any form of discrimination or differentiated treatment in employment, performance evaluation, and promotion, due to gender, race, marital status, religion, party affiliation, sex orientation, job grade, nationality, or age. For a harmonious workplace, the company has formulated plan preventing illegal encroachment in execution of duties or workplace violence, on top of measures preventing and tackling sex harassment. Any employee complaint will be investigation and treatment according to a set procedure and informants are protection against any revenge or unfavorable treatment.</p> <p>2. With high regard for employees' continuous growth in work, ScinoPharm offers employees opportunities to develop multiple skills and experiences, via not only on-the-job training but also cross-division job rotation. Job transfer is carried out after consulting employees and according to the five principles of the Labor Standards Act and related labor regulations, without coercion or threat.</p> <p>3. The company has formulated complete standard operating procedure for strict abidance by employees, on top of installation of complete emergency relief equipment, which is subject to regular inspection and renovation. The company arranges annual physical examination for employees, with extra check items for those engaged in special operations, to prevent potential health risks.</p> <p>4. In line with the requirement of the new Occupational Safety and Health Act, drafted by the Occupational Safety and Health Act, the Ministry of Labor, the company has offered</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>comprehensive care for female employees, avoiding late-night shift (10:00 p.m.-6:00 a.m.) for pregnant ones and having in-house health specialists to conduct preliminary risk assessment for them, to safeguard their and children's health and safety and uphold their work right.</p> <p>5. High regard for human rights also reflects in the supplier management, as suppliers are required to comply with conventions and regulations upholding human rights, both in Taiwan and abroad. Under the management mechanism, there has yet to be human-rights cases which influence the company's operation. Meanwhile, a corporate culture stressing mutual respect, human-based management, and multiple communications channels have combined to minimize discriminatory incidents or labor-management disputes, leading to a harmonious workplace.</p>	
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		<p>1. The company has formulated reasonable compensations and performance-evaluation system and management measures, according to which salaries are set according to employees' education, experience, professional knowledge, skill, and seniority. In addition to year-end bonus and dividend sharing, extra bonus is paid out according to the result of performance evaluation. Levels of compensations are not affected by such factors, as gender, race, religion, marital status, and political standpoint.</p> <p>2. The company's article of incorporation stipulates that if profitable, the company should appropriate no less 2% of the year's profits as employee compensations, 2021 employee compensation approved by board of directors is NT\$35,288,214 for 2020, according to resolution of the board of directors. The compensations were distributed, according to the results of employees' performance evaluation, with some receiving some pay hike, in acknowledgement of their extraordinary performance.</p>	None
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		<p>1. With high regard for labor-management relationship, the company and affiliates have endeavored to create a comfortable, safe, and healthy workplace with complete hardware and software, including proper access control, periodic employee security education and training, indoor smoking ban, institution of breastfeeding room and employee restaurant, and free laundry service for workers.</p> <p>2. For employee and plant safety, the company holds unaltered evacuation drills and at least two</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons																								
	Yes	No	Abstract Explanation																									
			<p>emergency response drills a year and mandatory firefighting and first-aid training for employees, plus security promotion and training at various units' monthly security meeting, to augment employees' security awareness and enable them to meet the minimum three-hour requirement for on-the-job security and hygiene training a year.</p> <p>3. In addition to at least three-hour security and hygiene training, new employees have to three hours of extra security and hygiene training specifically associated with their jobs, so that they can blend in with the company's security culture rapidly.</p> <p>4. In addition to physical examination for new company, the company and affiliates arrange annual physical checkup for all the employees, on top of institution of dispensary and health administrator (with nurse license), along with regular medical consulting of contracted physician and various health promotion programs, such as smoking cessation, weight reduction, and hiking.</p> <p>5. The company and affiliates strive to forge a good career-development environment for employees, including an effective career-capability cultivation program, along with good employee welfare and optimal working environment, via such measures parent-children events and periodic "employee welfare" series activities, thereby caring for employees' spiritual and familial needs.</p> <p>6. Given the vital importance of plant security for all the employees, the company has invested heavily in the aspect, as shown in the following table:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Year</th> <th>Investment cost</th> <th>Purpose and expected benefits</th> </tr> </thead> <tbody> <tr> <td>Setup of movable anti-fall security door at dock</td> <td>2020</td> <td>708</td> <td>Avoid falling hazard for dock workers or fork-lift operators</td> </tr> <tr> <td>Handheld VOC PID</td> <td>2020</td> <td>81</td> <td>PID is applied in operating environment detection to evaluate overall human-exposure hazard, as well as detection of leakage of environmental-protection equipment and alert for faint of humans.</td> </tr> <tr> <td>Installation of LEL at temporary wastes storage site</td> <td>2020</td> <td>226</td> <td>Timely leakage detection to avoid fire and explosion</td> </tr> <tr> <td>Renovation of Bay1, SMU, Min, and public LTC pipes</td> <td>2020</td> <td>4,755</td> <td>Replacement of old LTC pipes to avoid leakage, which may cause fire or explosion LTC</td> </tr> <tr> <td>Replacement of broken Bay 1 external-tank pipes Bay1</td> <td>2020</td> <td>705</td> <td>Use of flannel-surface connector for fixing pipes to avoid leakage of solvent</td> </tr> </tbody> </table>	Item	Year	Investment cost	Purpose and expected benefits	Setup of movable anti-fall security door at dock	2020	708	Avoid falling hazard for dock workers or fork-lift operators	Handheld VOC PID	2020	81	PID is applied in operating environment detection to evaluate overall human-exposure hazard, as well as detection of leakage of environmental-protection equipment and alert for faint of humans.	Installation of LEL at temporary wastes storage site	2020	226	Timely leakage detection to avoid fire and explosion	Renovation of Bay1, SMU, Min, and public LTC pipes	2020	4,755	Replacement of old LTC pipes to avoid leakage, which may cause fire or explosion LTC	Replacement of broken Bay 1 external-tank pipes Bay1	2020	705	Use of flannel-surface connector for fixing pipes to avoid leakage of solvent	
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Evaluation Item	Implementation Status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons	
	Yes	No	Abstract Explanation				
			Massive employment of CLAMP connection pipes in Bay 2 external-tank area for better security	2020	489	Connect fixed pipes with welding, flannel-surface, or pressure-enduring tri-clamp to reduce solvent-leakage hazard.	
			Industrial-inspection improvement for Bay1 EX-2106D	2020	305	In response to industrial-inspection need for pressure container equipment	
			Labor-saving devices for solid-material feeding	2020	628	Reduction of human-factor hazard	
			Project for building environmental security monitoring center (central control room)	2021	3,846	Installation of central control room and related hardware /software to enhance security monitoring and response capability and reduce fire and explosion hazard and	
			Labor-saving devices for solid-material feeding (Bay 2, Bay 3, Bay 4)	2021	2,028	Reduction of human-factor hazard	
			New gloves boxes for dehydrators CG-2918	2021	1,003	Reduction of exposure hazard	
			Application for hazardous-materials storage site for production/technology buildings, waste solvent tanks, and Peptide II plant	2021	1,450	In compliance with fire-fighting regulations	
(4) Has the Company established effective career development training plans?	✓		Partial exhaust-duct improvement in Peptide II plant				None
			<p>In ScinoPharm, every employee has opportunities to demonstrate their talent. A corporate culture encouraging innovation can inspire the potential of employees to the utmost level, tackling various challenges. Along with a global deployment, we provide employees multiple development opportunities, via job rotation, systematic performance evaluation, and career-development assessment, supplemented by personal development plans and training courses, offering a wide stage for performance by employees. Under such a system, employees can develop expertise in a wide range of fields, including R&D, production, quality control, business development, and logistics, capable of handling managerial responsibilities. Over 80% of the company's managers and higher ranking officials have ascended to their posts via internal cultivation and promotion.</p> <p>The company has taken plans in cultivating international talent. To meet the needs of talent development and business management, the company has instituted professional management courses from the outset, helping unit chiefs at various levels to develop managerial capability.</p>				

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Meanwhile, on the basis of vocational capability system, the company also plans learning and development roadmap for the core job capabilities of common employees, so that they can attain better performance.	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?	✓		<ol style="list-style-type: none"> 1. The company offers customers after-sales service helping them solve problems connected with production process or product quality. 2. Assist customers in replying to the questions raised by the regulator when using the products of the company or affiliates in registration. 3. All of the company's products conform to medical laws/regulations of various countries. In addition to compliance with related laws/regulations and international criteria in marketing and labeling, the company selects credible, honest, and reliable agents for its products and services, licensing them to carry out marketing of various products and forming a firm relationship with them gradually. Meanwhile, to uphold customers' interests, the company has set up various communications channels, such as e-mail replying to inquiries within 24 hours. 	None
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		<ol style="list-style-type: none"> 1. To assure product safety and service quality, the company also forms procedure for auditing suppliers to make sure they can provide the goods safely. ScinoPharm formulated "Rules for Consultants and Suppliers" process procedure to regulate relevant matters. Also formulated "Suppliers Audit Procedures. The suppliers currently are categorized to: raw material suppliers, non-raw material suppliers, transportation businesses who offer transportation services and contractors who help executing relevant works. 2. In purchasing chemical materials, in addition to request suppliers providing latest-edition materials safety data sheet, it is also mandatory to display conspicuous hazard label for materials. In addition, Complying with the government's requirement for management of controlled materials (including toxic substance), for avoiding mistaken use, the company and suppliers will both seek government permits for sale and purchase, before the deal is settled. 3. For collaborative firms, the company evaluates and selects contract manufacturers capable of meeting its management requirements, to assure their capability in handling product and process hazards safely. The company also screens and selected waste treatment firms capable of meeting the company's management requirements, to assure wastes can be treated correctly and safely. 4. The company and affiliates have established rules for selecting contractors, contractor 	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>evaluation measures, and contractor punishment rules, on top of periodic meetings for reviewing contractor safety, for constant improvement of safety and hygiene management performance, to assure conformance of contractors to laws/regulations and the company's requirements on safety and hygiene, in terms of personnel, equipment, and entry of materials into the company.</p> <p>The company has publicized "manual on contractor safety, hygiene, and environmental protection management plan," specifying ScinoPharm's safety, hygiene, and environmental-protection policy, which includes contractor liabilities and obligations, safety work rules, safety and hygiene punishment rules, and environmental-protection commitment, to assure public safety and avoid environmental pollution.</p>	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	✓		<p>In compiling CSR report, the company follows the regulations of "measures governing compilation and declaration of CSR report by TWSE-listed companies" and Global Reporting Initiative (GRI), using their core items in identifying, executing, and disclosing ScinoPharm Taiwan's related strategy and concrete measures, plus identification of issues concerned by stakeholders via questionnaire and systematic data analysis, as basis for report compilation. A comparison table for related sections and chapters is available in appendix, facilitating rapid retrieval and inquiry. Statistics contained in the report derive from self-calculation and survey result of ScinoPharm Taiwan, including financial statistics, denominated in NT dollar, from annual financial statement certified by PwC, which also executed limited assurance for the report, according to No. 1 assurance standard on "auditing or perusal of assurance cases for non-historical financial information," issued by Accounting Research and Development Foundation in Taiwan.</p>	None
6. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation:			<p>The Company passed the formulation of its "Corporate Social Responsibility Best Practice Principles" at its board of directors held on June 18, 2014, and revised the principles on March 25, 2015, December 20, 2016. For details about the operating situation and concrete practices associated with the Company's corporate social responsibility, please see the instructions on the "Fulfillment of Corporate Social Responsibility" as seen in this annual report, and access the "Corporate Social Responsibility" section of the Company's website at http://www.scinopharm.com.tw/Responsibility.asp. Following an evaluation, the Company finds little discrepancy between its corporate social responsibility fulfilment situation and the relevant principles set by the Company.</p>	
7. Other key information conducive to understanding the operating status of CSR:			<p>ScinoPharm has demonstrated its commitment to corporate governance and CSR with concrete actions. The company has sent on its own initiative its CSR report to third-party fair unit for limited assurance voluntarily. ScinoPharm has regarded highly on employees' health, helping them balance work and life, upholding their</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
equal work rights, regardless of gender, nationality, and age. Along with the quest for business development, the company has been actively striving for medical progress for humanity. ScinoPharm has joined hands with foreign partners in investing in various orphan-drug development plans, in the hope of offering poor and underprivileged people better medical resources. In environmental protection and energy consumption, ScinoPharm has been engaged in energy conservation and carbon abatement continuously, as well as constant review and optimization of existing process, reducing use of solvent for some products, on the one hand, and raising the percentage for the use of recycled organic solvent, on the other hand. The company farms out disposal of other wastes to contracted waste treatment firms and audits their operating method and outlet of wastes periodically. For a long time, ScinoPharm Taiwan has complied with corporate ethical norms, upheld customers' interests, and regarded communal relationship highly, including provision of giveback, in order to fulfill its social responsibilities, with implementation status listed as follows:				
(1) Environmental Protection:				
	The Company actively participates in the united management mechanism for safety, health and environmental protection operations in the Southern Taiwan Science Park, and promotes internal energy, power and water conservation campaigns, while also complying with the government's environmental protection policy by actualizing the recycling of garbage resources to boost the use of recycled substances with lower impact on the environment. The Company's other internal environmental protection measures include: retrieving the condensate emissions from the reverse osmosis water machines and air conditioners to cooling towers for re-utilization, and adopting water-saving faucets to reduce daily use of water.			
(2) Social exchanges:				
	With high regard for balancing work and life, ScinoPharm Taiwan, in addition to encouraging employees to care for works and family at the same time, has been holding events meeting employees' spiritual need regularly, such as ScinoPharm Artistic Forum, an annual event for 13 years, without disruption even in 2021 amid rampant pandemic, when it was held in online manner, with UN sustainability goal as the theme. The 2021 event featured a number of lecturers, including Huang Chia-chun, a documentary film director, Wu Chin-chieh, an entomologist, and Liu Kuan-yin, a magazine publisher, who talked in a story-telling manner on their life experience, inspiring audience to reflect on their living and life. Via AAEON Foundation, ScinoPharm Taiwan has sponsored exhibition of quality works of native artists in the company at annual cost of NT\$25,000 for 12 consecutive years. The company was granted copper award of 15th Arts and Business Awards by the Ministry of Culture in 2021, in acknowledgement of its years-long support for arts and cultural activities..			
(3) Communal benefits:				
	With COVID-19 pandemic continuing to wreak havoc on the operation of domestic charities in 2021, ScinoPharm Taiwan continued to support them by purchasing their products and encouraging employees to make donations, with beneficiaries including the Syin-Lu Social Welfare Foundation, Children Are Us Foundation, and Amazing Grace Deaf Bakery. In addition, the company continued to support the "Loving Month" event organized by Southern Taiwan Science Park Administration, to better relationship with neighboring communities and encourage good social culture.			
(4) Emergency relief:				
	Rampant COVID-19 pandemic has wreaked havoc on the livelihood of many underprivileged people, notably during the level-3 alert period in May 2021. In collaboration with the Mustard Seed Mission, the company encouraged employees to donate materials packages, containing rice, noodles, and canned foods, on top of 1,600 packs of sanitary pads.			
(5) Assistance in Promoting Exchanges Between Academic and Industrial Sectors:				
	The Company sets up "ScinoPharm Thesis Scholarship" in cooperation with the Chemical Society Located in Taipei, and actively sponsors seminars held by biotech and chemical engineering departments of domestic universities and colleges. In addition, ScinoPharm also arranges tours of the Company by students to make them better understand the pharmaceutical industry and help cultivate talents. Provide NT\$100,000 in sponsorship a year to make students better understand the pharmaceutical industry, help cultivate talents and help students understand the industry			
(6) Social Contributions:				
	The Company endeavors to create investment gains for shareholders and fully assume its corporate social responsibility. In addition, the Company shows high regard for the interests of employees and follows the Labor Standards Act to create job opportunities, hiring over 680 employees. Except helping local students enter the job market, took part in the talent recruitment events held at the campuses of National Taiwan University, National Cheng Kung University, and Academia Sinica, also providing internships to students from seven universities, facilitating job preparation by students and cultivation of industrial talents.			

3.4.6 Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practices Principles for TWSE listed companies and reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Whether or not the company has formulated ethical-management policy, which has been approved by the board of directors and has specified explicitly in corporate regulations and publicized documents ethical-management policy and practices, as well as commitment of the board of directors and executives on implementation of ethical-management policy?	✓		In order to deepen integrity-based management culture and to further strengthen business development, the board of directors formulated a set of "Code of Business Integrity" on December 9, 2010, which was further amended on March 26, 2012 and August 4, 2015, respectively, and consequently posted on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange, as well as on the Company's website. The Company also sets up relevant internal operating standards and control systems to examine all aspects of business operations on a fixed-time basis, and then deliver the inspection results to the Board for approval. This practice not only serves as the basis for the implementation of the integrity management, but also highlights the Company's policy and tactics as well as the commitment of its Board and management to realize integrity policy. Related information on the integrity management has also been disclosed in other outgoing documents, including the corporate social responsibility report.	None
(2) Whether or not the company has established assessment mechanism for unethical-conduct risks for periodic analysis and assessment of business activities with higher unethical-conduct risks, as basis for formulating program preventing unethical conducts, which contains preventive measures for various conducts listed in item of article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" at least.	✓		Based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct," the company has asked directors, managers, employees, fiduciaries, and people with actual control power to prevent bribery and illegal political donations during the process of business activities, on top of banning giving or taking any improper gifts, treatment, or other improper interests, so as to ward off sacrificing corporate interests for the sake of personal interests. The company has installed "stakeholder" section, as communications channel between the company and stakeholders, and "reporting system for unethical conducts" on corporate website, to highlight the company's core ethical value and determination in legal compliance.	None
(3) Whether or not the company has specified in program preventing unethical conducts operating procedure, guidelines for conduct, punishments for violation, and appeal	✓		The company has formulated "ethical corporate management best practice principles," "procedures for ethical management and guidelines for conduct," "guidelines for ethical conduct," and "guidelines for employee conduct," offering detailed regulations on employee conducts.	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practices Principles for TWSE listed companies and reasons
	Yes	No	Abstract Illustration	
system, which have been implemented faithfully and subject to periodic review and revision?			In addition, based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," the company has been preventing possible unethical conducts, on top of highlighting the importance of ethical conduct via e-mails, posts on corporate website, and orientation for new employees, so as to give employees clear guidelines in dealing with colleagues, customers, suppliers, and social public and avoid conflict of interests and improper gains. Such requirements have been incorporated into evaluation system for employee performance, to assure implementation of ethical management. Reporting system for suspected breach of the requirements, as well as punishment rules, have been available.	
2. Fulfill operations integrity policy (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		The Company has set up a filing system to manage the relationships with its contractors and has also been evaluating the integrity of its clients and suppliers through their credit lines and other appraisal systems in order to prevent untrustworthy activities from happening. The Company also stipulates integrity provisions in the contracts it signs with corresponding contractors. Should the contents violate the article of "integrity-oriented management," the Company can terminate or revoke the contract.	None
(2) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	✓		1. The company has designated legal affairs, human resources, procurement, and financial units as units for pushing ethical management, responsible for publicizing ethical management-related laws/regulations and operating procedure and ethical-management policy, supervision of prevention of unethical conducts, operation of reporting system. Those units formulate and execute annual plans for operations under their charge, integrate and review the execution, explanation, and consulting of programs on ethical management and unethical-conduct prevention of the company and various units. Those practices and results in 2021 were summarized and presented in the meeting of the board of directors on November 5th 2021. 2. The following is brief description of ethical management-related practices in 2021: (1) Education and training In addition to arrangement for directors attending related external training courses and lectures, the company has also been holding internal and external education and	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practices Principles for TWSE listed companies and reasons
	Yes	No	Abstract Illustration	
			<p>training on ethical management, including legal compliance for ethical management, GMP, accounting system, and internal control system, some of whose attendees had to take test afterward, to augment their extent of understanding. The internal and external training courses related with ethical management (including legal compliance for ethical management, GMP, accounting system and internal control system) for 2021, attendance for those courses are 13,479 person/times, totaling 14,648hours.</p> <p>(2) Periodic review:</p> <p>In addition to constant evaluation and review of business activities with higher risks of unethical conducts by various units themselves, the company's auditing office inspects compliance of related systems periodically, to assure effective operation of the entire mechanism. In 2021, no cases involving breach of ethical management were found.</p> <p>(3) Reporting system:</p> <p>To facilitate reporting of suspected breach of laws and regulations, the company has instituted employee communication mail box and protective measures for informants, as specified in "guidelines for employee conducts," on top of "stakeholder" section on corporate website and a "reporting system for unethical conducts," as contact window and reporting channel for stakeholders. There was no such report in 2021.</p>	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		<p>The company has formulated policy avoiding conflict of interests, so as to identify, supervise, and manage risk of dishonest behaviors associated with conflict of interests, while offering proper channel for directors, managerial staffers, and other interested parties present at the meeting of the board of directors to explain on their own the existence of conflict of interests between them and the company.</p> <p>For cases with related interests for themselves or juridical persons they represent, the company's directors, managerial staffers, and other interested parties present at the meeting of the board of directors should explain the major contents of the related interests and abstain, should there exist possible harm to the company's</p>	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practices Principles for TWSE listed companies and reasons
	Yes	No	Abstract Illustration	
			interests, from discussion and voting or represent other directors in the exercise of their voting right. Directors should also avoid rendering mutual support, in exhibition of self-discipline.	
(4)Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		The company has instituted effective accounting system and internal control system, on top of constant evaluation and review of business activities with higher risks of unethical conduct and periodic inspection of compliance of related systems by auditing office for compilation of report submitted to the board of directors. To assure their continuing effectiveness in the design and execution, related systems are reviewed and revised annually, to ensure a good corporate governance and risk control mechanism, as basis for evaluating the effectiveness of overall internal control system and compiling statement on internal control system, to be audited by certified public accountant, when necessary, or other related professional.	None
(5)Does the Company regularly hold internal and external educational trainings on operational integrity?	✓		The company arranges job-related mentoring and education and training, as well as opportunities for practices, to facilitate career development of employees, plus provision of multiple learning channels and resources, including on-the-job training, classroom training, GMP and laws/regulations, and online learning courses on the company's related measures. In 2021, attendance for internal and external ethical management-related education and training (including courses on compliance with related laws/regulations, GMP, accounting system, and internal control) hit 13,479 person/times, totaling 14,648 hours.	None
3. Operation of the integrity channel (1)Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The Company has established adequate channels to encourage the reporting of suspected illegal conducts or violations of related stipulations set forth in the "Code of Business Integrity," "Operating Procedures and Guidelines for Integrity Management," "Code of Ethics" and "Code of Conduct" as a means to safeguard the spirit of integrity management. While all employees are able to submit their opinions through "Employee Communication Box," the Company has also set aside special columns "Stakeholders" and "Unethical Behavior Reporting System" on its	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practices Principles for TWSE listed companies and reasons
	Yes	No	Abstract Illustration	
			website, enabling employees and relevant personnel to report suspected illegal and unethical conducts, with which the Company will assign appropriate staff from the administration, human resources, legal and related departments to jointly address alleged issues.	
(2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		The Company will approach all of reported cases and follow-up investigations with extremely confidential and stringent attitude based on standard procedures and secrecy mechanism conforming to internal rules and regulations.	None
(3) Does the Company provide proper whistleblower protection?	✓		Personal data provided by informants, unless otherwise stipulated by law, the Company will be kept the data confidentially and take appropriate protective measures in accordance with laws to safeguard personal information and privacy of informants so as to prevent these persons from receiving retaliation and unfair treatment.	None
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS	✓		The Company's "Code of Business Integrity" has been uploaded to "Market Observation Post System (MOPS), as well as on the "Investors" column of corporate website, allowing all employees and general public to make inquiries at any time. Additionally, related information pertaining to business integrity has also been disclosed in the annual reports and corporate social responsibility reports posted on the MOPS and corporate website.	None
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.	<p>In accordance with the rules set on the "Rules for Business Integrity by Listed Companies," the Company has set up and promulgated "Code for Business Integrity," "Operating Procedures and Guidelines for Integrity Management," "Administrative Rules on Transaction with Stakeholders, Designated and Associated Companies," "Operating Procedures for Major Internal Information," "Code of Self-Discipline for Disclosing Acquisition Information," "Code of Ethics," and "Code of Conduct." In addition to requiring relevant departments and all of employees to follow these rules, the Company has also asked its subsidiaries to abide the spirit of integrity policy set forth by the parent company and to implement related regulations. Overall, the practice of business integrity and the law-abiding requirement for subsidiaries are identical to the parent company.</p>			

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practices Principles for TWSE listed companies and reasons
	Yes	No	Abstract Illustration	
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies.			While operating the Company in accordance with related laws and regulations, the Company also periodically holds courses pertaining to corporate governance, insider trading management and code of conducts for employees, as well as irregularly dispatches relevant units to participate in related courses including taxation, legal risk and corporate governance to promote business integrity and morality. The Company has also been upholding the highest standards to promote the use of principles of honest, trustworthy and transparency to engage in business activities so as to protect the interest of stakeholders and deepen the spirit of business integrity into corporate ethics and culture for ramping up reputation and sustainable growth. Coping with changing management environment, the Company also reviews and amends related rules, operating procedures and guidelines for integrity management in order to meet legal requirements and expectations of stakeholders.	

3.4.7 Corporate Governance Guidelines and Regulations

To enhance risk control mechanism and to comply with the spirit of corporate governance, as well as to cope with the listing of the Company's shares on the stock market and the formulation and amendment of rules and regulations by relevant governing agencies, the Company has also successively drawn or amended a number of sets of rules and guidelines, including "Processing Procedures for Acquisition and Disposal of Assets", "Operating Procedures for Providing Endorsement and Guarantee", "Operating Procedures for Lending Funds to Others", "Rules of Procedure for Shareholders' Meeting", "Rules of Procedure for Board of Directors Meeting", "Rules of Governing Election of Directors", "Rules on Terms of Reference for Independent Directors," "Audit Committee Charter", "Regulations for Organization of Remuneration Committee", "Self-discipline for Revealing Acquisition Information", "Rules for Transaction among Stakeholders, Designated Companies and Corporate Groups", "Code of Business Integrity", "Operating Procedures and Guidelines for Business Integrity", "Code of Ethics", "Code of Conduct", "Operating Procedures for Processing Major Internal Information", "Practical Guidelines for Corporate Governance" and "Practical Guidelines for Corporate Social Responsibility" as well as complete internal control and auditing systems. All related rules and regulations have been posted on the MOPS and corporate website. For related information, please check with the Company's web: www.scinopharm.com.tw via Investors/Corporate Governance/Major Ruling or Code of Ethics.

3.4.8 Other Important Information Regarding Corporate Governance

3.4.8.1. While integrity is the fundamental of the Company, the establishment of a working environment based on pluralism, equality, mutual trust and respectfulness has also been the Company's business philosophy. Thus, the formulation of "Code for Business Integrity," "Operating Procedures and Guidelines for Integrity Management," "Code of Ethics," and "Code of Conduct" will enable high-level management and all of employees to understand related laws and rules they have to abide and the ethics they have to put into practice during their work, and to realize the Company's expectations on behavior of its employees, cooperation partners and suppliers. These are not only the bases for senior management and all of colleagues to conduct their behavior, but will also help lift up the quality of behavior and professional ethics, which will be instrumental to sustainable growth and future development of the Company.

3.4.8.2. To enable employees to reveal suspected violated conducts through appropriate channels, the Company has set a communication box and related protection measures. More information can be found at the Company's website: www.scinopharm.com.tw, to see related regulations from the special column Investors/Corporate Governance/Code of Ethical Conduct/Code of Conducts.

Additionally, in order to establish an open, transparency and effective communication channel with stakeholders to understand the demand of each side, and to be used as reference to formulate the policy and activities for carrying out corporate social responsibility, the Company sets up a special "Stakeholders" column on its website, attached with a "Reporting System for Violating Code of Ethics" providing stakeholders with an adequate communication and reporting channel. For more information, please see the "Stakeholders' section at www.scinopharm.com.tw.

3.4.8.3. To continue enriching related information on corporate governance for advanced study, the Company also takes the initiation to inform all members of its directors and independent directors to arrange courses. In 2021, 15 directors and independent directors attended such courses, whose curricular are listed below. The training complies with the ruling of "Key Points for Promoting Advanced Studies by Directors, Supervisors of Listed Companies."

2021 Directors' and Independent Directors' training records

As of 12/31/2021

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2021 Training total hours	Is training record fulfill the requirement (Note)
			From	To					
1	Institutional Shareholder Representative	Chih-Hsien Lo	2021.04.23	2021.04.23	Taiwan Institute of Directors	The obligations and duties of companies and directors / supervisors under Securities and Exchange Act	3	6	Yes
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
2	Institutional Shareholder Representative	Tsung-Ming Su	2021.04.23	2021.04.23	Taiwan Institute of Directors	The obligations and duties of companies and directors / supervisors under Securities and Exchange Act	3	13	Yes
			2021.05.21	2021.05.21	LCH Lawyers LLP	Overview of enforcement actions on breaches of Listing Rules	1		
			2021.08.24	2021.08.24	Taiwan Academy of Banking and Finance	Corporate governance forum on international anti-money laundering and -terrorism financing trend (phase 7)	3		
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
			2021.12.22	2021.12.22	Taiwan Corporate Governance Association	17th corporate government summit forum—materialization of corporate governance and sustainability via ESG implementation	3		
3	Institutional Shareholder Representative	Chin-Yuan Cheng	2021.08.03	2021.08.03	Taiwan Corporate Governance Association	Need for directors and supervisors to address information security issue amid rampant hacking incidents	3	12	Yes
			2021.08.06	2021.08.06	Taiwan Corporate Governance Association	Our distance from insider trading	3		
			2021.08.13	2021.08.13	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors—lessons of KY case on corporate governance	3		
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
4	Institutional Shareholder Representative	Tsung-Pin Wu	2021.04.23	2021.04.23	Taiwan Institute of Directors	The obligations and duties of companies and directors / supervisors under Securities and Exchange Act	3	9	Yes
			2021.05.06	2021.05.06	Taiwan Corporate Governance Association	Business group governance and performance management	3		
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2021 Training total hours	Is training record fulfill the requirement (Note)
			From	To					
5	Institutional Shareholder Representative	Fu-Jung Lai	2021.03.29	2021.03.29	Accounting Research and Development Foundation	New corporate sustainability policy and irregularity prevention--case study	3	21	Yes
			2021.03.30	2021.03.30	Accounting Research and Development Foundation	Legal compliance auditing on shareholders' meeting	3		
			2021.04.23	2021.04.23	Taiwan Institute of Directors	The obligations and duties of companies and directors / supervisors under Securities and Exchange Act	3		
			2021.04.27	2021.04.27	Accounting Research and Development Foundation	Corporate governance 3.0--practices of sustainability roadmap and corporate governance evaluation	3		
			2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.(Taiwan)	Morning session, 13th Taipei corporate governance forum	3		
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
			2021.11.12	2021.11.12	Securities and Futures Institute	2021 Sessions on legal abidance by insiders of listed companies for trading in equity	3		
6	Institutional Shareholder Representative	Jia-Horng Guo	2021.09.09	2021.09.09	Taiwan Academy of Banking and Finance	Fair customer treatment from the angle of corporate governance (phase 1)	3	6	Yes
			2021.10.14	2021.10.14	Independent Director Association Taiwan	Current development and practices of anti-money laundering and -terrorism financing	3		
7	Institutional Shareholder Representative	Ming-Chuan Hsieh	2021.08.26	2021.08.26	Securities and Futures Institute	Advanced seminar on corporate governance and practices (case study on insider trading)	3	6	Yes
			2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.(Taiwan)	Morning session, 13th Taipei corporate governance forum	3		

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2021 Training total hours	Is training record fulfill the requirement (Note)
			From	To					
8	Institutional Shareholder Representative	Ya-Po Yang	2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.(Taiwan)	Morning session, 13th Taipei corporate governance forum	3	15	Yes
			2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.(Taiwan)	Afternoon session, 13th Taipei corporate governance forum	3		
			2021.10.06	2021.10.06	Digital Governance Association	On information and risk management for directors	3		
			2021.10.21	2021.10.21	Securities and Futures Institute	Seminar on digital transformation of traditional industries for directors, supervisors (or independent directors), corporate-governance chiefs	3		
			2021.11.19	2021.11.19	Institute of Financial Law and Crime Prevention	2021 Corporate governance case study (phase 5)	3		
9	Institutional Shareholder Representative	Shiow-Ling Kao	2021.04.23	2021.04.23	Taiwan Institute of Directors	The obligations and duties of companies and directors / supervisors under Securities and Exchange Act	3	6	Yes
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
10	Institutional Shareholder Representative	Chiou-Ru Shih	2021.04.23	2021.04.23	Taiwan Institute of Directors	The obligations and duties of companies and directors / supervisors under Securities and Exchange Act	3	12	Yes
			2021.08.24	2021.08.24	Taiwan Academy of Banking and Finance	Corporate governance forum on international anti-money laundering and terrorism financing trend (phase 7)	3		
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
			2021.11.09	2021.11.09	Taiwan Academy of Banking and Finance	Corporate governance lecture on the functions of the board of directors--from the angle of preventing corporate fraud	3		
11	Institutional Shareholder Representative	Po-Ming Hou	2021.04.23	2021.04.23	Taiwan Institute of Directors	The obligations and duties of companies and directors / supervisors under Securities and Exchange Act	3	9	Yes
			2021.05.10	2021.05.10	Taiwan Corporate Governance Association	Corporate governance 3.0 related with Covid 19	3		
			2021.08.09	2021.08.09	Taiwan Corporate Governance Association	Lesson from COVID-19 pandemic on corporate risk management	3		

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2021 Training total hours	Is training record fulfill the requirement (Note)
			From	To					
12	Institutional Shareholder Representative	Kuo-Hsi Wang	2021.04.29	2021.04.29	Taiwan Institute for Sustainable Energy	24th CEO lecture	2	13	Yes
			2021.07.29	2021.07.29	Taiwan Institute for Sustainable Energy	25th CEO lecture	2		
			2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.(Taiwan)	Afternoon session, 13th Taipei corporate governance forum	3		
			2021.11.16	2021.11.16	Taiwan Corporate Governance Association	Lesson from COVID-19 pandemic on business strategy and corporate governance for global unsustainability risk	3		
			2021.11.16	2021.11.16	Taiwan Corporate Governance Association	Innovation, digital technology, and competitive edge	3		
13	Independent Director	Lewis Lee	2021.09.28	2021.09.28	Taiwan Corporate Governance Association	Corporate governance 3.0 and securities legal regulations	3	9	Yes
			2021.09.28	2021.09.28	Taiwan Corporate Governance Association	Corporate governance and business secret protection	3		
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
14	Independent Director	Wen-Chang Chang	2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.(Taiwan)	Afternoon session, 13th Taipei corporate governance forum	3	6	Yes
			2021.10.27	2021.10.27	Securities and Futures Institute	2021 Sessions on legal abidance by insiders of listed companies for trading in equity	3		
15	Independent Director	Li-Tzong Chen	2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.(Taiwan)	Morning session, 13th Taipei corporate governance forum	3	6	Yes
			2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.(Taiwan)	Afternoon session, 13th Taipei corporate governance forum	3		

Note: If the training complies with the request of training hours, training scope, training system, training arrangement and information disclosures of "Key Points for Promoting Advanced Studies by Directors, Supervisors of Listed Companies".

3.4.8.4. In order to instill correct concept about corporate governance in managerial staffers, the Company has been continuously arranging attendance of courses, held by external units, on corporate governance by managerial staffers, in order to attain the materialization of sound corporate governance. List of such courses attended by the Company's managerial staffers follows:

2021 Executive Offices' training records

As of 2021.12.31

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2021Training total hours	Is training record fulfill the requirement (Note)
			From	To					
1	C.E.O.	Li-An Lu	2021.04.23	2021.04.23	Taiwan Institute of Directors	The obligations and duties of companies and directors / supervisors under Securities and Exchange Act	3	12	Yes
			2021.05.06	2021.05.06	Taiwan Institute of Directors	Materialization of sustainable finance and march towards green finance 2.0	3		
			2021.08.23	2021.08.23	Taiwan Institute of Directors	Combating money laundering and financing of terrorism and fair client treatment principle	3		
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
2	Senior Director Accounting	Chih-Hui Lin	2021.07.08	2021.07.08	Accounting Research and Development Foundation	Practice of legal compliance for corporate investment and M&A	6	27	Yes
			2021.08.12	2021.08.12	Accounting Research and Development Foundation	Analysis of "sustainability report" practice under corporate governance 3.0 policy	3		
			2021.08.24	2021.08.24	Accounting Research and Development Foundation	Strengthening the ability for financial-state compilation: Internal control, internal auditing, and information technology	3		
			2021.09.17	2021.09.17	Accounting Research and Development Foundation	Financial risk and case study for disposal of realty and equity by Taiwanese-invested enterprises in China	3		
			2021.10.13	2021.10.13	Securities and Futures Institute	2021 Sessions on legal abidance by insiders of listed companies for trading in equity	3		
			2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3		
			2021.12.22	2021.12.22	Taiwan Corporate Governance Association	17th corporate government summit forum (2021)	6		
3	Senior Director Finance	Chih-Ching Hsu	2021.10.22	2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 delineates sustainability roadmap	3	3	Yes
4	Director Audit Office	Ivan Hsu	2021.11.15	2021.11.15	Accounting Research and Development Foundation	Policy development on financial-statement compilation and practice of internal control	6	12	Yes
			2021.12.02	2021.12.02	Accounting Research and Development Foundation	Augmentation of internal control efficacy with robotic process automation	6		

Note: if the training complies with the request of training hours, training scope, training system, training arrangement and information disclosures of "Key Points for Promoting Advanced Studies by Directors, Supervisors of Listed Companies.", "Regulations Governing the Review of Professional Development Institutions for Principal Accounting Officers of issuers, Securities Firms, and Securities Exchanges" and "Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers".

3.4.9 Implementation Status of Internal Control System

3.4.9.1 Internal Control Declaration (translated from Chinese)

Statement of Internal Control System

Date: February 25, 2022

The internal control system from January 1 to December 31, 2021, according to the result of self-assessment is thus stated as follows:

1. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
3. According to the effective judgment items for the internal control system specified in "Highlights for Implementation of Establishing Internal Control System by Listed Companies" (hereinafter referred to as "Highlights") promulgated by Securities and Futures Commission, Ministry of Finance R.O.C., the Company has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by "Highlights" are, based on the process of management control, for classifying the internal control into five elements: (1) Control environment;(2) Risk assessments;(3) Control activities;(4) Information and communication; and (5) Monitoring. Each element also includes a certain number of items. For the foregoing items , refer to "Highlights".
4. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
5. Based on the above-mentioned result of evaluation, the Company suggests that the internal control system, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability of financial reporting , the compliance of applicable law and regulations has been effective and they can reasonably assure the aforesaid goals have been achieved.
6. This statement will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article20, 32, 171 and 174 of Securities and Exchange Law.
7. This statement has been approved by the meeting of Board of Directors on February 25, 2022, and those 15 directors in presence all agree at the contents of this statement.

ScinoPharm Taiwan, Ltd.
Chairman: Chih Hsien Lo
C.E.O.: Li-An Lu

3.4.9.2 If the Company has commissioned external auditors to review the Company's internal control system, the external auditor's report should be disclosed: Not applicable.

3.4.10 Result of punishment inflicted on insiders for breach of regulations of internal control system which may have material influence on shareholders' equity or securities price: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

3.4.11.1 Major Resolutions and implementation status of 2020 Annual General Shareholders' Meeting

One general shareholders meeting was convened in the fiscal year 2020 and up to the publish date of the annual report. The resolutions were summarized as follows.

(I) shareholders' meeting: 2021/07/21. Adoption of Business Report and Financial Statements for 2020.

Implementation status: Accepted the business reports and financial statements of year 2020: In accordance with the Company Law, all related financial information has been submitted to the government agency for review.

b. Adoption of Proposed earnings distribution plan for fiscal year 2020.

Implementation status: The Company was to distribute : Cash dividend : NT\$0.5 per share. The Earning Distribution Record Date was set on 2021 09.03, and the Distribution Date was set on 2021.09.23.

c. Proposed Amendments to the Rules of Procedures for Shareholders' Meeting of the Company.

Implementation status: Posting of the revised regulations on the MOPs and corporate website on 2021.07.21 and enforce the amended Regulations

d. Approved the nomination of directors (including independent directors) for the Tenth Session of Board of Directors at 2021 annual general shareholders Meeting.

Implementation status: List of elected directors, based on a nomination system, was already posted on the corporate website and Market Observation Post System on July 21, 2021.

The Shareholders' Meeting elected 12 directors and three independent directors, with the list as the following:

Uni-President Enterprises Corp. Representative: Chih-Hsien Lo, Tsung-Ming Su, Chin-Yuan Cheng, Tsung-Pin Wu, Jia-Horng Guo, Fu-Jung Lai

Tainan Spinning Co., Ltd Representative: Po-Ming Hu

Kao Chuyuan Investment Co., Ltd. Representative: Shiow-Ling Kao

National Development Fund, Executive Yuan Presentativie: Ming-Chuan Hsieh, Ya-Po Yang

President International Development Corp. Representative: Chiou-Ru Shih

Taiwan Sugar Corporation Representative: Kuo-Hsi Wang

Independent Directors: Lewis Lee, Wen-Chang Chang, Li-Tzong Chen

Report already filed with the competent authority and change of registration made within 15 days, according to legal requirement, approved by the Southern Taiwan Science Park Administration (approval letter No. 1100022618, August 5, 2021)

e. Approved the proposal submitted at the 2021 annual general shareholders meeting to abolish the restrictions of non-compete clause for representative directors of the tenth session of Board of Directors.

Implementation status: Put into force after resolution by the shareholders' meeting on 2021.07.21 and reported the competent authority for publication on the same day

(II) Major Resolutions during the Board of Directors Meetings in 2021 and to the Publish Date of the Annual Report

Eight board meetings were convened in fiscal year 2021 and up to the publish date of the annual report. The major resolutions were summarized below.

(1) The eighteenth meeting of the Ninth Term of Board of Directors (March 18, 2021)

- a. Approved the Company's remuneration distribution plans for directors and employees for fiscal 2020.
- b. Approved the Company's performance bonus for vice president and above for fiscal 2020.
- c. Approved business report and financial reports for fiscal 2020.
- d. Approved income distribution plan for fiscal 2020. The cash dividend to be distributed is NT\$0.5 per share.
- e. Approved hiring for managerial positions
- f. Approved "Statement for Internal Control Systems" for fiscal 2020.
- g. Approved the Company's evaluation results regarding the independence and suitability of the CPAs. The appointment of charter certified accountant and remuneration package.
- h. Approved the renewal contracts signed with financial institutions for long- and short-term credit lines and the transaction amount for derivative financial products, and authorized the Company's chairman to sign the deal.
- i. Approved to offer Letter of Comfort and guarantee for SciAnda (Changshu) Pharmaceuticals, Ltd. medium-term credit loan.
- j. Approved the amendments to the Rules of Procedure for Board of Directors Meeting of the Company.
- k. Approved the amendments to the Rules of Procedures for Shareholders' Meeting of the Company.
- l. Approved the amendments to measures governing flow for the nomination of candidates for Directors
- m. Approved the 10th Election of Board of Directors (including independent directors).
- n. Approved the announcement of acceptance of Directors candidates nominated by shareholders with 1% or higher stake.
- o. Approved the proposed releases of Director's (including Independent Directors) elected and their representatives from Non-Competition Restrictions in Shareholders' Meeting 2021.
- p. Approved the date, location and agenda for holding of the 2021 annual general shareholders meeting and relevant operating procedures for acceptance of proposals submitted by shareholders who holds over 1% of outstanding shares

(2) The nineteenth meeting of the Ninth Term of Board of Directors (May 11, 2021)

- a. Approved the Company's consolidated financial statement and Auditor's report for the first quarter of 2021.
- b. Approved hiring for managerial positions.
- c. Approved the hiring for consultants.
- d. Approved hiring for corporate governance officer.
- e. Approved converting the Japanese business office into a subsidiary
- f. Approved the reviewing of the candidacy of directors (include independent

directors).

- g. Approved amendments to Standard Operation Procedure for Handling of Director Requests.
- h. Approved the Corporate Governance Best Practice Principles of the Company.
- i. Approved “Supervisory Measures for Subsidiaries”.

(3) The twentieth meeting of the Ninth Term of Board of Directors

(June 29, 2021)

- a. Approved to reset the date, location for holding of the 2021 annual general shareholders meeting.
- b. Approved the continuation of liability insurance policy for directors and key employees.

(4) The first meeting of the Tenth Term of Board of Director

(July 21, 2021)

- a. Approved the election of Chairman of the Company's Tenth Term of Board of Directors.

(5) The second meeting of the Tenth Term of Board of Directors

(August 10, 2021)

- a. approved the Chairman to resume General Chief Strategy Officer
- b. Approved the appointment of President of the Company.
- c. Approved the selection of members for the functional committees under the Board of Directors.
- d. Approved the proposal of 2020 cash dividend ex-dividend date and dividend payment date according to income distribution plan.
- e. Approved the consolidated financial reports for the second quarter of 2021
- f. Approved the case involving scrapping of inventories.
- g. Approved the abolishment of restrictions of non-compete clause for the Company's managers.
- h. Approval of change of the Japan subsidiary's seal management and authority for approval of online-banking transactions

(6) The third meeting of the Tenth Term of Board of Directors

(November 5, 2021)

- a. Approved corporate social responsibility realization report (including corporate governance and integrity-based management).
- b. Approved the consolidated financial statement and Auditor's report for the third quarter of 2021.
- c. Approved the Company's current remuneration standard and structure for directors.
- d. Approved the salary and compensation for President of the company.
- e. Approved hiring for subsidiary's managerial positions.
- f. Approved hiring for managerial positions.
- g. Approved the change of personnel for seal management.

(7) The forth meeting of the Tenth Term of Board of Directors

(December 21,2021)

- a. Approved the existing standard and structure for the performance appraisal and compensations for managers.
- b. Approved employees' salary adjustment program for 2022(including managers).
- c. Approved the 2022 business plan of ScinoPharm Taiwan, Ltd.
- d. Approved the Company's audit planning of ScinoPharm Taiwan, Ltd. for

2022.

e. Approved amendments to “Supervisor Measures for Subsidiaries”.

(8) The fifth meeting of the Tenth Term of Board of Directors

(February 25, 2022)

- a. Approved the Company's remuneration distribution plans for directors and employees for fiscal 2021.
- b. Approved the Company's performance bonus for vice president and above for fiscal 2021.
- c. Approved business report and financial reports for fiscal 2021.
- d. Approved income distribution plan for fiscal 2021. The cash dividend to be distributed is NT\$0.48 per share.
- e. Acknowledgement of disposal of stake in Foresee Pharmaceuticals Co., Ltd.
- f. Approved hiring for managerial positions.
- g. Approved to reassign legal representative, the Directors and Supervisors for affiliates.

- h. Approved “Statement for Internal Control Systems” for fiscal 2021.
- i. Approved the Company's evaluation results regarding the independence and suitability of the CPAs. The appointment of charter certified accountant and remuneration package.
- j. Approved the renewal contracts signed with financial institutions for long- and short-term credit lines and the transaction amount for derivative financial products, and authorized the Company's chairman to sign the deal.
- k. Approved to offer Letter of Comfort and guarantee for SciAnda (Changshu) Pharmaceuticals, Ltd. medium-term credit loan.
- l. Approved amendments to the Articles of Incorporation of the Company.
- m. Approved amendments to the Operational Procedures for Loaning of Company Fund and Operational Procedures for Endorsements and Guarantees of the Company.
- n. Approved amendments to the Operational Procedures for Acquisition and Disposal of Assets of the Company.
- o. Approved amendments to the Corporate Governance Best Practice Principles of the Company.
- p. Approved the proposed releases of Director's (including Independent Directors) elected and their representatives from Non-Competition Restrictions in Shareholders' Meeting 2022.
- q. Approved the date, location and agenda for holding of the 2022 annual general shareholders meeting and relevant operating procedures for acceptance of proposals submitted by shareholders who holds over 1% of outstanding shares

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:

Resignation or Dismissal of the Company's Key individuals listing

As of March 31,2022

Title	Name	Appointed Date	Discharged Date	Reason for resignation or dismissal
C.E.O.	Tsung - Ming Su	2018.07.05	2021.08.10	Term accompolished
Spokesperson	Li-An Lu	2018.08.01	2021.11.05	Position adjustment
Internal Audit Officer	Shun Yang Lin	2015.08.04	2021.11.05	Position adjustment
Spokesperson	Jess Tang	2021.11.05	2022.03.05	Personal factor

3.5 Information Regarding the Company's Audit Fee and Independence

3.5.1 Audit Fee

Audit Fee Range Statement

Units: NT\$ thousands

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
Pricewaterhouse Coopers Taiwan	Yung-Chih Lin	Tzu-Meng Liu	January 1 st ,2021 ~ December 31 st ,2021	4,650	730	5,380	Mostly CSR review and tax consultancy fee

3.5.2 If there is any change in the appointed independent auditors and the Company's annual auditing expenses decreased simultaneously, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed: The Company didn't change the appointed independent auditors.

3.5.3 Auditing expenses decreased by 10% in comparison to the previous year, information regarding the amount, percentage and reason for the decrease in auditing expenses shall be disclosed: Not Applicable.

3.6 Replacement of CPA : In line with the adjustment of the administrative

organization of the contracted accounting firm PwC Taiwan, the company changed CPAs to Tzu-Yu Lin and Yung-Chih Lin from Yung-Chih Lin and Tzu-Meng Liu since beginning of 2022.

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

3.8 Net Change in shareholdings and in shares pledged by directors, management, and shareholders holding more than a 10% share in the Company.

3.8.1 Changes in Shareholding of Directors, Managers and Major Shareholders

Title	Name	2021		As of March 31,2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
		Net increase (decrease) in shares held			
Director (Institutional Shareholder)	Uni-President Enterprises Corp	0	0	0	0
Chairman and General Chief Strategy Officer (representative)	Chih-Hsien Lo	0	0	0	0
Director (representative)	Tsung-Ming Su	0	0	0	0
Director (representative)	Kun-Shun Tsai (Note 1)	0	0	0	0
Director (representative)	Chin-Yuan Cheng (Note 2)	0	0	0	0
Director (representative)	Tsung-Pin Wu	0	0	0	0
Director (representative)	Jia Horng Guo	0	0	0	0
Director (representative)	Fu-Jung Lai	0	0	0	0
Big Shareholder	Uni-President Enterprises Corp	0	0	0	0
Director (Institutional Shareholder)	National Development Fund, Executive Yuan	0	0	0	0
Director (representative)	Ming-Chuan Hsieh	0	0	0	0
Director (representative)	Ya-Po Yang	0	0	0	0
Big Shareholder	National Development Fund, Executive Yuan	0	0	0	0
Director (Institutional Shareholder)	Tainan Spinning Co., Ltd.	0	0	0	0
Director (representative)	Po-Ming Hou	0	0	0	0
Director (Institutional Shareholder)	Kao Chyuan Investment Co., Ltd.	0	0	0	0
Director (representative)	Shiow-Ling Kao	0	0	0	0
Director (Institutional Shareholder)	President International Development Corp.	0	(11,000,000)	0	5,000,000
Director (representative)	Chiou-Ru Shih	0	0	0	0
Director (Institutional Shareholder)	Taiwan Sugar Corporation	0	0	0	0

Title	Name	2021		As of March 31,2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
		Net increase (decrease) in shares held			
Director (representative)	Kuo-Hsi Wang	0	0	0	0
Independent Director	Wei-Te Ho (Note 3)	0	0	0	0
Independent Director	Lewis Lee (Note 4)	0	0	0	0
Independent Director	Wen-Chang Chang	0	0	0	0
Independent Director	Li-Tzong Chen	0	0	0	0
President & CEO	Li-An Lu (Note 5)	0	0	0	0
Vice President	Katy Cheng	0	0	0	0
Vice President	Ching-Wen Lin	0	0	0	0
Vice President	Li-Chiao Chang	0	0	0	0
Vice President	Ling-Hsiao Lien	0	0	0	0
Director	CC Lin	0	0	0	0
Director	Yu-Fen Hung	0	0	0	0
Director & Accounting Officer	Chih-Hui Lin	0	0	0	0
Director & Finance Officer	Chin-Ching Hsu	0	0	0	0
Director	Szu-Ching Wang (Note 6)	0	0	0	0
Director	Brian Chang (Note 7)	0	0	0	0
Director	Shun Yang Lin	0	0	0	0
Director	Yu-Wei Shen	0	0	0	0
Director	Shih-Hao Yang	0	0	0	0
Director	Cynthia Hung	0	0	0	0
Director	Bin Liu	0	0	0	0
Director	Chia-Chen Chen	0	0	0	0
Director	Ivan Hsu (Note 8)	0	0	0	0
Director	John Tsai (Note 9)	0	0	0	0
Director	Jason Chen (Note 10)	0	0	0	0

Note 1: The Director was discharged on 2021.07.21

Note 2: The Director was elected on 2021.07.21

Note 3: The Director was discharged on 2021.07.21

Note 4: The Director was elected on 2021.07.21

Note 5: The President was promoted on 2021.08.10

Note 6: The Director was discharged on 2021.09.25

Note 7: The Director was newly appointed on 2021.03.01

Note 8: The Director was newly appointed on 2021.11.05

Note 9: The Director was newly appointed on 2021.11.05

Note 10: The Director was newly appointed on 2021.06.15

Note 7: The Director was newly appointed on 2021.04.01

Note 8: The Director was newly appointed on 2021.04.01

Note 9: The Director was newly appointed on 2021.11.05

Note 10: The Director was newly appointed on 2021.06.15

3.8.2 Shares Trading with Related Parties: None

3.8.3 Shares Pledge with Related Parties: None

3.9 Relationship among the Top Ten Shareholders

3.9.1. Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

As of 2021.12.31 ; Unit : Share ; %

Name (Note 1)	Current Shareholding (Note 4)		Spouse & Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees Note 3)		Remar k
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Uni-President Enterprises Corp.	299,968,639	37.94%	—	—	—	—	President International Development Corp.	1. Referring to the parent company of President International Development Corp.(PIDC) 2. Company's Chairman is also Chairman of PIDC 3. Director also referring to as Director of PIDC 4. Vice President also referring to as President of PIDC 5. Vice President also referring to as Director of PIDC 6. Assistant Vice President also referring to as Director of PIDC 7. Assistant Vice President also referring to as Supervisor of PIDC 8. Chairman is the spouse of Director of PIDC	—
							Tainan Spinning Co., Ltd.	1. Company's director is also Chairman of Tainan Spinning Co., Ltd. 2. Company's director is also Director of Tainan Spinning Co., Ltd. 3. Company's Director is also brother of Director of Tainan Spinning Co., Ltd.	
							Prince Housing & Development Corp.	1. Company's chairman is also Chairman of Prince Housing & Development 2. Company's director is also Director of Prince Housing & Development 3. Company's Assistant Vice President is also Director of Prince Housing & Development 4. Chairman is the spouse of Director of Prince Housing & Development	
							Kao Chyuan Investment Co., Ltd.	1. Company's Chairman and part of Directors are also the representatives of Kao Chyuan Investment Co., Ltd. 2. Company's Chairman is the spouse of Chairman of Kao Chyuan Investment Co., Ltd. 3. Company's Chairman is also Director of Kao Chyuan Investment Co., Ltd.	

Name (Note 1)	Current Shareholding (Note 4)		Spouse & Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees Note 3)		Remar k
	Shares	%	Shares	%	Shares	%	Name	Relationship	
							Tong Yu Investment Corp.	1. Referring to the final parent company of Tong Yu Investment Corp 2. Vice President also referring to as Chairman of Tong Yu Investment Corp	—
Uni-President Enterprises Corp Representative : Chih-Hsien Lo	-	-	-	-	-	-	Kai Yu Investment Co.	1. Referring to the parent company of Kai Yu Investment Co. 2. Assistant Vice President also referring to as Chairman of Kai Yu Investment Co.	—
							Kai Nan Investment Co.	1. Referring to the parent company of Kai Nan Investment Co. 2. Assistant Vice President also referring to as Chairman of Kai Nan Investment Co.	—
							1. President International Development Corp. 2. Prince Housing & Development Corp. 3.Kao Chyuan Investment Co., Ltd	1. Chairman of President International Development Corp. 2. Chairman of Prince Housing & Development 3. Director of and spouse of chairman of Kao Chyuan Investment Co., Ltd.	—
Uni-President Enterprises Corp Representative : Tsung-Ming Su	—	—	—	—	—	—	1. President International Development Corp. 2. Tong Yu Investment Corp	1. President and Director of President International Development Corp 2. Chairman of Tong Yu Investment Corp	—
Uni-President Enterprises Corp Representative : Chin-Yuan Cheng	—	—	—	—	—	—	—	—	—

Name (Note 1)	Current Shareholding (Note 4)		Spouse & Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees Note 3)		Remar k
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Uni-President Enterprises Corp Representative : Tsung-Pin Wu	—	—	—	—	—	—	1. President International Development Corp. 2. Prince Housing & Development 3. Kai Nan Investment Co.	1. Supervisor of President International Development Corp. 2. Director of Prince Housing & Development 3. Chairman of Kai Nan Investment Co.	—
Uni-President Enterprises Corp Representative : Jia Horng Guo	—	—	—	—	—	—	—	—	—
Uni-President Enterprises Corp Representative : Fu-Jung Lai	—	—	—	—	—	—	—	—	—
National Development Fund, Executive Yuan Institutional Shareholder	109,539,014	13.85%	—	—	—	—	—	—	—
National Development Fund, Executive Yuan Institutional Shareholder Representative : Ming-Chuan Hsieh	—	—	—	—	—	—	—	—	—
National Development Fund, Executive Yuan Institutional Shareholder Representative : Ya-Po Yang	—	—	—	—	—	—	—	—	—

Name (Note 1)	Current Shareholding (Note 4)		Spouse & Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees Note 3)			Remar k
	Shares	%	Shares	%	Shares	%	Name	Relationship		
Taiwan Sugar Corporation	32,581,963	4.12%	—	—	—	—	—	—	—	—
Taiwan Sugar Corporation Shareholder Representative : Kuo-Hsi Wang	—	—	—	—	—	—	—	—	—	—
President International Development Corp.	28,673,421	3.63%	—	—	—	—	Uni-President Enterprises Corp.	1. An enterprise invested by Uni-President Enterprises on the basis of equity-method evaluation 2. Chairman is the Chairman and General Chief Strategy Officer of Uni-President Enterprises Corp. 3. President and Director is the Vice President of Uni- President Enterprises Corp. 4. Company Director is Director of Uni-President Enterprises Corp. 5. Company Director is Assistant Director of Uni-President Enterprises Corp. 6. Company Supervisor is Assistant Director of Uni- President Enterprises Corp. 7. Company's Chairman、Director	—	
							Tainan Spinning Co., Ltd.	1. Director is also referring to as Chairman of Tainan Spinning Co., Ltd. 2. Company's Director		
							Kao Chyuan Inv. Co., Ltd.	1. Chairman is the spouse of Chairman of Kao Chyuan Inv. Co., Ltd. 2. Director also referring to as Chairman of Kao Chyuan Inv. Co., Ltd. 3 Company's Director		

Name (Note 1)	Current Shareholding (Note 4)		Spouse & Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees Note 3)			Remar k
	Shares	%	Shares	%	Shares	%	Name	Relationship		
President International Development Corp.	28,673,421	3.63%	—	—	—	—	Prince Housing &Development Corp.	1. Company's Chairman is also chairman of Prince Housing &Development Corp. 2. Director is also Director of Prince Housing & Development Corp. 3. Director is also President of Prince Housing & Development Corp. 4. Company's Director	—	—
							Tong Yu Investment Corp.	1. An enterprise invested by Tong Yu Investment Corp. on the basis of equity-method evaluation 2. President is also Chairman of Tong Yu Investment Corp. 3. Company is Chairman and Director of Tong Yu Investment Corp.	—	
							Kai Yu Investment Co.	1. Director is Chairman of Kai Yu Investment Co.	—	
							Kai Nan Investment Co.	1. Supervisor is also referring to as Chairman of Kai Nan Investment Co.	—	
President International Development Corp. Representative : Chiou-Ru Shih	—	—	—	—	—	—	—	—	—	—
Tainan Spinning Co., Ltd.	23,605,921	2.99%	—	—	—	—	Uni-President Enterprises Corp..	1. Chairman is also referring to as Director of Uni-President Enterprises Corp. 2. Chairman is a brother of Director of Uni-President Enterprises Corp.	—	—
							President International Development Corp.	1. Company is Director of President International Development Corp.	—	
							Prince Housing &Development Corp.	1. Chairman is also referring to as Director of Prince Housing &Development Corp. 2. Representative of Chairman is brother of Director of Prince Housing &Development Corp.	—	

Name (Note 1)	Current Shareholding (Note 4)		Spouse & Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees Note 3)			Remar k
	Shares	%	Shares	%	Shares	%	Name	Relationship		
Tainan Spinning Co., Ltd. Representative : Po-Ming Ho	—	—	—	—	—	—	1. ni-President Enterprises Corp. 2. President International Development Corp. 3. Prince Housing & Development Corp.	1. As Representative of institutional Director of Uni- President Enterprises Corp. 2. As Representative of institutional Director of President International Development Corp. 3. As Representative of institutional Director of Prince Housing & Development Corp.	—	—
Prince Housing & Development Corp	23,605,921	2.99%	—	—	—	—	Uni-President Enterprises Corp.	1. Uni-President Enterprises Corp. is Company's Chairman and biggest Shareholder. 2. Chairman is also referring to as Chairman of Uni- President Enterprises Corp. 3. Partial Directors are also Directors of Uni-President Enterprises Corp.	—	—
							Kao Chyuan Inv. Co., Ltd.	1. Kao Chyuan Inv. Co., Ltd. is Company's Director 2. Chairman is the spouse of Chairman of Kao Chyuan Inv. Co., Ltd. 3. Director is Director of Kao Chyuan Inv. Co., Ltd.	—	—
Kao Chyuan Investment Co., Ltd.	14,832,733	1.88%	—	—	—	—	Uni-President Enterprises Corp.	1. Chairman is also referring to as the Director of Uni- President Enterprises Corp. 2. Director is Chairman of Uni-President Enterprises Corp. 3. Chairman is the spouse of Chairman of Uni-President Enterprises Corp. 4. Uni-President Enterprises Corp.'s Chairman and Director.	—	—
							President International Development Corp.	1. Chairman is also referring to as the Director of President International Development Corp. 2. Director is also referring to as the Chairman of President International Development Corp. 3. Chairman is the spouse of Chairman of President International Development Corp. 4. Referring to President International Development Corp.'s Director	—	—

Name (Note 1)	Current Shareholding (Note 4)		Spouse & Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees Note 3)		Remar k
	Shares	%	Shares	%	Shares	%	Name	Relationship	
							Prince Housing &Development Corp.	1. Chairman is also referring to as the Director of Prince Housing &Development Corp. 2. Director is the Chairman of Prince Housing &Development Corp. 3. Chairman is the spouse of Chairman of Prince Housing &Development Corp. 4. Referring to Prince Housing &Development Corp.'s Director	—
Kao Chyuan Inv. Co., Ltd. Representative : Shiow-Ling Kao	—	—	—	—	—	—	1. Uni-President Enterprises Corp. 2. President International Development Corp 3. Prince Housing & Development Corp.	1. Director of and spouse of Chairman of Uni-President Enterprises Corp. 2. Director of and spouse of Chairman of President International Development Corp. 3. Director of and spouse of Chairman of Prince Housing & Development Corp.	—
Kai Yu Investment Co.	14,763,165	1.87%	—	—	—	—	Uni-President Enterprises Corp.	1. Referring to the Subsidiary of Uni-President Enterprises Corp. 2. Uni-President Enterprises Corp.'s representative is Chairman 3. Chairman is also referring to as the Assistant Vice President of Uni-President Enterprises Corp.	—
							President International Development Corp.	1. Same Parent Company with President International Development Corp. 2. Chairman is also referring to as the Director of President International Development Corp.	—
							Tong Yu Investment Corp.	Same Parent Company with Tong Yu Investment Corp.	—
							Kai Nan Investment Co.	Same Parent Company with Kai Nan Investment Co.	—

Name (Note 1)	Current Shareholding (Note 4)		Spouse & Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees Note 3)			Remar k
	Shares	%	Shares	%	Shares	%	Name	Relationship		
Tong Yu Investment Corp.	14,299,166	1.81%	—	—	—	—	President International Development Corp.	1. An enterprise invested by President International Development Corp. on the basis of equity-method evaluation 2. Chairman is also referring to as the Director and President of President International Development Corp. 3. Company's Chairman and Director	—	—
Kai Nan Investment Co.	13,950,061	1.76%	—	—	—	—	Uni-President Enterprises Corp.	1. Referring to the Subsidiary of Uni-President Enterprises Corp. 2. Uni-President Enterprises Corp.'s representative is the Chairman 3. Chairman is also referring to as the Assistant Vice President of Uni-President Enterprises Corp.	—	—
							President International Development Corp.	1. Same Parent Company with President International Development Corp. 2. Chairman is also referring to as the Supervisor of President International Development Corp.	—	—
							Prince Housing & Development Corp.	Chairman is also referring to as the Director of Prince Housing & Development Corp.	—	—
							Tong Yu Investment Corp.	Same final Parent Company with Tong Yu Investment Corp.	—	—
							Kai Yu Investment Co.	Same Parent Company with Kai Yu Investment Co	—	—

Note 1: All top ten Shareholders' information should be disclosed, the institutional shareholders should be expressed separately by name of Institutional shareholders and their representative.

Note 2 Shareholding percentage is calculated by totaling the holding percentage of shareholder him/herself、Spouse & Minor and Shareholding by Nominee Arrangement.

Note 3 Name and Relationship between the Company's Top Ten Shareholders (including institutional and natural person shareholders)

Note 4: Holding Shares and Holding Percentage as of 2022.04.01.

3.10 Ownership of Shares in Affiliated Enterprises

2021.12.31 ; Unit: shares: %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
SPT International, Ltd.	118,524,644	100%	-	-	118,524,644	100%
ScinoPharm Singapore Pte Ltd.	2	100%	-	-	2	100%

Note: Company's Long Term Investment on the basis of equity-method evaluation

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

4.1.1.1 Issued Shares

2022.04.01

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increased by Assets Other than Cash	Other
11/1997	10	270,000,000	2,700,000	67,500,000	675,000	Registered capital	Technical shares account for 15% of total capital 101,250	Note1
12/1998	10	270,000,000	2,700,000	189,000,000	1,890,000	Cash Capital Increase 1,032,750	Technical shares account for 15% of total capital 182,250	Note 2
10/1999	10	270,000,000	2,700,000	270,000,000	2,700,000	Cash Capital Increase 688,500	Technical shares account for 15% of total capital 121,500	Note 3
02/2002	10	370,000,000	3,700,000	370,000,000	3,700,000	Cash Capital Increase 1,000,000	-	Note 4
07/2003	10	530,000,000	5,300,000	420,000,000	4,200,000	Cash Capital Increase 500,000	-	Note 5
04/2004	10	530,000,000	5,300,000	470,000,000	4,700,000	Cash Capital Increase 500,000	-	Note 6
10/2004	10	530,000,000	5,300,000	486,000,000	4,860,000	Cash Capital Increase 160,000	-	Note 7
12/2005	10	610,000,000	6,100,000	551,000,000	5,510,000	Cash Capital Increase 650,000	-	Note 8
06/2008	10	610,000,000	6,100,000	551,373,392	5,513,734	Merge Capital Increase 3,734	New shares were issued to merge with subsidiary ScinoPharm Biotech Ltd.	Note 9
08/2010	20	610,000,000	6,100,000	610,000,000	6,100,000	Cash Capital Increase 586,266	-	Note 10
12/2010	10	1,000,000,000	10,000,000	610,000,000	6,100,000	To increase authorized capital	-	Note 11
10/2011	46	1,000,000,000	10,000,000	631,000,000	6,310,000	Cash Capital Increase 210,000	-	Note 12
08/2012	10	1,000,000,000	10,000,000	649,930,000	6,499,300	capital increase on retained earnings 189,300	-	Note 13
08/2013	10	1,000,000,000	10,000,000	675,927,200	6,759,272	capital increase on retained earnings 259,972	-	Note 14
08/2014	10	1,000,000,000	10,000,000	702,964,288	7,029,643	capital increase on retained earnings 270,371	-	Note 15
08/2015	10	1,000,000,000	10,000,000	731,082,860	7,310,829	capital increase on retained earnings 281,186	-	Note 16
08/2016	10	1,000,000,000	10,000,000	760,326,175	7,603,262	capital increase on retained earnings 292,433	-	Note 17
08/2017	10	1,000,000,000	10,000,000	790,739,222	7,907,392	capital increase on retained earnings 304,130		Note 18

Note 1: Approved No.: (86) Yuan Shang No. 23483

Note 2: Approved No.: (88) Yuan Shang No. 003454

Note 3: Approved No.: (88) Yuan Shang No. 027020

Note 4: Approved No.: Nan Erh No. 0910005896

Note 5: Approved No.: Nan Shang No.0920014152

Note 6: Approved No.: Nan Shang No.0930009753

Note 7: Approved No.: Nan Shang No.0930031092

Note 8: Approved No.: Nan Shang No.0950001220

Note 9: Approved No.: Nan Shang No.0970014601
 Note 10: Approved No.: Nan Shang No.0990018156
 Note 11: Approved No.: Nan Shang No.09900129213
 Note 12: Approved No.: Nan Shang No.1000025207
 Note 13: Approved No.: Nan Shang No.1010021098
 Note 14: Approved No.: Nan Shang No.1020021135
 Note 15: Approved No.: Nan Shang No.1030021574
 Note 16: Approved No.: Nan Shang No.1040021085
 Note 17: Approved No.: Nan Shang No.1050021651
 Note 18: Approved No.: Nan Shang No.1060021942

4.1.1.2 Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares (Note)	Un-issued Shares (Share)	Total Shares	
Common Stock	790,739,222	209,260,778	1,000,000,000	Listed Company Stock

4.1.1.3 Information for Shelf Registration: None

4.1.2 Status of Shareholders

As of .2022.04.01

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	0	89	29,885	113	30,088
Shareholding (shares)	109,539,014	0	474,381,057	176,910,892	29,908,259	790,739,222
Percentage	13.85%	0%	59.99%	22.37%	3.79%	100%

4.1.3 Shareholding Distribution Status

4.1.3.1 Common Shares (The Par Value for each share is \$10 NTD)

As of 2022.04.01

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	7,389	1,300,275	0.1644
1,000 ~ 5,000	16,183	33,990,733	4.2986
5,001 ~ 10,000	3,104	23,270,527	2.9429
10,001 ~ 15,000	1,150	14,129,378	1.7869
15,001 ~ 20,000	602	10,888,227	1.3770
20,001 ~ 30,000	631	15,614,886	1.9747
30,001 ~ 50,000	284	9,960,636	1.2597
40,001 ~ 50,000	173	7,934,931	1.0035
50,001 ~ 100,000	309	21,808,261	2.7580
100,001 ~ 200,000	160	21,752,402	2.7509
200,001 ~ 400,000	63	16,818,283	2.1269
400,001 ~ 600,000	12	5,882,543	0.7439
600,001 ~ 800,000	7	4,978,900	0.6297
800,001 ~ 1,000,000	2	1,856,797	0.2348
1,000,001 ~	19	600,552,443	75.9482
Total	30,088	790,739,222	100.0000

4.1.3.2 Preferred Shares: None.

4.1.4 List of Major Shareholders

As of 2022.04.01

Shareholder's Name	Shares	Shares	Percentage
Uni-President Enterprises Corp	299,968,639		37.94%
National Development Fund, Executive Yuan	109,539,014		13.85%
Taiwan Sugar Corporation	32,581,963		4.12%
President International Development Corp.	28,673,421		3.63%
Tainan Spinning Co., Ltd.	23,605,921		2.99%
Prince Housing & Development Corp.	23,605,921		2.99%
Kao Chyuan Inv. Co., Ltd.	14,832,733		1.88%
Kai Yu Investment Co.	14,763,165		1.87%
Tong Yu Investment Corp.	14,299,166		1.81%
Kai Nan Investment Co.	13,950,061		1.76%

Note: The Name、Holding Shares and Holding Percentage of the Top Ten Shareholders.

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Item	Year	2020	2021	As of 2022.03.31
Market Price per Share	Highest	40.50	30.15	24.70
	Lowest	22.50	23.60	22.70
	Average	32.72	26.61	23.61
Net Worth per Share	Before Distribution	13.32	13.29	13.46
	After Distribution	12.82	12.81(Note 4)	-
Earnings per Share	Weighted Average Shares (thousand shares)	790,739	790,739	790,739
	Earnings per Share (Undiluted)	0.36	0.31	0.10
	Earnings per Share (Diluted)	0.36	0.31(Note 4)	-
Dividends per Share	Cash Dividends	0.50	0.48(Note 4)	-
	Stock Dividends	(Note 4)	-	-
		(Note 4)	-	-
	Accumulated Undistributed Dividends	-	-	-
Return on Investment	Price / Earnings Ratio (Note1)	90.89	85.84	-
	Price / Dividend Ratio (Note2)	65.44	55.44(Note 4)	-
	Cash Dividend Yield Rate (Note 3)	1.53	1.80(Note 4)	-

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 4: The income distribution plan for fiscal 2021 has not yet approved by the general shareholders meeting.

4.1.6 Dividend Policy and Implementation Status

4.1.6.1 Dividend Policy:

Since the business environment has been changing enormously, and ScinoPharm is experiencing the steadily growth, the annual earnings distribution should be considered in terms of future capital budget, long-term investment, and business funding needs, etc. in order to determine the amount to be retained or distributed as stock dividend or cash dividend.

If there are earnings for distribution at the end of each fiscal year, after offsetting any loss of prior year(s) and paying all taxes and dues, 10% of the remaining net earnings shall be set aside as legal reserve, but not limited if the legal reserve reach the company's actual capital received. And then would be appropriated as special reserve in accordance with Securities Exchange Law. The remaining net earnings can be distributed together with prior accumulated unappropriated retained earnings. The Board of Directors will consider the factors that were mentioned above to make the dividend distribution proposal. The dividend should be set in the range from 50% to 100% of the accumulated unappropriated retained earnings and the amount of cash dividend shall exceed 30% of the total amount of dividends distribution. The dividends could be distributed in accordance with the resolution that is approved by the Board of Directors and the Annual Shareholders' Meeting.

4.1.6.2. Proposed Distribution of Dividend

The proposal for distribution of 2021 profits was passed at the Meeting of the Board of Directors (February 25th 2022). This proposal, a cash dividend of NTD 0.48 per share, will be discussed at annual shareholders' meeting.

4.1.7 Influence of proposal of stock grant in shareholders' meeting on the company's business performance and earnings per share:

There is no need to make the disclosure, as the company doesn't compile 2022 financial forecast.

4.1.8 Employee Bonus and Directors' Remuneration

4.1.8.1. The limit or percentage of Director's Remuneration and Employee Bonus are regulated by Articles of Incorporation:

Should the Company earn surpluses with the current term, at least two percent of surpluses should be set aside for employee compensation, and no more than two percent of surpluses should be set aside for director compensation. However, if the Company has accumulated losses, surpluses should be held in reserve to make up said loss.

The surpluses within the current term of the previous paragraph refer to pre-tax profits prior to deduction of employees' and director compensation.

4.1.8.2. Appropriation of current compensations for employees and directors is based on: amount of shares for stock payout for employees and accounting treatment for discrepancy between actual payout value and appropriated amount, if any.

Appropriation of compensations for employees and directors is based on certain percentage of the balance of current-year profits (or pretax profits before deduction of compensations for employees and directors) after deduction of accumulated loss, plus recognition of current-year operating expense. The discrepancy between actual payout amount set by the board of directors and appropriated amount, if any, is listed as current-year profit or loss associated with the board of directors' resolution.

4.1.8.3. Profit Distribution of Year 2021 Approved by Board of Directors Meeting for Employee Bonus and Directors' Remuneration

- (1) the employees' compensation for 2021 was NT\$30,226,393; directors' compensation was NT\$6,730,200, all compensation was distributed in cash form.
- (2) The aforementioned amounts differed from budgeted amounts by 0 for both employees' and directors' compensation.

4.1.8.4. The Actual Distributable compensation for employees and directors for previous year (including distributable shares, distributable amount and share price):

The Actual Distributable compensation for employees and directors on 2020 is as following:

- (1) The Distributable compensation for employees and directors on 2020 is calculated according to Article 40 of the Articles of Incorporation: "Should the Company earn surpluses within the current term, at least two percent of surpluses should be set aside for employee compensation, and no more than two percent of surpluses should be set aside for director.
- (2) According to the Articles of Incorporation, the employee compensation for 2020 was NTD 35,288,214, director compensation was NTD7,921,843, all compensation was distributed in cash form. The aforementioned amounts differed from budgeted amounts by 0 for both employees' and director compensation.

4.1.9 Buyback of Treasury Stock: None

4.2 Bonds: None

4.3 Status of Corporate Bonds, Preferred Stock, GDR, Employee Stock Option Plan, Employee Restricted Stock Plans, Mergers, Acquisitions, and Spin-Offs

1. Issuance of special shares: nil
2. Issuance of global depository receipts: nil
3. Issuance of stock-option warrants for employees: for details, refer to the following table and supplementary table in the next page
4. issuance of restricted stock awards: nil
5. Issuance of new shares for acquisition and merger or acquisition of shares of other companies: nil

4.3.3.1 The amount of employee stock options outstanding should be disclosed till the print of the annual report with its impact on shareholders' equity.

Issuance of Employee Stock Options

As of 2022.03.31

Type of Stock Option	First issuance of Employee Stock Options on 2013	First issuance of Employee Stock Options on 2015	First issuance of Employee Stock Options on 2016	First issuance of Employee Stock Options on 2017
Approval date	2013.10.24	2015.10.13	2016.10.12	2017.10.12
Issue date	2013.12.03	2015.11.06	2016.10.14	Issuance canceled (Note 3)
Units issued	1,000,000Units	1,500,000 Units	1,500,000 Units	N/A
Shares of stock options to be issued as a percentage of outstanding shares	0.12646%	0.18970%	0.18970%	N/A
Duration	10years	10years	10years	N/A
Conversion measures	issue new shares	issue new shares	issue new shares	N/A
Conditional conversion periods and percentages	The ratios of stock options which could be exercised will reach 50%, 75% and 100%, respectively, after two, three and four years of issuance.	The ratios of stock options which could be exercised will reach 50%, 75% and 100%, respectively, after two, three and four years of issuance.	The ratios of stock options which could be exercised will reach 50%, 75% and 100%, respectively, after two, three and four years of issuance.	N/A
Converted shares	0share	0share	0share	N/A
Exercised amount	0	0	0	N/A
Number of shares yet to be converted	319,000 shares	539,000 shares	678,000 shares	N/A
Adjusted exercise price for those who have yet to exercise their rights	NT\$73.0/share	NT\$36.5/share	NT\$37.0/share	N/A
Unexercised shares as a percentage of total issued shares	0.04034%	0.06816%	0.08574%	N/A
Impact on possible dilution of shareholdings	The stock options being issued can be exercised in three portions after two years, and the impact on shareholders' equity can be diluted gradually.	The stock options being issued can be exercised in three portions after two years, and the impact on shareholders' equity can be diluted gradually.	The stock options being issued can be exercised in three portions after two years, and the impact on shareholders' equity can be diluted gradually.	N/A

Note 1: Each unit of stock options is entitled to buy one common share.

Note 2: As calculated based on a total of 790,739,222 shares outstanding currently.

Note 3: Plan for the first issuance of stock-option warrants for employees, totaling 1,500,000 shares, in 2018 was canceled, a decision publicized on Oct. 1, 2018, due to the consideration of market price.

4.3.3.2 List of Executives Receiving Employee Stock Options and the Top Ten Employees with Stock Options

2022.03.31 ; Unit : share/NT\$

	Title	Name	No. of Stock Options A	Stock Options as a Percentage of Shares Issued (Note 1)	Exercised				Unexercised			
					No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued ((Note 1))	No. of Shares Converted A1	Strike Price (NT\$) B	Amount (NT\$ thousands) C=A1*B	Converted Shares as a Percentage of Shares Issued (Note 1)
Executives Officers	Vice-President	Ching-Wen Lin	789,000	0.09978%	0	—	0	0	789,000	73.0 / 36.5 / 37.0	34,843,000	0.09978%
	Vice President	Li-Chiao Chang										
	Vice President	Ling-Hsiao Lien										
	Senior Director	Yu-Fen Hung										
	Senior Director Accounting and Corporate Government Officer	Chih-Hui Lin										
	Director	Shun Yang Lin										
	Director	Yu-Wei Shen										
	Director	Bin Liu										
	Director	Chia-Chen Chen										
	Director	John Tsai										
Employees	Senior Manager	Tsung-Yu Hsiao	381,000	0.04818%	0	—	0	0	381,000	73.0 / 36.5 / 37.0	11,188,500	0.04818%
	Senior Manager	Tsung-Cheng Hu										
	Senior Manager	Jing Yi Wang										
	Senior Manager	Yatin Lee										
	Senior Manager	Syray Wen										
	Manager	Hui-Chun Chen										
	Manager	Zheng-Yi Wang										
	Manger	Louis Wang										
	Manager	Una Kang										
	Manager	Sylvia Chen										

Note 1: Calculation on the basis of the company's current share issuance totaling 790,737,222 shares

4.4 Financing Plans and Implementation

Any incomplete share issuance or private placement or any completed share issuance or private placement over the past three years from which benefits have not yet been reported up to end of previous season before the printed date of the Annual Report: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1 The business items of the Company are as follows:

- A C802041 Manufacture of pharmaceuticals;
- B C801990 Manufacture of other chemical materials;
- C IG01010 Biotechnological services;
- D F601010 Intellectual property rights related services
- E F401010 International trade.

- 1. Research, development, production, manufacture and distribution of the following products:
 - (1) generic APIs, (2) protein drugs, (3) oligonucleotide, (4) peptide, (5) injection formulation, (6) small-molecule new drugs.
- 2. Consulting, advisory and technical services relating to the above products.
- 3. International trade in connection with the above products.>>

5.1.1.2 2021 Revenue distribution

Unit : thousand NTD ; %

Major Products	Year 2021	
	Total Sales	of Total Sales(%)
Manufacturing and sales of API	2,581,946	94%
Technical Services Income	110,099	4%
Injection formulation sales	36,960	1%
Other Income	33,330	1%
Total Sales	2,762,335	100%

5.1.1.3 Categories of services available currently

ScinoPharm Taiwan Ltd. was set up to provide active pharmaceutical ingredient (API) manufacturing services to the global generic drug makers initially. Powered by its maturing analytic capability, organic synthesizing techniques, and its engagement in special synthetic technology for different therapeutic areas, ScinoPharm is currently able to provide small molecular drugs, complex natural molecules and its derivatives, synthesis services for major biochemistry molecules such as peptides and nucleic acids, as well as customized manufacturing process development from process research to commercial production and to subcontract manufacturing. The company also include the offerings of injection drugs and related services in order to expand its business lines. The main results are summarized as follows:

A. In-house developed APIs (active pharmaceutical ingredients) categorized by purpose:

- 1. Cancer-related application APIs totaling thirty-eight items.
- 2. Central nervous system-related application APIs totaling twelve items.
- 3. Cardiovascular-related application APIs totaling six items.
- 4. Infection-related application APIs totaling six items.
- 5. Ophthalmology-related application APIs totaling three items.
- 6. Genitourinary-related application APIs totaling two items.
- 7. Gynecology-related application APIs totaling two items
- 8. Metabolism symptoms related application APIs totaling two items.
- 9. APIs for respiratory system related totaling two items.
- 10. APIs for immune system related totaling one item.

B. Customized development and subcontract production of APIs:

- 1. Commercialized production of APIs totaling nine items (seven of them are new drugs).
- 2. APIs under phase III clinical trials totaling five items.

C. Development and manufacturing services for injection drugs:

While already being a leading provider of oncological APIs to regulated markets worldwide as far as product categories and customer base are concerned, ScinoPharm has been driven by factors including increasing demand from the injectable product manufacturing industry in recent years and market research feedbacks from global clients to implement a downward integration strategy by setting up an injectable product plant at its existing Tainan production base to provide one-stop service from API research to injectable production to clients. The company has completed the development of three injection drugs in dosage form and has also applied for a drug permit license each via a cooperation model. One of the three injectable is dedicated to cancer-related applications and the other is for cardiovascular-related applications. The company has entered a strategic alliance with international pharmaceutical firm Baxter recently for joint development, manufacturing, and mass production of fosaprepitant dimeglumine, an antiemetic drug in chemotherapy for cancer.

Via a collaborative mode, the former two have hit the U.S. market and are scheduled to extend their reach to emerging markets, including South America, the Middle East, and ASEAN, leading to further expansion of ScinoPharm's sales network. Cooperation with Baxter will be extended to treatment of lung cancer, multiple myeloma, and breast cancer. In addition to active transformation of the company into an all-round pharmaceutical firm, the company will also expand generic-drug ampoule production line, as a source for revenue growth. ScinoPharm can provide customized development and subcontract production for injection drugs once the injectable plant commences its official operations and will also offer injection drugs in dosage form later.

5.1.1.4 Roadmaps for new products:

New products on drawing board	Purpose
SPT1462	Cancer target drugs
SPT1466	Cancer drugs
SPT1469	Cancer drugs
SPT1472	Cancer and Gynecology drugs
SPT1473	Central nervous system drugs
SPT1474	Metabolism symptoms drugs

5.1.2 Industry Overview

5.1.2.1 Current Situation and Future Development of the Industry

According to the 2020 report of IQVIA, the world's leading medical information provider (formerly Quintiles and IMS Health), global pharmaceutical outlay will expand at an annual clip of 2-5%, topping US\$1.1 trillion by 2024. Access of patients worldwide to various kinds of pharmaceuticals, notably those for rare diseases and cancer, will be greatly improved.

Almost every country has been under pressure of medical budgets and spending, and legitimate pricing for pharmaceuticals is in continued discussion and always controversial. So far, international pharmaceutical manufacturers have widely differed in concept and method of how to reach balance among value standard, drug price, sales volume and sustainable marketing.

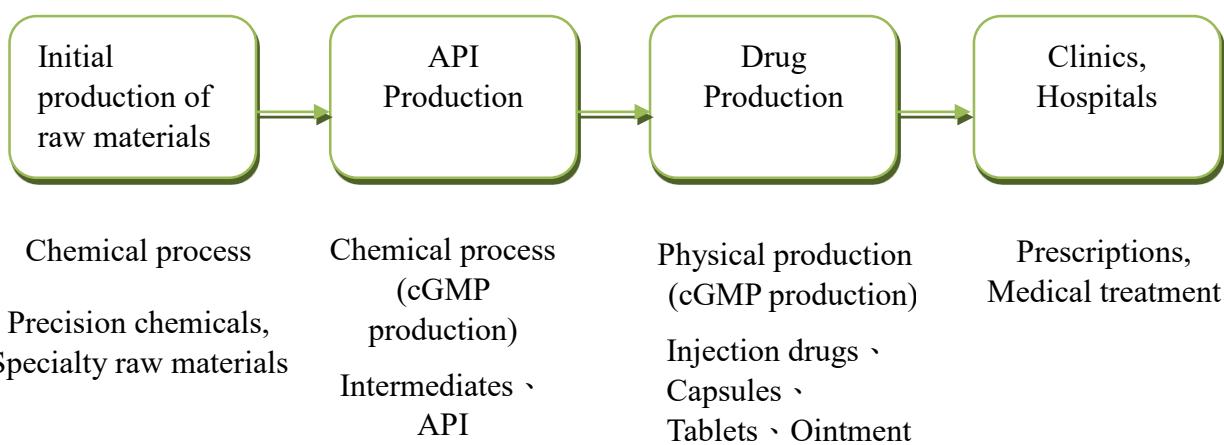
The US in 1984 enacted Hatch-Waxman Act (informal for Drug Price Competition and Patent Term Restoration Act), driving development of generic drug markets around the world. Many countries, under pressure of medical budgets, have therefore amended regulations concerned and proposed plans to boost marketing and use of generic drugs to decrease medical spending by the public and private sectors, with Japan being a successful case.

Heating competition for generic drugs has resulted in pharmaceutical manufacturing industry' demand for management of supply chains and quick time-to-market. In order to control production cost and spread risks, procurement of APIs (active pharmaceutical

ingredients) is on the rise and shift from production of pharmaceuticals in North America and West Europe to outsourced production in East Europe and Asia is increasing. In particular, the API market has been in intense competition. According to statistics of research body Precedence Research, the global API market will top US\$355.9 billion by 2030, compared with 2021's US\$191.2 billion, representing 7.1% CAGR (compound annual growth rate).

Emergence of Chinese and Indian manufacturers in recent years has intensified competition among API (active pharmaceutical ingredients) suppliers, fueling price competition. To cope with disruption of global supply chain by waves of onset of rampant COVID-19 pandemic, many countries have diversified production sites and raised supply rates of key pharmaceutical materials, so as to mitigate supply risk and ensure national security.

5.1.2.2 Industrial supply chain of related pharmaceutical products in the up, middle and downstream sectors



5.1.2.3 Global development trend and competition of the industry of active pharmaceutical ingredients.

A. Outsourcing trend for the production of active pharmaceutical ingredients of new drugs

Demands of pharmaceutical companies for active pharmaceutical ingredients can be classified, according to production and supply methods, into own production for own use and outsourcing production. Although majority of major international patented drug companies tend to produce active pharmaceutical ingredients for own use by themselves, for better grip of quality and time, they are intensifying focus on R&D, sales, and market grasp for new drugs, in order to speed up rollout of new drugs, in order to cope with threat of generic drugs and uphold market shares. In view of lesser role of active pharmaceutical ingredients in their profits and in order to massive capital outlays for plant production, growing numbers of major international patented drug companies have outsourced production of active pharmaceutical ingredients. By contrast, majority of smaller patented drug companies have outsourced production of active pharmaceutical ingredients for different stages of new-drug development, including R&D and clinical tests. The outsourcing trend has been intensified by the following objective conditions:

- 1) With timing of marketing of NCEs (new chemical entities) being the primary concern of patented drug companies, outsourcing of production can shorten R&D process and advance materialization of extra revenue and profit.
- 2) Outsourcing production for active pharmaceutical ingredients can reserve limited resources for R&D and production with higher priorities, thereby maximizing profits.
- 3) Joint development of products and division of labor in mass production can lower production cost.

4) Outsourcing-production firms can cut cost, via economy of scale and form an industrial chain for higher efficiency, while patented drug companies can maintain flexible operation, in line with market needs.

B. Trend of the market and competition of active pharmaceutical ingredients of generic drugs

Since Hatch-Waxman Act came into effect, the procedures for applying for generic drug licenses and launching such drugs have been much simplified and thus the time taken has been increasingly shortened. Therefore, the quicker the supply of APIs used to produce generic drugs, the more business opportunities the suppliers have.

Meanwhile, as for legal requirement of quality, member countries of ICH have substituted knowledge-based risk-management mode for inspection-based quality-control mode, with the U.S. even replacing past practice of itemized inspection with question-based inspection. Therefore, generic-drug companies must have more precise grip of quality of pharmaceuticals. Accordingly, suppliers of active pharmaceutical ingredients have to make concerted effort with generic-drug firms in upgrading quality-control system, so that quality concern would not cause delay in the obtaining of generic-drug licenses. Quality has become prerequisite for suppliers of active pharmaceutical ingredients in landing orders.

Studies show that in one year after the first generic drug maker launched products, the number of newcomers is almost twice that of original generic drug makers in the initial period. Along with increasing competition is increasing demand for lowering cost, and therefore makers of APIs used to produce generic drugs have to not only supply quality APIs as early as possible but also be competitive in price.

Under pressure of earlier supply of APIs of better quality at lower prices, API makers should be more dedicated to R&D and strive to protect intellectual properties to keep business growth in supply chains of APIs used to generic drugs.

5.1.3 Technology and R&D status

5.1.3.1 Technological level and R&D for the engaged businesses

As for registered inspection files necessary for entering highly regulated markets, such as the U.S. and Europe, the company had registered 65 DMFs (Drug Master Files) with the U.S. FDA as of the end of December 2021 on top of 29 EDMFs (European DMFs) in some 30 European countries, including CEP (COS) for 22 products, applicable in the European Union. Worldwide, the company has made 879 drug registrations and number of its DMFs will increase further yearly, along with increase of the company's product development items and the need of customers in drug marketing.

Given acute competition in the pharmaceutical industry, the company has formulated "Rules Governing Patent-Related Affairs," to facilitate patent application and analysis of patent infringement, via proper evaluation of the company's inventions by the legal affairs unit and patent market features, as well as enhance the quality of patent application, patent specification, and report on patent-infringement analysis, thereby maximizing the company's benefits. To avoid encroachment on competitors' patent from product development to market launch, patent engineers would carry out patent search and analysis periodically following determination of the project" "Measures governing patent-related affairs" also specific flow for handling cases of patent-infringement analysis, to prevent and slash IP risks. In addition, the accumulated amount of patent applications and approval of patent certificates would be reported to the board of directors every quarter. The company has formulated "measures governing protection of business secrets," so as to prevent business-secret leakage and uphold the company's edge in operation and marketing. Meanwhile, to avoid loss caused by careless encroachment on others' business secrets, the company's various units carried out business-secrets inventory, secrets grading, and authority grading, on top of promotion of and education/training on business secret protection by legal-affairs unit and regular/irregular auditing and verification of business-secret management by auditing unit.

As for intellectual properties, except patents no longer being upheld by the company due to irrelevance to the company's long-term development, the company now owns 56 inventions, as well as 247 patents worldwide (as shown in the table below). In addition, there are 21 inventions totally 53 patents are under review. As for technologies needed for mass production of peptide, in addition to the use of solid-phase synthesizing machine, the company has also established technological platform for semi-solid phase synthesis. The company can flexibly embrace either of the two technologies, both fit for cGMP production, according to the features of needed peptide, giving it an extra adaptability and response capability.

5.1.3.2. R&D Expenses for the latest Two Years as of Annual Report print date

Unit: NT\$ thousands

Year	2020	2021	Jan.~March 2022
Combined R&D expense	245,633	305,953	49,081
Combined Net Operating Revenue	3,082,928	2,762,335	737,939
Combined R&D expense/ Combined Net Operating Revenue (%)	7.97	11.08	6.15

5.1.3.3. Generic-drug active pharmaceutical ingredients or technologies successfully developed in recent five years.

Year	Products
2017	Lifitegrast
	Pimavanserin
	Fosaprepitant Dimeglumine for Injection
	Bortezomib for Injection
2018	Teriparatide
	Sugammadex
	Teriparatide Injection
	Glatiramer Acetate Injection
	Pemetrexed Disodium for Injection
	Fulvestrant Injection
	Gemcitabine Injection
	Docetaxel Injection
	Irinotecan Injection
2019	Elagolix
	Paclitaxel Injection
	Azacitidine for Injection
2020	Liraglutide
	Ivacaftor
	Liraglutide Injection
	Sugammadex Sodium Injection
	Regadenoson Injection
2021	Osimertinib mesylate
	Ibrutinib
	Alpelisib
	Cyclophosphamide for Injection

5.1.4 Long-term and Short-term Development

In product marketing, the company targets both near- and long-term markets. Upon its inception, the company focused on solicitation of generic-drug pharmaceutical firms and patented drug firms as customers. Along with enhancement of R&D and production capability, as well as changes in market demand, the company has considerably expanded its customer base. Based on the mutual trust with customers built up over the past years, the company has established a business development division, in charge of joint development of products with customers under a strategic alliance, so as to combine the R&D on active pharmaceutical ingredients in the upstream sector and preparations in the downstream sector, creating even greater benefits. Meanwhile, in practice select niche products from the angles of intellectual properties, technologies, and markets, so as to boost the market value of end products. In addition, backed by its existing technological prowess and service quality, the company is capable of providing process R&D and cGMP manufacturing service to pharmaceutical firms. It can carry out outsourcing manufacturing for new-drug pharmaceutical companies, functioning as their important partners. To maximize profits for the company, shareholders, and employees, as well as care for both near- and long-term benefits, the company seek, in line with market demands, business development according to the following strategies:

--Near term:

Cautiously select active pharmaceutical ingredients for development, to meet the needs of generic-drug companies, and clinical-test drugs with potential, from the angle of functional mechanism, to meet the needs of patented-drug pharmaceutical firms for outsourcing manufacturing, so as to augment benefits in the future.

Take advantage of the expanded capacities of Taiwan's Tainan plant and mainland China's Changshu plant to expand business volume and high-quality custom services.

Via strategic alliance, jointly develop, on one hand, drugs with downstream preparations companies, using developed active pharmaceutical ingredients, and new derivatives of developed active pharmaceutical ingredients, from the perspective of preparations companies, so as to pocket maximum benefits.

--Medium term:

Take advantage of the injection-drug plant in Tainan to augment the added value of ScinoPharm's active pharmaceutical ingredients for anti-cancer drugs and satisfy the need of the company's customers for one-stop shopping service. Via strategic alliance, look for channel partners, so as to expand market share and enhance gross margin.

Utilize production lines in China, ready for operation now, to augment ScinoPharm's capacity in supplying to the needs of the global market, and join hands with strategic partners to accelerate development, in compliance with Chinese laws/regulations, of preparations, so as to tap China's domestic market and expand output value. Join hands with Japanese customers in tapping Japan's generic-drug market and tap other emerging markets via agencies.

--Long term:

Develop complete R&D and production capability covering both active pharmaceutical ingredients and injection drugs and cooperate with special-drug R&D units in foraying into quasi-new drug market.

Contents and fruits for the utilization of the aforementioned strategies follow:

- (1) Markets of generic drugs and active pharmaceutical ingredients--customer orientation in product selection.

The company cooperates closely with generic-drug customers in pinpointing possible patent deadlines for new drugs, from the perspective of patent litigation, and selecting products with high potential, without the concern of patent infringement. Then, via different strategies and in line with customer needs, provide active pharmaceutical ingredients and related R&D and outsourcing manufacturing service, thereby becoming exclusive suppliers to specific customers for specific products and determining, via discussion with

pharmaceutical firms, items for long-term development, in order to establish long-term stable cooperative relationship. Backed by its high expertise and insight for market trend, the company is capable of developing highly active products with high technological threshold, as a result of which some of its active pharmaceutical ingredients boast high shares on the global market.

(2) Outsourcing manufacturing for patented drug firms—high-specifications standard and quality advantage.

Compared with development active pharmaceutical ingredients of generic drugs, outsourcing manufacturing for new drugs entails lower cost but generates higher profits. Having passed many times inspection by U.S. FDA and regulators of other developed countries, the company has obtained a branded repute for high-specifications manufacturing capability on the global market, ready to undertake outsourcing manufacturing for many patented drug companies.

Presently, ScinoPharm has formed cooperative relationship with a number of international patented drug companies, providing active pharmaceutical ingredients during the development stage for new drugs. Some of such new drugs have completed clinical tests and been approved by the U.S. FDA and other countries' regulators for marketing.

Active pharmaceutical ingredients for new drugs command higher margin than active pharmaceutical ingredients for generic drugs, although new-drug firms are more demanding in plant specifications and manufacturing process, especially for drugs meant for the U.S. and European markets. ScinoPharm is capable of meeting international standards, in terms of software/hardware, control system, analysis and design capability, technological prowess, production skills, and quality control, acquiring established repute for outsourcing manufacturing service.

(3) Actively expand capacity--shorten product development cycle and provide one-stop shopping service

ScinoPharm Taiwan began to build two new large-scale production lines in 2012, which already started operation in 2013. The production line of ScinoPharm (Changshu) Pharmaceuticals in China have also been completed and ready for test run in the first quarter of 2016, after passing inspection, with zero flaw, by the U.S. FDA in the fourth quarter of 2015. These production lines have strong edge in the development and manufacturing of active pharmaceutical ingredients and intermediates with higher demand. Therefore, proper arrangement of production can not only improve production process and materials management, but also provide most efficient service, in terms of time, legal compliance, and market.

As both the Tainan plant and the Changshu plant have in-house R&D centers, ScinoPharm is capable of supplying upstream key intermediates and active pharmaceutical ingredients, giving it an edge of vertical integration. The company aims to provide products with the shortest development cycle and "interactive compound custom service," a one-stop shopping service for the marketing of new products, so as to meet the needs of developers of brand-name drugs and new drugs.

Lastly, the company is going to foray into the realm of injection preparations, as test run for the production line has been completed, following starting of construction work for hardware facilities in the second half of 2013 and produce several registration batches for injection drugs and expect passage of auditing by regulatory unit in the near future. The Company developed several special injection drugs and will boast an operation of vertical integration covering APIs and injection drugs, driving sustained business growth.

(4) Development plan for the Chinese market

China has already emerged the world's second largest pharmaceutical market, next to the U.S. In response to recent major changes in China's pharmaceutical legislations and system, the company has also adjusted its deployment strategy, in order to tap the pharmaceutical and preparations market in China.

(5) Strategic alliance for drug development-march towards the realm of new drug development.

Take advantage of ScinoPharm R&D team's capability in synthesis and preparations, select new drugs with development potential as R&D subjects via evaluation from the angles of intellectual properties, technologies, and market need, and then upgrade the R&D capability for new-drug development, in preparation for marching towards the realm of new-drug development. Join hands with new-drug companies, via strategic alliance, in engineering new-drug development, cooperate with companies of quasi-new drug preparations in joint development of competitive 505(b)2 quasi-new drugs, or take part, as a specialized investor, in alliance for new-drug development, in which ScinoPharm can lead the development of process for active pharmaceutical ingredients, boosting the edge of the alliance. Finally, ScinoPharm can dominate new-drug development using structural features deriving from the active pharmaceutical ingredients developed and then team up with pre-clinical test or clinical-test operators in developing new drugs, gradually ushering the company into the realm of new-drug development.

5.2 Market and Sales Overview

5.2.1 Market Analysis

5.2.1.1 Major Products (Services) by Region

Unit: NT\$ thousands : %

Region	Year	2020		2021	
		Amount	%	Amount	%
Abroad	US	623,535	20	814,721	29
	EU	1,181,234	38	583,052	21
	AU	16,073	1	18,507	1
	ASIA	1,119,990	36	1,226,989	45
	Other	60	0	9,027	0
	Subtotal	2,940,892	95	2,652,296	96
Domestic Market		142,036	5	110,039	4
Total Combined Revenue		3,082,928	100	2,762,335	100

5.2.1.2 Outlook of supply and demand in the market and growth potential

In recent years, due to increasing difficulty for new drug development and slackened sales on hefty price pressure, many pharmaceutical firms have resorted to acquisition and merger, in order to sustain growth. Via M&A, enterprises can not only obtain new technologies, new drugs, and intellectual properties but also lower the risk for new drug development. However, as M&A would affect the integration of supply chain, how to maintain the leading status for APIs and even injection pharmaceuticals amid M&As would pose as a major challenge to the company in the future.

Over the past years, ScinoPharm Taiwan has carved out a leading status, in terms of product variety and volume and customer service, on the global API market for cancer chemotherapy. Dividend from that status, however, has been thinning, in the wake of the emergence for new cancer therapies and the gradual maturity of biopharmaceutical (large-molecule drug) technology. Targeted drugs featuring the use of monoclonal antibodies and immunotherapy have proven to be significantly effective in tumor control. It is evident that thanks to their curative effect and low side effects, those relatively expensive large-molecule drugs will make major inroads into cancer treatment market in developed nations, at the expense of small-molecule chemotherapy drugs. Another potential approach is the coupling of small-molecule targeted drugs with molecular diagnostic technology. Compared with chemotherapy drugs, small-molecule targeted drugs are more concentrated and have to take into account tumor mutation and the use of new targets. The trend poses a major challenge to ScinoPharm Taiwan in market evaluation and product selection.

Moreover, in response to the demands of pharmaceutical firms for cancer injection drugs and strained supply of such drugs, a result of the increasingly rigorous legislative requirements worldwide which have constrained the operation of many injection-drug firms, ScinoPharm Taiwan has been endeavoring to extend its operation to injection-drug production in recent years, resulting in a vertical integration, so as to consolidate its presence on the cancer drug market.

However, with technological progress and the spread of confirmed chronic diseases, oral drugs have gradually emerged as mainstream administration of drugs. How to achieve a balance APIs in different forms and injection drugs in the allocation of limited resources will become a major issue in the development of pharmaceutical firms.

5.2.1.3 Competitive niche and development outlook

The company's competitive niche lies in: 1) high-caliber R&D team: Members of the company's R&D team major in disciplines of synthesis or analysis, mostly with doctorate degree, under the leadership of veteran managers. It is the most R&D team among domestic peers; 2) The company has reaped abundant R&D results, as mentioned previously (refer to (5.1.3 Technology and R&D status), the company owns multiple product patents worldwide and often publicizes research findings in academic journals, testifying to its R&D strength. 3) complete production facilities: For the purpose of pluralized functions, the company's production lines are capable of producing highly active pharmaceutical ingredients of cellular-toxin, steroid, hormone, and anti-cancer drugs. The R&D unit is furnished with a wide range of equipment, including nuclear magnetic resonance, crystal diffractometer, and mass spectrometer, enabling the company to overcome various barriers in producing unique active pharmaceutical ingredients; 4) seasoned operating skill: With veteran experience, operators can operate efficiently and effectively utilize solvents, reducing unnecessary expenses and thereby lowering cost; 5) good product quality: Thanks to complete process norms put forth by the R&D team and strict abidance by the GMP requirements, the company has firm grip of the production flow, resulting in good quality; 6) good customer relationship and competent marketing capability: Thanks to long-standing supply, regular visits to customers for understanding their needs, and meeting of customers' emergent needs, the company has established a relationship of mutual trust with customers, facilitating works of the marketing team; 7) complete after-sales legal support: As active pharmaceutical ingredients have to be subject to the inspection of regulators, the company actively replies to the concern of inspectors about active pharmaceutical ingredients and preparations, thereby facilitating the acquisition of generic-drug licenses by customers, which also benefit the company.

In addition to the aforementioned niche, the company stresses market segmentation in development strategy, as shown in its selection of development targets:

A. Highly active and low toxic products

When processing highly active and low toxic chemicals, many producers of active pharmaceutical ingredients often create serious polluting and workplace-safety problems, disrupting supply to customers. ScinoPharm already installed sufficient protective facilities for highly active products from the outset at its factories. Despite the high cost for the facilities, they can augment the company's edge in producing highly actively products, such as steroid and toxic cellular compounds.

In view of the low-toxin requirement for injection drugs, the company is furnished with highly pure water supply system, capable of producing pure water similar to WFI (water for injection) in quality. As a result, ScinoPharm Taiwan's products boast very low toxin, another edge of the company. Industry insiders note that there are only a few companies capable of producing injection drugs on the market. Thanks to its manufacturing edge meeting market need, the company has been acknowledged as an injection-drug supplier, segmented from members of low-priced market. The company has become a reputed injection-drug supplier among international generic-drug pharmaceutical firms.

B. Raw materials/products with difficulty to obtain from supply chain

To secure raw materials, the company embrace a mode similar to development of new products, wherein it joins hands with long-term partners in the R&D of raw materials, to assure stable supply of raw materials for mass production. For instance, the company

has signed contract with Chinese-yew (*Taxus chinensis*) plantation for supply of 10-DAB, contained in the plant's leaves, which is needed for producing paclitaxel and docetaxel, the company's two major products. Therefore, despite price drop of 10-DAB following increase of qualified suppliers, the company has enjoyed steady supply of the material, giving it an edge of head start.

C. Peptide

Thanks to gene sequencing, humans have more understanding of the function of genes and their association with peptide, paving the way for the rollout of more medicines containing peptide. Moreover, via constant improvement and progress in drug production, there will be increasing methods for transmission of peptide in human bodies, leading to rapid growth in the number of and demand for peptide medicines. In the past, annual market demand for peptide reached only several kilos, resulting in substantial idled capacity, a problem which has been substituted by strained capacity, thanks to rapid increase in demand in recent years. The traditional solid-phase peptide synthesis can be applied in mass production but the production equipment is expensive, on top of the high cost and disposal problem for the solvent needed for its purification. In addition to solid-phase peptide synthesis, the company has introduced the technology for forecasting solubility and the technology of continuous parallel purification, which greatly simplifies purification process and slashes the use of solvent. In addition, a chemical reaction is applied for final assembly of peptide, following the use of solid-phase synthesis, thereby eliminating the problem of connection caused by solubility issue. Finally, carry out reaction via traditional liquid-phase chemical reactor to change chemical polarity and produce sediment, thereby achieving convenient purification. This constitutes the company third technology for peptide production, featuring even reaction and simple separation and purification.

Furnished with aforementioned technologies, the company can apply optimal technology for different kinds of peptide medicines, which enable it to catch up with major suppliers of active pharmaceutical ingredients of peptide medicines, such as UCB, Lonza, Bachem, and Polypeptide, thereby breaking their oligopoly of the market, an outcome aspired by generic-drug companies or developers of new medicines.

D. Injection drugs

ScinoPharm Taiwan specializes in the development and production of active pharmaceutical ingredients of anti-cancer medicines featuring high activity and high technological threshold. It is a leading supplier of raw materials for highly active anti-cancer injection drugs, with the largest variety of products in the field worldwide. Moreover, it has extended its operation to downstream production of injection drugs by building an injection-drug plant which meets the international cGMP standards.

Many cancer API customers need contract production service for cancer injection drugs, due to lack of sufficient capacities for manufacturing the drugs, but at present plants for contract injection drug production meeting international standard of cGMP have limited capacities only. Moreover, unable to meet the increasingly strict eGMP standard, many injection drug plants in the U.S. and Europe have received warning notice from the U.S. Food and Drug Administration (FDA), asking them to make improvement by a deadline or suspend operation, which has aggravated the situation. In addition to quality, stable delivery has become a major consideration for generic-drug firms in seeking business partners. Under the environment, provision of a one-stop shopping service covering APIs and injection drugs can not only consolidate and expand ScinoPharm's existing API business but also enhance the company's long-term competitiveness and growth potential.

Facilities of the company's injection-drug plant, situated in Tainan Science Park, have been completed. The plant consists of the operational sections of R&D, quality control, cleansing, sterilization, manufacturing, filling, freezing and drying, packaging, and warehousing, capable of producing injection drugs in various forms, including bottled liquid, bottled frozen dried powder, and injection drugs filled in syringes.

The transformation is meant to provide value-added service to customers, without causing conflict with customers' business. The plant will boast versatile functions,

including contract manufacturing service for existing customers of active pharmaceutical ingredients, development of own medicines, registration and production of injection drugs for sale to customers, and custom service for international pharmaceutical firms.

5.2.1.4 Favorable and adverse factors for development outlook

A. Favorable factors:

a. Government policy

The Chinese government amended GMP regulation in 2010, with the revised edition forcing less competitive pharmaceutical makers to withdraw from market, invest in improving manufacturing, or undertake corporate restructuring including via merger. In comparison, the new GMP regulation is favorable to healthy pharmaceutical makers.

At the end of 2015, the Chinese government issued a decree calling for intensifying the screening of imitation medicines and the review and approval of modified new medicines, improving the review and approval of clinical test, concentrating the review and approval of medicines of the same category, permitting applications to withdraw applications for unqualified medicines, strictly screening the safety and effectiveness of medicines, speeding up the screening and approval of medicines in urgent need for clinical tests, permitting the request for clinical test and medicine application before the expiration of patents, strictly penalizing faking of clinical tests, inducing rational applications, and regulating review of medicine registration. These measures are meant to reform the review and screening system for medicines. One key objective to enhance the quality of imitation medicines. As a result, the medicine review and screening system of China will link up with the international practice, facilitating the development of companies meeting international norms in the market.

In its 12th five-year national development plan, the Chinese government has set a 20% annual growth target for the nation's medicine market and encourage enterprises to build high-caliber plants, boosting the edge of its medicine industry. Another objective is to link China's biomedicine industry with the world. According to the seventh national census, publicized by the National Bureau of Statistics of China, China's total population stood at 1,411.78 million as of Nov. 1, 2020, including 264.02 million aged 60 or older, for a share of 18.70%, 5.44 percentage points higher than 10 years ago, exhibiting the trend of an aging society. The country will continue to face the challenge of keeping a balanced population growth in the long run. The aged population has high demand for medical and hygiene service, as aged citizens are more vulnerable to disease due to weaker immune system. Presently, the aged 40-50% of the over-the-counter medicine market. Prompted by the rosy outlook, the company started to deploy in the Chinese market several years ago.

Passed in 1984, the U.S. Hatch & Waxman Act encourages in principle the application and usage of generic drugs, helping the latter achieve 70% market penetration rate in the U.S. (For every 100 prescriptions, 70 use generic drugs). The implementation of the "Patient Protection and Affordable Care Act," or known as "Obamacare," following its passage in March 2010, has further boosted the development of generic drugs.

b. Accelerated approval for marketing of new medicines and generic drugs

In 1992, the U.S. FDA promulgated the "Prescription Drug User Fee Act" (PDUFA), requiring pharmaceutical firms to pay fees to the FDA when applying for approval of new medicines, generating several tens of millions of U.S. dollar of extra income for the FDA for use in accelerating approval of applications for new medicines. Consequently, the majority of new drug applications (NDA) now need only one review cycle for approval, half of the previous duration.

In 2012, the "Generic Drug User Fee Amendments" (GDUFA) was promulgated, according to which pharmaceutical firms have to pay screening fee and fee for the cost of inspection facilities for applying the approval of generic drugs. The act has boosted the efficiency of the FDA in screening and approving applications for generic drugs, slashing backlog of applications awaiting approval, and shortening average screening time, on top of additional risk check, facilitating marketing of generic drugs and enabling the public to access safe and effective generic drugs. The proposition of GDUGA was prompted by the success of PDUFA, which had helped patients obtain safe and effective new prescription drugs more rapidly. The implementation of GDUFA has facilitating obtaining of information on generic-drug manufacturing facilities and sites worldwide, augmenting the safety of global supply chain.

c. Secure supply sources for key materials and cooperate closely with customers to speed approval of marketing for products

On the global prescription-medicine market, some active pharmaceutical ingredients most demanded by generic-drug pharmaceutical firms are very difficult to come by or are very difficult for certification and analysis. As a result, the market of generic drugs is still often in the firm grip of the original patent owners, despite the expiration of the patents. Therefore, in addition to effective planning for the sources of active pharmaceutical ingredients, the company has invested, in terms of manpower and fund, in related analytical work and actively cooperated with customers in obtaining approval of the marketing of medicines within the shortest time possible, thereby facilitating the company's development.

d. Complying with cGMP norm

Pertaining to contract manufacturing of active pharmaceutical ingredients, despite higher cost than mainland Chinese and Indian counterparts, the company stands out on emphasis on patents and intellectual properties, cutting-edge facilities compliant with U.S. cGMP norm, in both hardware and software, and business mode and language compatible with the West. In China and India, only some large pharmaceutical firms can meet the requirements of quality and regulations in the U.S. and Europe, while great majority of companies there are incapable of large-scale investments for building plants compliant with the cGMP standard in the U.S. and Europe.

B. Adverse factors

a. Price competition for generic drugs

Generic drugs refer to drugs with expired patents, enabling pharmaceutical firms other than original patent owners to produce, following approval, drugs with similar ingredients, dosage type, dosage amount, and curative effect. The scramble for the generic-drug market among pharmaceutical firms has driven downward their prices, thereby dampening prices of active pharmaceutical ingredients and the gross margin of their manufacturers.

Countermeasure:

The development of new generic drugs is a key strategy of ScinoPharm Taiwan, which selects development targets via analysis of market potential and possible competition. The company has been rolling out a number of generic drugs every year, focusing on those drugs which feature active pharmaceutical ingredients with high technological threshold, speedy R&D for synthetic method, and efficient process technology, so as to tap the market opportunities emerging after the expiration of patents. Following mass production, the company would continuously improve process technology, secure supply source for raw materials, and farm out front-end processing, so as to cut production cost. The company even develops process technology with cost lower than original patent owners, while upholding the purity and safety of products.

In general, the company would develop process technology for active pharmaceutical ingredients in one year following approval of original patent owners and then provide samples to generic-drug customers for conducting tests necessary for registration, in an effort to become their first supplier of active pharmaceutical ingredients. After setup of the partnership, the customers would need the approval of FDA for changing suppliers of active pharmaceutical ingredients, which would take two years and entail extra investments. The stable long-term partnership would help the company keep its overall gross margin at an adequate level.

Meanwhile, the company is building an injection-drug plant at the site of its existing Tainan plant, which will also accommodate the R&D on active pharmaceutical ingredients and preparations. Carry out integration of upstream and downstream operations to bolster the value of ScinoPharm's active pharmaceutical ingredients and the gross margin of its products, to cope with prices of generic drugs and active pharmaceutical ingredients trending downward. There are some 300 dedicated manufacturers worldwide capable of producing active pharmaceutical ingredients conforming to the standard set by the U.S. FDA. Only some 20 of them can provide highly active anti-cancer injection drugs, including ScinoPharm which boasts the largest product lineup in the pack, a market segmentation which constitutes a strong edge for the company in developing preparations and new anti-cancer medicines. As for active pharmaceutical ingredients, the company selects items featuring high technological threshold for early development and applies for patents for protecting process and crystal forms, upholding its edge. The development of preparations enables the company to take into account the schedule and steps for R&D on preparations in the R&D on active pharmaceutical ingredients enabling the company to have better grasp of the schedule for the marketing of drugs, compared with peers. The complete planning, on top of the market

segmentation and timeliness for active pharmaceutical ingredients will furnish the company with a stronger edge than peers.

b. Price competition from China and India

Taking advantage of their low manufacturing-cost edge, China and India produce bulk generic drugs with low added value. Via imitation synthesis technology, India has grasp organic synthesis chemical technology and embraced low-price strategy in penetrating emerging markets.

Countermeasure:

Since its establishment, the company has targeted market of products featuring high technological threshold, such as active pharmaceutical ingredients for anti-cancer injection drugs. The company has been actively developing next-generation production technologies with higher efficiency, in order to supply active pharmaceutical ingredients at reasonable prices and help customer augment market competitiveness, while upholding the company's dominating status on the global market of active pharmaceutical ingredients.

The company specializes in special pharmaceutical ingredients featuring high technology, high price, and high activity. The Taiwan plant already passed seven times of inspections by the U.S. FDA and the certification of the hygienic agencies of various countries, while the Changshu plant in China has also passed inspection by the FDA. In addition, the company has conducted rigorous control and management of public safety, hygiene, and the stability of process technology, to prevent intellectual-property infringement and harm to environmental ecology, while assuring stable supply. The purpose is to create a quality repute for the company's products, thereby upholding their competitive edge and assuring business performance and growth.

ScinoPharm has shipped active pharmaceutical ingredients to Europe and the U.S. for many years, accumulating abundant experience in compilation of product information, inspection and certification registration (such as DMF registration for active pharmaceutical ingredients), communications with regulators, and reply to official documents, which enables the company to provide legal and technological service to customers. The expertise has given the company a strong edge, as customers invariably expect abundant legal experience from suppliers of active pharmaceutical suppliers capable of replying to regulators quickly, so as to speed up the screening and marketing of drugs.

c. Laws/regulations on drug production feature strict standards and demand multiple inspections, as a result of which marketing of drugs has often been delayed, should the quality of their active pharmaceutical ingredients be doubted.

On top of protracted R&D process, as drugs are meant for application inside human bodies, the safety and effectiveness of active pharmaceutical ingredients are subject to rigorous screening and check of the regulator and have to pass certification before marketing. The end result is heavy pressure of development schedule and funding requirement, which often entrap small enterprises in financial difficulty.

Countermeasure:

The company has set up a legal unit for pharmaceutical affairs, in charge of import-related documents demanded by hygiene agencies of import countries or areas for approval of local sales. The company carries out internal auditing periodically, to assure compliance of the company's operation and internal procedures with cGMP standard. The regulation-compliance unit is in charge of affairs related to official inspection and customer auditing, cGMP education and training for staffers, stability testing plan, and annual product inspection. The company's quality assurance and control unit is responsible for the checking and testing of all products and samples, including raw materials, initiators, samples in process, and finished products, to assure compliance with set specifications. Since the company mainly produces pharmaceutical ingredients with high activity for anti-cancer injection drugs, monitoring and control of the water-supply system and manufacturing environment is crucial, in order to control the amount of particulate matters and microbes in equipment, to avoid contamination of medical-use pure water. In addition, the quality-control unit will stability test for samples, to assure that they are not affected by contamination of the external environment. Therefore, the company have fully prepared for meeting the strict standards of related laws/regulations for pharmaceutical production, enjoying a strong edge over peers.

d. In order to postpone the stocking up of generic drugs after their marketing, original patent owners tend to file suits for patent infringement.

As innovation and R&D is the core competence of the biomedicine industry, pharmaceutical firms would spare no effort in prevent infringement of their intellectual properties by competitors. In order to safeguard their market share, original patent-owning firms would file suit related to patents or intellectual-property infringement, blocking stocking up by generic-drug firms or shipment by suppliers of active pharmaceutical ingredients.

Countermeasure:

The company strictly abides by the U.S. and international standards on intellectual-property right. For active pharmaceutical ingredients, process-technology patent is the most noteworthy intellectual property. A generic-drug firm may be sued by the original patent-owning firm for intellectual-property infringement, should it use active pharmaceutical ingredients implicated in infringement of process-technology patent. In order to avoid encroaching on others' intellectual properties, the company develops most of its patents by itself and licenses technologies from patent owners, when necessary. The company is furnished with advanced patent-searching software and subscribes to related services, to assure avoidance of infringing existing or expiring patents. In addition, it employs U.S. patent lawyers to provide legal protection of chemical process technologies. Meanwhile, it provides complete technological support to customers in product-marketing registration, minimizing the impact of the adverse factor.

e. Waves of onset of COVID-19 pandemic from 2020 spring have dampened flexibility of the maneuvering of manpower and materials, disrupting supply chains throughout the world, a grave issue in the globalized societies nowadays. Given difficulty in supply of key raw materials and components/parts in the past two years, many countries have considered to establish indigenous supply, in order to safeguard national security and mitigate supply-chain risk. The situation has influenced the operation of the company significantly, as the company supplies APIs, a key materials on the global market.

Countermeasure:

While APIs business is quite secure, due to high entry barrier and relative irreplaceability, a result of high regulatory control, their supply-chain members will experience enormous impact, once there are strategic or other priority considerations.

To cope with the threat, the company has embraced two strategies, first strengthening of technological edge, so as to augment customers' adhesiveness and replacement cost, involving patent, pharmaceutical permit, and time-to-market, and second strategic alliance with new- and generic-drug plants, consolidating such partnership with collaboration in different fields of diseases and product mix and augmenting customers' dependence on the company.

5.2.2 Important usages and production process of major products

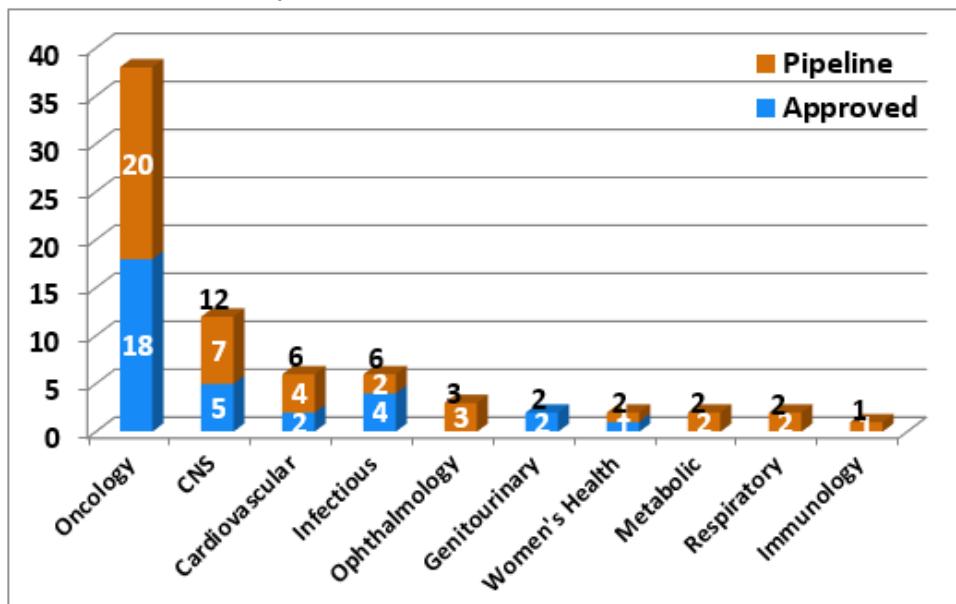
5.2.2.1. Important usages of major products

In the industry of active pharmaceutical ingredients, the success or failure of a company hinges on the success or failure of product development, for which the ability of a company in choosing right products and developing them according to schedule is crucial. In product selection, ScinoPharm takes into account customer orientation, market need, size of revenue, patent restriction, ability of technology and facilities, production cost, access to raw materials, workplace safety, and environmental protection. Priority is place on those products for which ScinoPharm owns cutting-edge technologies and has control of source of raw materials, on top of less competition, high margin, and strong need by customers.

In order to speed up the pace of R&D, in addition to the utilization of solid in-house R&D strength, the company also entrusts a number of domestic and foreign research bodies for initial R&D or establishment of platform technology. Up to now, the company has successfully developed more than 20 products via cooperation with 10 domestic and foreign research institutions, the latter mainly academic and research units in mainland China. From those cases, many technologies have been transferred to the company as initial technologies for amplification and the company has applied patents for them. In 2011, the company incorporated its Kunshan subsidiary in China's Jiangsu Province, set up in 2001, into ScinoPharm (Changshu) Pharmaceuticals in China, while recruiting excellent chemical and chemical-engineering specialists in China for R&D and operating pilot plant for

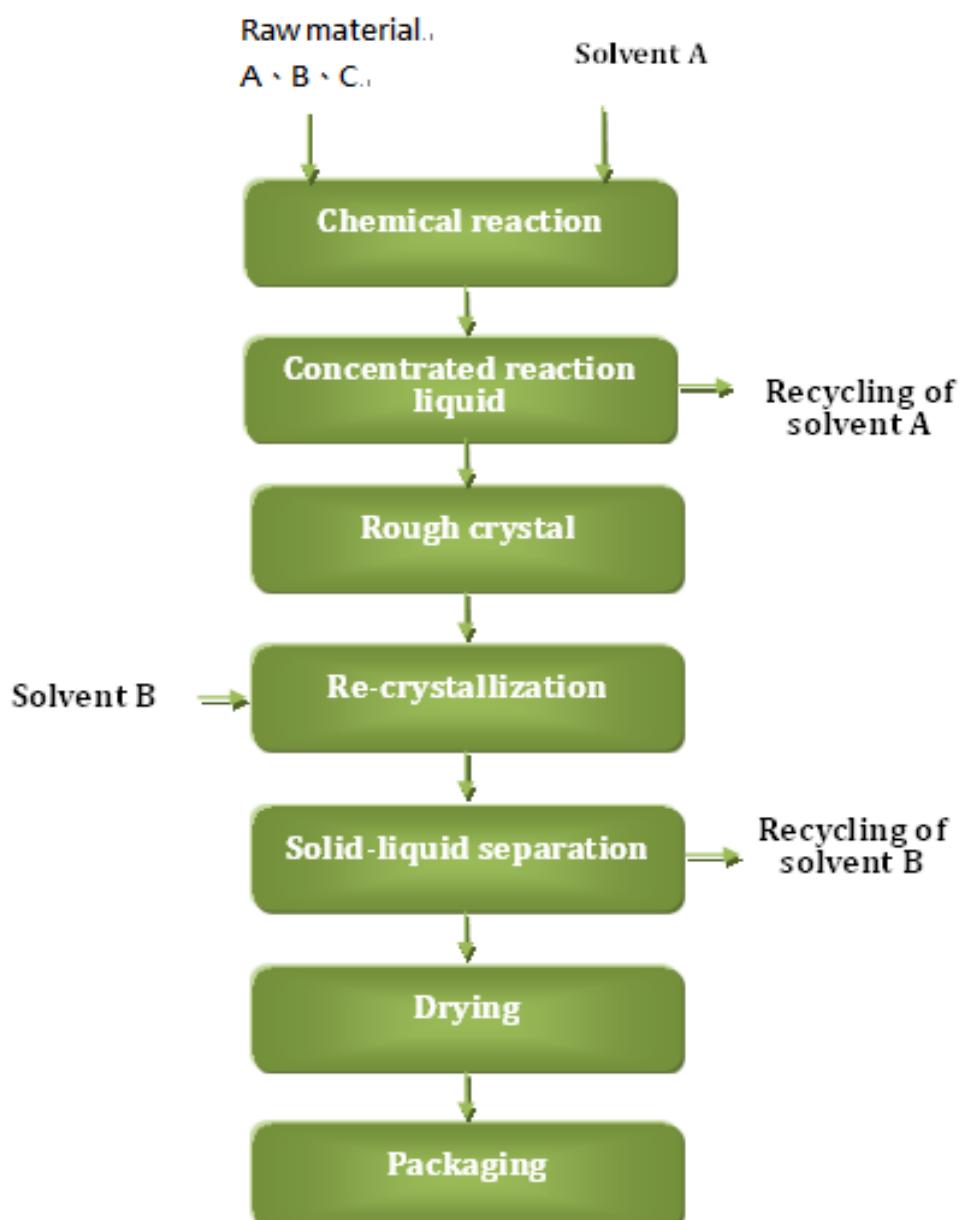
producing key materials and intermediates. ScinoPharm (Changshu) Pharmaceuticals has not only helped ScinoPharm cut production cost but also integrated cross-strait resources for R&D, production, and management, on top of enriching its international management experience. ScinoPharm (Changshu) will be positioned as international plant for active pharmaceutical ingredients and parent company's operating base in China, which will provide large volume of quality active pharmaceutical ingredients and all-round R&D and contract manufacturing service, giving ScinoPharm a strong backing in its effort to expand international service.

In view of the acute competition in the market of active pharmaceutical ingredients, the company chooses active pharmaceutical ingredients featuring high technological threshold and high prices for early development. The focus is on pharmaceutical ingredients featuring high activity for anti-cancer drugs, which have a high-growth market. Major usages, in terms of their shares, for the company's development products are listed below:

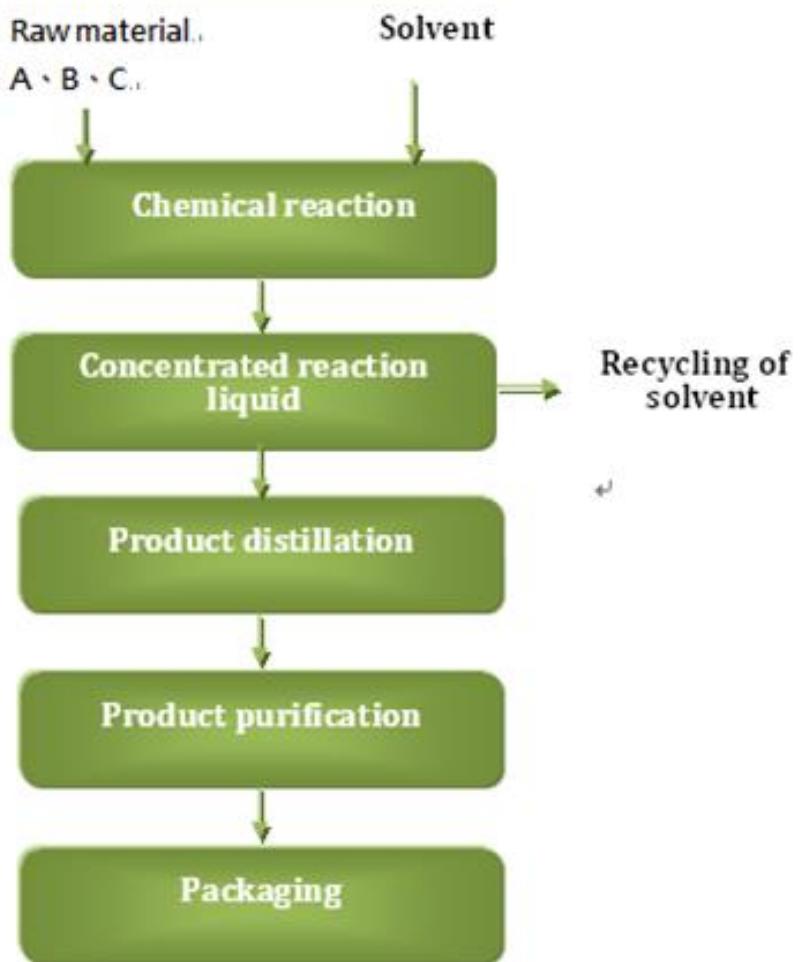


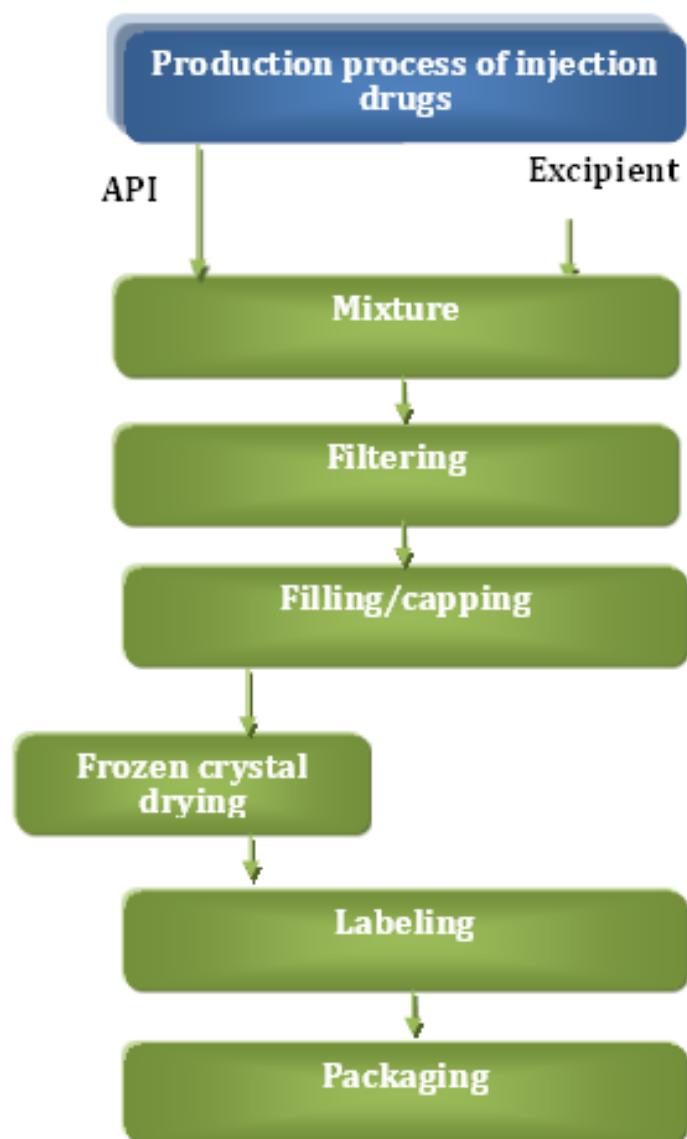
5.2.2.2. Production process of major products

Production process of solid API



Production process of liquid API





5.2.2.3 Supply status of major raw materials

As a dedicated manufacturer of active pharmaceutical ingredients, the company is very demanding for the quality of raw materials, in order to uphold the stability of the quality of products. It requires suppliers, once selected, to comply with the need of production. The relationship between the company and suppliers is based on long-term cooperation, which will not be changed easily. Meanwhile, to avoid disruption of supply, the company has also been continuously seeking alternative suppliers to meet emergent situation.

5.2.2.4 Information on major suppliers/clients who have accounted for at least 10% of sales/procurement in either of the past two years

A. List of suppliers that have accounted for at least 10% of procurement over the past two years:

Unit: NT\$ thousands; %

Item	2020				2021				2022 First Quarter			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	U Supplier-	109,157	14	None	C Supplier-	56,692	10	None	C Supplier	21,489	17	None
2									S Supplier	13,384	11	None
	Others	688,117	86	None	Others	509,202	90	None	Others	89,459	72	None
	Net Supply	797,274	100		Net Supply	565,894	100		Net Supply	124,332	100	

B. List of clients that have accounted for at least 10% of sales over the past two years:

Unit: NT\$ thousands; %

Item	2020				2021				2022First Quarter			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Customer A	399,293	14	None	Customer B	618,147	24	None	Customer B	94,769	14	None
2	Customer B	398,198	13	None	Customer A	564,333	22	None	Customer D	90,834	13	None
3	Customer C	354,827	12	None	-	-	-	-	Customer A	78,645	12	None
4									Customer C	72,514	11	None
	Others	1,792,314	61	None	Others	1,436,426	54	None	Others	335,950	50	None
	Net Sales	2,944,632	100	-	Net Sales	2,618,906	100	-	Net Sales	672,712	100	-

Explanation for change in sales:

1. Sales for B customer increased, due to increased demand for cancer drugs
2. Sales for I customer increased, due to increased demand for APIs used in Alzheimer drugs.
3. Sales for F customer increased, due to increased demand for Anti-depression drugs.

5.2.2.5 Production in the Last Two Years

Unit: Kilo / NT\$ thousands

Year Output Major Products	2020			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
API	113,103	57,030	2,048,827	91,527	52,317	1,856,477
Total	113,103	57,030	2,048,827	91,527	52,317	1,856,477

Note: The company capacity and output vary according to difference in the production of product combinations.

5.2.2.6 Shipments and Sales in the Last Two Years

Unit: Kilo / NT\$ thousands

Year Shipment & Sales Major Products (or by department)	2020				2021			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
API	184	137,849	28,034	2,660,461	611	100,605	27,238	2,481,341
Injections Products	-	-	122,060	146,322	420	2,727	15,856	34,233
Technical Services	-	4,187	-	94,488	-	6,707	-	103,392
Other operation income	-	-	-	39,621	-	-	-	33,330
Total	184	142,036	150,094	2,940,892	1,031	110,039	43,094	2,652,296

Note 1: API Sales decreased due to customers' demand in cancer drug APIs decreased.

Note 2: Injection Products Sales decreased due to customers' actual sales less than expectation so the demands decreased.

5.3 Human Resources

As employees are an enterprise's most important partners for sustained development, ScinoPharm Taiwan has been providing, in a friendly, open, and equal manner, providing employees fair development opportunities via human-resources management, thereby fulfilling the fundamental commitment to international human-rights standard and behavioral guidelines and creating a working place with assured safety, respect for plurality, and gender harmony. ScinoPharm Taiwan is a world-class pharmaceutical plant and engaged in a knowledge and technology-intensive line, a feature which has been reflected in its manpower structure. As of March 31, 2022, the company and its subsidiaries had a workforce of 875, compared with 880 in 2021.

5.3.1 The Company

Year		2020	2021	2022.03.31
Number of Employees	Executive Officers	88	99	99
	Professionals	283	266	260
	Technical personnel	270	277	265
	Administration Personnel	38	46	54
	Total	679	688	678
Gender	male	71%	70%	70%
	Female	29%	30%	30%
Average Age		38.6	39.8	40
Average Years of Service		8.65	9.29	9.5
Education	Ph.D.	5.30%	5.2%	5.3%
	Masters	35.79%	35.8%	35.6%
	Bachelor's Degree	51.10%	51.9%	51.0%
	Senior High School (include under Senior High School)	7.81%	7.1%	8.1%

5.4 Environmental Protection Expenditure

The company has spared no effort in combating environmental pollution, including installation of air-pollution prevention equipment, such as condenser and scrubbing tower, as well as waste-water treatment devices, such as membrane reactor, column-stripping waste liquid distillation system, and Strathtox activated sludge respirometer. Alleviation of environmental pollution can reduce outlay for waste processing, complies with legal requirement and customer demand for API (active pharmaceutical ingredients) plant in treatment of high toxic waste liquid or waste water, and augments the company's competitiveness in the API industry.

5.4.1 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None.

5.4.2. Investment in major environmental pollution-abatement equipment, their usage, and possible benefits:

- (1) Existing polluting status: According to the kinds of pollutants, the major polluted sections of the company and affiliates can be classified into the three major categories of air pollution, waste water, and wastes.
 - A. Air pollution: In 2020 and 2021, the company spent NT\$2 million in environmental protection in improvement waste-air collection method of mobile equipment and

waste-air treatment equipment, such as scrubbing tower.

In addition, the company spent NT\$100,000 on air-pollution abatement a year, on top of NT\$10,000 a month by affiliates.

B. The company invested NT\$400,000 in environmental protection in 2020 and 2021 in replacement of corroded waste-water pipes of Bay3 TK-3075 waste-water tank and outdated waste-water SUMP tank, to avoid waste-water leakage, polluting soil or groundwater. Waste-treatment cost of affiliates amount to NT\$30,000 a month.

C. Waste: The company invested NT\$1.5 million in waste treatment in 2020 and 2021, including repair of rain shed for temporary waste storage, to prevent soil or groundwater pollution and installation of pipes connecting to stripper in Bay5 for waste abatement.

For effective reduction of waste-solvent discharge in process, the company has strived for waste abatement for strippers, via separation of water phase and organic phase in waste liquid with high water contents before discharge of water phase to waste-treatment plant, leaving much smaller volume of organic phase which is waste solvent. The company's stripper waste-liquid treatment volume reaches 30-90 tons a month at cost of NT\$2.3-2.5 million, plus 4-ton treatment volume of affiliates at cost of NT\$1.35 million.

5.4.3. Describe the company's effort in improving environmental pollution in recent two years and as of the date of the publication of the annual report, as well as pollution-related disputes and their handling, if any: Nil.

5.4.4. Describe, in recent two years and as of the date of the publication of the annual report, the total amount of the company's loss (including compensation) and fines from environmental pollution, as well as its countermeasures (including improvement measures) and possible outlays (including estimated value of possible loss, fines, and compensations in the absence of countermeasures; make explanation, should the value be unable to be estimated reasonably): Nil.

5.4.5. Existing polluting status and the effect of its improvement on the company's earnings, competitiveness status, and capital outlay, as well as forecast on capital outlays for environmental protection in the coming two years:

(1) Existing polluting status: According to the kinds of pollutants, the major polluted sections of the company and affiliates can be classified into the three major categories of air pollution, waste water, and wastes.

A. Air pollution:

B. Waste water: In 2020, the company spent around NT\$500,000 under the cause of environmental-protection outlay for repair of the corroded. Water pipeline and old sump tank of Bay3 TK-3075 waste-water bank to avoid leakage, which may pollute soil and ground water.

C. Waste: In 2020, the company spent NT\$200,000 under the cause of environmental-protection outlay for improving shaded waste storage area to avoid pollution of soil or groundwater by deposited waste.

(2) Effect of improvement of environmental pollution on the company's earnings, competitive status, and capital outlay:

Date: 2022.3.31 Unit: NT\$ thousands

Item	Year	Investment cost	Purpose and expected benefits
Improvement engineering for equipment exhaust discharge in production building and technology building	2020	270	Improvement of mobile equipment exhaust collection method to cut polluted air emission

Item	Year	Investment cost	Purpose and expected benefits
PV power system atop injection-drug plant	2020	6,414	Need for energy conservation and carbon abatement
Replacement of waste-water pipes of temporary waste-water storage tank TK-3075	2020	227	Replacement of corroded waste-water pipes to prevent environmental pollution by leakage
Renovation of steam condensation pipes	2020	351	Need for energy conservation and carbon abatement
Renovation of waste-water SUMP tank and remaking of waterproof system	2020	146	Replacement of old waste-water SUMP tank to avoid environmental pollution by leakage
Improvement engineering for collection of untreated exhaust pipes in process to scrubber	2020	1,794	Improvement of exclusion of equipment exhaust from treatment by scrubbing tower to reduction air emission pollution
Installation of new pipes to stripper in Bay 5 process area for waste reduction	2020	411	Waste reduction to reduce waste treatment expense
Improvement of packaging-machine exhaust discharge in 3A room in Bay 1-Bay 3	2021	704	Need for energy conservation and carbon abatement 節

(3) Planned major capital outlays for environmental protection in the coming two years:
Both the company and the affiliates have no plan for the related investment.

5.5 Protective measures for workplace and personal safety of employees

To enhance autonomous management capability for safety and hygiene, the company has passed entirely the systematic certification of the management guidelines of the Taiwan Responsible Care Association (TRCA) SINCE 2007, including safety management of contractors, distribution management, product management, emergency response management, process safety management, waste management, and reduction management, as well as the acknowledgement by the vocational safety and hygiene management system for enterprises of the Ministry of Labor. Meanwhile, in line with the features of pharmaceutical business. To shield employees from exposure to the hazard of potent compound handling. In 2009, the company passed the certification of activated pharmaceutical operating system by international third fair party SafeBridge and has been maintaining and improving the operation according to the criteria of SafeBridge ever since. The company has been striving to build up a comfortable and safe working environment, free from accident, via participation in the operation of safety and hygiene management system by all staffers, enforcement of various safety and hygiene management measures, and the use of such tools of hazard detection, risk assessment, and risk control.

Related workplace, personal-safety measures, and supervisory measures of ScinoPharm are listed below:

* Status of dedicated units or staffers for safety/hygiene and environmental management

The company has set up "vocational safety and hygiene committee" and "sustainable management committee." The former, set up according to "vocational safety and hygiene

management measures," is the supreme policy-making unit for environment, safety, and hygiene affairs. It is convened by the president and consists of tier-one chiefs of various business units and plants, chiefs of various sections, and representatives of employees. The committee convenes quarterly to review the company's affairs related to environment, safety, and hygiene, thereby putting forth key directors for improvement. The latter coordinates the company's effort in environmental protection, safety/hygiene, energy conservation, water-saving, and management of greenhouse-effect gases, in order to boost the company's competitiveness for sustainable development. Convened by the vice president in charge of production, the committee consists of the five functional sections of distribution and sales, health, safety, waste reduction, and energy conservation and puts forth sustainable development plan and review on the effect of implementation every year, for internal inspection. The goal is to strengthen the company's foundation for development, via safeguarding employees' health, creating a safe and friendly workplace, and incorporating environmental protection into the company's agenda.

* **Control of the hazard of active pharmaceutical ingredients**

For controlling the exposure to the hazard of active pharmaceutical ingredients, the company embraces common management mode among pharmaceutical firms worldwide. The mode calls for setup of exposure ceiling for active pharmaceutical ingredients and grading of hazards, planning for engineering protection for different grades of hazards, definition of the use and management of engineering-protective measures, and measurement of the effectiveness of the function and operating environment of engineering protection, the latest for ascertaining the sufficiency of engineering protection for different grades of hazards and the need for improvement or upgrading. In order to correctly identify the grades of hazards of active pharmaceutical ingredients and determine the exposure ceiling for active pharmaceutical ingredients, the company has set up an evaluation panel consisting of in-house and external experts in pharmacy, toxicology, chemical, and industrial hygiene for the task. Meanwhile, in order to assure protective engineering measures attaining expected containment, the company has established method for air sampling for analysis, by its own or outsourcing, carried out sampling via ISPE practice guide, for evaluating the actual effect.

* **Management of process safety**

To prevent unacceptable risk of process hazard during the stages of R&D through mass production, embrace four-stage analysis for process hazard: analysis of process hazard at laboratory (Lab PHA), analysis of intrinsic hazard (PHA1), analysis of reactive hazard (PHA2), and analysis of operating hazard (PHA3). Meanwhile, for evaluating safety issue resulting from thermal hazard induced by chemical reaction, carry out safety-test analysis with such laboratory equipment as differential scanning calorimeter, reaction calorimeter, and adiabatic calorimeter, in addition to conducting hazard forecast for chemicals without sufficient toxicological data with pharmaceutical-toxin forecast software Derek for Windows.

Change management procedure to evaluate and lower potential risks connected with modification of process engineering change. For control of operating safety, there have been norms for hazardous operations, such as procedural document for hazardous-operation permit, document for locking/tagging operational procedure, and document for restrictive-space operating procedure.

For in-plant use of chemicals, control its inventory at safe level and put in place standard procedure for separate bottling, with complete personal protective gear ready for use by operators, to assure safety in the use and stockpiling of chemicals.

* **Emergency response management**

To assure effective response to and removal of accidents, install three-stage emergency-response mechanism: initial accident-handling stage, emergency response and handling stage, and major disaster management stage. Since emergency response is a comprehensive incident, in addition to two whole-place drills, there are nighttime drills and drill for dispersal without alert, with the drills covering not only employees but also staffers of contractors stationed in the plants. Moreover, install the mechanism of emergency-response and disaster-relief experts by providing long-term training of disaster-relief skills to staffers selected by various plants, so as to carry out rapid and effective emergency response and disaster relief.

* **Monitoring of operating environment**

For detecting operating environment, formulate operating-environment detection plan containing sampling strategy, which starts with basic data collection and check of raw materials, process procedure, and hazardous materials, to be followed by observation, interviews and recording, investigation, planning of similar exposure groups, and sampling of staffers with largest chance of exposure. Detection items include CO₂, noise, and organic solvent.

Meanwhile, in line with the features of the pharmaceutical industry, in order to shield staffers from the exposure to hazard resulting handling active drugs, set up air-sampling method for analysis, by its own or outsourcing, which adopts the aforementioned procedure for detecting operating environment, to evaluate the effect of exposure to hazard.

* **Training for industrial safety, hygiene, and environmental protection**

To strengthen staffers' concept of industrial safety, hygiene, and environmental protection and prompt them to continuously strengthen and improve the safety of their own operating environment, in addition to holding legally required courses, the company formulate educational and training program on industrial safety, hygiene, and environmental protection according to actual needs inside the plants, the company also conduct related courses regularly or irregularly, so as to intensify the responsibility and awareness of staffers for industrial safety and hygiene.

* **Management of contractors**

Integrate the information on the management of contractors via the e-contractor management system, so as to actually control the number of contractor staffers, as well as their authorized rights, entering the plant compound, in order to intensify admission control and enhance the efficiency of industrial safety and dispersal of staffers for emergency response. In addition, contractors are required to convene related units for safety meeting before start of construction works, as well as tool-box meeting daily, informing related workers, orally or in written form, on noticeable items for safety and hygiene. All contractors are required to carry out safety-protective and control measures for construction works, in line with the requirements set out in the document on the procedure for hazardous-operation permit.

* **Augmentation of employee health**

To safeguard the health of staffers and shield them from the risk of exposure to hazard in operation and contraction of vocational diseases, in addition to provision of various protective equipment and semi-annual detection of operating environment, arrangement regular physical exam for staffers, including management and rank-and-filers, clinical service, promotion and provision of breastfeeding space, and the provision of messaging service to relieve the pressure of staffers, so as to strengthen staffers' immunity from diseases and work efficiency. Moreover, under a care-responsibility framework, set up a task force for review of employee health and sponsor health-enhancement events irregularly, so as to prompt staffers forming the habit of regular exercise, via the encouragement and inducement of organization, for upholding their physical and mental health and vigor. In addition, with an eye on enhancing the awareness of own health management among staffers, the infirmary conducts various health lectures and promotional events for health enhancement.

* **Establishment of safety culture**

In order to establish a safety culture with rank-and-file basis, push all staffers conducting comprehensive internal safety observation. Pushing the MBWA (management by walking around) practice for production security chief, calling for one field inspection every two weeks by chief of production department, under the company of production management, director, and EHS (environment, health, and safety) staffers, including on-site discussion with colleagues, to demonstrate the management's high regard for safety and arouse safety awareness among employees. Meanwhile, have on-site operators take part in the discussion for pushing safety risk evaluation or analysis of product/process hazard, to prevent increase of hazard risk resulting from discrepancy of recognition between the result of the discussion and actual operation.

In order to boost autonomous management capability, the mainland Chinese company invested by the company has conducted certification of standard corporate-safety management system for hazardous chemicals, including safety management for contractors, distribution management, product management, emergency response management, process safety management, and waste management and reduction management. Meanwhile, in line with the features of pharmaceutical business, the mainland Chinese company has had SafeBridge, an international

fair third party, audit the system and has improved the system according to the opinions of SafeBridge auditors, so as to shield employees from exposure to the hazard of potent compound handling. The mainland Chinese company has been striving to build up a comfortable and safe working environment, free from accident, via participation in the operation of safety and hygiene management system by all staffers, enforcement of various safety and hygiene management measures, and the use of such tools of hazard detection, risk assessment, and risk control.

5.6 Labor Relations

5.6.1 The company's various employee welfares, advanced study, training, and retirement system and their execution, as well as labor-management agreements and various measures upholding employee rights and interests

1. Employee Benefits:

In order to create a good and harmonious working environment, actively provide employees various caring measures, on top of legally required measures, such as labor insurance and health insurance:

- (1) Sound corporate regime: There are set measures governing promotion, award/penalty, performance appraisal, leave, and salaries and related operational and management regulations are upgraded timely, in line with change of laws/regulations, so as to assure legal compliance of business activities, consolidate corporate management, and safeguard employees' interests.
- (2) Fair, reasonable, and competitive compensations system: Continuously appropriate a set portion of earnings as employee compensations, and provide performance bonus and year-end bonus to employees. In addition, multiple incentives are available to encourage good performance, on top of compensations regime addressing both internal fairness and external competitiveness, for retention of excellent talent.
- (3) Multiple fringe benefits: In line with legal requirement, establish employees' welfare committee, appropriate employee welfare fund, and push contracted stores, employee clubs, annual employee travel, and other activities promoting employee exchange, on top of provision of subsidy for employee study, scholarship for employees' children, subsidies for child birth and child care, bonuses for Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival, and free company bus and parking space. Festival, and Mid-Autumn Festival, as well as free commuting bus and parking space.
- (4) Plan for promotion of employee health: In addition to mandatory insurance for employees, the company has also taken out various group insurances for their families, including life insurance, injury insurance, medical insurance for accidental injuries, and insurance for major diseases. Moreover, the company arranges physical check for employees every year and has medical staffers track the health status of employees continuously, on top of other health betterment activities, such as lectures on health issues, weight loss, and hiking. To promote balanced diet among employees, the employee restaurant pays much attention to the nutrition of meals and safety of foodstuff, striving to achieve a balance between caloric value and nutrition.
- (5) Secure and friendly workplace: In addition to a flextime, enabling employees to take good care of family and work simultaneously, a well-furnished breastfeeding room and special parking space for pregnant employees are available. There are massage therapists stationed in the plant to give employees timely relief from their works, as well as contracted consulting service, to help employees handle their troubles in work, daily life, or health.
- (6) LOHAS (lifestyles of health and sustainability): Hold employee well-being month and family days, for exchanges among employees and their families; subsidize employee clubs, to encourage hobbies and activities among employees in their leisure time and cement employee bond.

2. Advanced training

As a demonstration of its high regard for talent cultivation and in line with strategic human-resources management and the need of organizational development, the Company, in addition to on-the-job training, has arranged professional management courses, for the

purpose of enhancing management skills and work performance, supplemented by one-on-one coaching and instruction, job rotation, and project assignment, in the hope of strengthening the expertise of individual employees at various levels and improving the execution performance of teams.

As for professional expertise and knowledge, conduct internal or external training on GMP quality system, environmental protection, industrial safety, and hygiene, whose execution is also incorporated into ERP system for management and regular tracking:

(1) Business and management training:

Upon its inception, the company already established Professional Management Training (PMT) system, designing tailor-made courses for managerial staffers at various levels and cultivation of other talents, which is supplemented coaching by senior superiors for dissemination of corporate culture, facilitating passing of experience and attaining sustainable development of the company.

(2) GMP training: To uphold high product quality and assure compliance of all production-related operations with legal requirement, every employee has to undertake set hours of GMP training, according to their different positions. It is mandatory to undertake certain hours of GMP (good manufacturing practice) every year.

(3) Industrial safety/hygiene training: To provide employees a safe working environment, in addition to enforcement of workplace-safety management, fire-fighting safety management, and employee health management, the company holds education and training on safety and hygiene for employees regularly, so that they can possess necessary safety and hygiene knowledge.

(4) Training for core and professional skills: To help employees in different job categories enhance their knowledge or operating skills for smooth execution of their duties, analyze necessary core and professional skills for different kinds and levels of jobs before formulating corresponding study roadmaps and training plans. Individual education and training budget is appropriated for every employee, for him/her to attend job-related workshop/training or professional technology seminars, domestic or overseas ones. The technology department also arrange on-the-job training to pass on professional knowledge and experience.

(5) Person(6)al development: Given frequent contact with international pharmaceutical firms in the company's operation, the company has cooperated with English-language training institutions for the provision of English-language courses, Assistance for self-learning: In order to help employees augment their job-related knowledge and skills, formulate encouragement measures subsidizing study by employees themselves, in addition to holding study courses and artistic and literary lectures regularly, to facilitate self-learning by employees.

(6) New employee training: New employees would take basic instruction on factory safety/hygiene and GMP upon reporting to job, so that they can understand the company and job-related requirements in a short time, in addition to arrangement of introductory training courses, to help them fit in with the working environment.

ScinoPharm Taiwan conducted training sessions for 18,451 person/times totaling 20,792.5 hours in time, with training items and results listed below:

Items	Person/times	Total hours
Business and management	805	1,377
GMP training	13,479	14,648
Training on industrial safety, hygiene, and environmental protection	2,653	3,006
Training on professional skills	1,064	949
Personal development series	450	812.5

3. Retirement system and status of execution

Based on the Labor Standards Act and the Labor Pension Act, the company has formulated measures on employee retirement, stipulating retirement conditions and the criteria for the calculation for retirement payment. Accordingly, the company has made monthly appropriation for retirement reserve fund and set up supervisory committee for the fund, to assure payment for retired employees.

The company appropriates 2% of monthly pay expense for retirement reserve fund, deposited at a dedicated account with the Central Trust of China. Following implementation of the Labor Pension Act on July 1, 2005, the company has been making monthly appropriations equivalent to 6% of employees' salaries for deposit into their personal pension accounts, as well as extra appropriations made by employees themselves.

For employees suited to application of the Labor Standards Act or who keep the front part of service years for application of the Labor Pension Act, their pension is calculated according to article 84-2 and article 55 of the Labor Standards Act.

For employees suited to the application of the Labor Pension Act, the company has made proportionate appropriations for deposit into their personal pension accounts. According to the company's retirement measures, employees meeting one of the following conditions can apply for retirement:

- (1) 55 years of age or older with over 15 years of service at the company;
- (2) More than 25 years of service at the company;
- (3) 60 years of age.

The company can ask employees to retirement, upon 65 years of age or incapability to fulfill their responsibilities, due to mental or physical disability. In the latter case, they will be entitled to 20% markup for pension, if their disability is job-related.

4. Labor-management consultation and upholding of employee benefits

In reflection of the company's high regard for harmony and mutual communications between management and labor, in addition to regular meeting at various units and levels, the company holds a meeting attended by all the employees every year, to acquaint employees with the company's latest business development and enable them to propose suggestions, thereby boosting their identification with the company. Moreover, the company has asked human-resources management unit to organize labor-management meeting, for communication and discussion on various major issues related to labor-management relationship, on top of multiple platforms for internal communications, including corporate website, regular e-bulletin, employee opinion box, cross-level dining, and dedicated employee- complaint mailbox. Employees can freely propose suggestions on various measures and management system via various channels, as major reference for related units in business promotion. Chiefs at various levels also respond to employee opinions regularly, to uphold a harmonious labor-management relationship and consolidate employee identification with the company.

The company didn't suffer loss from labor-management dispute in 2021 and as of the date of the publication of the annual report.

5.6.2 Estimated Losses from Labor Relation Conflicts during the Past Two years and the Future and our planned reaction:

The companies has faithfully complied with and implemented related laws/ regulations of the government, dedicated to set up complete systems and safeguard employees' right and interests, and regarded highly two-way communication with employees, leading to harmonious management-labor relationship, as a result of which there has been no loss caused by labor-management disputes up to now.

5.7.1 Information security management

Information security risk management structure, information security policy, information security management program, and input of resources for information security

As an API (active pharmaceutical ingredient) maker, ScinoPharm Taiwan has been dedicated to the establishment of a complete and competent information security system, in conformance to GMP specifications, in order to safeguard R&D and intellectual properties, while upholding normal operation and production and assuring product quality. The company's information department under the administrative and management center is in charge of information security, handling related policy formulation, execution, risk management, and compliance auditing, in addition to annual review of information-security incidents and policy, pushing of new information-security services, and strengthening and renovation of information security network, so as to uphold stable corporate operation.

Overall information-security management is carried out via annual review of the system and irregular report on execution to vice president of the administrative and management center, plus constant upgrading of execution measures and equipment, introduction of information-security services with new technology, regulation, auditing, and strict restriction of information access, in terms of both personnel and equipment, auditing mechanism for tracking and checking various abnormal activities, and institution of various backup and disaster-recovery mechanism, so as to assure GMP compliance.

In the face of various new and changeful information-security threats, such as botnet, zero-day attack, and ransomware, the company has introduced various advanced information-security systems to greatly boost our anti-hacking ability, including next-generation firewall, IPS, URL filtering, antivirus wall, and anti-spam, plus institution of network partitioning and multi-level network isolation, to prevent penetration of internal network by hackers, restriction of remote access, flow sniffing and auditing, thereby detecting network abnormality for interdiction of threat and prevention of disaster and reducing risk and potential loss.

In the wake of the vigorous development of digital technology and change in office mode in recent years, threat to endpoint security has increased significantly, for which we have adopted various measures protecting endpoint computer equipment, including graded management, such as access control, authorized limit for personal accounts, and privileged accounts, institution of next-generation antivirus system, increase of password strength and use of multi-factor verification, to as to ward off malicious software and ransomware. In addition, we have continued to mend and renovate programs and devices, utilize legal software and systems conforming to information-security norms, and introduce document encryption, to prevent data leakage.

Moreover, the company has installed various backup and recovery mechanisms, on top of regular recovery drill, in line with current data integrity norm for pharmaceutical plants. To materialize the company's information-security policy, it holds information-security education and training program for employees, so as to strengthen their information-security concept and ability for identifying information-security threat. The company has also collaborated with information-security company in instituting information-security contact network, assisting enterprises to handle information-security issues in real time, so as to prevent spread of disaster. Meanwhile, the company has attended joint information-security program SP-ISAC of Hsinchu Science Park, thereby exchanging information-security information with peers regularly, which is conducive to grip on new information-security technology and enables the company to adjust information-security practices timely and thus protect key information assets, boost corporate image, and enhance corporate competitiveness.

5.7.2 Information security-related loss in the recent year and as of the publication date of the annual report, possible influence, and countermeasure: nil

5.8 Important Contracts

ScinoPharm Taiwan, Ltd.

Contract Type	Counterparty	Contract Period	Major Content	Restriction
Development Agreement	A local organization	2012.11.20~	Development for oncology API	Secrecy Obligation
Supply Agreement	A company in the USA	2010.08.19~7 th anniversary after commercial launch	Supply of API for depressive disorder	Secrecy Obligation
Supply Agreement	A company in the USA	2011.01.18 ~2 nd anniversary after commercial launch	Supply of API for diseases of central nervous system	Secrecy Obligation
Supply Agreement	A company in China	2012.12.10 ~3 rd anniversary after commercial launch	Supply of API for cardiovascular diseases	Secrecy Obligation
Development Agreement	A company in China	2011.02.08 ~2026.02.08	Development for oncology API	Secrecy Obligation
Patent License Agreement	A company in Canada	2011.03.15~ 2025.05.26	License of Patent for Manufacturing Anti-cancer API	Secrecy Obligation
Patent License Agreement	A company in India	2011.11.18~2025.06.30	License of Patent for Manufacturing Anti-cancer API	Secrecy Obligation
Collaboration Agreement	A Company in in the USA	2012.03.27 ~ 7 th anniversary after commercial launch	Supply of oncology API	Secrecy Obligation
Lease Agreement	Southern Taiwan Science Park Bureau	2018.03.01~2038.02.28	Land Renting for Building ScinoPharm	1. Contract term is up to 20 years 2. Contract can be renewed after expiration
Collaboration Agreement	Baxter	2017.02.27 ~10 th anniversary after commercial launch	Development and Sales of oncology drug	Secrecy Obligation
Development Agreement	A company in China	2014.01.02~2024.01.01	Development of oncology drug	Secrecy Obligation
Non-Exclusive License Agreement	A local research institution and a local university	2013.12.10 ~ expiration of the licensed patents	License of the patents for manufacture of API for Cardiovascular diseases	Receive Royalties & Secrecy Obligation
Non-Exclusive License Agreement	A company in China	2013.07.20~No expiration	Supply of API for diseases of central nervous system	Receive Royalties & Secrecy Obligation
Supply Agreement	A company in China	2014.06.03~ 5 th anniversary after commercial launch	Development and Supply of the API for Peripheral Nervous System	Exclusive Supply Obligation & Secrecy Obligation
Collaboration Agreement	A company in China	2014.11.06 ~ 10 th anniversary after commercial launch	Development, Manufacture and sale of the drug for Myocardial Perfusion Imaging.	Secrecy Obligation
Collaboration Agreement	A company in China	2014.09.26 ~ 20 th anniversary from commercial launch	Development and sales of Oncology drug	Non-Competition & Secrecy Obligation
Service Agreement	A local company	2014.07.30~2024.07.29	development of new drug for Stem cell	Non-Competition & Secrecy Obligation

Contract Type	Counterparty	Contract Period	Major Content	Restriction
Collaboration Agreement	A company in China	2014.05.05 ~8 th anniversary from commercial launch	Development and sale of anticoagulant medication	Exclusive supply
Development and supply agreement	A company in the USA	2014.03.06 ~10 th anniversary after commercial launch	Development and Sales of drug for leukemia	Non-Competition & Secrecy Obligation
Development and Supply Agreement	A company in the USA	2015.01.19~7 th anniversary after commercial launch	Development and Supply of oncology drug	Secrecy Obligation
Service Agreement	A company in the USA	2015.04.10~10 years after the effective date, or all works in the project orders effective before the 10 th anniversary is completed, whichever is later.	API development	Secrecy Obligation
Development Agreement	A local medical device company	2015.07.29~	Development of certain medical device	Secrecy Obligation
Contract for outsourcing of R&D and production	A U.S. company	2016.07.27 ~ 2021.07.26	Commissioned R&D and production for API	Secrecy Obligation
Contract for outsourcing of R&D and production	A Taiwanese company	2016.04.27 ~	Commissioned R&D and production for API	Secrecy Obligation
Supply Agreement	A Company in USA	2017.06.19~2024.06.18	Supply API of New Anti-biotic drug	Secrecy Obligation
Supply Agreement	A Company in USA	2017.05.31~2020.05.30	Supply API of New Anti-biotic drug	Secrecy Obligation
Supply Agreement	A Company in Dubai	2017.05.03~ 2027.05.02	Supply of Anti-cancer API	Secrecy Obligation
Supply Agreement	A company in China	2018.12.10~	Sales of API	Secrecy Obligation
Supply Agreement	A company in Japan	2018.04.12~	Supply of API	Secrecy Obligation
Supply Agreement	A company in Germany	2019.01.01~	Sales of multiple APIs	Secrecy Obligation
Supply Agreement	A Company in USA	2020/05/21 ~ 2027/05/20	Sales of API	Secrecy Obligation Exclusive supply
Agreement on increased or supplementary supply in supply contract	A Company in USA	2020/05/21 ~ expiration day of the licensed patents	patent licensing	Secrecy Obligation
Contract for outsourcing of R&D and production	A Company in USA	2020/09/09 ~ 2025/09/08	Commissioned R&D and production for API	Secrecy Obligation
Supply Agreement	A company in China	2020/08/21 ~ 2025/08/20	Sales of API	Secrecy Obligation
Contract for outsourcing of R&D and production	A company in France	2020/09/28 ~ 2027/09/27	Contract for outsourcing of R&D and production	Secrecy Obligation
Contract for outsourcing of R&D and production	A company in Canada	2020/02/13 ~ 2025/02/12	Contract for outsourcing of R&D and production	Secrecy Obligation

Contract Type	Counterparty	Contract Period	Major Content	Restriction
Supply Agreement	Singaporean subsidiary of a certain French pharmaceutical company	2020/05/25 ~ 2025/05/24	Contract for outsourcing production	Secrecy Obligation
Supply Agreement	A company in Germany	2019/01/01 ~ 2021/12/31	Sales of multiple APIs	Secrecy Obligation
Supply Agreement	A company in India	2020/10/12 ~ 2023/10/11	Sales of multiple APIs	Secrecy Obligation
Supply Agreement	A company in Taiwan	2020/12/02~2027/12/01	Contract for outsourcing production	Secrecy Obligation Exclusive supply
None exclusive distribution agreement	A company in USA	2021/09/01~2024/08/31	Distribution of multiple APIs	Secrecy Obligation
Contract for outsourcing of R&D and production	A new drug company in USA	2021/10/18~2026/10/17	Contract for outsourcing of R&D and production	Secrecy Obligation
Co-Development authorization and sales agreement	A company in Taiwan	2022/01/28~7 th anniversary after commercial launch	Product Co-Development , manufacturing and sales	Secrecy Obligation Exclusive supply

SciAnda (Changshu) Pharmaceuticals, Ltd.

Contract Type	Counterparty	Contract Period	Major Content	Restriction
Collaboration Agreement	Two companies in China	2013.01.31 ~20 th anniversary after commercial launch	Development, manufacture and sales of oncology drug	Secrecy Obligation
Research agreement	A company in China	2013.08.06 till both parties' obligations are completed	Contract research service for oncology drug	Secrecy Obligation
Research agreement	A company in China	2014.02.24 till both parties' obligations are completed	Contract manufacturing for API	Secrecy Obligation
Supply Agreement	A company in China	2014.10.28 ~5 th anniversary after commercial launch	Supply and sale of oncology API	Non-Competition & Secrecy Obligation
Service Agreement	A company in the USA	2015.07.15~2017.07.14 and will be automatically renewed for one year	Contract research service	Secrecy Obligation
Development Agreement	A company in China	2017.06.13 ~	Contract manufacturing for API	Secrecy Obligation
Development Agreement	A company in China	2017.06.19 ~	Contract manufacturing for oncology drug	Secrecy Obligation
Development & Manufacture Agreement	A company in China	2017.04.25 ~2022.04.24	Contract development & manufacturing for oncology drug	Secrecy Obligation
Development Agreement	A company in China	2017.01.03 ~	Contract development for cardiovascular diseases	Secrecy Obligation
Manufacture Agreement	A company in China	2017.01.03 ~	Contract manufacturing of drug for eye disease	Secrecy Obligation
Service Agreement	A company in China	2017.11.23~	Stability Test for Urea cycle disorders drug	Secrecy Obligation

Contract Type	Counterparty	Contract Period	Major Content	Restriction
Development Contract	A Taiwanese company	2017.10.31~	Manufacture, validation, stability test and new drug clinical trial application for hypertension API	Secrecy Obligation
Supply Agreement	A company in China	2018/04/13~2028/04/13	manufacturing for API	According to the stipulation of the contract
Service Agreement	A company in Ireland	2019/03/22~2024/03/21	Commissioned Customized development & manufacturing	Secrecy Obligation
Service Agreement	A company in the USA	2019/06/03~2024/06/02 Extend one more year afterward automatically	APIs Contract Development & Manufacturing	Secrecy Obligation
Service Agreement	A company in Europe	2019/04/12~2024/04/11 Extend two more year afterward automatically	Customized drugs Contract development & manufacturing	Secrecy Obligation

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Financial Information-IFRS

Consolidated Condensed Balance Sheet - Based on IFRS

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years					Financial Summary As of 2022.03.31
		2017	2018	2019	2020	2021	
Current assets		6,467,127	6,506,167	5,406,584	5,916,137	5,966,529	6,122,505
Property, Plant and Equipment		5,088,713	4,758,846	4,433,860	4,210,746	4,033,000	4,042,612
Intangible assets		23,334	16,753	14,068	8,900	8,793	10,466
Other assets		1,122,215	1,281,562	1,820,052	1,710,980	1,682,854	1,765,044
Total assets		12,701,389	12,563,328	11,674,564	11,846,763	11,691,176	11,940,627
Current liabilities	Before distribution	1,115,458	1,945,644	741,747	686,646	556,314	627728
	After distribution	1,495,013	2,333,106	955,247	1,082,016	935,869 (Note 1)	-
Non-current liabilities		1,168,706	78,652	672,873	630,714	623,808	673,283
Total liabilities	Before distribution	2,284,164	2,024,296	1,414,620	1,317,360	1,180,122	1,301,011
	After distribution	2,663,719	2,411,758	1,628,120	1,712,730	1,559,677 (Note 1)	-
Equity attributable to shareholders of the parent		10,417,225	10,539,032	10,259,944	10,529,403	10,511,054	10,639,616
Capital stock		7,907,392	7,907,392	7,907,392	7,907,392	7,907,392	7,907,392
Capital surplus		1,286,872	1,292,555	1,294,605	1,294,689	1,294,689	1,294,689
Retained earnings	Before distribution	1,242,726	1,299,469	1,125,773	1,360,365	1,370,098	1,437,535
	After distribution	863,171	912,007	912,273	964,995	990,543 (Note 1)	-
Other equity		(19,765)	39,616	(67,826)	(33,043)	(61,125)	(9,809)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	10,417,225	10,539,032	10,259,944	10,529,403	10,511,054	10,639,616
	After distribution	10,037,670	10,151,570	10,046,444	10,134,033	10,131,499 (Note 1)	-

Note 1: Proposal for allocation of the company's earnings in 2021 has yet to be approved by Shareholders' Meeting

Parent Condensed Balance Sheet - Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Year					Financial Summary As of 2022.03.31 (Note 2)
		2017	2018	2019	2020	2021	
Current assets		5,858,009	5,971,748	4,819,167	5,523,776	5,641,170	-
Property, Plant and Equipment		3,609,589	3,387,960	3,192,172	3,053,564	2,954,902	-
Intangible assets		10,752	8,402	9,458	6,885	2,903	-
Other assets		1,506,463	1,806,712	3,400,541	3,192,696	3,023,089	-
Total assets		10,984,813	11,174,822	11,421,338	11,776,921	11,622,064	-
Current liabilities	Before distribution	496,656	557,228	488,608	616,804	487,637	-
	After distribution	876,211	944,690	702,108	1,012,174	867,192 (Note 1)	-
Non-current liabilities		70,932	78,562	672,786	630,714	623,373	-
Total liabilities	Before distribution	567,588	635,790	1,161,394	1,247,518	1,111,010	-
	After distribution	947,143	1,023,352	1,374,894	1,642,888	1,490,565 (Note 1)	-
Equity attributable to shareholders of the parent		-	-	-	-	-	-
Capital stock		7,907,392	7,907,392	7,907,392	7,907,392	7,907,392	-
Capital surplus		1,286,872	1,292,555	1,294,605	1,294,689	1,294,689	-
Retained earning	Before distribution	1,242,726	1,299,469	1,125,773	1,360,365	1,370,098	-
	After distribution	863,171	912,007	912,273	964,995	990,543 (Note 1)	-
Other equity		(19,765)	39,616	(67,826)	(33,043)	(61,125)	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	10,417,225	10,539,032	10,259,944	10,529,403	10,511,054	-
	After distribution	10,037,670	10,151,570	10,046,444	10,134,033	10,131,499 (Note 1)	-

Note 1: Proposal for allocation of the company's earnings in 2021 has yet to be approved by shareholders' meeting.

Note 2: According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the parent company only financial reports should be prepared at end of year.

Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years					Financial Summary As of 2022.03.31
	2017	2018	2019	2020	2021	
Operating revenue	3,516,481	3,524,263	2,892,783	3,082,928	2,762,335	737,939
Gross profit	1,550,157	1,542,514	1,176,405	1,317,459	1,280,487	297,540
Income from operations	558,962	558,412	266,854	375,723	288,619	88,430
Non-operating income/ expense	(83,660)	(67,871)	(1,800)	(17,218)	13,667	8,132
Net income before tax	475,302	490,541	265,054	358,505	302,286	96,562
Net income from continuing operation	422,367	442,978	216,656	282,067	243,471	77,246
Loss from discontinued operations	-	-	-	-	-	-
Net income (Loss)	422,367	442,978	216,656	282,067	243,471	77,246
Other comprehensive Income (after tax)	(16,049)	(95,774)	(110,332)	200,808	133,550	51,316
Total comprehensive Income (Losses)	406,318	347,204	106,324	482,875	377,021	128,562
Net income attributable to the parent	422,367	442,978	216,656	282,067	243,471	77,246
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to the parent	406,318	347,204	106,324	482,875	377,021	128,562
Comprehensive income attributable to non- controlling interest	-	-	-	-	-	-
Earnings per share (NT\$)	0.53	0.56	0.27	0.36	0.31	0.1

Parent Condensed Statement of Income –Based on IFRS

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years (Note 1)					Financial Summary As of 2022.03.31
	2017	2018	2019	2020	2021	
Operation revenue	3,449,175	3,470,109	2,813,047	3,046,220	2,642,830	-
Gross profit	1,671,193	1,661,639	1,135,660	1,287,748	1,254,524	-
Income from operations	801,318	765,170	322,297	450,854	376,930	-
Non-operating income/ expense	(312,542)	(297,519)	(75,783)	(97,972)	(74,666)	-
Net income before tax	488,776	467,651	246,514	352,882	302,264	-
Net income from continuing operation	422,367	442,978	216,656	282,067	243,471	-
Loss from discontinued operations	-	-	-	-	-	-
Net income (Loss)	422,367	442,978	216,656	282,067	243,471	-
Other comprehensive Income (after tax)	(16,049)	(95,774)	(110,332)	(200,808)	(133,550)	-
Total comprehensive Income (Losses)	406,318	347,204	106,324	482,875	377,021	-
Net income attributable to the parent	-	-	-	-	-	-
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to the parent	-	-	-	-	-	-
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share (NT\$)	0.53	0.56	0.27	0.36	0.31	-

Note1: According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the parent company only financial reports should be prepared at end of year.

6.1.2 Auditors' Opinions from 2017 to 2021

Year	Auditing Firm	CPA	Audit Opinions
2017	PricewaterhouseCoopers, Taiwan	Yung-Chih Lin Ming-Hsien Lee	Unqualified
2018	PricewaterhouseCoopers, Taiwan	Yung-Chih Lin Tzu-Meng Liu	Unqualified
2019	PricewaterhouseCoopers, Taiwan	Yung-Chih Lin Tzu-Meng Liu	Unqualified
2020	PricewaterhouseCoopers, Taiwan	Yung-Chih Lin Tzu-Meng Liu	Unqualified
2021	PricewaterhouseCoopers, Taiwan	Yung-Chih Lin Tzu-Meng Liu	Unqualified

6.2 Five-Year Financial Analysis

Consolidated Financial Analysis – Based on IFRS

Item(Note 4)	Year	Financial Analysis for the Last Five Years					Financial Analysis As of 2022.03.31 (Note1)
		2017	2018	2019	2020	2021	
Financial structure	Debt to Assets Ratio (%)	17.98	16.11	12.12	11.12	10.09	10.90
	Ratio of long-term capital to property, plant and equipment(%)	227.68	223.11	246.58	265.04	276.09	279.84
Solvency	Current ratio (%)	579.77	334.40	728.90	861.60	1,072.51	975.34
	Quick ratio (%)	419.18	259.31	559.57	664.42	813.33	749.99
	Interest earned ratio (times)	7.20	7.12	5.76	24.64	47.16	54.89
Operating performance	Accounts receivable turnover (times)	5.32	5.92	5.03	6.31	7.40	7.30
	Average collection days	69	62	73	58	49	50
	Inventory turnover (times)	0.83	0.93	0.93	1.06	0.85	1.01
	Accounts payable turnover (times)	23.39	20.92	16.86	13.08	12.40	21.30
	Average inventory turnover days	440	392	392	344	429	361
	Property, plant and equipment turnover (times)	0.62	0.68	0.59	0.68	0.64	0.67
	Total assets turnover (times)	0.25	0.26	0.23	0.25	0.22	0.23
Profitability	Return on total assets (%)	3.81	4.01	2.16	2.50	2.11	2.66
	Return on stockholders' equity (%)	4.09	4.23	2.08	2.71	2.31	2.92
	Pre-tax income to paid-in capital (%)	6.01	6.20	3.35	4.53	3.82	4.88
	Net margin (%)	12.01	12.57	7.49	9.15	8.81	10.47
	Earnings per share (NT\$) (Note2)	0.53	0.56	0.27	0.36	0.31	0.1
Cash flow	Cash flow ratio (%)	87.11	63.30	106.36	137.82	91.64	58.46
	Cash flow adequacy ratio (%)	81.12	128.36	179.47	199.18	152.95	165.71
	Cash reinvestment ratio (%)	4.49	5.33	2.42	4.28	0.66	2.07
Leverage	Operating leverage	1.81	1.80	2.55	2.05	2.33	2.08
	Financial leverage	1.16	1.17	1.26	1.04	1.02	1.02

Analysis of financial ratio differences for the last two years.

1. Current ratio increased in 2021, due to reduced current Liability.
2. Quick ratio increased in 2021, due to reduced current Liability.
3. Interest earned ratio (times) increased in 2021, due to reduced interest expenses
4. Average inventory turnover and average payment turnover increased in 2021, due to increased Inventory.
5. Cash flow ratio decreased in 2021, due to decreased Net cash provided by Operating Activities.
6. Cash Flow Adequacy Ratio decreased in 2021, due to decreased Net cash provided by Operating Activities.
7. Cash flow reinvestment ratio dropped in 2021, due to decreased Net cash provided by Operating Activities.

Note1: Financial Information prepared as of 2022.03.31 follows IFRS and has been verified by independent auditors.

Note2: Calculated based on weighted average number of outstanding shares during each year.

Note3: The calculation formula of financial analysis:

1. Capital Structure Analysis
 - (1) Debt ratio = Total Liabilities / Total Assets
 - (2) Long-term fund to PP&E ratio= (Shareholders' Equity + non-current Liabilities) / Net PP&E
2. Liquidity Analysis
 - (1) Current ratio = Current Assets / Current Liabilities
 - (2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
 - (3) Times interest earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
 - (1) Average collection turnover = Net Sales / Average Trade Receivables
 - (2) Average collection days = 365 / Receivables Turnover rate
 - (3) Average inventory turnover = Cost of Sales / Average inventory
 - (4) Average inventory turnover days = 365 / Inventory Turnover rate
 - (5) Average payment turnover = Cost of Sales / Average Trade Payables
 - (6) Fixed assets turnover = Net Sales / Average Net Properties
 - (7) Total assets turnover = Net Sales / Average Total Assets
4. Profitability Analysis
 - (1) Return on total assets = {Net Income + Interest Expenses * (1 - Effective tax rate)} / Average Total Assets
 - (2) Return ratio on stockholders' equity = Net Income / Average Shareholders' Equity
 - (3) Pre-tax income to paid-in capital = income before tax / Capital
 - (4) Net margin = Net income / Net Sales
 - (5) Earnings per share = (Net income – Preferred Stock Dividend) / Weighted Average Number of Shares outstanding
5. Cash Flow
 - (1) Cash flow ratio = Net Cash Provided by Operating Activities / Current Liabilities
 - (2) Cash Flow Adequacy Ratio =Five-year sum of cash from operations / Five-year sum of capital expenditures' inventory additions' and cash dividends.
 - (3) Cash flow reinvestment ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross PP&E + Investment + Other non-current Assets + Working Capital)
6. Leverage
 - (1) Operating leverage = (Net Sales - Variable Cost) / Income from Operations
 - (2) Financial leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 4: Cash-flow analysis

1. Net cash flow for business activities refers to the amount of business activities-related cash flow in the cash-flow table
2. Capital outlay refers to the amount of cash outflow for capital investment
3. Increased amount of inventory is taken into account only when final inventory is larger than initial inventory. The entry will be zero, should inventory at the end of year decrease.
4. Cash dividend includes cash dividend for both common shares and preferred shares
5. Gross value of PP&E refers to their gross value before accumulated depreciation.

Parent Financial Analysis – Based on IFRS

Item(Note 4)	Year	Financial Analysis for the Last Five Years					Financial Analysis As of 2022.03.31 (Note1)
		2017	2018	2019	2020	2021	
Financial structure	Debt to Assets Ratio (%)	5.17	5.69	10.17	10.59	9.56	NA
	Ratio of long-term capital to property, plant and equipment(%)	290.56	313.39	342.49	365.48	376.81	
Solvency	Current ratio (%)	1,179.49	1,071.69	986.31	895.55	1,156.84	NA
	Quick ratio (%)	857.33	834.11	739.03	695.84	889.10	
	Interest earned ratio (times)	22,218.09	105.95	29.89	50.90	47.60	
Operating performance	Accounts receivable turnover (times)	5.54	5.95	5.05	6.46	7.22	NA
	Average collection days	66	61	72	57	51	
	Inventory turnover (times)	0.87	0.99	1.05	1.17	0.91	
	Accounts payable turnover (times)	15.74	14.56	12.83	11.29	11.71	
	Average inventory turnover days	420	369	348	312	401	
	Property, plant and equipment turnover (times)	0.87	0.95	0.82	0.94	0.84	
	Total assets turnover (times)	0.29	0.30	0.24	0.25	0.22	
Profitability	Return on total assets (%)	3.85	4.03	1.98	2.48	2.13	NA
	Return on stockholders' equity (%)	4.09	4.23	2.08	2.71	2.31	
	Pre-tax income to paid-in capital (%)	6.18	5.91	3.12	4.46	3.82	
	Net margin (%)	12.25	12.77	7.70	9.26	9.21	
	Earnings per share (NT\$) (Note2)	0.53	0.56	0.27	0.36	0.31	
Cash flow	Cash flow ratio (%)	235.13	222.74	141.14	152.75	95.84	NA
	Cash flow adequacy ratio (%)	108.01	146.30	136.27	138.54	102.99	
	Cash reinvestment ratio (%)	6.24	5.57	1.89	4.44	0.43	
Leverage	Operating leverage	1.44	1.42	1.93	1.64	1.74	NA
	Financial leverage	1.00	1.01	1.03	1.02	1.02	

Analysis of financial ratio differences for the last two years. (if the variation is 20 % or more)

1. Current ratio decreased in 2021, due to reduced current Liability.
2. Quick ratio decreased in 2021, due to reduced current Liability.
3. Average inventory turnover and average payment turnover increased in 2021, due to increased Inventory and decreased sales.
4. Cash flow ratio decreased in 2021, due to decreased Net cash provided by Operating Activities.
5. Cash Flow Adequacy Ratio decreased in 2021, due to decreased Net cash provided by Operating Activities.
6. Cash flow reinvestment ratio dropped in 2021, due to decreased Net cash provided by Operating Activities.

Note 1: Individual financial statement is only complied at the end of year, according to the guidelines for compilation of financial statement issuers of securities.

Note 2: Calculated based on weighted average number of outstanding shares during each year.

Note3: The calculation formula of financial analysis:

1. Capital Structure Analysis

- (1) Debt ratio = Total Liabilities / Total Assets
- (2) Long-term fund to PP&E ratio= (Shareholders' Equity + non-current Liabilities) / Net PP&E

2. Liquidity Analysis

- (1) Current ratio = Current Assets / Current Liabilities
- (2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Times interest earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

- (1) Average collection turnover = Net Sales / Average Trade Receivables
- (2) Average collection days = 365 / Receivables Turnover rate
- (3) Average inventory turnover = Cost of Sales / Average inventory
- (4) Average inventory turnover days = 365 / Inventory Turnover rate
- (5) Average payment turnover = Cost of Sales / Average Trade Payables
- (6) Fixed assets turnover = Net Sales / Average Net Properties
- (7) Total assets turnover = Net Sales / Average Total Assets

4. Profitability Analysis

- (1) Return on total assets = {Net Income + Interest Expenses * (1 - Effective tax rate)} / Average Total Assets
- (2) Return ratio on stockholders' equity = Net Income / Average Shareholders' Equity
- (3) Pre-tax income to paid-in capital = income before tax / Capital
- (4) Net margin = Net income / Net Sales
- (5) Earnings per share = (Net income – Preferred Stock Dividend) / Weighted Average Number of Shares outstanding

5. Cash Flow

- (1) Cash flow ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio =Five-year sum of cash from operations / Five-year sum of capital expenditures' inventory additions' and cash dividends.
Cash flow reinvestment ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross PP&E + Investment + Other non-current Assets + Working Capital)

6. Leverage

- (1) Operating leverage = (Net Sales - Variable Cost) / Income from Operations
- (2) Financial leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 4: Cash-flow analysis

1. Net cash flow for operating activities refers to the amount of operating activities-related cash flow in the cash-flow table
2. Capital outlay refers to the amount of cash outflow for capital investment
3. Increased amount of inventory is taken into account only when final inventory is larger than initial inventory. The entry will be zero, should inventory at the end of year decrease.
4. Cash dividend includes cash dividend for both common shares and preferred shares
5. Gross value of PP&E refers to their gross value before accumulated depreciation.

6.3 Audit Committee's Report in the Most Recent Year

Audit Committee's Review Report (Translated from Chinese)

I hereby state as following:

This proposal is the presentation by the Board of Directors of the Company's 2021 Business Report, Financial Statements, and the Profit Allocation Proposal. Of these items, the Financial Statements have been audited by PricewaterhouseCoopers Taiwan, and an opinion and report have been issued on the Financial Statements. The aforementioned proposal regarding Business Report, Financial Statements, and the Profit Allocation Proposal have been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulations in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

ScinoPharm Taiwan, Ltd.

Chairman of the Audit Committee: Lewis Lee

February 25, 2022

6.4 The Audited Consolidated Financial Report for the most Recent Fiscal Year

Please refer to appendix A

6.5 The Audited Parent Company only Financial Report for the most Recent Fiscal Year

Please refer to appendix B

6.6 Financial Difficulties

The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties as of the date of this Annual Report: None

VII Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Consolidated Financial statement

Unit: NT\$ thousands

Item	Year	2021	2020	Difference	
				Amount	%
Current Assets		5,966,529	5,916,137	50,392	0.85
Property, Plant and Equipment		4,033,000	4,210,746	(177,746)	(4.22)
Intangible Assets		8,793	8,900	(107)	(1.20)
Other Assets		1,682,854	1,710,980	(28,126)	(1.64)
Total Assets		11,691,176	11,846,763	(155,587)	(1.31)
Current Liabilities		556,314	686,646	(130,332)	(18.98)
Other Liabilities		623,808	630,714	(6,906)	(1.09)
Total Liabilities		1,180,122	1,317,360	(137,238)	(10.42)
Total Stockholders' Equity		10,511,054	10,529,403	(18,349)	(0.18)

Parent Company Only Financial statement

Unit: NT\$ thousands

Item	Year	2021	2020	Difference	
				Amount	%
Current Assets		5,641,170	5,523,776	117,394	2.13
Property, Plant and Equipment		2,954,902	3,053,564	(98,662)	(3.23)
Intangible Assets		2,903	6,885	(3,982)	(57.84)
Other Assets		3,023,089	3,192,696	(169,607)	(5.31)
Total Assets		11,622,064	11,776,921	(154,857)	(1.31)
Current Liabilities		487,637	616,804	(129,167)	(20.94)
Non-current Liabilities		623,373	630,714	(7,341)	(1.16)
Total Liabilities		1,111,010	1,247,518	(136,508)	(10.94)
Total Stockholders' Equity		10,511,054	10,529,403	(18,349)	(0.17)

7.1.1 Explanation for variance (if the variation is 20 % or more):

Consolidated Financial Statements:

1. No major variation is 20 % or more.

Parent Company Only Financial statement:

1. Intangible Assets decreased due mainly to completion of amortization consecutively

7.1.2 Effect of said changes on the Company: The aforementioned changes did not affect the Company significantly.

7.1.3 Future response plans: Not applicable.

7.2 Analysis of Operation Results

Consolidated Financial statement

Unit: NT\$ thousands

Item	2021	2020	Difference	(%)
Net Operating Revenue	2,762,335	3,082,928	(320,593)	(10.40)
Operating Costs	(1,481,848)	(1,765,469)	283,621	(16.06)
Net Operating Margin	1,280,487	1,317,459	(36,972)	(2.81)
Operating Expenses	(991,868)	(941,736)	(50,132)	5.32
Operating Profit	288,619	375,723	(87,104)	(23.18)
Non-operating Income And Expenses	13,667	(17,218)	30,885	179.38
Profit Before Income Tax	302,286	358,505	(56,219)	(15.68)
Income Tax Expense	(58,815)	(76,438)	17,623	(23.06)
Profit For the Year	243,471	282,067	(38,596)	(13.68)
Total Other Comprehensive Income (Loss) For The Year (After Tax)	133,550	200,808	(67,258)	(33.49)
Total Comprehensive Income For The Year	377,021	482,875	(105,854)	(21.92)

Parent Company Only Financial statement

Unit: NT\$ thousands

Item	2021	2020	Difference	(%)
Net Operating Revenue	2,642,830	3,046,220	(403,390)	(13.24)
Operating Costs	(1,388,306)	(1,758,472)	370,166	(21.05)
Net Operating Margin	1,254,524	1,287,748	(33,224)	(2.58)
Operating Expenses	(877,594)	(836,894)	(40,700)	4.86
Operating Profit	376,930	450,854	(73,924)	(16.40)
Non-operating Income And Expenses	(74,666)	(97,972)	23,306	23.79
Profit Before Income Tax	302,264	352,882	(50,618)	(14.34)
Income Tax Expense	(58,793)	(70,815)	12,022	(16.98)
Profit For the Year	243,471	282,067	(38,596)	(13.68)
Total Other Comprehensive Income (Loss) For The Year (After Tax)	133,550	200,808	(67,258)	(33.49)
Total Comprehensive Income For The Year	377,021	482,875	(105,854)	(21.92)

7.2.1 Explanation for variance (if the variation is 20 % or more):

Consolidated financial statement

1. Operating Profit, Income Tax for The Year decreased, due mainly to decreased Net operating revenue.
2. Non-operating Income and Expense decreased, due mainly to currency exchange loss decreased and recognized the loss on unfinished construction in progress that did not function as expected.

3. Total Other Comprehensive Income (Loss) For the Year (After Tax) decreased, due mainly to lower valuation profit by financial instruments.

Parent financial statements:

1. Operating cost decreased, due mainly to decrease of Net Operating Revenue.
2. Non-operating Income and Expenses increase, due mainly to currency exchange loss decreased and recognized the loss on unfinished construction in progress that did not function as expected.
3. Total Other Comprehensive Income (Loss) For the Year (After Tax) and Total Total Comprehensive Income For The Year decreased, due mainly to lower valuation profit by financial instruments.

7.2.2 Sales forecast and basis

A. Forecast of sales amount

Item	Amount(kg)
Generic API	23,064
CMO API	2,754
CRO API	596
Total	26,414

B. Basis of sales forecast:

The forecast of sales amounts in the above table is based on the needs of customers for the company's products, the company's capacity, and status of new-product development, and the schedule for the introduction of new products.

C. Possible effect of future finance and business and contingency plan:

In view of the company's sound finance and stable business outlook, there is no major uncertainty for future finance and business.

7.2.3 Effect of said changes on the Company: The aforementioned changes did not affect the Company significantly.

7.2.4 Future response plans: Not applicable.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year(1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Countermeasure for insufficient cash	
				Investment Plans	Financing Plans
4,054,948	509,823	(483,850)	4,080,921	-	-

- (1) Operating activities: Operating activities generated NT\$509,823 thousand dollars net cash inflow in 2021, attesting to the company's good business status.
- (2) Investment activities: Investment-related net cash outflow reached NT\$69,891 thousand dollars, mainly due to new warehouse in Tainan plant, EHS construction in Changshu, equipment renewal and proceeds from disposal of financial assets at fair value.
- (3) Financing activities: Financing activities caused NT\$412,774 thousand dollars of net cash outflow, mainly due to cash-dividend payout and payback of bank loan.
- (4) Effect of change in exchange rate to cash and cash equivalent cash outflow was 1,095 thousand dollars.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis

Countermeasure for insufficient cash: There was no shortage of cash in the year.

7.3.3 Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year(1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Unit: NT\$ thousands	
				Countermeasure for insufficient cash	Investment Plans
4,080,921	419,357	(746,483)	3,753,795	-	-

7.3.3.1 Analysis of change in cash flow in the coming one year:

- Operating activities: Derive mainly from the company's operating net profit. Given registered batch production of injection-medicine plant and higher development cost for preparations, higher tax payment on higher profits last year, plus no time for prior collection for account receivable, it is forecast that operating net cash inflow will reach NT\$419,357 thousand dollars for the coming year.
- Investment activities: Investment-related net cash outflow expected to be NT\$356,900 thousand dollars, mainly due to equipment renewal and maintenance, new equipment for injectable plant, API plant and for new technology.
- Financing activities: Financing activities are expected to cause NT\$389,583 thousand dollars cash outflow, due mainly to the increased payout of cash dividend for year 2021.

7.3.3.2 Countermeasures for insufficient cash and liquidity analysis: Not applicable, since the situation is nonexistent.

7.4 Major Capital Expenditure Items

7.4.1 Major Capital Expenditure Items and Source of Capital: None

7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

7.5.1. Equity investment policy

- SciAnda (Changshu) Pharmaceuticals, Ltd.:** As of the end of 2021, **SciAnda (Changshu) Pharmaceuticals, Ltd.** had obtained production licenses from China's National Medical Products Administration for 19 APIs (active pharmaceutical ingredients), in addition to passing plant inspection by major customers. It is now dedicated to the development and production of new APIs. Having passed plant inspection of U.S. FDA, Japan's PMDA, and China's CFDA, it is scheduled to launch mass production of three products in collaboration with major clients in the second half of 2022, following technological upgrading and machine-shop renovation.
- SciAnda (Shanghai) Biochemical Technology, Ltd.:** The company aims to tap China's domestic market and service European and U.S. clients in Shanghai, in addition to agency, sales, and export/import for China-made APIs and intermediates, as well as biotech R&D consulting.

7.5.2 Reasons for profit or loss

- (1) **SciAnda (Changshu) Pharmaceuticals, Ltd.**: The company's operation was in the red, due mainly to China's increasingly stringent supervisory regulations on environment, hygiene, and safety, increased investment in infrastructure to comply with new edition of GMP, rising environment-protection cost and management risk, all of which driven up R&D costs. Thanks to cost control and revenue creation, the deficit in the year was lower than the previous year.
- 2) **SciAnda (Shanghai) Biochemical Technology, Ltd.**: Thanks to extra revenue from agency for China-made APIs and intermediates, profits increased in the year than the previous year.

7.5.3. Improvement plan

Having passes plant inspection by U.S. FDA, Japan's PMDA, and China's CFDI, SciAnda (Changshu) is stepping up the pace of its operation via cost control, enhancement of capacity utilization rate, and revenue creation, plus plan to collaborate with international partners in outsourcing of new-medicine development and manufacturing service.

7.5.4. Future investment plans

SciAnda (Changshu) Pharmaceuticals, Ltd.: According to the resolution of the board of directors, the company invested US\$11.25 million in **SciAnda (Changshu) Pharmaceuticals, Ltd.**, via 100%-owned overseas subsidiary SPT International Ltd., with the investment money to be remitted in stages, according to the actual funding need of **SciAnda (Changshu) Pharmaceuticals, Ltd.**. Meanwhile, after approval by local competent authority in Aug. 2020, the company completed acquisition of **SciAnda (Kunshan) Biochemical Technology, Ltd.**, for which the parent company had remitted US\$4 billion fund by the end of 2021.

7.6 Analysis of Risk Management

7.6.1. Risk-management policy and organizational structure

The company carries out risk management via acknowledgement, identification, analysis, and evaluation of potential risks before controlling, handling, and monitoring them via proper methods and then formulating improvement plan for centralized management and tiered executions according to the features and range of effect of risks, so as to have a firm grip of all risks.

The company's major risk-management organization and unit in charge of risk-management execution follow:

1. Financial risk, liquidity risk, credit risk, and legal risk:

For the management policy, assessment, responsive strategy, and quantified exposure information for such risks, refer to page 55~58 of Appendix A.

2. Market risk

In daily operation, various business and functional units formulate and execute various strategies according to their respective authorities and evaluate various countermeasures via analysis of changes in laws/regulations, policies, and markets. At times of possible market-risk crisis, put forth necessary risk management and handling method at regular management meeting.

3. Strategy and management risk

The company has been tracking management performance continuously and adjust business strategy timely, in line with changes in market competition and pharmaceutical laws/regulations, so as to lower management risk and ensure business strategy conforming to corporate vision and facilitating attainment of corporate business target. Dimensions and management mechanism of business risks follow:

- (1) Compliance with pharmaceutical safety and laws/regulations: study and law-making for pharmaceutical safety, pharmaceutical-safety inspection and execution, control of CGMP production flow, crisis management;
- (2) Consolidating market status: Reinforcement of corporate core value, strengthening of competitiveness, development of new products, and continuing optimization of flow;
- (3) Management of raw materials: procurement-risk evaluation, supplier management;
- (4) Analysis and management cost: analysis and management of inventory cost, cost of manufacturing flow, and cost of raw materials;
- (5) Control of accounts receivable: risk management for accounts receivable
- (6) Business of risk management units: adjustment of strategy timely

4. Auditing office

The company's major business decisions are evaluated and analyzed by units in charge before submission to the board of directors for resolution and then execution. According to risk assessment and legal requirements, the auditing office formulates annual auditing plan and evaluation procedure and method, as basis for continuing management of aforementioned potential risks and submit the auditing results to the board of directors for perusal periodically.

7.6.2 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Effect of change in interest rate

At present, the company has no apparent risk deriving of interest-rate change. Report of the Taiwanese parent company shows that the company's net interest income reached NT\$9,614 thousands in 2021, equivalent to 0.36% and 2.55% of operating revenue and operating income, respectively. As a result of continuing profits and net cash inflow from operating activities, the company has rather abundant operating fund in hand. In assets allocation, in addition to banking deposits, the company has

invested mainly in short-term fixed-yield products, such as bills and bonds with repo agreement, for the sake of safety of liquidity.

According to the consolidated financial statement, the company's net interest income reached NT\$12,832 thousands in 2021, equivalent to 0.46% and 4.45% of operating revenue and operating income, respectively, mainly from interest income from the parent company's investments in short-term fixed-yield products and interest income from wealth-management products purchased by **SciAnda (Changshu)**

Pharmaceuticals, Ltd. With its operation gradually on track, the company will keep close tabs on interest-rate status in China, in order to seek loans with better terms to meet the company's need for operating fund in the future. In assets allocation, the subsidiary still focuses on short-term fixed-rate products, for the sake of safety and liquidity.

Unit: NT\$ thousands

Item	2021 Parent Company Only Financial statement	2021 Consolidated Financial statement
Net interest income (expense) -(1)	9,614	12,832
Operating revenue-(2)	2,642,830	2,762,335
Operating profit -(3)	376,930	288,619
Net interest income (expense) to operating revenue-(1)/(2)	0.36%	0.46%
Net interest income (expense) to operating profit-(1)/(3)	2.55%	4.45%

In line with the plan for future capital expenditures, the company and its affiliates will be monitoring closely change in interest rate, to ward off adverse effect of change in interest rates on the company's business development. In view of possible funding need in the future, the company will adopt the following countermeasures according to actual need, to sidestep the effect of change in interest rate:

- A. Funding from financial institutions: The company has maintained a good relationship in dealing with financial institutions, such as banks and bills finance companies, retained proper loan quota, and periodically evaluate the discrepancy between loan rate and average market rate, ready to secure most preferential interest rates when it needs to borrow from financial institutions.
- B. Taking advantage of the capital market: The company is ready, whenever necessary for business development, to float corporate bonds or convertible bonds for direct finance or carry out cash capital increment, to lower funding cost.
- C. Plural fund-raising channels: In line with the scale of capital expenditures, the company can also secure syndicated banking loan. It can also borrow foreign currency-denominated loans or float overseas convertible bonds, to meet the need of foreign currency-denominated funds, maintaining a flexible fund-funding method.

D. Effect of change in laws/regulations: As for the Chinese subsidiary, it is necessary to notice the effect of change in laws/regulations on funding method, as well as possible overall effect resulting from change in interest and exchange rates, in order to seek optimal funding channel.

(2). Effect of change in foreign exchange rate

The Taiwanese parent company's report shows that the company suffered NT\$6,514 thousands net exchange-rate loss, equivalent to 0.25% and 1.73% of operating revenue and operating income, respectively, due mainly to influx of foreign funds into Taiwan's stock market, driving down exchange rate of U.S. dollar against NT dollar, due to weak U.S. dollar resulting from the US Fed's quantitative easing (QE) monetary policy, and relatively moderate pandemic situation in Taiwan. The parent company endeavored to lessen the influence of exchange-rate fluctuation and loss, via engagement in forward-forex trading.

The consolidated report shows that the company suffered NT\$6,978 thousands net exchange-rate loss, equivalent to 0.25% and 2.42% of operating revenue and operating income, respectively, mainly due to the depreciation on U.S.dollar and money flows into Emerging Markets, The parent company endeavored to lessen the influence of exchange-rate fluctuation and loss, via engagement in forward-forex trading.

Unit: NT\$ thousands

Item	2021 Parent Company Only Financial statement	2021 consolidated financial statement
Net currency exchange gain (loss)-(1)	(6,514)	(6,978)
Operating revenue-(2)	2,642,830	2,762,335
Operating profit-(3)	376,930	288,619
Net currency exchange gain (loss) to operating revenue-(1)/(2)	(0.25%)	(0.25%)
Net currency exchange gain (loss) to operating profit- (1)/(3)	(1.73%)	(2.42%)

With its output mainly for overseas markets, the Taiwanese parent company's sale revenue is denominated mostly in U.S. dollar, different from payment which is mainly in New Taiwan dollar, except some portion of U.S. dollar and euro. For subsidiaries in mainland China, with the gradual unfolding of the operation of SciAnda (Changshu) Pharmaceuticals, revenue is denominated mainly in the U.S. dollar, with a portion in RMB, different from payment which is denominated mainly in RMB, with a portion in U.S. dollar and other foreign currencies. Therefore, revaluation of the U.S. dollar against the New Taiwan dollar and RMB would bring favorable influence on the revenues and profits of the company and subsidiaries and vice versa, with the extent of influence proportionate to the scale of exchange-rate swing.

The company has adopted the following countermeasures for the possible effect of change in exchange rate:

- A. The financial unit keeps close contact with the foreign exchange departments of financial institutions, constantly collects information on change in exchange rate, and have firm grip on the international trend of exchange rates and political and economic development, as reference for engagement in foreign-exchange trading and counter the adverse effect of exchange-rate fluctuation.
- B. The financial unit engages in certain extent of forward forex trading for risk hedging and proposes evaluation report periodically, as reference for the management to make judgment.
- C. Make general evaluation of the effect of exchange/interest rates and adjust currency denominations for debt position properly, so as to ward off the adverse effect of exchange-rate fluctuation.
- D. Make payment for procurements in currencies similar to the denominated currencies for proceeds from sales, so as to achieve a risk-hedging effect automatically.
- E. Business or procurement units should consult financial unit on trend of exchange rates and other factors of influence before offering quotes, to facilitate overall consideration and evaluation.

(3) The effect of inflation

According to statistics of cabinet-level Directorate General of Budget, Accounting, and Statistics, Taiwan's consumer price index (CPI) and wholesale price index (WPI) advanced 1.96% and 9.42%, respectively, in 2021, much higher than 2020 levels. Meanwhile, according to National Bureau of Statistics of China (NBS), China's CPI and producer price index (PPI) rose 0.9% and 8.1%, respectively, in 2021, with the latter much higher than 2020 level. With the pandemic unrelenting in 2021, restrictive measures of countries worldwide boosted freight costs and disrupted supply chains, augmenting materials prices and overshadowing the global economy with inflationary pressure, which prompted various governments to hike interest rates. In response, the company monitored price change of materials closely, sought customers' agreement to price hikes, adjusted inventory level, and diversified supply sources, in order to minimize the effect of cost increase.

7.6.3 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

(1) High-risk and high-leveraged investment

In line with the principle of stability for business development, the company shuns high-risk and high-leveraged investments.

(2) Lending, endorsement, and guarantee

In response to operating need of the business group, the company and subsidiaries in China has formulated, according to the regulations of competent authority, "procedure for loan extension to others" and "procedure for provision of endorsement and guarantee," as the

basis in execution and risk assessment and effective control by related units. Meanwhile, according to the "Regulations Governing Establishment of Internal Control System by Public Companies," the auditing unit has instituted related system, to carry out risk management and auditing works.

In loan extension, the group had no outstanding loans extended to others as of the end of 2021.

In endorsement and guarantee, the company's board of directors resolved in March 2021 continuing to extend endorsement and guarantee to subsidiary SciAnda (Changshu) Pharmaceuticals, Ltd. in its application for midterm bank loans, with the company's outstanding amount for endorsement and guarantee reaching NT\$435,487 thousand dollars at the end of 2021.

(3) Trading in derivate

The parent company ScinoPharm Taiwan, Ltd. and its subsidiaries in China have formulated their respective "procedure for acquisition and disposal of assets" as basis governing transactions in derivatives, which are mainly for the purpose of hedging market risk deriving from fluctuation in exchange rate for foreign currency-denominated assets (liabilities), excluding arbitrage and speculation.

In 2021, there was unrealized (loss) profit of 936 thousand dollars on financial instrument in both the financial statement of the parent company in Taiwan and the consolidated financial statement, due to the high risk-hedging cost resulting from large interest-rate spread between Taiwan and the U.S., despite purchase of forex forward by the parent company. The mainland Chinese subsidiary didn't engage in trading in derivatives.

In the future, the company will still engage in derivatives trading for lowering risks from fluctuation in exchange rate and interest rate, while shunning speculative trading. and will adjust risk-hedging strategy properly in the future, in line with the company's business status and market trend. Meanwhile, according to "procedure for acquisition or disposal of assets, the company evaluates trading status monthly for report to management as basis for decision making.

7.6.4 Future Research & Development Projects and Corresponding Budget

Given long period and high uncertainty for R&D on pharmaceuticals, on top of strong R&D strength and technological advantages, ScinoPharm Taiwan has invested heavily in R&D every year. Taking advantage of high-specifications cGMP production equipment and abundant experience accumulated over a long term, the company has not only developed products with market potential but also installed innovative technological platform, facilitating joint development of new preparations and new drugs with business partners and ushering the company into a new era.

Given significant change of the global API market since its inception, the company will foray into the realm of CDMO (contract development and manufacturing organization) and step up development of peptide medicine APIs in the next five years, taking advantage of its solid technological strength developed over the past decades. In addition to small-molecular APIs and APIs for new CNS (central nervous system) medicines, the company will continue developing new products

featuring timeliness and new processes. Moreover, after evaluating market potential and complexity and accessibility of manufacturing technology, the company plans to engage in the development of APIs for anti-virus and chronic-disease drugs, especially those with new crystal forms or new pharmaceutical composition. Taking advantage of previous effort, especially in the field of process, the company is poised to enter the realm of compound medicines, for use in target drugs, with efficient delivery, high efficacy, and low side effects.

In addition to retaining its leading status on the anti-cancer APIs market, its core business, ScinoPharm Taiwan has stepped into R&D on injection-drug formula and process, for which it has passed the ANDA (abbreviated new drug application) procedure in the U.S. and Europe. Taking advantage of its newly developed microsphere platform technology, the company expects to create new niches for R&D on new drugs and drug administration technology, generating corresponding production value, as the springboard for developing patented niche medicines.

After possession of injection-drug manufacturing capability, ScinoPharm Taiwan's product value chain now spans APIs and injection medicines, with its production value poised to take off.

The company appropriates R&D budget according to plan for new-product development, with R&D expense accounting for 7-10% in past years. Along with revenue growth, the company will gradually increase its R&D budget, to boost corporate competitiveness. The company expects to invest NT\$500 million in R&D in the coming two years.

7.6.5 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

While government policies and legal changes in Taiwan and abroad had limited effect on the operation of the company in 2021, the company will continue monitoring such changes closely and adopt proper countermeasures timely, to alleviate the impact.

7.6.6 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The company's R&D team outperforms peers in product development and closely monitors, along with marketing and planning teams, general trend for pharmaceutical development and technological progress, as the basis for medium- and long-term development plan. Since the company's APIs are self-developed ones entirely, there is no any problem concerning patent infringement. The company has spared no effort in technological innovation and development of patented progress, to uphold product competitiveness. Taking advantage of established basis, the company has been developing new products actively every year, so as to expand product lineup and support the company's global deployment. In addition to APIs, the company has stepped into the realm of production of preparations and, via joint venture, new drug development,

gradually becoming an all-round pharmaceutical firm. The company has adhered to the principle of balancing efforts for short-, medium-, and long-term development, capable of coping with technological and industrial changes, without affecting financial soundness.

For the sake of information security, we employ cloud-end service platforms conforming to information-security norms, in addition to multiple information-security measures, including multi-factor verification to intensify password protection, remote-access restriction, encrypted only transmission and data access, multi-layer network structure to protect laboratory and production line via blockage and isolation, and anti-virus software for laboratory computers, so as to safeguard the company's key assets and cope with diversified and unpredictable information-security impact associated with the development of new technologies.

7.6.7 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

In adherence to the concept of sustainable development and long-term partnership with customers and communities, the company regards highly corporate image and risk management, publicizing business status at shareholders' meeting and investors' conference regularly, so as to increase financial transparency. In addition, the company has taken part actively in communal and public-service events, fulfilling its social responsibilities. There are designated staffers to handle various unexpected happenings, minimizing uncertainty for corporate operation. Therefore, there was no major happening which harmed corporate image and caused corporate crisis.

7.6.8 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

As of the date for the publication of the yearbook, the company had no other M&A plan. Should there be any such plan in the future, the company will cautiously evaluate, according to the company's "measures for acquisition and disposal of assets," whether it can bring concrete synergy to the company, so as to uphold the interest of the company and shareholders.

7.6.9 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

Due to progress in uperization equipment and technology, requirements of international laws/regulations on the production and quality of injection medicines have become increasingly stringent. As a result, many renowned injection-medicine plants have been forced to suspend their operations, due to inability to meet cGMP requirements on factory design or product quality, leading to short supply for many injection medicines.

In line with the development trend of the pharmaceutical industry, the company has been endeavoring to strengthen the competitiveness of the entire supply chain. The new injection plant in Tainan has been ready for operation, following installation of two

production lines in 2017, certification of plant and equipment in 2018, In 2019, the company finished the registration batches for 2 projects. In 2020, the company filed the first ANDA in US. In 2021, the company filed two more ANDA in US. Following inauguration of the new plant, on top of supplying generic drugs and APIs for new medicine, the company will be able to provide trustworthy contract-production service to branded customers. Expected benefits, possible risks, and countermeasures of the injection-medicine plant follow:

(1) Benefits

ScinoPharm's ampule plant meets the highest specifications of international regulations in design, including sterile glove-box filling lines, minimizing sterile operating space and human interference with the sterile environment. Disposable materials are employed at production lines as much as possible, to avoid cross contamination brought about by washing and repeated usage.

Of the two existing production lines, one is capable of turning out advance-filled and cartridge ampules with high activity and the other cytotoxic liquid and frozen dry anti-cancer ampules, taking advantage of the company's expertise in anti-cancer API.

Thanks to the advantages of high sterility and product-switch flexibility of glove-box filling lines, ScinoPharm's ampule plant turns out cartridge-bottle and advance-filled ampules, facilitating development of production of generic-drug ampules and contract production for international ampule firms in the future. Given its simultaneous engagement in development and production of APIs and ampules, ScinoPharm is expected to create even more opportunities for different business cooperation models, leading to higher competitiveness in the pharmaceutical industry.

(2) Risks/Adaptive measures

While expansion to injection-medicine production in the manner of vertical integration will boost the company's competitiveness, thanks to the effect of market segmentation, the new injection-medicine plant faces the risk of low capacity utilization rate and idle equipment, should orders fail to meet expectation. As countermeasures, the company will strive to solicit one-stop shopping business, covering API and injection medicines, from customers and offer custom process service, according the features of customers' products, on top of continuing cooperation with generic-drug customers in the U.S. and Europe in tapping the market of self-developed generic drugs to reduce the risk.

7.6.10 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

In both 2020 and 2021, the company's main customers were foreign pharmaceutical firms, all among the top 100 generic-drug firms conforming to standards of U.S. FDA and pharmaceutical regulators in Europe and Japan. The company sold to them products featuring its key technologies. The company has won their firm trust, thanks to years-

long effort in process optimization, capacity enhancement, and cost reduction, plus excellent plant inspection record over the past years. Therefore, materials sold by the company to foreign drug plants cannot be replaced easily. In addition to firm relationship with existing customers, the company has also spared no effort in seeking new customers, without the risk of concentrated sales.

7.6.11 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None

7.6.12 Effects of, Risks Relating to and Response to the Changes in Management Rights: There is no change in operating right in the most recent years.

7.6.13 Litigation or Non-litigation Matters:

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit:

Jiangsu Qian Construction Group Co., Ltd. filed suit against the company's subsidiary **SciAnda (Changshu) Pharmaceuticals, Ltd.** with the people's court of Jiangsu Province's Changshu City demanding payment of 12,694,982 yuan over a pricing dispute on an electric-cable project. **SciAnda (Changshu) Pharmaceuticals, Ltd.** won the first trial, as the court rejected all the suits filed by Jiangsu Qian Construction Group Co., Ltd., which has to bear all the litigation costs. The latter appealed the case to Jiangsu medium-level people's court, which returned the case to the first-trial court for retrial, due to its request for judicial authentication. The litigation is still in progress. With cash in hand on the accounts of the company and SciAnda (Changshu) Pharmaceuticals, Ltd. sufficient to support normal operation and the target of the aforementioned litigation being construction of factory building, with no bearing on the company's products, plus completion and inauguration of the said factory, the case will not have major influence on the company's operation and sale.

In sum, the ongoing litigation will not have major influence on the operation and finance of the company and subsidiaries, nor will it cause dissolution of the company or change in organization or capital.

(2) List major litigations, non-contentious cases, administrative litigations, including those with settled ruling or still in progress, involving the company's directors, supervisors, president, actual responsible person, major shareholders with over 10% shareholding, and subordinated companies in recent two years and as of the date of the publication of the annual report, whose outcomes may have major influence on shareholders' equity or security prices: nil.

7.7 Other Important Matters: None

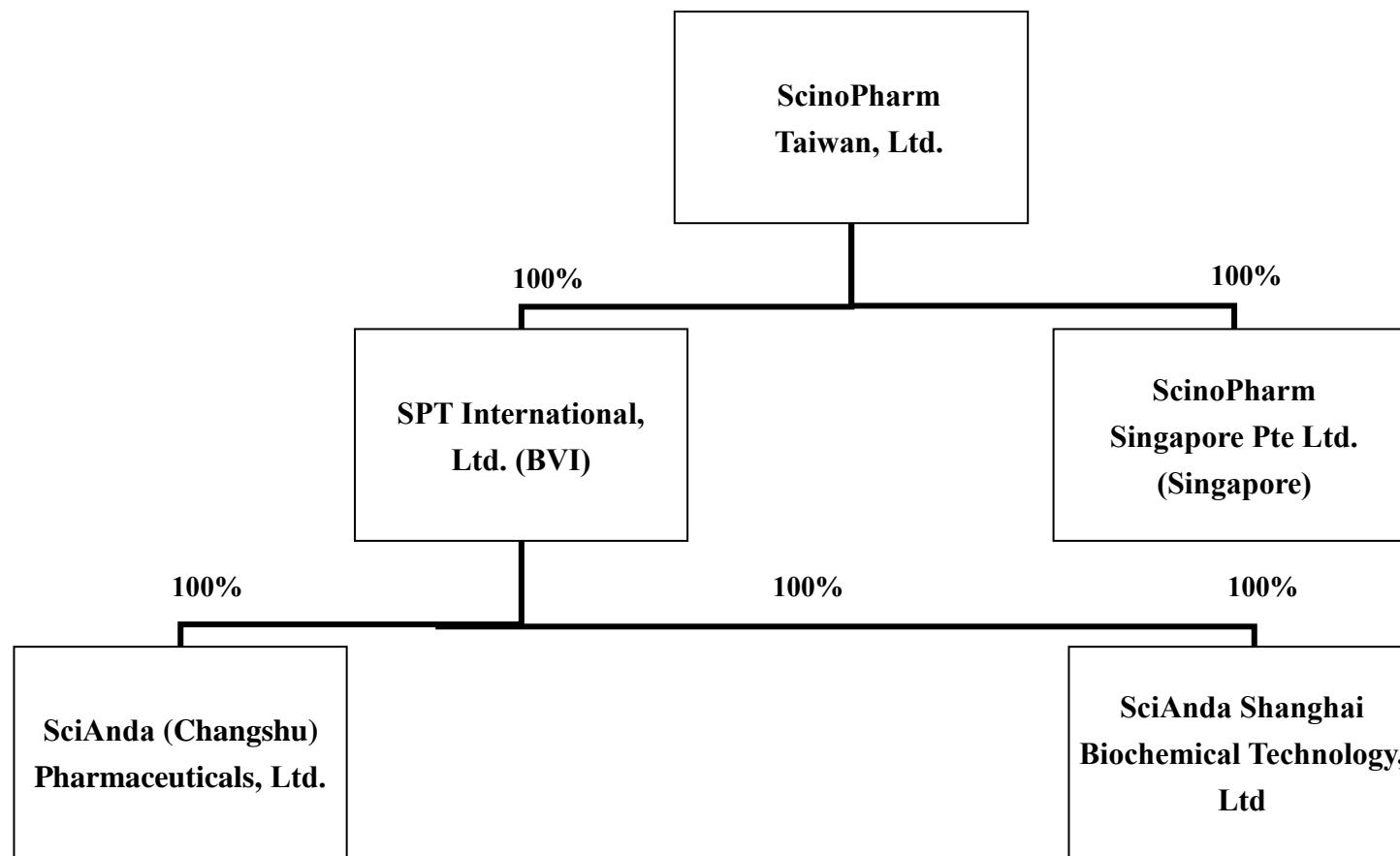
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Business Report of Affiliated Companies

8.1.1.1 Affiliated Companies Chart

2021.12.31



8.1.1.2 of Affiliated Companies Information

2021.12.31

Name of Corporation	Date of Establishment	Address	Paid-in Capital	Major Business Production Items
ScinoPharm Taiwan, Ltd.	1997.11.11	No.1, Nan-Ke 8th Road, Southern Taiwan Science Park, Shan-Hua, Tainan, 74144, Taiwan	NT\$7,907,392,220	API Manufacturing and sale
SPT International, Ltd.	1998.10.22	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	US\$118,524,644	Common investment business
ScinoPharm Singapore Pte Ltd.	1999.11.13	25 North Bridge Road Level 7 Singapore 179104	SG\$2	Common investment business
SciAnda (Changshu) Pharmaceuticals, Ltd.	2009.08.18	No. 16, Dong Zhou Rd., Economic Development Zone, Changshu, Jiangsu, China	US\$116,500,000	Production of heterocyclic fluoride and other fluorine-containing highly active intermediates and preparations; R&D on recipe of active pharmaceutical and crafting, recipe of preparations, and consulting for on biotech R&D; sale of own products Agency, sale, and export of active pharmaceutical ingredients and intermediates and consulting for biotech R&D
SciAnda Shanghai Biochemical Technology, Ltd.	2011.11.15	Room 209, Block B, Uni-President Building, NO.568 Tianshan west Road, Changning District, Shanghai, 200335, China	US\$1,200,000	Agency, sale, and export of active pharmaceutical ingredients and intermediates and consulting for biotech R&D

8.1.1.3 Data of Common Shareholders of Treated-as Controlled Companies and Affiliates: None.

8.1.1.4 Business covered by ScinoPharm and its Affiliated Enterprises: Pharmaceutical, biotech service, and equity investment

8.1.1.5 Directors, Supervisors and Presidents of Affiliated Companies

2021.12.31, Unit: Shares; %,

Company	Title	Name or Representative	Shareholding (Note)	
			Shares (Amount)	%
ScinoPharm Taiwan, Ltd.	Chairman	Chih-Hsien Lo (Representative of Uni-President Enterprises Corp.)	299,968,639	37.94%
	Director	Tsung-Ming Su (Representative of Uni-President Enterprises Corp.)	299,968,639	37.94%
	Director	Chin-Yuan Cheng (Representative of Uni-President Enterprises Corp.)	299,968,639	37.94%
	Director	Tsung-Pin Wu (Representative of Uni-President Enterprises Corp.)	299,968,639	37.94%
	Director	Fu-Jung Lai (Representative of Uni-President Enterprises Corp.)	299,968,639	37.94%
	Director	Jia-Horng Guo (Representative of Uni-President Enterprises Corp.)	299,968,639	37.94%
	Director	Po-Ming Hou (Representative of Tainan Spinning Co., Ltd.)	23,605,921	2.99%
	Director	Shiow-Ling Kao (Representative of Kao Chyuan Investment Co., Ltd.)	14,832,733	1.88%
	Director	Ming-Chuan Hsieh (Representative of National Development Fund, Executive Yuan)	109,539,014	13.85%
	Director	Ya-Po Yang (Representative of National Development Fund, Executive Yuan)	109,539,014	13.85%
	Director	Chiou-Ru Shih (Representative of President International Development Corp.)	28,673,421	3.63%
	Director	Kuo-Hsi Wang (Representative of Taiwan Sugar Corporation)	32,581,963	4.12%
	Independent Director	Wen-Chang Chang	0	0%
	Independent Director	Li-Tzong Chen	0	0%
	Independent Director	Lewis Lee	0	0%
	CEO	Li-An Lu	0	0%

Company	Title	Name or Representative	Shareholding (Note)	
			Shares (Amount)	%
SPT International, Ltd.	Institute Director	Li-An Lu(Representative of ScinoPharm Taiwan, Ltd.)	118,524,644	100%
ScinoPharm Singapore Pte Ltd	Director	Ching-Wen Lin (Representative of ScinoPharm Taiwan, Ltd.)	2	100%
	Director	Chih-Hui Lin (Representative of ScinoPharm Taiwan, Ltd.)	2	100%
	Independent Director	Leong Yean-Shen, Jimmy	0	0%
SciAnda (Changshu) Pharmaceuticals, Ltd.	Chairman	Shou-Cheng Yang (Representative of SPT International, Ltd.)	US\$116,500,000	100%
	Director	Ling-Hsiao Lien (Representative of SPT International, Ltd.)	US\$116,500,000	100%
	Director	Ching-Wen Lin (Representative of SPT International, Ltd.)	US\$116,500,000	100%
	Director	Gloria Chang (Representative of SPT International, Ltd.)	US\$116,500,000	100%
	Supervisor	Chih-Hui Lin (Representative of SPT International, Ltd.)	US\$116,500,000	100%
	Supervisor	Shun-Yang Lin (Representative of SPT International, Ltd.)	US\$116,500,000	100%
	CEO	John Tsai	0	0%
SciAnda Shanghai Biochemical Technology, Ltd.	Chairman	Shou-Cheng Yang (Representative of SPT International, Ltd.)	US\$1,200,000	100%
	Director	Ling-Hsiao Lien (Representative of SPT International, Ltd.)	US\$1,200,000	100%
	Director	Ching-Wen Lin (Representative of SPT International, Ltd.)	US\$1,200,000	100%
	Director	Gloria Chang (Representative of SPT International, Ltd.)	US\$1,200,000	100%
	Supervisor	Chih-Hui Lin (Representative of SPT International, Ltd.)	US\$1,200,000	100%

Company	Title	Name or Representative	Shareholding (Note)	
			Shares (Amount)	%
	CEO	Ching-Wen Lin (Representative of SPT International, Ltd.)	0	0%

Note: Shareholding column lists either shares or amounts

8.1.1.6 Summarized Operation Results of Affiliated Enterprises

2021.12.31; Unit: NT\$ thousands

Name of Corporation	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Net Operating Revenues	Operating Income	Net Income (After Tax)	Earnings Per Share (NT\$) (After Tax)
ScinoPharm Taiwan, Ltd.	7,907,392	11,622,064	1,111,010	10,511,054	2,642,830	376,930	243,471	0.31
SPT International, Ltd.	3,595,107	1,654,045	0	1,654,045	0	(72)	(87,522)	(0.74)
ScinoPharm Singapore Pte Ltd.	0	230	97	133	333	15	8	4,174
SciAnda (Changshu) Pharmaceuticals, Ltd.	3,224,720	1,717,580	83,616	1,633,964	482,177	(89,767)	(88,196)	N/A
SciAnda Shanghai Biochemical Technology, Ltd.	33,216	19,784	2,770	17,014	25,654	528	835	N/A

Note: Affiliates for foreign companies, information comes from reports and statements compiled by affiliates themselves, related

figures are based on the following conversion rates:

(1) Figures in balance sheet are based on the spot exchange rates on 2021.12.31

RMB:NTD = 1 : 4.354872 USD:NTD = 1 : 27.68

(2) Figures in income statement are based on average exchange rates in 2021

RMB:NTD = 1: 4.340977 USD:NTD = 1: 27.998266

ScinoPharm Taiwan, Ltd.

Statement on Affiliates Report

February 25, 2022

The company's 2021 affiliates report (Jan. 1 through Dec. 31, 2021) was compiled according to "guidelines for compilation of consolidated business report, consolidated financial report, and affiliates report," and its disclosed information has no discrepancy with information contained in the notes of financial statements for the same period.

Company name: ScinoPharm Taiwan, Ltd.

Chairman: Chih-Hsien Lo

February 25, 2022



ScinoPharm Taiwan, Ltd.

Re-auditing report by Certified Public Accountant on Affiliates Report

No. 21017070

To ScinoPharm Taiwan, Ltd.:

ScinoPharm's 2021 affiliates report was compiled on February 25, 2022 according to "guidelines for compilation of consolidated business report, consolidated financial report, and affiliates report," and its disclosed information has no discrepancy with information contained in the notes of financial statements for the same period.

The certified public account didn't find any major deviation from the aforementioned statement after comparing the affiliates report and notes in ScinoPharm Taiwan's 2021 financial statement.

PricewaterhouseCoopers, Taiwan

Yung-Chih Lin

Independent Accountants

Tzu-Meng Liu

Financial Supervisory Commission R.O.C.(Taiwan)

Approval of certifications:

Financial –Supervisory –Securities#1050029592

Former Securities Management Committee, the Ministry of Finance

Approval of certifications:

No. (84) Taiwan-Finance-Securities-(6)-29174

February 25, 2022

ScinoPharm Taiwan, Ltd.

1. Status of relationship between affiliated companies and controlling company

The company is subordinated to Uni-President Enterprises Corp., with information on the relationship listed below:

Unit: Share ; %

Controlling company	Controlling reason	Shareholding of controlling company and status of mortgage			Directors, Supervisors, or Managers representing the controlling company	
		Number of shares owned	Share of stake	Amount of mortgaged shares	Title	Name
Uni-President Enterprises Corp.	That company owns, directly and indirectly, seven seats on the board of directors of the company, directly controlling the company's personnel, finance, and business management.	Uni-President Enterprises Corp. 299,968,639 shares	37.94%	—	Director Director Director Director Director Director	Chih-Hsien Lo Jia-Horng Guo Tsung-Ming Su Chin-Yuan Cheng Tsung-Pin Wu Fu-Jung Lai
		President International Development Corp. (Note 1) 28,673,421 shares	3.63%	9,000,000 shares	Director	Chiou-Ru Shih
		Tong Yu Investment Corp. (Note 2) 14,299,166 shares	1.81%	—	—	—
		Kai Yu Investment Co., Ltd. (Note 3) 14,763,165 shares	1.87%	—	—	—
		Kai Nan Investment Co., Ltd. (Note 3) 13,950,061 shares	1.76%	—	—	—

(Note 1) Uni-President Enterprises Corp. owns 69.37% stake。

(Note 2) President International Development Corp. owns 100% stake。

(Note 3) Uni-President Enterprises Corp. owns 100% stake.

Chairman : Chih-Hsien Lo

CEO : Li-An Lu

Director of Accounting : Chih-Hui Lin

ScinoPharm Taiwan, Ltd.

2. Dealings between subordinated companies and controlling company:

- (1) Procurement and sale: None
- (2) Property transaction: None
- (3) Financing: None
- (4) Lease of assets: None
- (5) Other major dealings: None

NT\$ thousand;%

Transaction with Controlling Company			Transaction Terms between Normal Transaction and Controlling Company
Item	Amount	Item Amount%	
Other Expense	\$ 4,731	1%	No major discrepancy

3. Provision of endorsement and guarantee between subordinated companies and controlling company: None

Chairman : Chih-Hsien Lo CEO : Li-An Lu Director of Accounting : Chih-Hui Lin

8.2 Private Placement Securities in the Most Recent Years: None

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

8.4 Other Necessary Supplement

8.4.1 The company's key performance index (KPI)

In line with features of the pharmaceutical industry, the company uses the number of registration for DMF (drug master file) as the KPI.

As the number of product registration parallels the number of products developed by a pharmaceutical company, the number of DMF has been used to embody a company's R&D strength. The company aims to apply for four to five DMF registrations in major countries each a year. In 2021, the company applied for 25 DMF registrations worldwide, including 2 in the U.S. As of March 2022, the company had 880 DMF registrations worldwide.

8.4.2 Criteria and basis for the evaluation of provisions for assets/liabilities

evaluation items

(1) Policy for provisions for bad debts of accounts receivable

Evaluation criteria: Measures for analyzing debt amount and debt length

Evaluation basis: Percentages of provisions according to debt length

Customer debts are classified into two kinds:

- For customers which are leading enterprises of a specific industry with good record of dealings with the company over the past three years and over 5% share in the company's sales, there are no provisions for bad debts.

Overdue length of debts	Percentage of provisions
1~30 days	0.05%
31~60 days	0.10%
61~90 days	0.25%
91~180 days	10%
More than 180days	100%

- For other customers, bad-debt provisions are appropriated according to the length of overdue debt, as shown in the following:

Overdue length of debts	Percentage of provisions
1~30 days	0.10%
31~60 days	0.20%
61~90 days	0.50%
91~180 days	10%
over 180 days	100%

The accounting unit calculates the amount of bad-debt provisions according to the aforementioned basis and adjusts the value under the item "bad-debt provisions" accordingly.

(2) Provisions for the loss on inventories from market price decline

The company embraces a perpetual inventory system, whose cost is calculated with a weighted average method. The value of inventory at the end of the current term is set according to cost or net realizable value, whichever is lower. The comparison between cost and net realizable value is made item by item. Net realizable value refers to the balance of estimated sales value deducting the cost of input needed for completion of work and marketing expense. Provisions for price decline must be made and listed as current operating cost, should cost exceed net realizable value. Should net realizable value rise again, the increase can be used for reverse the loss, within the balance of allowance for loss on inventory market price decline and listed as a reduction item for current operating cost.

In evaluating the price-decline loss on inventory, products in the same category are evaluated together

8.4.3. Evaluation of financial products

The company uses the following method and assumption in evaluating the fair value of financial products:

- (1) In the short term, due to little different in discounting value, paper value is used in gauging fair value. The method applies to cash, cash equivalent, accounts receivable, other accounts receivable, other financial assets-liquidity, notes payable and debt, expense payable, other expenses payable, and rentals payable-liquidity.
- (2) Other financial assets--Discounting value based on expected cash flow is used in evaluating the fair value of noncurrent and refundable deposits. The discount rate is equivalent to the fixed interest rate for one-year time deposits at the end of the current term at Chunghwa Post.
- (3) Discounting value based on expected cash flow is used in gauging the fair value of refundable deposits. The discount rate is based on the interest rates available for the company for securing loans with similar conditions.
- (4) The evaluation of the fair value of derivatives is based on expected amount which the company can obtain or must pay, should it terminate the contract on the date of the financial statement, ahead of due date. It generally contains unrealized benefit for the settlement of contract at the end of the current term.
- (5) The company's forward-forex contracts are based on quotes for spot or forward-forex rates shown on the webpage of Bank of Taiwan. Therefore, the unrealized benefit/loss of a specific forward-forex contract is calculated according to forward-forex rate on the due date of the contract.

8.5 Other Supplementary Disclosure

If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, such situations shall be listed : None.

ScinoPharm Taiwan, Ltd.

Chairman : Chih-Hsien Lo

Address : No.1, Nan-ke 8th Road,

Southern Taiwan Science Park,

Shan-Hua, Tainan, 74144, Taiwan

886 - 6 - 505 2888

Appendix A

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

SCINOPHARM TAIWAN, LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standards 10. In addition, information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declare,

SCINOPHARM TAIWAN, LTD.

By Alex Lo

Chairman

February 25, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ScinoPharm Taiwan, Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of ScinoPharm Taiwan, Ltd. and subsidiaries (the “Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of 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 at December 31, 2021 and 2020, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. 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 Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 Group’s 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Occurrence of sales revenues from API and injection products

Description

Refer to Note 4(28) for accounting policy on revenue recognition and Note 6(17) for accounting items on revenue.

The Group's sales revenue mainly arises from the manufacture and sales of Active Pharmaceutical Ingredient ("API") and injection products. The Group's customers come from Taiwan, Asia, Europe and America. Since the volume and amount of transactions are significant, we considered the occurrence of sales revenue from API and injection products a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in response to the above key audit matter:

1. We evaluated internal control system that was designed and implemented by management in reviewing customers' credit, and tested whether the counterparty and the credit valuation documents have been properly approved.
2. We sampled transaction details and supporting documents for consistency from transaction counterparties who have higher turnover growth.
3. We sent confirmation letters for significant transaction counterparties, ensuring the responses and account records were consistent with customers' data, and evaluated the reasonableness on the difference between the responses and the account records.

Inventory valuation

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2)1 for the uncertainty of accounting estimates and assumptions applied in inventory valuation, and Note 6(4) for details of inventories. As at December 31, 2021, the balances of inventory and allowance for inventory valuation losses were \$1,724,770 thousand and \$379,767 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of API. Due to the complex manufacturing process, long lead time in materials preparation and uncertain product registration timing before market

launch, there is a higher risk of incurring loss on inventory valuation. For inventories sold under normal terms, the Group measures inventories at the lower of cost and net realisable value. For inventories ageing over a certain period of time or are individually identified as obsolete inventories, the net realisable value is calculated based on the historical information of inventory turnover. Since the calculation of net realisable value involves subjective judgement and the ending balance of inventory is material to the financial statements, we considered the valuation of inventory a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in response to the above key audit matter:

1. We compared the financial statements to ascertain whether the provision policy on allowance for inventory valuation losses has been consistently applied and assessed the reasonableness of the provision policy.
2. We understood the inventory management process, observing annual physical counts to assess the effectiveness of management's classification and controls over obsolete and slow-moving inventory.
3. We checked the accuracy of inventory ageing report and sampled inventories for those lately changed before the balance sheet date in order to compute the accuracy of inventory aging range; and evaluated whether the older inventories were obsolete.
4. We sampled the computation of net realisable value of individual inventory and compared with account records.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of ScinoPharm Taiwan, Ltd. as at and for the years ended December 31, 2021 and 2020.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 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 auditors' 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 generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain 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 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.

Lin, Yung-Chih

Independent Accountants

Liu, Tzu-Meng

PricewaterhouseCoopers, Taiwan

Republic of China

February 25, 2022

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

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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,080,921	35	\$ 4,054,948	34
1110	Financial assets at fair value through profit or loss - current	6(2)	1,742	-	-	-
1170	Accounts receivable, net	6(3) and 12	360,247	3	386,508	3
1200	Other receivables		32,796	-	77,456	1
1220	Current income tax assets	6(24)	-	-	8,969	-
130X	Inventories	5 and 6(4)	1,345,003	12	1,245,870	11
1410	Prepayments		96,851	1	108,075	1
1476	Other financial assets - current	8 and 9	48,969	-	34,311	-
11XX	Total current assets		<u>5,966,529</u>	<u>51</u>	<u>5,916,137</u>	<u>50</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	185,796	2	308,115	3
1600	Property, plant and equipment	6(6)(8)	4,033,000	35	4,210,746	36
1755	Right-of-use assets	6(7)	615,014	5	629,886	5
1780	Intangible assets		8,793	-	8,900	-
1840	Deferred income tax assets	5 and 6(24)	614,975	5	602,979	5
1915	Prepayments for equipment		235,281	2	133,960	1
1920	Guarantee deposits paid		2,518	-	6,770	-
1980	Other financial assets - non-current	8	29,270	-	29,270	-
15XX	Total non-current assets		<u>5,724,647</u>	<u>49</u>	<u>5,930,626</u>	<u>50</u>
1XXX	Total assets		<u>\$ 11,691,176</u>	<u>100</u>	<u>\$ 11,846,763</u>	<u>100</u>

(Continued)

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ -	-	\$ 9,494	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	2,172	-
2130	Contract liabilities - current	6(17)	70,565	-	66,846	1
2150	Notes payable		1,172	-	1,173	-
2170	Accounts payable		69,690	1	159,671	1
2200	Other payables	6(10)	325,816	3	362,821	3
2230	Current income tax liabilities	6(24)	71,166	1	67,969	1
2280	Lease liabilities - current		16,165	-	16,500	-
2310	Advance receipts		1,740	-	-	-
21XX	Total current liabilities		<u>556,314</u>	<u>5</u>	<u>686,646</u>	<u>6</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(24)	348	-	-	-
2580	Lease liabilities - non-current		540,266	4	550,182	4
2640	Net defined benefit liabilities	6(11)	79,546	1	79,232	1
2645	Guarantee deposits received		3,648	-	1,300	-
25XX	Total non-current liabilities		<u>623,808</u>	<u>5</u>	<u>630,714</u>	<u>5</u>
2XXX	Total liabilities		<u>1,180,122</u>	<u>10</u>	<u>1,317,360</u>	<u>11</u>
Equity attributable to owners of the parent						
Share capital						
3110	Common stock	6(12)	7,907,392	68	7,907,392	67
3200	Capital surplus	6(13)(14)	1,294,689	11	1,294,689	11
	Retained earnings	6(15)				
3310	Legal reserve		679,074	6	634,265	5
3320	Special reserve		33,043	-	67,825	1
3350	Unappropriated earnings		657,981	6	658,275	6
3400	Other equity interest	6(5)(16)	(61,125)	(1)	(33,043)	(1)
3XXX	Total equity		<u>10,511,054</u>	<u>90</u>	<u>10,529,403</u>	<u>89</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	Total liabilities and equity		<u>\$ 11,691,176</u>	<u>100</u>	<u>\$ 11,846,763</u>	<u>100</u>

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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)	\$ 2,762,335	100	\$ 3,082,928	100
5000 Operating costs	6(4)(11)(22)(23)	(1,481,848)	(54)	(1,765,469)	(57)
5900 Net operating margin		1,280,487	46	1,317,459	43
Operating expenses	6(7)(11)(22)(23), 7 and 12				
6100 Selling expenses		(153,566)	(6)	(170,904)	(6)
6200 General and administrative expenses		(532,225)	(19)	(525,418)	(17)
6300 Research and development expenses		(305,953)	(11)	(245,633)	(8)
6450 (Expected credit losses) impairment gains		(124)	-	219	-
6000 Total operating expenses		(991,868)	(36)	(941,736)	(31)
6900 Operating profit		288,619	10	375,723	12
Non-operating income and expenses					
7100 Interest income	6(18)	19,380	1	27,408	1
7010 Other income	6(19)	11,706	-	16,378	1
7020 Other gains and losses	6(2)(8)(20) and 12	(10,871)	-	(45,838)	(2)
7050 Finance costs	6(7)(21)	(6,548)	-	(15,166)	-
7000 Total non-operating income and expenses		13,667	1	(17,218)	-
7900 Profit before income tax		302,286	11	358,505	12
7950 Income tax expense	6(24)	(58,815)	(2)	(76,438)	(3)
8200 Profit for the year		\$ 243,471	9	\$ 282,067	9
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Actuarial (losses) gains on defined benefit plans	6(11)	(\$ 2,509)	-	\$ 2,369	-
8316 Unrealised gains from equity instruments measured at fair value through other comprehensive income	6(5)(16)				
		139,194	5	176,406	6
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)			502	-
				(473)	-
Components of other comprehensive loss that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(16)	(3,637)	-	22,506	1
8300 Total other comprehensive income for the year		\$ 133,550	5	\$ 200,808	7
8500 Total comprehensive income for the year		\$ 377,021	14	\$ 482,875	16
Profit attributable to:					
8610 Owners of the parent		\$ 243,471	9	\$ 282,067	9
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 377,021	14	\$ 482,875	16
Earnings per share (in dollars)	6(25)				
9750 Basic		\$ 0.31		\$ 0.36	
9850 Diluted		\$ 0.31		\$ 0.36	

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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent						Other Equity Interest		
	Retained Earnings								
	Share capital - common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Financial statements translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income	Total equity	
Year ended December 31, 2020									
Balance at January 1, 2020	\$ 7,907,392	\$ 1,294,605	\$ 612,600	\$ 22,829	\$ 490,344	(\$ 98,117)	\$ 30,291	\$ 10,259,944	
Net income for the year	-	-	-	-	282,067	-	-	282,067	
Other comprehensive income for the year	6(5)(16)	-	-	-	1,896	22,506	176,406	200,808	
Total comprehensive income		-	-	-	283,963	22,506	176,406	482,875	
Distribution of 2019 net income:									
Legal reserve	-	-	21,665	-	(21,665)	-	-	-	
Special reserve	-	-	-	44,996	(44,996)	-	-	-	
Cash dividends	6(15)	-	-	-	(213,500)	-	-	(213,500)	
Employee stock option compensation cost	6(13)(14)	-	84	-	-	-	-	-	84
Disposal of equity instruments at fair value through other comprehensive income	6(5)(16)	-	-	-	164,129	-	(164,129)	-	
Balance at December 31, 2020	\$ 7,907,392	\$ 1,294,689	\$ 634,265	\$ 67,825	\$ 658,275	(\$ 75,611)	\$ 42,568	\$ 10,529,403	
Year ended December 31, 2021									
Balance at January 1, 2021	\$ 7,907,392	\$ 1,294,689	\$ 634,265	\$ 67,825	\$ 658,275	(\$ 75,611)	\$ 42,568	\$ 10,529,403	
Net income for the year	-	-	-	-	243,471	-	-	243,471	
Other comprehensive (loss) income for the year	6(5)(16)	-	-	-	(2,007)	(3,637)	139,194	133,550	
Total comprehensive income (loss)		-	-	-	241,464	(3,637)	139,194	377,021	
Distribution of 2020 net income:									
Legal reserve	-	-	44,809	-	(44,809)	-	-	-	
Cash dividends	6(15)	-	-	-	(395,370)	-	-	(395,370)	
Reversal of special reserve	-	-	-	(34,782)	34,782	-	-	-	
Disposal of equity instruments at fair value through other comprehensive income	6(5)(16)	-	-	-	163,639	-	(163,639)	-	
Balance at December 31, 2021	\$ 7,907,392	\$ 1,294,689	\$ 679,074	\$ 33,043	\$ 657,981	(\$ 79,248)	\$ 18,123	\$ 10,511,054	

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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 302,286	\$ 358,505
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on valuation of financial assets and liabilities at fair value through profit or loss		(3,914)	5,092
Expected credit loss (impairment gain) 12		124	(219)
Reversal of allowance for inventory market price decline 6(4)		(17,605)	74,840
Provision for obsolescence of supplies		118	3,958
Depreciation of property, plant and equipment 6(6)(22)		359,786	369,189
Depreciation of right-of-use assets 6(7)(22)		14,738	14,539
Property, plant and equipment transferred to loss 6(6)(20)		-	11,900
Loss on disposal of property, plant and equipment 6(20)		266	3,157
Gain on reversal of impairment loss 6(6)(8)(20)		(1,382)	(4,282)
Amortisation 6(22)		7,008	9,469
Employee stock option compensation cost 6(13)(14)		-	84
Interest income 6(18)		(19,380)	(27,408)
Interest expense 6(21)		6,548	15,166
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		26,137	204,047
Other receivables		43,840	(8,266)
Inventories		(81,361)	47,959
Prepayments		11,094	19,724
Changes in operating liabilities			
Contract liabilities - current		3,719	10,861
Notes payable		(1)	(180)
Accounts payable		(89,981)	58,653
Other payables		(7,430)	18,047
Advance receipts		1,740	-
Net defined benefit liabilities - non-current		(2,195)	(581)
Cash inflow generated from operations		554,155	938,656
Interest received		20,200	29,367
Income tax received		9,233	-
Interest paid		(6,548)	(15,327)
Income tax paid		(67,217)	(6,384)
Net cash flows from operating activities		<u>509,823</u>	<u>946,312</u>

(Continued)

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost -			
current		(\$ 334,255)	(\$ 607,970)
Proceeds from disposal of financial assets at			
amortised cost - current		334,255	779,230
Increase in other financial assets - current		(14,658)	(34,311)
Proceeds from disposal of financial assets at fair	6(5)		
value through other comprehensive income		261,513	283,501
Cash paid for acquisition of property, plant and	6(26)		
equipment		(144,998)	(65,236)
Proceeds from disposal of property, plant and			
equipment		232	135
Acquisition of intangible assets		(6,893)	(3,128)
Increase in prepayments for equipment		(169,429)	(114,732)
Decrease in guarantee deposits paid		<u>4,252</u>	<u>4,231</u>
Net cash flows (used in) from investing			
activities		<u>(69,981)</u>	<u>241,720</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(27)	(9,494)	(79,420)
Repayment of the principal portion of lease	6(27)		
liabilities		(10,257)	(9,772)
Increase in long-term borrowings	6(27)		- 89,265
Decrease in long-term borrowings	6(27)		- (232,695)
Increase in guarantee deposits received	6(27)	2,347	1,214
Payment of cash dividends	6(15)	(395,370)	(213,500)
Net cash flows used in financing activities		<u>(412,774)</u>	<u>(444,908)</u>
Effect of foreign exchange rate changes		<u>(1,095)</u>	<u>6,846</u>
Net increase in cash and cash equivalents		25,973	749,970
Cash and cash equivalents at beginning of year	6(1)	<u>4,054,948</u>	<u>3,304,978</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 4,080,921</u>	<u>\$ 4,054,948</u>

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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANISATION

- (1) ScinoPharm Taiwan, Ltd. (the Company) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 11, 1997. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture of western medicines and other chemical materials, biological technology services, intellectual property rights, international trade and research, development and manufacture of Active Pharmaceutical Ingredients (“API”), albumin medicines, oligonucleotide medicines, peptide medicines, injections and new small molecule drugs, as well as the provision of related consulting and technical services.
- (2) The common shares of the Company have been listed on the Taiwan Stock Exchange since September 2011.
- (3) Uni-President Enterprises Corp., the Company’s ultimate parent company, holds 37.94% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 25, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standard Board (IASB)
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19 - related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9- comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary

are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investors	Name of Subsidiaries	Business activities	Percentage owned by the Company		Note
			December 31, 2021	December 31, 2020	
ScinoPharm Taiwan, Ltd.	SPT International, Ltd.	Professional investment	100.00	100.00	-
ScinoPharm Taiwan, Ltd.	ScinoPharm Singapore Pte Ltd.	Professional investment	100.00	100.00	-
SPT International, Ltd.	SciAnda (Changshu) Pharmaceuticals, Ltd.	Research, development and manufacture of API and new drugs, sale of self-produced products, etc.	100.00	100.00	-
SPT International, Ltd.	SciAnda Shanghai Biochemical Technology, Ltd.	Import, export and sales of API and intermediates, etc.	100.00	100.00	-

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they

are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

- A. Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.
- B. Time deposits and bills under repurchase agreements that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's structured deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial. Time deposits pledged to others as collateral conform to financial assets at amortised cost definition, and were classified as other financial assets.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the realisable value, the amount of any write-down

of inventories is recognised as cost of sales during the period and the amount of any reversal of inventory write-down is recognised as a reduction in the cost sales during the period.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Estimated useful lives			
Buildings and structures	2	~	35	years
Machinery and equipment	2	~	12	years
Transportation equipment	2	~	5	years
Office equipment	2	~	9	years
Other equipment	2	~	19	years

(15) Intangible assets

Professional skills and computer software, etc. are stated at cost and amortised on a straight-line basis over their estimated useful lives of 3 ~ 5 years.

(16) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments less any lease incentives receivable. The Group subsequently measures the lease liabilities at amortised cost using the interest method and recognises interest expense over

the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost under the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall remeasure the lease liability by decreasing the carrying amount of right-of-use assets to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
 - (a) Hybrid (combined) contracts; or
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise, and recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Group calculates the number of shares based on the closing market price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or

substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells API, intermediates, etc. Sales are recognised when control of the products has transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue is recognised based on the price specified in the contract, net of the sales returns and discounts. Accumulated experience is used to estimate and provide for the sales returns and discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

(a) The Group provides technology development and consultation services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the service rendered up to the end of the reporting period as a proportion of the total services to be provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs (mainly comprised of sales commissions) of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

(a) As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As the manufacturing process is relatively complicated and time consuming, materials require longer lead time, the waiting period for product registration is long, and the timing of product launch may be deferred, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Since the calculation of net realisable value involves subjective judgement and the ending balance of inventory is material to the financial statements, there might be material changes to the evaluation.

(b) As of December 31, 2021, the carrying amount of inventories was \$1,345,003.

B. Realisability of deferred income tax assets

(a) Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

(b) As of December 31, 2021, the Group recognised deferred income tax assets amounting to \$614,975.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash:		
Cash on hand	\$ 152	\$ 149
Checking accounts and demand deposits	<u>185,573</u>	<u>231,402</u>
	<u>185,725</u>	<u>231,551</u>
Cash equivalents:		
Time deposits	3,475,500	3,593,500
Bills under repurchase agreements	<u>419,696</u>	<u>229,897</u>
	<u>3,895,196</u>	<u>3,823,397</u>
	<u><u>\$ 4,080,921</u></u>	<u><u>\$ 4,054,948</u></u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Part of the Group's bank deposits (listed as "Other Financial Assets - Current") are subject to provisional attachment due to the contract disputes. Please refer to Notes 8 and 9 for details.
- C. Details of the Group's time deposits pledged to others as collateral (listed as "Other financial assets - non-current") as of December 31, 2021 and 2020 are provided in Note 8.

(2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets (liabilities) mandatorily measured at fair value through profit or loss		
Derivatives	<u>\$ 1,742</u>	<u>(\$ 2,172)</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	<u>\$ 4,620</u>	<u>\$ 4,620</u>
Valuation adjustment	<u>(4,620)</u>	<u>(4,620)</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

- A. The Group recognised net gain of \$936 and \$2,295 on financial assets and liabilities at fair value through profit or loss (listed as "Other gains and losses") for the years ended December 31, 2021 and 2020, respectively.

B. The Group entered into contracts relating to derivative financial liabilities which were not accounted for under hedge accounting. The information is listed below (Units in thousands of currencies indicated):

Items	December 31, 2021	
	Contract amount	Contract period
Forward foreign exchange contracts	USD 11,579	11.2021~3.2022
December 31, 2020		
Items	Contract amount	Contract period
	USD 11,545	11.2020~4.2021

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2021 and 2020.

(3) ACCOUNTS RECEIVABLE, NET

	December 31, 2021	December 31, 2020
Accounts receivable	\$ 360,410	\$ 386,547
Less: Loss allowance	(163)	(39)
	<u>\$ 360,247</u>	<u>\$ 386,508</u>

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2021	December 31, 2020
Not past due	\$ 314,861	\$ 348,817
Less than 30 days	34,102	29,608
Between 31 to 90 days	10,334	8,122
Between 91 to 180 days	1,113	-
	<u>\$ 360,410</u>	<u>\$ 386,547</u>

The above ageing analysis is based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable arose from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$590,594.

C. As of December 31, 2021 and 2020, the Group does not hold any collateral as security.

D. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable is the book value.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) INVENTORIES

	December 31, 2021		
	Allowance for		
	Cost	market price decline	Book value
Raw materials	\$ 290,495	(\$ 61,954)	\$ 228,541
Supplies	40,440	(2,196)	38,244
Work in process	502,247	(87,593)	414,654
Finished goods	891,588	(228,024)	663,564
	<u>\$ 1,724,770</u>	<u>(\$ 379,767)</u>	<u>\$ 1,345,003</u>

	December 31, 2020		
	Allowance for		
	Cost	market price decline	Book value
Raw materials	\$ 409,019	(\$ 60,492)	\$ 348,527
Supplies	33,636	(3,740)	29,896
Work in process	422,813	(94,898)	327,915
Finished goods	777,941	(238,409)	539,532
	<u>\$ 1,643,409</u>	<u>(\$ 397,539)</u>	<u>\$ 1,245,870</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2021	2020
Cost of goods sold	\$ 1,175,227	\$ 1,506,769
Loss on scrap inventory	9,121	43,817
Loss on physical inventory	709	519
Under applied manufacturing overhead	275,484	246,428
Reversal of allowance for inventory		
market price decline (Note)	(17,605)	(74,840)
Revenue from sale of scraps	(6,617)	(1,773)
Total cost of goods sold	<u>\$ 1,436,319</u>	<u>\$ 1,720,920</u>

Note: Because the inventories, which were previously provisioned for loss from decline in market value, were subsequently sold, scrapped or reinputted in production and related research and development projects in 2021 and 2020, the Group reversed the allowance for market price decline which was recognised as reduction of cost of goods sold.

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

Items	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	\$ -	\$ 97,874
Unlisted stocks	<u>167,673</u>	<u>167,673</u>
	167,673	265,547
Valuation adjustment	<u>18,123</u>	<u>42,568</u>
	18,123	42,568
	<u><u>\$ 185,796</u></u>	<u><u>\$ 308,115</u></u>

- A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments is the book value as of December 31, 2021 and 2020.
- B. Due to the change in investment strategies, the Group sold \$261,513 and \$283,501 of equity instruments at fair value resulting in cumulative gain on disposal of \$163,639 and \$164,129 which was reclassified to retained earnings during the years ended December 31, 2021 and 2020.
- C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	For the years ended December 31,	
	2021	2020
Fair value change recognised in other comprehensive income	\$ 139,194	\$ 176,406
Cumulative gains reclassified to retained earnings due to derecognition	\$ 163,639	\$ 164,129

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2021 and 2020.

(6) PROPERTY, PLANT AND EQUIPMENT

									Construction in progress and equipment before acceptance inspection	
	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>					<u>Total</u>
<u>January 1, 2021</u>										
Cost	\$ 3,517,543	\$ 5,205,877	\$ 24,323	\$ 223,747	\$ 149,523			\$ 1,051,651		\$ 10,172,664
Accumulated depreciation	(1,389,502)	(4,233,361)	(23,235)	(183,951)	(126,838)			-		(5,956,887)
Accumulated impairment	-	(5,031)	-	-	-			-		(5,031)
	<u>\$ 2,128,041</u>	<u>\$ 967,485</u>	<u>\$ 1,088</u>	<u>\$ 39,796</u>	<u>\$ 22,685</u>			<u>\$ 1,051,651</u>		<u>\$ 4,210,746</u>
<u>For the year ended December 31, 2021</u>										
At January 1	\$ 2,128,041	\$ 967,485	\$ 1,088	\$ 39,796	\$ 22,685			\$ 1,051,651		\$ 4,210,746
Additions	-	4,549	1,081	221	470			109,102		115,423
Reclassified from prepayments for equipment	-	-	-	-	-			68,210		68,210
Reclassified upon completion	30,360	71,143	471	7,865	385	(		110,224)		-
Depreciation charge	(141,362)	(199,737)	(414)	(13,477)	(4,796)			-		(359,786)
Disposals—Cost	-	(25,400)	(1,704)	(14,618)	(1,569)			-		(43,291)
— Accumulated depreciation	-	25,361	1,534	14,465	1,433			-		42,793
Reversal of impairment loss	-	1,382	-	-	-			-		1,382
Net currency exchange differences	(1,592)	(828)	3	(5)	(54)	(		1)	(	2,477)
At December 31	<u>\$ 2,015,447</u>	<u>\$ 843,955</u>	<u>\$ 2,059</u>	<u>\$ 34,247</u>	<u>\$ 18,554</u>			<u>\$ 1,118,738</u>		<u>\$ 4,033,000</u>
<u>December 31, 2021</u>										
Cost	\$ 3,546,040	\$ 5,254,948	\$ 24,158	\$ 217,113	\$ 148,526			\$ 1,118,738		\$ 10,309,523
Accumulated depreciation	(1,530,593)	(4,407,344)	(22,099)	(182,866)	(129,972)			-		(6,272,874)
Accumulated impairment	-	(3,649)	-	-	-			-		(3,649)
	<u>\$ 2,015,447</u>	<u>\$ 843,955</u>	<u>\$ 2,059</u>	<u>\$ 34,247</u>	<u>\$ 18,554</u>			<u>\$ 1,118,738</u>		<u>\$ 4,033,000</u>

							Construction in progress and equipment before acceptance	
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	inspection	Total	
<u>January 1, 2020</u>								
Cost	\$ 3,495,743	\$ 5,186,449	\$ 25,505	\$ 229,037	\$ 147,692	\$ 1,013,708	\$ 10,098,134	
Accumulated depreciation	(1,243,381)	(4,080,498)	(24,412)	(186,532)	(120,138)	-	(5,654,961)	
Accumulated impairment	-	(9,284)	-	(15)	(14)	-	(9,313)	
	<u>\$ 2,252,362</u>	<u>\$ 1,096,667</u>	<u>\$ 1,093</u>	<u>\$ 42,490</u>	<u>\$ 27,540</u>	<u>\$ 1,013,708</u>	<u>\$ 4,433,860</u>	
<u>For the year ended December 31, 2020</u>								
At January 1	\$ 2,252,362	\$ 1,096,667	\$ 1,093	\$ 42,490	\$ 27,540	\$ 1,013,708	\$ 4,433,860	
Additions	-	4,488	-	142	-	72,165	76,795	
Reclassified from prepayments for equipment	-	-	-	-	-	66,587	66,587	
Reclassified upon completion	9,410	65,231	204	12,568	339	(87,752)	-	
Transferred to intangible assets	-	-	-	-	-	(1,161)	(1,161)	
Transferred to loss (Note)	-	-	-	-	-	(11,900)	(11,900)	
Depreciation charge	(143,428)	(204,658)	(218)	(15,469)	(5,416)	-	(369,189)	
Disposals—Cost	(736)	(58,774)	(1,475)	(18,792)	(435)	-	(80,212)	
— Accumulated depreciation	251	56,063	1,475	18,739	392	-	76,920	
Reversal of impairment loss	-	4,253	-	15	14	-	4,282	
Net currency exchange differences	<u>10,182</u>	<u>4,215</u>	<u>9</u>	<u>103</u>	<u>251</u>	<u>4</u>	<u>14,764</u>	
At December 31	<u>\$ 2,128,041</u>	<u>\$ 967,485</u>	<u>\$ 1,088</u>	<u>\$ 39,796</u>	<u>\$ 22,685</u>	<u>\$ 1,051,651</u>	<u>\$ 4,210,746</u>	
<u>December 31, 2020</u>								
Cost	\$ 3,517,543	\$ 5,205,877	\$ 24,323	\$ 223,747	\$ 149,523	\$ 1,051,651	\$ 10,172,664	
Accumulated depreciation	(1,389,502)	(4,233,361)	(23,235)	(183,951)	(126,838)	-	(5,956,887)	
Accumulated impairment	-	(5,031)	-	-	-	-	(5,031)	
	<u>\$ 2,128,041</u>	<u>\$ 967,485</u>	<u>\$ 1,088</u>	<u>\$ 39,796</u>	<u>\$ 22,685</u>	<u>\$ 1,051,651</u>	<u>\$ 4,210,746</u>	

Note: The Group's custom-made software module did not function as expected and meet the Company's end use during the development process. After internal discussion, the Company has decided to write off the unfinished software, and recognised the costs incurred as losses.

- A. The Group has not capitalised borrowing costs as part of property, plant and equipment for the years ended December 31, 2021 and 2020.
- B. The Group's property, plant and equipment were owner-occupied for the years ended December 31, 2021 and 2020.
- C. Information about impairment loss and reversal of impairment on property, plant and equipment is provided in Note 6(8).
- D. As of December 31, 2021 and 2020, the Group has not pledged any property, plant and equipment as collateral.

(7) LEASING ARRANGEMENTS – LESSEE

- A. The Group leases land and buildings and structures. Rental contracts are typically made for periods of 50 (including the option to extend the leases) and 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less pertain to office premises and low-value assets pertain to computers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	\$ 613,999	\$ 627,523
Buildings and structures	1,015	2,363
	<hr/> \$ 615,014	<hr/> \$ 629,886
	For the years ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	\$ 13,384	\$ 14,202
Buildings and structures	1,354	337
	<hr/> \$ 14,738	<hr/> \$ 14,539

- D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 6,345	\$ 6,900
Expense on short-term lease contracts	871	1,729
Expense on leases of low-value assets	2,038	1,005

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$19,511 and \$19,406, respectively.

(8) IMPAIRMENT OF NON-FINANCIAL ASSETS

A. The Group recognised the reversal of impairment loss amounting to \$1,382 and \$4,282 for the years ended December 31, 2021 and 2020, respectively (listed as "Other gains and losses") as some of the idle machineries were again utilised in production. For details of accumulated impairment, please refer to Note 6(6).

B. The reversal of impairment loss reported by operating segments is as follows:

Segments	For the years ended December 31,			
	2021		2020	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
ScinoPharm Taiwan	\$ 1,382	\$ -	(\$ 4,253)	\$ -
SciAnda (Changshu)	-	-	(29)	-
	<u>\$ 1,382</u>	<u>\$ -</u>	<u>(\$ 4,282)</u>	<u>\$ -</u>

(9) SHORT-TERM BORROWINGS

Type of borrowings	December 31, 2020	Interest rate	Collateral
Bank loans			
Unsecured loans	\$ 9,494	0.79%	None

The Group has no short-term borrowings as of December 31, 2021.

Please refer to Note 6(21) for interest expense recognised in profit or loss for the years ended December 31, 2021 and 2020.

(10) OTHER PAYABLES

	December 31, 2021	December 31, 2020
Accrued salaries and bonuses	\$ 87,667	\$ 82,764
Accrued employees' compensation and directors' remuneration	36,957	43,210
Payables on equipment	30,132	59,707
Others	171,060	177,140
	<u>\$ 325,816</u>	<u>\$ 362,821</u>

(11) PENSIONS

A. The Company has set up a defined benefit pension plan in accordance with the Labor Standards Law, which applies to all regular employees' service years prior to the enforcement of the Labor Pension Act (the "Act") on July 1, 2005 and service years thereafter of employees who chose to continue to be covered under the pension scheme of the Labor Standards Law after the enforcement of the Act. In accordance with the Company's retirement plan, an employee may retire when the employee either (i) attains the age of 55 with 15 years of service, (ii) has more

than 25 years of service, (iii) has reached the age of 65, or (iv) is incapacitated to work (compulsory retirement). The employees earn two units for each year of service for the first 15 years, and one unit for each additional year thereafter up to a maximum of 45 units. Any fraction of a year equal to or more than six months shall be counted as one year of service, and any fraction of a year less than six months shall be counted as half a year. According to the provisions, employees who retired due to their duties shall get additional 20%. Pension payments are based on the number of units earned and the average salary of the last six months prior to retirement. Calculation of average salary is in accordance with the Labor Standards Law of the R.O.C. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by end of March next year.

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 101,385	\$ 109,601
Fair value of plan assets	(21,839)	(30,369)
Net defined benefit liability	<u>\$ 79,546</u>	<u>\$ 79,232</u>

(b) Movements in net defined benefit liabilities are as follows:

For the year ended December 31, 2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 109,601	(\$ 30,369)	\$ 79,232
Current service cost	559	-	559
Interest expense (income)	328	(88)	240
	<u>110,488</u>	<u>(30,457)</u>	<u>80,031</u>
Remeasurements:			
Return on plan assets	- (567)	(567)	567)
Change in demographic assumptions	104	-	104
Change in financial assumptions	(3,153)	- (3,153)	3,153)
Experience adjustments	6,125	-	6,125
	<u>3,076</u>	<u>(567)</u>	<u>2,509</u>
Pension fund contribution	- (2,994)	(2,994)	2,994)
Paid pension	(12,179)	12,179	-
At December 31	<u>\$ 101,385</u>	<u>(\$ 21,839)</u>	<u>\$ 79,546</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2020			
At January 1	\$ 127,729	(\$ 45,547)	\$ 82,182
Current service cost	1,696	-	1,696
Interest expense (income)	894	(319)	575
	<u>130,319</u>	<u>(45,866)</u>	<u>84,453</u>
Remeasurements:			
Return on plan assets	-	(1,642)	(1,642)
Change in financial assumptions	(17,202)	-	(17,202)
Experience adjustments	<u>16,475</u>	<u>-</u>	<u>16,475</u>
	<u>(727)</u>	<u>(1,642)</u>	<u>(2,369)</u>
Pension fund contribution	-	(2,852)	(2,852)
Paid pension	(19,991)	19,991	-
At December 31	<u>\$ 109,601</u>	<u>(\$ 30,369)</u>	<u>\$ 79,232</u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2021	2020
Discount rate	0.60%	0.30%
Future salary increases	1.00%	1.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th and 5th Mortality Table for the years ended December 31, 2021 and 2020.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 2,452)	\$ 2,532	\$ 2,259	(\$ 2,203)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 2,794)	\$ 2,890	\$ 2,585	(\$ 2,516)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(e) Expected contributions to the defined benefit pension plan of the Company for 2022 amount to \$2,927.

(f) As of December 31, 2021, the weighted average duration of that retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 2,277
2~5 years	14,982
Over 6 years	90,345
	<u>\$ 107,604</u>

B. As a result of the enforcement of the Act, the Company set up a defined contribution pension plan which took effect on July 1, 2005. The local employees are eligible for the defined contribution plan. For employees who choose to be covered under the pension scheme of the Act, the Company contributes monthly an amount of not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. Pensions are paid by monthly installments or in lump sum based on the accumulated balances of the employees' individual pension accounts. The subsidiaries in Mainland China (SciAnda (Changshu) Pharmaceuticals, Ltd. and SciAnda Shanghai Biochemical Technology, Ltd.) are subject to a government sponsored defined contribution plan. In accordance with the related Laws of the People's Republic of China, the subsidiaries in Mainland China contribute monthly 18% of the employees' monthly salaries and wages to an independent fund administered by the

government. Other than the monthly contributions, these subsidiaries do not have further obligations. The other subsidiaries, SPT International, Ltd. and ScinoPharm Singapore Pte Ltd., had no employees. For the years ended December 31, 2021 and 2020, the pension costs recognised under the aforementioned defined contribution pension plans were \$35,106 and \$26,135, respectively.

(12) SHARE CAPITAL

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2021	2020
At January 1 and December 31	790,739	790,739

B. As of December 31, 2021, the Company's authorised capital was \$10,000,000 and the paid-in capital was \$7,907,392 (790,739 thousand shares) with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) CAPITAL RESERVES

A. Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations shall be exclusively used to cover accumulated deficit or, distribute cash or stocks in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the capital reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Movements on the Company's capital reserve are as follows:

	For the year ended December 31, 2021		
	Share premium	Stock options	Total
At January 1	\$ 1,246,972	\$ 47,717	\$ 1,294,689
Employee stock options forfeited			
- Company	7,301	(7,301)	-
At December 31	\$ 1,254,273	\$ 40,416	\$ 1,294,689

	For the year ended December 31, 2020		
	Share premium	Stock options	Total
At January 1	\$ 1,245,682	\$ 48,923	\$ 1,294,605
Employee stock options			
compensation cost			
- Company	-		84
Employee stock options forfeited			
- Company	1,082	(1,082)	-
- Subsidiaries	208	(208)	-
At December 31	\$ 1,246,972	\$ 47,717	\$ 1,294,689

(14) SHARE-BASED PAYMENT – EMPLOYEES’ COMPENSATION

A. The Company issued 1 million units, 1.5 million units and 1.5 million units of employee stock options on December 3, 2013, November 6, 2015 and October 14, 2016, respectively (the ‘Grant Date’). The exercise price of the options was set at \$91.70 (in dollars), \$41.65 (in dollars) and \$40.55 (in dollars), respectively, which was based on the closing market price of the Company’s common shares on the Grant Dates. Each option gives the holder the right to purchase one share of the Company’s common stocks. The exercise price is subject to further adjustments when there is a change in the number of shares of the Company’s common stocks, the cash dividend of the common stocks is more than 1.5% of the current price per share or there is a decrease in common stocks caused by capital reduction not due to the retirement of treasury share after the Grant Date. (As of December 30, 2021, for the issued 1 million units, 1.5 million units and 1.5 million units of employee stock options, the exercise price was adjusted based on the specific formula to \$73.00 (in dollars) per share, \$36.50 (in dollars) per share and \$37.00 (in dollars) per share, respectively.) Contract period of the employee stock option plans is 10 years, and options are exercisable in 2 years after the Grant Date. The Group recognised compensation costs relating to the employee stock options plan of \$— and \$84 for the years ended December 31, 2021 and 2020, respectively.

B. Details of the share-based payment arrangements are as follows:

	For the year ended December 31, 2021	
	Number of options (in thousand units)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	2,129	\$ 44.90
Options forfeited	(469)	43.62
Options outstanding at end of the year	<u>1,660</u>	<u>44.39</u>
Options exercisable at end of the year	<u>1,660</u>	<u>44.39</u>

	For the year ended December 31, 2020	
	Number of options (in thousand units)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	2,205	\$ 45.05
Options forfeited	(76)	49.15
Options outstanding at end of the year	<u>2,129</u>	<u>44.90</u>
Options exercisable at end of the year	<u>2,129</u>	<u>44.90</u>

C. The expiry date, exercisable shares and exercise prices of the employee stock options at balance sheet date are as follows:

Grant date	Expiry date	December 31, 2021		December 31, 2020	
		No. of stocks (unit in thousands)	Exercise price (in dollars)	No. of stocks (unit in thousands)	Exercise price (in dollars)
12.3.2013	12.2.2023	349	\$ 73.00	427	\$ 74.50
11.6.2015	11.5.2025	586	36.50	776	37.20
10.14.2016	10.13.2026	725	37.00	926	37.70

D. The fair value of the Group's employee stock options on Grant Date was evaluated using the combination of Hull & White and the Ritchken trinomial option valuation model. Related information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Price volatility	Option life	Expected dividends	Interest rate	Fair value per unit (in dollars)
Employee stock options	12.3.2013	\$ 91.70	\$ 91.70	28.50% (Note)	10 years	1.5%	1.7145%	\$ 26.045
Employee stock options	11.6.2015	41.65	41.65	37.63% (Note)	10 years	1.5%	1.2936%	13.799
Employee stock options	10.14.2016	40.55	40.55	37.20% (Note)	10 years	1.5%	0.9223%	13.171

Note: According to daily returns of the Company's stock for the previous year, the annualized volatility is 28.50%, 37.63% and 37.20%, respectively.

(15) RETAINED EARNINGS

A. Pursuant to the amended Articles of Incorporation, the current year's after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Since the Company is in a changeable industry environment and the life cycle of the Company is in a stable growth, the appropriation of earnings should consider fund requirements and capital budget to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed.

C. In accordance with the regulations, the Company shall set aside special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised cash dividends distributed to owners amounting to \$395,370 (\$0.5 (in dollars) per share) and \$213,500 (\$0.27 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On February 25, 2022, the Board of Directors proposed for the distribution of cash dividends of \$379,555 (\$0.48 (in dollars) per share) from 2021 earnings.

(16) OTHER EQUITY ITEMS

For the year ended December 31, 2021			
	Unrealised gain (loss)		
	Currency translation	on valuation	Total
At January 1	(\$ 75,611)	\$ 42,568	(\$ 33,043)
Revaluation	-	139,194	139,194
Disposal of equity instruments at fair value through other comprehensive income	-	(163,639)	(163,639)
Currency translation differences	(3,637)	-	(3,637)
- Group			
At December 31	<u>(\$ 79,248)</u>	<u>\$ 18,123</u>	<u>(\$ 61,125)</u>

For the year ended December 31, 2020			
	Unrealised gain (loss)		
	Currency translation	on valuation	Total
At January 1	(\$ 98,117)	\$ 30,291	(\$ 67,826)
Revaluation	-	176,406	176,406
Revaluation transferred to retained earnings	-	(164,129)	(164,129)
Currency translation differences	22,506	-	22,506
- Group			
At December 31	<u>(\$ 75,611)</u>	<u>\$ 42,568</u>	<u>(\$ 33,043)</u>

(17) OPERATING REVENUE

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time and the rendering of services over time in the following major product lines:

For the year ended December 31, 2021	API Income	Injection Product Income	Technical Service Income	Other Operating Income	Total
Timing of revenue recognition:					
At a point in time					
At a point in time	\$ 2,581,946	\$ 36,960	\$ -	\$ -	\$ 2,618,906
Over time	-	-	110,099	33,330	143,429
	<u>\$ 2,581,946</u>	<u>\$ 36,960</u>	<u>\$ 110,099</u>	<u>\$ 33,330</u>	<u>\$ 2,762,335</u>
For the year ended December 31, 2020	API Income	Injection Product Income	Technical Service Income	Other Operating Income	Total
Timing of revenue recognition:					
At a point in time					
At a point in time	\$ 2,798,310	\$ 146,322	\$ -	\$ -	\$ 2,944,632
Over time	-	-	98,675	39,621	138,296
	<u>\$ 2,798,310</u>	<u>\$ 146,322</u>	<u>\$ 98,675</u>	<u>\$ 39,621</u>	<u>\$ 3,082,928</u>

B. The Group has recognised contract liabilities related to the contract revenue from advance customer payment of \$70,565, \$66,846 and \$55,985 as of December 31, 2021, December 31, 2020 and January 1, 2020, respectively.

C. The revenue recognised that was included in the contract liability balance at the beginning of the year amounted to \$58,000 and \$40,579 for the years ended December 31, 2021 and 2020, respectively.

(18) INTEREST INCOME

	For the years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 17,708	\$ 24,354
Interest income from financial assets measured at amortised cost	1,672	3,054
	<u>\$ 19,380</u>	<u>\$ 27,408</u>

(19) OTHER INCOME

	For the years ended December 31,	
	2021	2020
Production capacity subsidy income	\$ 5,386	\$ 7,229
Gains on write-off of past due payable	2,513	5,299
Others	3,807	3,850
	<u>\$ 11,706</u>	<u>\$ 16,378</u>

(20) OTHER GAINS AND LOSSES

	For the years ended December 31,	
	2021	2020
Net gain on financial assets/liabilities at fair value through profit or loss	\$ 936	\$ 2,295
Gain on reversal of impairment loss	1,382	4,282
Loss on disposal of property, plant and equipment	(266)	(3,157)
Net currency exchange loss	(7,914)	(31,261)
Loss on unfinished construction in progress	-	(11,900)
Others	(5,009)	(6,097)
	<u><u>(\$ 10,871)</u></u>	<u><u>(\$ 45,838)</u></u>

(21) FINANCE COSTS

	For the years ended December 31,	
	2021	2020
Interest expense:		
Bank loans	\$ 203	\$ 8,266
Interest on lease liabilities	6,345	6,900
	<u><u>\$ 6,548</u></u>	<u><u>\$ 15,166</u></u>

(22) EXPENSES BY NATURE

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 470,718	\$ 386,710	\$ 857,428
Depreciation of property, plant and equipment	247,858	111,928	359,786
Depreciation of right-of-use assets	-	14,738	14,738
Amortisation	1,640	5,368	7,008
	<u><u>\$ 720,216</u></u>	<u><u>\$ 518,744</u></u>	<u><u>\$ 1,238,960</u></u>
For the year ended December 31, 2020			
	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 445,129	\$ 361,694	\$ 806,823
Depreciation of property, plant and equipment	259,917	109,272	369,189
Depreciation of right-of-use assets	-	14,539	14,539
Amortisation	3,292	6,177	9,469
	<u><u>\$ 708,338</u></u>	<u><u>\$ 491,682</u></u>	<u><u>\$ 1,200,020</u></u>

(23) EMPLOYEE BENEFIT EXPENSES

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Salaries and wages	\$ 396,275	\$ 326,406	\$ 722,681
Labor and health insurance expenses	34,205	25,516	59,721
Pension costs	21,849	14,056	35,905
Other personnel expenses	18,389	20,732	39,121
	<u>\$ 470,718</u>	<u>\$ 386,710</u>	<u>\$ 857,428</u>
	For the year ended December 31, 2020		
	Operating costs	Operating expenses	Total
Salaries and wages	\$ 381,788	\$ 310,556	\$ 692,344
Labor and health insurance expenses	30,413	21,246	51,659
Pension costs	16,269	12,137	28,406
Other personnel expenses	16,659	17,755	34,414
	<u>\$ 445,129</u>	<u>\$ 361,694</u>	<u>\$ 806,823</u>

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the years ended December 31, 2021 and 2020, the employees' compensation was accrued at \$30,227 and \$35,288, respectively, while the directors' remuneration was accrued at \$6,730 and \$7,922, respectively. The aforementioned amounts were recognised in salary expenses. The expenses recognised for each year was accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company. On February 25, 2022, the Board of Directors resolved to distribute employees' compensation and directors' remuneration of \$30,227 and \$6,730, respectively, and the employees' compensation will be distributed in the form of cash.

The actual amount approved at the Board of Directors' meeting for employees' compensation and directors' remuneration for 2020 totalled to \$43,210, which is the same as the amount estimated in the 2020 financial statements. The employees' compensation was distributed in the form of cash for 2020. Information about the appropriation of employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) INCOME TAX

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2021	2020
Current income tax:		
Income tax for the year	\$ 70,296	\$ 69,941
(Over) under provision of prior year's income tax	(335)	4,410
Total current tax	<u>69,961</u>	<u>74,351</u>
Deferred income tax:		
Origination and reversal of temporary differences	(11,146)	2,087
Income tax expense	<u>\$ 58,815</u>	<u>\$ 76,438</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2021	2020
Remeasurement of defined benefit obligations	(\$ 502)	\$ 473

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2021	2020
Income tax at statutory tax rate	\$ 38,413	\$ 45,547
Effect of items disallowed by tax regulation	22,415	32,793
Effect of net operating loss carryforward	(189)	(3,216)
Effect of investment tax credits	(1,489)	(3,096)
Tax on unappropriated retained earnings	-	-
(Over) under provision of prior year's income tax	(335)	4,410
Income tax expense	<u>\$ 58,815</u>	<u>\$ 76,438</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	For the year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Unrealised loss on inventory				
market value decline	\$ 62,764	(\$ 3,131)	\$ -	\$ 59,633
Unrealised loss on				
components and spare parts				
market value decline	16,865	95	-	16,960
Investment loss	398,677	19,524	-	418,201
Technology know-how	3,626	(3,626)	-	-
Pensions	15,847	(439)	502	15,910
Employee benefits - unused				
compensated absences	4,865	223	-	5,088
Impairment of assets	1,006	(276)	-	730
Unrealised exchange loss	934	(253)	-	681
Unrealised gain of				
financial liabilities	434	(434)	-	-
Loss carryforward	<u>97,961</u>	<u>(189)</u>	<u>-</u>	<u>97,772</u>
	<u>\$ 602,979</u>	<u>\$ 11,494</u>	<u>\$ 502</u>	<u>\$ 614,975</u>
Deferred tax liabilities:				
Temporary differences				
Unrealised gain on financial instruments	\$ -	(\$ 348)	\$ -	(\$ 348)
	<u>\$ 602,979</u>	<u>\$ 11,146</u>	<u>\$ 502</u>	<u>\$ 614,627</u>

For the year ended December 31, 2020

	January 1	Recognised in other comprehensive income	December 31
Deferred tax assets:			
Temporary differences			
Unrealised loss on inventory			
market value decline	\$ 77,688	(\$ 14,924)	\$ -
Unrealised loss on			
components and spare parts			
market value decline	16,203	662	-
Investment loss	377,753	20,924	-
Technology know-how	7,976	(4,350)	-
Pensions	16,436	(116)	(473)
Employee benefits - unused			
compensated absences	4,659	206	-
Impairment of assets	1,857	(851)	-
Unrealised exchange loss	1,424	(490)	-
Unrealised gain of			
financial liabilities	-	434	-
Unrealised loss	187	(187)	-
Rent expenses	763	(763)	-
Loss carryforward	101,177	(3,216)	-
	<u>\$ 606,123</u>	<u>(\$ 2,671)</u>	<u>(\$ 473)</u>
			\$ 602,979
Deferred tax liabilities:			
Temporary differences			
Unrealised gain on financial			
instruments	(\$ 584)	\$ 584	\$ -
	<u>(\$ 605,539)</u>	<u>(\$ 2,087)</u>	<u>(\$ 473)</u>
			\$ 602,979

D. Expiration dates of unused operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2021			
Year incurred	Amount filed /assessed	Unused tax credits	Unrecognised deferred tax assets	Expiry year
2017~2021	\$ 846,880	\$ 846,880	\$ 455,790	2022~2026

December 31, 2020

Year incurred	Amount filed /assessed	Unused tax credits	Unrecognised deferred tax assets	Expiry year
2016~2020	\$ 958,005	\$ 958,005	\$ 566,160	2021~2025

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Authority as of February 25, 2022.

(25) EARNINGS PER SHARE ("EPS")

For the year ended December 31, 2021			
	Weighted average number of shares outstanding	EPS	
	Amount after tax (shares in thousands)	(in dollars)	
<u>Basic earnings per share</u>			
Profit attributable to ordinary stockholders of the parent	\$ 243,471	790,739	\$ 0.31
<u>Diluted earnings per share</u>			
Profit attributable to ordinary stockholders of the parent	\$ 243,471	790,739	
Assumed conversion of all dilutive potential ordinary shares	-	-	
Employees' stock options	-	-	
Employees' compensation	-	1,545	
Profit attributable to ordinary stockholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 243,471	792,284	\$ 0.31

For the year ended December 31, 2020			
	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)	
Amount after tax			
<u>Basic earnings per share</u>			
Profit attributable to ordinary stockholders of the parent	\$ 282,067	790,739	\$ 0.36
<u>Diluted earnings per share</u>			
Profit attributable to ordinary stockholders of the parent	\$ 282,067	790,739	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	-	
Employees' compensation	-	1,450	
Profit attributable to ordinary stockholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 282,067	792,189	\$ 0.36

For the years ended December 31, 2021 and 2020, some abovementioned stock options issued are anti-dilutive; therefore they were not included in the diluted EPS calculation.

(26) SUPPLEMENTAL CASH FLOW INFORMATION

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 115,423	\$ 76,795
Add: Beginning balance of payable on equipment (listed as "Other payables")	59,707	48,148
Less: Ending balance of payable on equipment (listed as "Other payables") (	30,132)	(59,707)
Cash paid for acquisition of property, plant and equipment	\$ 144,998	\$ 65,236

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2021	2020
(a) Prepayments for equipment reclassified to property, plant and equipment	\$ 68,210	\$ 66,587
(b) Property, plant and equipment reclassified to intangible assets	\$ -	\$ 1,161

(27) CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	\$ 9,494	\$ 566,682	\$ 1,300	\$ 577,476
Changes in cash flow from financing activities	(9,494)	(10,257)	2,347	(17,404)
Impact of changes in foreign exchange rate	-	-	1	1
Changes in other non-cash items	-	6	-	6
At December 31, 2021	<u>\$ -</u>	<u>\$ 556,431</u>	<u>\$ 3,648</u>	<u>\$ 560,079</u>
	Short-term borrowings	Lease liabilities	Long-term borrowings	Guarantee deposits received
	\$ 89,766	\$ 606,034	\$ 144,234	\$ 87
At January 1, 2020	\$ 89,766	\$ 606,034	\$ 144,234	\$ 87
Changes in cash flow from financing activities	(79,420)	(9,772)	(143,430)	1,214
Impact of changes in foreign exchange rate	(852)	-	(804)	(1) (1,657)
Changes in other non-cash items	-	(29,580)	-	(29,580)
At December 31, 2020	<u>\$ 9,494</u>	<u>\$ 566,682</u>	<u>\$ -</u>	<u>\$ 1,300</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent and ultimate controlling party of the Company is Uni-President Enterprises Corp.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Uni-President Enterprises Corp.	Ultimate parent company
President Securities Corp.	Associate of ultimate parent company
President Transnet Corp.	Associate of ultimate parent company
President Tokyo Corp.	Associate of ultimate parent company
Mech-President Co., Ltd	Associate of ultimate parent company
President Chain Store Corp.	Associate of ultimate parent company
President Chain Store Tokyo Marketing Corp.	Associate of ultimate parent company
President Information Corp.	Associate of ultimate parent company
Duskin Serve Taiwan Co., Ltd	Associate of ultimate parent company
Uni-President Enterprises (China) Investment Corp.	Associate of ultimate parent company
Uni-President Shanghai Pearly Century Co., Ltd.	Associate of ultimate parent company

(3) Significant transactions and balances with related parties

Other expenses

	For the years ended December 31,	
	2021	2020
Management service fees:		
— Ultimate parent company	\$ 4,731	\$ 4,592
— Associate of ultimate parent company	<u>3,275</u>	<u>3,278</u>
	<u><u>\$ 8,006</u></u>	<u><u>\$ 7,870</u></u>
Other expenses:		
— Associate of ultimate parent company	<u><u>\$ 4,297</u></u>	<u><u>\$ 4,382</u></u>

(4) Key management compensation

	For the years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 51,581	\$ 51,817
Post-employment benefits	644	694
Termination benefits	1,394	1,470
Share-based payments	<u>-</u>	<u>20</u>
	<u><u>\$ 53,619</u></u>	<u><u>\$ 54,001</u></u>

8. PLEDGED ASSETS

Details of the Group's assets pledged as collateral are as follows:

Assets	December 31, 2021	December 31, 2020	Purpose of collateral
Restricted deposits (Note 1)	\$ 48,969	\$ 34,311	Construction payment dispute (Note 1)
Time deposits (Note 2)	<u>29,270</u>	<u>29,270</u>	Performance guarantee and customs duty
	<u><u>\$ 78,239</u></u>	<u><u>\$ 63,581</u></u>	

Note 1: Listed as "Other financial assets - current", and please refer to Note 9.

Note 2: Listed as "Other financial assets - non-current".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of December 31, 2021 and 2020, the Group's unused letters of credit amounted to \$— and \$7,536, respectively.
- (2) As of December 31, 2021 and 2020, the Group's remaining balance due for construction in progress and prepayments for equipment was \$93,478 and \$69,181, respectively.

(3) The amounts of endorsements and guarantees for subsidiaries were as follows:

	Nature	December 31, 2021	December 31, 2020
SciAnda (Changshu) Pharmaceuticals, Ltd.	Guarantee for financing amount	\$ 435,487	\$ 1,005,928

As of December 31, 2021 and 2020, the actual amount drawn down for endorsements and guarantees to subsidiaries were \$—.

(4) In December 2020, SciAnda (Changshu) Pharmaceuticals, Ltd., a subsidiary of the Group, has been drawn into a construction payment dispute with Jiangsu Qian Construction Group Co., Ltd. The latter has filed for a provisional attachment of part of the Group's bank deposits with the district court. The People's Court of Changshu City in Jiangsu Province has denied the accusation of Jiangsu Qian Construction Group Co., Ltd. in the first instance. However, Jiangsu Qian Construction Group Co., Ltd. appealed and moved for an extension of provisional attachment until November 29, 2022. As of December 31, 2021, bank deposits totaling \$48,969 (CNY 11,245 thousand) has been frozen, and listed as "Other financial assets - current".

10. SIGNIFICANT DISASTER LOSS: None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: None.

12. OTHERS

(1) Capital management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, to maintain an optimal capital structure, to reduce the cost of capital and to maintain an adequate capital structure to enable the expansion and enhancement of equipment. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return of capital to shareholders, and issue new shares or sell assets to reduce debts.

(2) Financial instruments

A. Financial instruments

For details of the Group's financial instruments by category, please refer to Note 6.

B. Risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

(b) The Group's treasury identifies, evaluates and hedges financial risks closely with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as use of derivative financial instruments and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge financial risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange rate risk

(i) The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

(ii) To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group are required to hedge their foreign exchange risk exposure using forward foreign exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

(iii) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other subsidiaries' functional currency: CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	\$ 12,820	27.68	\$ 354,858
USD:CNY	542	6.356	3,445
EUR:NTD	37	31.32	1,159
Financial liabilities			
Monetary items			
USD:NTD	233	27.68	6,449
CNY:NTD	734	4.355	3,196
EUR:NTD	78	31.32	2,443

				December 31, 2020	
		Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	14,237	28.48	\$	405,470
USD:CNY		1,116	6.527		7,284
CNY:NTD		61	4.363		266
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD		959	28.48		27,312
EUR:NTD		207	35.02		7,249

(iv) As of December 31, 2021 and 2020, if the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's net profit after tax for the years ended December 31, 2021 and 2020 would increase/decrease by \$13,936 and \$16,395, respectively. If the exchange rate of NTD and CNY to other currencies had appreciated/depreciated by 5% with all other factors remaining constant, the effect on the Group's net profit after tax for the years ended December 31, 2021 and 2020 is immaterial.

(v) Total exchange loss including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to \$7,914 and \$31,261, respectively.

II. Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio and set stop-loss amounts for these instruments. The Group expects no significant market risk.

III. Cash flow and fair value interest rate risk

- (i) The Group's main interest rate risk arises from short-term borrowings with variable rates and exposes the Group to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in USD.
- (ii) The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(iii) If the borrowing interest rates had increased/decreased by 10% with all other variables held constant, the effect on post-tax profit for the years ended December 31, 2021 and 2020 is immaterial.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- II. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- III. The Group adopts the following assumption under IFRS 9: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- IV. The Group manages its credit risk, whereby if the contract payments are past due over 180 days based on the terms, there has been impairment.
- V. The Group classifies customers' accounts receivable in accordance with the credit rating of the customer and credit risk on trade. The Group applies the simplified approach using the provision matrix to estimate expected credit loss, and use the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the years ended December 31,	
	2021	2020
At January 1	\$ 39	\$ 258
Expected credit losses (Gain on reversal)	124	(219)
At December 31	\$ 163	\$ 39

(c) Liquidity risk

- I. Cash flow forecasting is performed by the Group's treasury department which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. The Group has undrawn borrowing facilities amounting to \$5,012,016 and \$5,512,050 as of December 31, 2021 and 2020, respectively.

III. The following table comprises the Group's non-derivative financial liabilities and derivative financial liabilities with gross-amount settlement that are grouped by their maturity. Non-derivative financial liabilities are analysed from the balance sheet date to the contract maturity date, and derivative financial liabilities are analysed from the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:					
Notes payable	\$ 1,172	\$ -	\$ -	\$ -	\$ -
Accounts payable	69,690	-	-	-	-
Other payables	325,816	-	-	-	-
Lease liabilities	16,261	15,237	45,712	639,963	
Guarantee deposits received	-	3,648	-	-	-
	December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:					
Short-term borrowings	\$ 9,500	\$ -	\$ -	\$ -	\$ -
Notes payable	1,173	-	-	-	-
Accounts payable	159,671	-	-	-	-
Other payables	362,821	-	-	-	-
Lease liabilities	16,599	16,259	45,712	655,200	
Guarantee deposits received	-	1,300	-	-	-
Derivative financial liabilities:					
Forward exchange	2,172	-	-	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, other financial assets - current, guarantee deposits paid, other financial assets - non-current, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits received are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

	December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Derivative instruments	\$ _____ -	\$ 1,742	\$ _____ -	\$ 1,742	
Financial assets at fair value through other comprehensive income					
Equity securities	\$ _____ -	\$ _____ -	\$ 185,796	\$ 185,796	
December 31, 2020	Level 1	Level 2	Level 3	Total	
Assets:					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through other comprehensive income					
Equity securities	\$ 188,160	\$ _____ -	\$ 119,955	\$ 308,115	
Liabilities:					
<u>Recurring fair value measurements</u>					
Financial liabilities at fair value through profit or loss					
Derivative instruments	\$ _____ -	\$ 2,172	\$ _____ -	\$ 2,172	

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as its fair values (that is, Level 1) is listed below by characteristics:

Market quoted price	<u>Listed shares</u> <u>Closing price</u>
---------------------	--

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) Forward foreign exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	For the years ended December 31,	
	2021	2020
	Equity instrument	Equity instrument
At January 1	\$ 119,955	\$ 143,458
Gain (loss) recognised in other comprehensive income	65,841	(23,503)
At December 31	<u>\$ 185,796</u>	<u>\$ 119,955</u>

G. For the years ended December 31, 2021 and 2020, there was no transfer in (out) Level 3.

H. The Group's valuation procedures for fair value measurements is categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently assess to make any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 185,796	Net asset value	Not applicable	—	The higher the net asset value, the higher the fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 119,955	Net asset value	Not applicable	—	The higher the net asset value, the higher the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. If the net assets value increased or decreased by 1% for Level 3, the effect on other comprehensive income for the years ended December 31, 2021 and 2020 is immaterial.

(4) Others

In response to the impact of the COVID-19 pandemic and the government's various pandemic prevention programs, the Group has implemented measures related to work place sanitation management, continued to manage related matters and implemented a staggered work schedule to operate all its plants and management units in cooperation with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)". There were no significant adverse effects on the Group's operations.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2021.

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 1 and table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Company's Chief Operating Decision-Maker regularly reviews information in order to make decisions. The Chief Operating Decision-Maker manages the Group's business from geographical and functional perspectives. Geographically, the Group focuses on its sales business in the U.S., Europe and Asia. In addition, the Group categorized its business units into manufacture, sales, research and development and investment management functions, and combines its segments that meet the disclosure threshold as "Others".

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pre-tax income excluding non-recurring income. For details of operating segments' accounting policies, please refer to Note 4.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the year ended December 31, 2021			
	ScinoPharm	SciAnda (Changshu)		
	Taiwan, Ltd.	Pharmaceuticals Ltd.	Others	Total
Segment revenue	\$ 2,642,830	\$ 482,177	\$ 25,988	\$ 3,150,995
Revenue from internal customers	29,881	347,270	11,509	388,660
Revenue from external customers	2,612,949	134,907	14,479	2,762,335
Interest income	16,100	3,185	95	19,380
Depreciation and amortisation	274,180	106,601	751	381,532
Interest expense	6,486	62	-	6,548
Income (loss) from segment before income tax	399,881	(88,196)	704	312,389
Segment assets	10,042,223	1,717,580	23,081	11,782,884
Other acquisition of non-current assets	212,767	76,932	2,046	291,745
Segment liabilities	1,111,010	83,616	2,867	1,197,493

	For the year ended December 31, 2020			
	ScinoPharm	SciAnda (Changshu)		
	Taiwan, Ltd.	Pharmaceuticals Ltd.	Others	Total
Segment revenue	\$ 3,046,220	\$ 440,660	\$ 17,266	\$ 3,504,146
Revenue from internal customers	18,393	390,895	11,930	421,218
Revenue from external customers	3,027,827	49,765	5,336	3,082,928
Interest income	21,043	6,332	33	27,408
Depreciation and amortisation	285,822	107,153	222	393,197
Interest expense	7,072	8,094	-	15,166
Income (loss) from segment before income tax	457,502	(95,419)	(73)	362,010
Segment assets	10,095,826	1,842,819	20,735	11,959,380
Other acquisition of non-current assets	170,086	23,879	690	194,655
Segment liabilities	1,247,518	117,051	1,175	1,365,744

(4) Reconciliation for segment

A. The sales between segments were at arms' length. The external revenues reported to the Chief Operating Decision-Maker adopt the same measurement basis for revenues in the statement of comprehensive income. The reconciliations of pre-tax income between reportable segments and continuing operations were as follows:

	For the years ended December 31,	
	2021	2020
Reportable segments profit before income tax	\$ 311,685	\$ 362,083
Other segments income (loss) before income tax	704 (73)	
Internal segments transaction elimination	(10,103) (3,505)	
Profit before income tax	<u>\$ 302,286</u>	<u>\$ 358,505</u>

B. The amount of total assets provided to the Chief Operating Decision-Maker adopts the same measurement for assets in the Group's financial statements. A reconciliation of assets of reportable segments and total assets is as follows:

	December 31, 2021	December 31, 2020
Assets of reportable segments	\$ 11,759,803	\$ 11,938,645
Assets of other operating segments	23,081	20,735
Internal segment transaction elimination	(91,708) (112,617)	
Total assets	<u>\$ 11,691,176</u>	<u>\$ 11,846,763</u>

C. The amount of total liabilities provided to the Chief Operating Decision-Maker adopts the same measurement for liabilities in the Group's financial statements. A reconciliation of liabilities of reportable segments and total liabilities is as follows:

	December 31, 2021	December 31, 2020
Liabilities of reportable segments	\$ 1,194,626	\$ 1,364,569
Liabilities of other operating segments	2,867	1,175
Internal segment transaction elimination	(17,371) (48,384)	
Total liabilities	<u>\$ 1,180,122</u>	<u>\$ 1,317,360</u>

(5) Information on product and service

The Group is engaged in the research and development and manufacture of API, as well as the provision of related consulting and technical services. The reconciliations of total segment and operating revenue were as follows:

	For the years ended December 31,	
	2021	2020
Revenue from sales of API products	\$ 2,581,946	\$ 2,798,310
Revenue from sales of injection products	36,960	146,322
Revenue from technical services	110,099	98,675
Others	33,330	39,621
	<u>\$ 2,762,335</u>	<u>\$ 3,082,928</u>

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Non-current		Non-current	
	Revenue	assets	Revenue	assets
Asia	\$ 999,188	\$ 1,224,310	\$ 761,570	\$ 1,254,874
USA	766,061	-	579,035	-
Europe	583,052	-	1,192,614	-
India	227,801	-	358,419	-
Taiwan	110,039	3,667,778	129,013	3,728,618
Others	76,194	-	62,277	-
	<u>\$ 2,762,335</u>	<u>\$ 4,892,088</u>	<u>\$ 3,082,928</u>	<u>\$ 4,983,492</u>

(7) Major customer information

Major customer (individually over 10% of consolidated operating revenue) information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Revenue	Segment	Revenue	Segment
A	\$ 622,585	ScinoPharm Tawian, Ltd.	\$ 400,924	ScinoPharm Tawian, Ltd.
B	565,420	ScinoPharm Tawian, Ltd.	399,901	ScinoPharm Tawian, Ltd.
C	60,037	ScinoPharm Tawian, Ltd.	355,067	ScinoPharm Tawian, Ltd.
	<u>\$ 1,248,042</u>		<u>\$ 1,155,892</u>	

Appendix B

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS'
REPORT
DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ScinoPharm Taiwan, Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of ScinoPharm Taiwan, Ltd. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Occurrence of sales revenues from API and injection products

Description

Refer to Note 4(28) for accounting policy on revenue recognition and Note 6(18) for accounting items on revenue.

The Company's sales revenue mainly arises from the manufacture and sales of Active Pharmaceutical Ingredient ("API") and injection products. The Company's customers come from Taiwan, Asia, Europe and America. Since the volume and amount of transactions are significant, we considered the occurrence of sales revenue from API and injection products a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in response to the above key audit matter:

1. We evaluated internal control system that was designed and implemented by management in reviewing customers' credit, and tested whether the counterparty and the credit valuation documents have been properly approved.
2. We sampled transaction details and supporting documents for consistency from transaction counterparties who have higher turnover growth.
3. We sent confirmation letters for significant transaction counterparties, ensuring the responses and account records were consistent with customers' data, and evaluated the reasonableness on the difference between the responses and the account records.

Inventory valuation

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied in inventory valuation, and Note 6(4) for details of inventories. As at December 31, 2021, the balances of inventory and allowance for inventory valuation losses were \$1,521,193 thousand and \$298,162 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of API. Due to the complex manufacturing process, long lead time in materials preparation and uncertain product registration timing before market launch, there is a higher risk of incurring loss on inventory valuation. For inventories sold under normal terms, the Company measures inventories at the lower of cost and net realisable value. For inventories ageing over a certain period of time or are individually identified as obsolete inventories, the net realisable value is calculated based on the historical information of inventory turnover. Since the

calculation of net realisable value involves subjective judgement and the ending balance of inventory is material to the financial statements, we considered the valuation of inventory a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in response to the above key audit matter:

1. We compared the financial statements to ascertain whether the provision policy on allowance for inventory valuation losses has been consistently applied and assessed the reasonableness of the provision policy.
2. We understood the inventory management process, observing annual physical counts to assess the effectiveness of management's classification and controls over obsolete and slow-moving inventory.
3. We checked the accuracy of inventory aging report and sampled inventories for those lately changed before the balance sheet date in order to compute the accuracy of inventory aging range; and evaluated whether the older inventories were obsolete.
4. We sampled the computation of net realisable value of individual inventory and compared with account records.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

auditors' 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 generally accepted auditing standards in 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 parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the parent company only 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 parent company only 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.

Lin, Yung-Chih

Independent Accountants

Liu, Tzu-Meng

PricewaterhouseCoopers, Taiwan

Republic of China

February 25, 2022

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

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

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,968,726	34	\$ 3,879,691	33
1110	Financial assets at fair value through profit or loss - current	6(2)	1,742	-	-	-
1170	Accounts receivable, net	6(3) and 12	352,844	3	379,411	3
1200	Other receivables		8,124	-	17,569	-
1210	Other receivables - related parties	7	4,146	-	6,348	-
1220	Current income tax assets	6(25)	-	-	8,969	-
130X	Inventories	5 and 6(4)	1,223,031	11	1,134,947	10
1410	Prepayments		82,557	1	96,841	1
11XX	Total current assets		5,641,170	49	5,523,776	47
Non-current assets						
1517	Financial assets at fair value through other comprehensive income	6(5)				
	- non-current		185,796	2	308,115	3
1550	Investments accounted for using equity method	6(6)	1,579,841	14	1,681,095	14
1600	Property, plant and equipment	6(7)(9)	2,954,902	25	3,053,564	26
1755	Right-of-use assets	6(8)	546,885	5	559,847	5
1780	Intangible assets		2,903	-	6,885	-
1840	Deferred income tax assets	6(25)	517,203	4	505,018	4
1915	Prepayments for equipment		163,088	1	108,322	1
1920	Guarantee deposits paid		1,006	-	1,029	-
1980	Other financial assets - non-current	8	29,270	-	29,270	-
15XX	Total non-current assets		5,980,894	51	6,253,145	53
1XXX	Total assets		\$ 11,622,064	100	\$ 11,776,921	100

(Continued)

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ -	-	\$ 9,494	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	2,172	-
2130	Contract liabilities - current	6(18)	49,730	-	47,518	-
2150	Notes payable		1,172	-	1,173	-
2170	Accounts payable		55,815	1	126,820	1
2180	Accounts payable - related parties	7	9,359	-	36,598	-
2200	Other payables	6(11) and 7	282,491	2	308,560	3
2230	Current income tax liabilities	6(25)	71,165	1	67,969	1
2280	Lease liabilities - current		16,165	-	16,500	-
2310	Advance receipts		1,740	-	-	-
21XX	Total current liabilities		<u>487,637</u>	<u>4</u>	<u>616,804</u>	<u>5</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	348	-	-	-
2580	Lease liabilities - non-current		540,266	5	550,182	5
2640	Net defined benefit liabilities	6(12)	79,546	1	79,232	1
2645	Guarantee deposits received		3,213	-	1,300	-
25XX	Total non-current liabilities		<u>623,373</u>	<u>6</u>	<u>630,714</u>	<u>6</u>
2XXX	Total liabilities		<u>1,111,010</u>	<u>10</u>	<u>1,247,518</u>	<u>11</u>
Equity						
Share capital						
3110	Common stock	6(13)	7,907,392	68	7,907,392	67
3200	Capital surplus	6(14)(15)	1,294,689	11	1,294,689	11
	Retained earnings	6(5)(16)				
3310	Legal reserve		679,074	6	634,265	5
3320	Special reserve		33,043	-	67,825	1
3350	Unappropriated earnings		657,981	6	658,275	6
3400	Other equity interest	6(5)(6)(17)	(61,125)	(1)	(33,043)	(1)
3XXX	Total equity		<u>10,511,054</u>	<u>90</u>	<u>10,529,403</u>	<u>89</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	Total liabilities and equity		<u>\$ 11,622,064</u>	<u>100</u>	<u>\$ 11,776,921</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$ 2,642,830	100	\$ 3,046,220	100
5000 Operating costs	6(4)(12)(23)(24) and 7	(1,388,306)	(53)	(1,758,472)	(58)
5900 Net operating margin		<u>1,254,524</u>	<u>47</u>	<u>1,287,748</u>	<u>42</u>
Operating expenses	6(12)(23)(24), 7 and 12				
6100 Selling expenses		(157,715)	(6)	(175,267)	(5)
6200 General and administrative expenses		(454,716)	(17)	(455,460)	(15)
6300 Research and development expenses		(265,162)	(10)	(206,364)	(7)
6450 (Expected credit losses) impairment gains		(1)	-	197	-
6000 Total operating expenses		(877,594)	(33)	(836,894)	(27)
6900 Operating profit		<u>376,930</u>	<u>14</u>	<u>450,854</u>	<u>15</u>
Non-operating income and expenses					
7100 Interest income	6(19)	16,100	-	21,043	-
7010 Other income	6(20) and 7	21,612	1	29,164	1
7020 Other gains and losses	6(2)(7)(9)(21) and 12	(8,275)	-	(36,487)	(1)
7050 Finance costs	6(8)(22)	(6,486)	-	(7,072)	-
7070 Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)				
7000 Total non-operating income and expenses		(97,617)	(4)	(104,620)	(4)
7900 Profit before income tax		<u>74,666</u>	<u>3</u>	<u>97,972</u>	<u>4</u>
7950 Income tax expense	6(25)	(302,264)	11	(352,882)	11
8200 Profit for the year		<u>(58,793)</u>	<u>2</u>	<u>(70,815)</u>	<u>2</u>
		<u>\$ 243,471</u>	<u>9</u>	<u>\$ 282,067</u>	<u>9</u>
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Actuarial (losses) gains on defined benefit plan	6(12)	(\$ 2,509)	-	\$ 2,369	-
8316 Unrealised gains from equity instruments measured at fair value through other comprehensive income	6(5)(17)				
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	139,194	5	176,406	6
		502	-	(473)	-
Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(6)(17)	(3,637)	-	22,506	1
8300 Total other comprehensive income for the year		<u>\$ 133,550</u>	<u>5</u>	<u>\$ 200,808</u>	<u>7</u>
8500 Total comprehensive income for the year		<u>\$ 377,021</u>	<u>14</u>	<u>\$ 482,875</u>	<u>16</u>
Earnings per share (in dollars)	6(26)				
9750 Basic		\$ 0.31		\$ 0.36	
9850 Diluted		<u>\$ 0.31</u>		<u>\$ 0.36</u>	

The accompanying notes are an integral part of these parent company only financial statements.

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital - common stock	Retained Earnings					Other Equity Interest			Total equity
		Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Year ended December 31, 2020										
Balance at January 1, 2020	\$ 7,907,392	\$ 1,294,605	\$ 612,600	\$ 22,829	\$ 490,344	(\$ 98,117)	\$ 30,291	\$ 10,259,944		
Net income for the year	-	-	-	-	282,067	-	-	282,067		
Other comprehensive income for the year	6(5)(6)(17)	-	-	-	1,896	22,506	176,406	200,808		
Total comprehensive income		-	-	-	283,963	22,506	176,406	482,875		
Distribution of 2019 net income:										
Legal reserve		-	-	21,665	-	(21,665)	-	-		
Special reserve		-	-	-	44,996	(44,996)	-	-		
Cash dividends	6(16)	-	-	-	-	(213,500)	-	(213,500)		
Employee stock option compensation cost	6(14)(15)	-	84	-	-	-	-	-	84	
Disposal of equity instruments at fair value through other comprehensive income	6(5)(17)	-	-	-	164,129	-	(164,129)	-		
Balance at December 31, 2020	\$ 7,907,392	\$ 1,294,689	\$ 634,265	\$ 67,825	\$ 658,275	(\$ 75,611)	\$ 42,568	\$ 10,529,403		
Year ended December 31, 2021										
Balance at January 1, 2021	\$ 7,907,392	\$ 1,294,689	\$ 634,265	\$ 67,825	\$ 658,275	(\$ 75,611)	\$ 42,568	\$ 10,529,403		
Net income for the year	-	-	-	-	243,471	-	-	243,471		
Other comprehensive income (loss) for the year	6(5)(6)(17)	-	-	-	(2,007)	(3,637)	139,194	133,550		
Total comprehensive income (loss)		-	-	-	241,464	(3,637)	139,194	377,021		
Distribution of 2020 net income:										
Legal reserve		-	-	44,809	-	(44,809)	-	-		
Cash dividends	6(16)	-	-	-	-	(395,370)	-	(395,370)		
Reversal of special reserve		-	-	(34,782)	34,782	-	-	-		
Disposal of equity instruments at fair value through other comprehensive income	6(5)(17)	-	-	-	163,639	-	(163,639)	-		
Balance at December 31, 2021	\$ 7,907,392	\$ 1,294,689	\$ 679,074	\$ 33,043	\$ 657,981	(\$ 79,248)	\$ 18,123	\$ 10,511,054		

The accompanying notes are an integral part of these parent company only financial statements.

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 302,264	\$ 352,882
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on valuation of financial assets and liabilities at fair value through profit or loss		(3,914)	5,092
Expected credit loss (impairment gain)	12	1 (197)	197
Reversal of allowance for loss on inventory market price decline	6(4)	(15,657)	74,623
Provision for obsolescence of supplies		477	3,312
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	97,617	104,620
Depreciation of property, plant and equipment	6(7)(23)	256,453	266,984
Depreciation of right-of-use assets	6(8)(23)	12,968	12,794
Property, plant and equipment transferred to loss	6(7)(21)	-	11,900
(Gain) loss on disposal of property, plant and equipment	6(21)	(89)	2,587
Gain on reversal of impairment loss	6(7)(9)(21)	(1,382)	(4,253)
Amortisation	6(23)	4,759	6,044
Employee stock option compensation cost	6(14)(15)	-	84
Interest income	6(19)	(16,100)	(21,043)
Interest expense	6(22)	6,486	7,072
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		26,566	183,642
Other receivables		8,334	(6,147)
Other receivables - related parties		2,202	(651)
Inventories		(72,427)	40,371
Prepayments		13,807	7,349
Changes in operating liabilities			
Contract liabilities - current		2,212	729
Notes payable		(1)	(180)
Accounts payable		(71,005)	33,177
Accounts payable - related parties		(27,239)	(8,919)
Other payables		(11,282)	11,456
Advance receipts		1,740	-
Net defined benefit liabilities - non-current		(2,195)	(581)
Cash inflow generated from operations		514,595	933,501
Interest received		17,211	19,739
Income tax received		9,233	-
Interest paid		(6,486)	(7,072)
Income tax paid		(67,196)	(3,975)
Net cash flows from operating activities		<u>467,357</u>	<u>942,193</u>

(Continued)

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value	6(5)		
through other comprehensive income		\$ 261,513	\$ 283,501
Cash paid for acquisition of property, plant and equipment	6(27)	(113,429)	(64,529)
Proceeds from disposal of property, plant and equipment		904	124
Acquisition of intangible assets		(777)	(2,310)
Increase in prepayments for equipment		(113,348)	(91,435)
Decrease in guarantee deposits paid		<u>23</u>	<u>4,215</u>
Net cash flows from investing activities		<u>34,886</u>	<u>129,566</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(28)	(9,494)	9,494
Repayment of the principal portion of lease liabilities	6(28)	(10,257)	(9,772)
Increase in guarantee deposits received	6(28)	1,913	1,300
Payment of cash dividends	6(16)	(395,370)	(213,500)
Net cash flows used in financing activities		(413,208)	(212,478)
Net increase in cash and cash equivalents		89,035	859,281
Cash and cash equivalents at beginning of year	6(1)	<u>3,879,691</u>	<u>3,020,410</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 3,968,726</u>	<u>\$ 3,879,691</u>

The accompanying notes are an integral part of these parent company only financial statements.

SCINOPHARM TAIWAN, LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) ScinoPharm Taiwan, Ltd. (the Company) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 11, 1997. The Company is primarily engaged in the manufacture of western medicines and other chemical materials, biological technology services, intellectual property rights, international trade and research, development and manufacture of Active Pharmaceutical Ingredients (API), albumin medicines, oligonucleotide medicines, peptide medicines, injections and new small molecule drugs, as well as the provision of related consulting and technical services.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since September 2011.

(3) Uni-President Enterprises Corp., the Company's ultimate parent company, holds 37.94% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 25, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)
New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (IASB)
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9—comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance

with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in NTD, which is the Company’s functional and presentation currency.

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “other gains and losses”.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

- A. Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.
- B. Time deposits and bills under repurchase agreements that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities

which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the net realisable value the amount of any write-down of inventories is recognised as cost of sales during the period; and the amount of any reversal of inventory write-down is recognised as a reduction in the cost of sales during the period.

(12) Investments accounted for using equity method - subsidiaries

- A. A subsidiary is an entity where the Company has the right to dominate its finance and operating policies (including special purpose entities), normally the Company owns more than 50% of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's non-consolidated financial statements.
- B. Unrealised gains or losses resulting from inter-company transactions with subsidiaries are eliminated. To meet the consistency of accounting policies of the Company, necessary adjustments are made to the accounting policies of the subsidiaries.
- C. After acquisition of subsidiaries, the Company recognises proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognise its share in the subsidiary's loss proportionately.
- D. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Estimated useful lives			
Buildings and structures	2	~	35	years
Machinery and equipment	2	~	12	years
Transportation equipment	2	~	5	years
Office equipment	2	~	9	years
Other equipment	2	~	19	years

(14) Intangible assets

Professional skills and computer software, etc. are stated at cost and amortized on a straight-line basis over its estimated useful life of 3 ~ 5 years.

(15) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost of under the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of right-of-use assets to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. The increased carrying amount due to reversal should not exceed the depreciated or amortized historical cost if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. At initial recognition, the Company measures financial guarantee contracts at fair value and subsequently at the higher of amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognised.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations. .

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise, and recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Company calculates the number of shares based on the closing market price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are

resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells API, intermediates, etc. Sales are recognised when control of the products has transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue is recognised based on the price specified in the contract, net of the sales returns and discounts. Accumulated experience is used to estimate and provide for the sales returns and discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

- (a) The Company provides technology development and consultation services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the service rendered up to the end of the reporting period as a proportion of the total services to be provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs (mainly comprised of sales commissions) of obtaining a contract as an expense

when incurred although the Company expects to recover those costs.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical accounting judgements, estimates and key sources of assumption uncertainty

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgments and estimates. As the manufacturing process is long and complex, causing longer materials lead time, the waiting period for product registration is long, and the timing of customers' product launch may be deferred, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2021, the carrying amount of inventories was \$1,223,031.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash:		
Cash on hand	\$ 30	\$ 30
Checking accounts and demand deposits	<u>73,500</u>	<u>56,264</u>
	<u>73,530</u>	<u>56,294</u>
Cash equivalents:		
Time deposits	3,475,500	3,593,500
Bills under repurchase agreements	<u>419,696</u>	<u>229,897</u>
	<u>3,895,196</u>	<u>3,823,397</u>
	<u><u>\$ 3,968,726</u></u>	<u><u>\$ 3,879,691</u></u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Details of the Company's time deposits pledged to others as collateral (listed as 'Other financial assets - non-current') as of December 31, 2021 and 2020 are provided in Note 8.

(2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets (liabilities) mandatorily measured at fair value through profit or loss		
Derivatives	\$ 1,742	(\$ 2,172)
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 4,620	\$ 4,620
Valuation adjustment	(4,620)	(4,620)
	\$ -	\$ -

- A. The Company recognised net gain of \$936 and \$2,295 on financial assets at fair value through profit or loss (listed as "Other gains and losses") for the years ended December 31, 2021 and 2020, respectively.
- B. The Company entered into contracts relating to derivative financial liabilities which were not accounted for under hedge accounting. The information is listed below (Units in thousands of currencies indicated):

Items	December 31, 2021	
Items	Contract amount	Contract period
Forward foreign exchange contracts	USD 11,579	11.2021~3.2022
December 31, 2020		
Items	Contract amount	Contract period
Forward foreign exchange contracts	USD 11,545	11.2020~4.2021

The Company entered into forward foreign contracts to hedge exchange rate risk of operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

- C. The Company has no financial assets at fair value through profit or loss pledged to others as of December 31, 2021 and 2020.

(3) ACCOUNTS RECEIVABLE, NET

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 352,884	\$ 379,450
Less: Loss allowance	(40)	(39)
	<u>\$ 352,844</u>	<u>\$ 379,411</u>

A. The ageing analysis of accounts receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 310,978	\$ 341,719
Less than 30 days	33,962	29,608
Between 31 to 90 days	7,944	8,123
	<u>\$ 352,884</u>	<u>\$ 379,450</u>

The above ageing analysis is based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable arose from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$563,092.

C. As of December 31, 2021 and 2020, the Company does not hold any collateral as security.

D. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable is the book value.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) INVENTORIES

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for market price decline</u>	<u>Book value</u>
Raw materials	\$ 241,239	(\$ 53,797)	\$ 187,442
Supplies	33,716	(771)	32,945
Work in process	474,521	(69,634)	404,887
Finished goods	771,717	(173,960)	597,757
	<u>\$ 1,521,193</u>	<u>(\$ 298,162)</u>	<u>\$ 1,223,031</u>

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for market price decline</u>	<u>Book value</u>
Raw materials	\$ 370,211	(\$ 53,175)	\$ 317,036
Supplies	28,370	(2,576)	25,794
Work in process	362,983	(74,384)	288,599
Finished goods	687,202	(183,684)	503,518
	<u>\$ 1,448,766</u>	<u>(\$ 313,819)</u>	<u>\$ 1,134,947</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2021	2020
Cost of goods sold	\$ 1,223,586	\$ 1,617,302
Loss on inventory scrap	9,088	43,508
Loss on physical inventory	709	519
Under applied manufacturing overhead	140,722	137,181
Reversal of allowance for inventory market price decline (Note)	(15,657)	(74,623)
Revenue from sale of scraps	(6,617)	(1,773)
Total cost of goods sold	\$ 1,351,831	\$ 1,722,114

Note: Because the inventories, which were previously provisioned for loss from decline in market value, were subsequently sold, scrapped or reinputted in production and related research and development projects in 2021 and 2020, the Company reversed the allowance for market price decline which was recognised as reduction of cost of goods sold.

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

Items	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	\$ -	\$ 97,874
Unlisted stocks	167,673	167,673
	167,673	265,547
Valuation adjustment	18,123	42,568
	185,796	308,115

- A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments is the book value as at December 31, 2021 and 2020.
- B. Due to the change in investment strategies, the Company sold \$261,513 and \$283,501 of equity instruments at fair value resulting in cumulative gain on disposal of \$163,639 and \$164,129 which was reclassified to retained earnings during the years ended December 31, 2021 and 2020, respectively.

C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	For the years ended December 31,	
	2021	2020
Fair value change recognised in other comprehensive income	\$ 139,194	\$ 176,406
Cumulative gains reclassified to retained earnings due to derecognition	\$ 163,639	\$ 164,129

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2021 and 2020.

(6) INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	For the years ended December 31,	
	2021	2020
At January 1	\$ 1,681,095	\$ 1,763,209
Share of profit or loss of investments accounted for using equity method	(97,617) (104,620)	
Changes in other equity items	(3,637) 22,506	
At December 31	<u>\$ 1,579,841</u>	<u>\$ 1,681,095</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries:		
SPT International, Ltd.	\$ 1,579,708	\$ 1,680,970
ScinoPharm Singapore Pte Ltd.	<u>133</u>	<u>125</u>
	<u>\$ 1,579,841</u>	<u>\$ 1,681,095</u>

- A. For information relating to the Company's subsidiaries, please refer to Note 4(3), "Basis of consolidation" of the Company's 2021 consolidated financial statements.
- B. The share of loss of subsidiaries, associates and joint ventures accounted for using equity method amounted to (\$97,617) and (\$104,620) for the years ended December 31, 2021 and 2020, respectively.
- C. As of December 31, 2021 and 2020, the Company has no investment accounted for using equity method pledged as collateral.

(7) PROPERTY, PLANT AND EQUIPMENT

								Construction in progress and equipment before acceptance inspection	
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment			Total	
<u>January 1, 2021</u>									
Cost	\$ 2,526,424	\$ 4,552,076	\$ 17,580	\$ 164,256	\$ 3,956	\$ 1,051,211	\$ 8,315,503		
Accumulated depreciation	(1,183,218)	(3,921,598)	(17,166)	(132,615)	(2,311)	-	(5,256,908)		
Accumulated impairment	-	(5,031)	-	-	-	-	(5,031)		
	<u>\$ 1,343,206</u>	<u>\$ 625,447</u>	<u>\$ 414</u>	<u>\$ 31,641</u>	<u>\$ 1,645</u>	<u>\$ 1,051,211</u>	<u>\$ 3,053,564</u>		
<u>For the year ended December 31, 2021</u>									
At January 1	\$ 1,343,206	\$ 625,447	\$ 414	\$ 31,641	\$ 1,645	\$ 1,051,211	\$ 3,053,564		
Additions	-	3,829	-	-	-	94,813	98,642		
Reclassified from prepayments for equipment	-	-	-	-	-	58,582	58,582		
Reclassified upon completion	16,154	67,838	-	2,397	-	(86,389)	-		
Depreciation charge	(102,227)	(142,493)	(225)	(11,366)	(142)	-	(256,453)		
Disposals—Cost	-	(25,832)	-	(13,090)	(208)	-	(39,130)		
—Accumulated depreciation	-	25,017	-	13,090	208	-	38,315		
Gain on reversal of impairment loss	-	1,382	-	-	-	-	1,382		
At December 31	<u>\$ 1,257,133</u>	<u>\$ 555,188</u>	<u>\$ 189</u>	<u>\$ 22,672</u>	<u>\$ 1,503</u>	<u>\$ 1,118,217</u>	<u>\$ 2,954,902</u>		
<u>December 31, 2021</u>									
Cost	\$ 2,542,578	\$ 4,597,911	\$ 17,580	\$ 153,563	\$ 3,748	\$ 1,118,217	\$ 8,433,597		
Accumulated depreciation	(1,285,445)	(4,039,074)	(17,391)	(130,891)	(2,245)	-	(5,475,046)		
Accumulated impairment	-	(3,649)	-	-	-	-	(3,649)		
	<u>\$ 1,257,133</u>	<u>\$ 555,188</u>	<u>\$ 189</u>	<u>\$ 22,672</u>	<u>\$ 1,503</u>	<u>\$ 1,118,217</u>	<u>\$ 2,954,902</u>		

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>January 1, 2020</u>							
Cost	\$ 2,517,741	\$ 4,542,361	\$ 18,851	\$ 171,047	\$ 3,956	\$ 1,013,226	\$ 8,267,182
Accumulated depreciation	(1,078,028)	(3,829,848)	(18,423)	(137,258)	(2,169)	-	(5,065,726)
Accumulated impairment	-	(9,284)	-	-	-	-	(9,284)
	<u>\$ 1,439,713</u>	<u>\$ 703,229</u>	<u>\$ 428</u>	<u>\$ 33,789</u>	<u>\$ 1,787</u>	<u>\$ 1,013,226</u>	<u>\$ 3,192,172</u>
<u>For the year ended December 31, 2020</u>							
At January 1	\$ 1,439,713	\$ 703,229	\$ 428	\$ 33,789	\$ 1,787	\$ 1,013,226	\$ 3,192,172
Additions	-	4,488	-	-	-	71,853	76,341
Reclassified from prepayments for equipment	-	-	-	-	-	63,554	63,554
Reclassified upon completion	8,683	64,001	204	11,473	-	(84,361)	-
Transferred to intangible assets	-	-	-	-	-	(1,161)	(1,161)
Transferred to loss (Note)	-	-	-	-	-	(11,900)	(11,900)
Depreciation charge	(105,190)	(147,813)	(218)	(13,621)	(142)	-	(266,984)
Disposals—Cost	-	(58,774)	(1,475)	(18,264)	-	-	(78,513)
—Accumulated depreciation	-	56,063	1,475	18,264	-	-	75,802
Gain on reversal of impairment loss	-	4,253	-	-	-	-	4,253
At December 31	<u>\$ 1,343,206</u>	<u>\$ 625,447</u>	<u>\$ 414</u>	<u>\$ 31,641</u>	<u>\$ 1,645</u>	<u>\$ 1,051,211</u>	<u>\$ 3,053,564</u>
<u>December 31, 2020</u>							
Cost	\$ 2,526,424	\$ 4,552,076	\$ 17,580	\$ 164,256	\$ 3,956	\$ 1,051,211	\$ 8,315,503
Accumulated depreciation	(1,183,218)	(3,921,598)	(17,166)	(132,615)	(2,311)	-	(5,256,908)
Accumulated impairment	-	(5,031)	-	-	-	-	(5,031)
	<u>\$ 1,343,206</u>	<u>\$ 625,447</u>	<u>\$ 414</u>	<u>\$ 31,641</u>	<u>\$ 1,645</u>	<u>\$ 1,051,211</u>	<u>\$ 3,053,564</u>

Note: The Company's custom-made software module did not function as expected and meet the Company's end use during the development process. After internal discussion, the Company has decided to write off the unfinished software, and recognised the costs incurred as losses.

- A. The Company has not capitalised any interest for the years ended December 31, 2021 and 2020.
- B. The Company's property, plant and equipment were owner-occupied for the years ended December 31, 2021 and 2020.
- C. Information about reversal of impairment loss and impairment loss on property, plant and equipment is provided in Note 6(9).
- D. As of December 31, 2021 and 2020, no property, plant and equipment were pledged to others as collateral.

(8) LEASING ARRANGEMENTS – LESSEE

- A. The Company leases land and buildings and structures. Rental contracts are typically made for periods of 50 (including option to extend the leases) and 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less pertain to office premises and low-value assets pertain to computers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	\$ 545,870	\$ 557,484
Buildings and structures	1,015	2,363
	<u>\$ 546,885</u>	<u>\$ 559,847</u>
For the years ended December 31,		
	2021	2020
	Depreciation charge	Depreciation charge
Land	\$ 11,614	\$ 12,457
Buildings and structures	1,354	337
	<u>\$ 12,968</u>	<u>\$ 12,794</u>

- D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Items affecting profit or loss		
Interest expense on lease liabilities	\$ 6,345	\$ 6,900
Expense on short-term lease contracts	871	1,729
Expense on leases of low-value assets	2,038	1,005

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$19,511 and \$19,406, respectively.

(9) IMPAIRMENT OF NON-FINANCIAL ASSETS

A. Some of the idle machineries were again utilised in production and accordingly, the Company recognised the reversal of impairment loss amounting to \$1,382 and \$4,253 for the years ended December 31, 2021 and 2020 (listed as "Other gains and losses"), respectively. For details of accumulated impairment, please refer to Note 6(7).

B. The (gain on reversal of) impairment loss reported by operating segments are as follows:

Department	For the years ended December 31,			
	2021		2020	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
ScinoPharm Taiwan	\$ 1,382	\$ -	\$ 4,253	\$ -

(10) SHORT-TERM BORROWINGS

Type of borrowings	December 31, 2020	Interest rate	Collateral
Bank loans			
Unsecured loans	\$ 9,494	0.79%	None

The Company has no short-term borrowings as of December 31, 2021.

Please refer to Note 6(22) for interest expense recognised in profit or loss for the years ended December 31, 2021 and 2020.

(11) OTHER PAYABLES

	December 31, 2021	December 31, 2020
Accrued salaries and bonuses	\$ 67,473	\$ 64,760
Accrued employees' compensation and directors' remuneration	36,957	43,210
Payables on equipment	25,142	39,929
Others	152,919	160,661
	\$ 282,491	\$ 308,560

(12) PENSIONS

A. The Company has set up a defined benefit pension plan in accordance with the Labor Standards Law, which applies to all regular employees' service years prior to the enforcement of the Labor Pension Act (the "Act") on July 1, 2005 and service years thereafter of employees who chose to continue to be covered under the pension scheme of the Labor Standards Law after the enforcement of the Act. In accordance with the Company's retirement plan, an employee may retire when the employee either (i) attains the age of 55 with 15 years of service, (ii) has more than 25 years of service, (iii) has reached the age of 65, or (iv) is incapacitated to work (compulsory retirement). The employees earn two units for each year of service for the first 15

years, and one unit for each additional year thereafter up to a maximum of 45 units. Any fraction of a year equal to or more than six months shall be counted as one year of service, and any fraction of a year less than six months shall be counted as half a year. According to the provisions, employees who retired due to their duties shall get additional 20%. Pension payments are based on the number of units earned and the average salary of the last six months prior to retirement. Calculation of average salary is in accordance with the Labor Standards Law of the R.O.C. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned methods to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by the end of March next year.

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 101,385	\$ 109,601
Fair value of plan assets	(21,839)	(30,369)
Net defined benefit liability	<u>\$ 79,546</u>	<u>\$ 79,232</u>

(b) Movements in net defined liabilities are as follows:

For the year ended <u>December 31, 2021</u>	Present value of defined benefit obligations		Fair value of plan assets	Net defined benefit liability
	\$	(\$)		
At January 1	\$ 109,601	(\$ 30,369)	\$ 79,232	
Current service cost	559	-	559	
Interest expense (income)	328	(88)	240	
	<u>110,488</u>	<u>(30,457)</u>	<u>80,031</u>	

Remeasurements:

Return on plan assets	- (567)	(567)
Change in demographic assumptions	104	-
Change in financial assumptions	(3,153)	- (3,153)
Experience adjustments	6,125	-
	<u>3,076</u>	<u>(567)</u>
Pension fund contribution	- (2,994)	(2,994)
Paid pension	(12,179)	12,179
At December 31	<u>\$ 101,385</u>	<u>(21,839)</u>
	<u>\$ 79,546</u>	<u>\$ 79,232</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended <u>December 31, 2020</u>			
At January 1	\$ 127,729	(\$ 45,547)	\$ 82,182
Current service cost	1,696	-	1,696
Interest expense (income)	894	(319)	575
	<u>130,319</u>	<u>(45,866)</u>	<u>84,453</u>
Remeasurements:			
Return on plan assets	-	(1,642)	(1,642)
Change in financial assumptions	(17,202)	-	(17,202)
Experience adjustments	16,475	-	16,475
	<u>(727)</u>	<u>(1,642)</u>	<u>(2,369)</u>
Pension fund contribution	-	(2,852)	(2,852)
Paid pension	(19,991)	19,991	-
At December 31	<u>\$ 109,601</u>	<u>(\$ 30,369)</u>	<u>\$ 79,232</u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2021	2020
Discount rate	0.60%	0.30%
Future salary increases	1.00%	1.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th and 5th Mortality Table for the years ended December 31, 2021 and 2020,

respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 2,452)	\$ 2,532	\$ 2,259	(\$ 2,203)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 2,794)	\$ 2,890	\$ 2,585	(\$ 2,516)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

- (e) Expected contributions to the defined benefit pension plan of the Company for 2022 amounted to \$2,927.
- (f) As of December 31, 2021, the weighted average duration of that retirement plan is 10 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 2,277
2~5 years	14,982
Over 6 years	90,345
	\$ 107,604

- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The net pension costs recognised under the defined contribution plan were \$27,170 and \$25,773 for the years ended December 31, 2021 and 2020, respectively.

(13) SHARE CAPITAL

- A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2021	2020
Beginning and ending number of the year	790,739	790,739

B. As of December 31, 2021, the Company's authorised capital was \$10,000,000 and the paid-in capital was \$7,907,392 (790,739 thousand shares) with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(14) CAPITAL RESERVE

A. Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stock and donations shall be exclusively used to cover accumulated deficit or, distribute cash or stocks in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the capital reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Movements in the Company's capital reserve are as follows:

For the year ended December 31, 2021			
	Share premium	Stock options	Total
At January 1	\$ 1,246,972	\$ 47,717	\$ 1,294,689
Employee stock options forfeited			
– Company	7,301	(7,301)	-
At December 31	<u>\$ 1,254,273</u>	<u>\$ 40,416</u>	<u>\$ 1,294,689</u>

For the year ended December 31, 2020			
	Share premium	Stock options	Total
At January 1	\$ 1,245,682	\$ 48,923	\$ 1,294,605
Employee stock options			
compensation cost			
– Company	-	84	84
Employee stock options forfeited			
– Company	1,082	(1,082)	-
– Subsidiaries	208	(208)	-
At December 31	<u>\$ 1,246,972</u>	<u>\$ 47,717</u>	<u>\$ 1,294,689</u>

(15) SHARE-BASED PAYMENT - EMPLOYEES' COMPENSATION

A. The Company issued 1 million units, 1.5 million units and 1.5 million units of employee stock options on December 3, 2013, November 6, 2015 and October 14, 2016, respectively (the Grant Date). The exercise prices of the options were set at \$91.70 (in dollars), \$41.65 dollars (in dollars) and \$40.55 (in dollars), respectively, which were based on the closing market price of the Company's common shares on the Grant Date. Each option was granted the right to purchase one share of the Company's common stocks. The exercise price is subject to further adjustments when there is change in share numbers of the Company's common stocks after the Grant Date. As of December 31, 2021, for the issued 1 million units, 1.5 million units and 1.5 million units of employee stock options, the exercise price was adjusted based on the specific formula to \$73.0 (in dollars) per share, \$36.5 (in dollars) per share and \$37.0 (in dollars) per share, respectively.

Contract period of the employee stock option plans is 10 years, and options are exercisable in 2 years after the Grant Date. The Company recognised compensation cost relating to the employee stock options plan of \$— and \$84 for the years ended December 31, 2021 and 2020, respectively.

B. Details of the share-based payment arrangement are as follows:

	For the year ended December 31, 2021	
	Number of options (unit in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	2,129	\$ 44.90
Options forfeited	(469)	43.62
Options outstanding at end of the year	<u>1,660</u>	44.39
Options exercisable at end of the year	<u>1,660</u>	44.39

	For the year ended December 31, 2020	
	Number of options (unit in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	2,205	\$ 45.05
Options forfeited	(76)	49.15
Options outstanding at end of the year	<u>2,129</u>	44.90
Options exercisable at end of the year	<u>2,129</u>	44.90

C. The expiry date and exercise prices of the employee stock options outstanding at balance sheet date is as follows:

Grant date	Expiry date	December 31, 2021		December 31, 2020	
		No. of stocks (unit in thousands)	Exercise price (in dollars)	No. of stocks (unit in thousands)	Exercise price (in dollars)
12.3.2013	12.2.2023	349	\$ 73.00	427	\$ 74.50
11.6.2015	11.5.2025	586	36.50	776	37.20
10.14.2016	10.13.2026	725	37.00	926	37.70

D. The fair value of the Company's employee stock options on Grant Date was evaluated using the combination of Hull & White and the Ritchken trinomial option valuation model. Related information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Price volatility	Option life	Expected dividends	Interest rate	Fair value per unit (in dollars)
Employee stock options	12.3.2013	\$ 91.70	\$ 91.70	28.50%	10 years	1.5%	1.7145%	\$ 26.045 (Note)
Employee stock options	11.6.2015	41.65	41.65	37.63%	10 years	1.5%	1.2936%	13.799 (Note)
Employee stock options	10.14.2016	40.55	40.55	37.20%	10 years	1.5%	0.9223%	13.171 (Note)

Note: According to daily returns of the Company's stock for the previous year, the annualised volatility is 28.50%, 37.63% and 37.20%, respectively.

(16) RETAINED EARNINGS

- A. Pursuant to the amended R.O.C. Company Act, the current year's after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- B. Since the Company is in a changeable industry environment and the life cycle of the Company is in a stable growth, the appropriation of earnings should consider fund requirements and capital budget to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed.
- C. In accordance with the regulations, the Company shall set aside special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised cash dividends distributed to owners amounting to \$395,370 (\$0.5 (in dollars) per share) and \$213,500 (\$0.27 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On February 25, 2022, the Board of Directors proposed for the distribution of cash dividends of \$379,555 (\$0.48 (in dollars) per share) from 2021 earnings.

(17) OTHER EQUITY ITEMS

For the year ended December 31, 2021			
Unrealised gain (loss)			
	Currency translation	on valuation	Total
At January 1	(\$ 75,611)	\$ 42,568	(\$ 33,043)
Revaluation	-	139,194	139,194
Revaluation transferred to retained earnings	- (	163,639)	(163,639)
Currency translation differences	(3,637)	-	(3,637)
- Group	(3,637)	-	(3,637)
At December 31	<u>(\$ 79,248)</u>	<u>\$ 18,123</u>	<u>(\$ 61,125)</u>

For the year ended December 31, 2020			
Unrealised gain (loss)			
	Currency translation	on valuation	Total
At January 1	(\$ 98,117)	\$ 30,291	(\$ 67,826)
Revaluation	-	176,406	176,406
Revaluation transferred to retained earnings	- (	164,129)	(164,129)
Currency translation differences	22,506	-	22,506
- Group	22,506	-	22,506
At December 31	<u>(\$ 75,611)</u>	<u>\$ 42,568</u>	<u>(\$ 33,043)</u>

(18) OPERATING REVENUE

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time and the rendering of services over time in the following major product lines:

For the year ended December 31, 2021	API Income	Injection Product Income	Technical Service Income	Other Operating Income	Total
Timing of revenue recognition:					
At a point in time	\$ 2,483,409	\$ 36,960	\$ -	\$ -	\$ 2,520,369
Over time	-	-	89,131	33,330	122,461
	<u>\$ 2,483,409</u>	<u>\$ 36,960</u>	<u>\$ 89,131</u>	<u>\$ 33,330</u>	<u>\$ 2,642,830</u>

For the year ended December 31, 2020	API Income	Injection Product Income	Technical Service Income	Other Operating Income	Total
Timing of revenue recognition:					
At a point in time	\$ 2,778,559	\$ 146,322	\$ -	\$ -	\$ 2,924,881
Over time	-	-	81,718	39,621	121,339
	<u>\$ 2,778,559</u>	<u>\$ 146,322</u>	<u>\$ 81,718</u>	<u>\$ 39,621</u>	<u>\$ 3,046,220</u>

B. The Company has recognised contract liabilities related to the contract revenue from advance customer payment of \$49,730, \$47,518 and \$46,789 on December 31, 2021, December 31, 2020 and January 1, 2020, respectively.

C. The revenue recognised that was included in the contract liability balance at the beginning of the year amounted to \$43,369 and \$37,774 for the years ended December 31, 2021 and 2020, respectively.

(19) INTEREST INCOME

	For the years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 16,100	\$ 21,043

(20) OTHER INCOME

	For the years ended December 31,	
	2021	2020
Management service revenue	\$ 10,999	\$ 13,305
Production capacity subsidy income	5,386	7,229
Gains on write-off of past due payable	2,513	5,299
Others	2,714	3,331
	<u>\$ 21,612</u>	<u>\$ 29,164</u>

(21) OTHER GAINS AND LOSSES

	For the years ended December 31,	
	2021	2020
Net gain on financial assets/liabilities at fair value through profit or loss	\$ 936	\$ 2,295
Gain on reversal of impairment loss	1,382	4,253
Gain (loss) on disposal of property, plant and equipment	89 (2,587)	
Net currency exchange loss	(7,450) (23,322)	
Loss on unfinished construction in progress	- (11,900)	
Others	(3,232) (5,226)	
	<u>(\$ 8,275)</u>	<u>(\$ 36,487)</u>

(22) FINANCE COSTS

	For the years ended December 31,	
	2021	2020
Interest expense:		
Bank loans	\$ 141	\$ 172
Interest on lease liabilities	6,345	6,900
	<u>\$ 6,486</u>	<u>\$ 7,072</u>

(23) EXPENSES BY NATURE

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 379,348	\$ 344,006	\$ 723,354
Depreciation of property, plant and equipment	160,398	96,055	256,453
Depreciation of right-of-use assets	-	12,968	12,968
Amortisation	1,053	3,706	4,759
	<u>\$ 540,799</u>	<u>\$ 456,735</u>	<u>\$ 997,534</u>

	For the year ended December 31, 2020		
	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 371,634	\$ 331,227	\$ 702,861
Depreciation of property, plant and equipment	173,227	93,757	266,984
Depreciation of right-of-use assets	-	12,794	12,794
Amortisation	1,684	4,360	6,044
	<u>\$ 546,545</u>	<u>\$ 442,138</u>	<u>\$ 988,683</u>

(24) EMPLOYEE BENEFIT EXPENSES

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Salaries and wages	\$ 319,543	\$ 275,777	\$ 595,320
Labor and health insurance expenses	31,132	23,708	54,840
Pension costs	16,490	11,479	27,969
Directors' compensation	-	17,656	17,656
Other personnel expenses	12,183	15,386	27,569
	<u>\$ 379,348</u>	<u>\$ 344,006</u>	<u>\$ 723,354</u>

	For the year ended December 31, 2020		
	Operating costs	Operating expenses	Total
Salaries and wages	\$ 315,578	\$ 267,818	\$ 583,396
Labor and health insurance expenses	28,420	20,514	48,934
Pension costs	16,000	12,044	28,044
Directors' compensation	-	17,739	17,739
Other personnel expenses	<u>11,636</u>	<u>13,112</u>	<u>24,748</u>
	<u>\$ 371,634</u>	<u>\$ 331,227</u>	<u>\$ 702,861</u>

A. As of December 31, 2021 and 2020, the Company had 688 and 667 employees, including 14 and 13 directors non-employee directors, respectively.

B. For the years ended December 31, 2021 and 2020, the average employee benefit expense were \$1,047 and \$1,048, respectively; while the average wages and salaries were \$883 and \$892, respectively. For the year ended December 31, 2021, the average employee benefit expense increased by 1.01%

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

(a) Remunerations of directors and supervisors include reward, transportation allowance, income from professional practice, and earnings distribution. The rewards of directors and supervisors will be determined by the board of directors, based on authorization by the Company as set in Company rules and regulations, after weighing the degree of their participation in the Company's business operations, the value of their contributions and the rewards of their counterparts in the Company. The distribution of earnings to directors and supervisors, in accordance with Company rules and regulations, will be carried out after being deliberated by the board of directors and ratified by the shareholders during their meeting.

(b) Remunerations of president and vice presidents include regular pay and employee bonus. The regular pay will be determined taking into consideration their contributions to the Company and the average pay level of their respective peers within the Company. The allocation criteria for employee bonus will be based on Company rules and regulations and the allocation will be done after being deliberated by the board of directors and ratified by the shareholders during their meeting.

(c) Employees' compensation including salary, bonus and compensation. Salary shall be paid based on the salary ranges for a particular job grade. Bonus is paid by linking with employees' and departments' target achievement and the Company's operating performance. The allocation criteria for employee bonus will be based on the Company's Articles of Incorporation and the allocation will be done after being proposed to and deliberated by the board of directors and reported to the shareholders during their meeting.

(d) Related remunerations are to be determined in accordance with the contributions to the Company and the remuneration levels of the Company's peers, and the remuneration figures will be revealed in accordance with related rules and regulations of the law.

D. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.

E. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$30,227 and \$35,288, respectively; while directors' remuneration was accrued at \$6,730 and \$7,922, respectively. The aforementioned amounts were recognised in salary expenses. The expenses recognised for each year was accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company. On February 25, 2022, the Board of Directors resolved to distribute employees' compensation and directors' remuneration of \$30,227 and \$6,730, respectively, and the employees' compensation will be distributed in the form of cash.

The actual amount approved at the Board of Directors' meeting for employees' compensation and directors' remuneration for 2020 was \$43,210 which was the same as the estimated amount of recognised in the 2020 financial statements. Information about the appropriation of employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) INCOME TAX

A. Income tax expense

(a) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current income tax:		
Income tax in the current year	\$ 71,849	\$ 68,838
(Over) under provision of prior year's income tax	(1,721)	3,106
Total current tax	<u>70,128</u>	<u>71,944</u>
Deferred income tax:		
Origination and reversal of temporary differences	(11,335)	(1,129)
Income tax expense	<u>\$ 58,793</u>	<u>\$ 70,815</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Remeasurement of defined benefit obligations	<u>(\$ 502)</u>	<u>\$ 473</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2021	2020
Income tax at statutory tax rate	\$ 60,453	\$ 70,577
Effect of items disallowed by tax regulation	1,550	228
Effect of investment tax credits	(1,489)	(3,096)
(Over) under provision of prior year's income tax	(1,721)	3,106
Income tax expense	<u>\$ 58,793</u>	<u>\$ 70,815</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Unrealised loss on inventory market value decline	\$ 62,764	(\$ 3,131)	\$ -	\$ 59,633
Unrealised loss on components and spare parts market value decline	16,865	95	-	16,960
Investment loss	398,677	19,524	-	418,201
Technology know-how	3,626	(3,626)	-	-
Pensions	15,847	(439)	502	15,910
Employee benefits - unused compensated absences	4,865	223	-	5,088
Impairment of assets	1,006	(276)	-	730
Unrealised exchange loss	934	(253)	-	681
Unrealised holding loss on financial liabilities	434	(434)	-	-
	<u>\$ 505,018</u>	<u>\$ 11,683</u>	<u>\$ 502</u>	<u>\$ 517,203</u>
Deferred tax liabilities:				
Temporary differences				
Unrealised gain on financial instruments	\$ -	(\$ 348)	\$ -	(\$ 348)
	<u>\$ 505,018</u>	<u>\$ 11,335</u>	<u>\$ 502</u>	<u>\$ 516,855</u>

For the year ended December 31, 2020

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Unrealised loss on inventory market value decline	\$ 77,688	(\$ 14,924)	\$ -	\$ 62,764
Unrealised loss on components and spare parts market value decline	16,203	662	-	16,865
Investment loss	377,753	20,924	-	398,677
Technology know-how	7,976	(4,350)	-	3,626
Pensions	16,436	(116)	(473)	15,847
Employee benefits - unused compensated absences	4,659	206	-	4,865
Impairment of assets	1,857	(851)	-	1,006
Unrealised exchange loss	1,424	(490)	-	934
Unrealised holding loss on financial liabilities	-	434	-	434
Unrealised loss	187	(187)	-	-
Rent expense	763	(763)	-	-
	<u>\$ 504,946</u>	<u>\$ 545</u>	<u>(\$ 473)</u>	<u>\$ 505,018</u>
Deferred tax liabilities:				
Temporary differences				
Unrealised gain on financial instruments	(\$ 584)	\$ 584	\$ -	\$ -
	<u>(\$ 504,362)</u>	<u>\$ 1,129</u>	<u>(\$ 473)</u>	<u>\$ 505,018</u>

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Authority as of February 25, 2022.

(26) EARNINGS PER SHARE ("EPS")

For the year ended December 31, 2021			
	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)	
<u>Amount after tax</u>			
<u>Basic earnings per share</u>			
Profit attributable to ordinary stockholders	\$ 243,471	790,739	\$ 0.31
<u>Diluted earnings per share</u>			
Profit attributable to ordinary stockholders	\$ 243,471	790,739	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	-	
Employees' compensation	-	1,545	
Profit attributable to ordinary stockholders plus assumed conversion of all dilutive potential ordinary shares	\$ 243,471	792,284	\$ 0.31
For the year ended December 31, 2020			
	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)	
<u>Amount after tax</u>			
<u>Basic earnings per share</u>			
Profit attributable to ordinary stockholders	\$ 282,067	790,739	\$ 0.36
<u>Diluted earnings per share</u>			
Profit attributable to ordinary stockholders	\$ 282,067	790,739	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	-	
Employees' compensation	-	1,450	
Profit attributable to ordinary stockholders plus assumed conversion of all dilutive potential ordinary shares	\$ 282,067	792,189	\$ 0.36

For the years ended December 31, 2021 and 2020, some abovementioned stock options issued are anti-dilutive, therefore they were not included in the EPS calculation.

(27) SUPPLEMENTAL CASH FLOW INFORMATION

A. Investing activities with partial cash payments

	For the years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 98,642	\$ 76,341
Add: Beginning balance of payable on equipment	39,929	28,117
Less: Ending balance of payable on equipment	(25,142)	(39,929)
Cash paid for acquisition of property, plant and equipment	<u>\$ 113,429</u>	<u>\$ 64,529</u>

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2021	2020
(a) Prepayments for equipment reclassified to property, plant and equipment	<u>\$ 58,582</u>	<u>\$ 63,554</u>
(b) Property, plant and equipment reclassified to intangible assets	<u>\$ -</u>	<u>\$ 1,161</u>

(28) CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	\$ 9,494	\$ 566,682	\$ 1,300	\$ 577,476
Changes in cash flow from financing activities	(9,494)	(10,257)	1,913	(17,838)
Changes in other non-cash items	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
At December 31, 2021	<u>\$ -</u>	<u>\$ 556,431</u>	<u>\$ 3,213</u>	<u>\$ 559,644</u>
	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2020	\$ -	\$ 606,034	\$ -	\$ 606,034
Changes in cash flow from financing activities	9,494	(9,772)	1,300	1,022
Changes in other non-cash items	<u>-</u>	<u>(29,580)</u>	<u>-</u>	<u>(29,580)</u>
At December 31, 2020	<u>\$ 9,494</u>	<u>\$ 566,682</u>	<u>\$ 1,300</u>	<u>\$ 577,476</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent and ultimate controlling party of the Company is Uni-President Enterprises Corp.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Uni-President Enterprises Corp.	Ultimate parent company
SciAnda (Changshu) Pharmaceuticals, Ltd.	Subsidiary
ScinoPharm Singapore Pte Ltd.	Subsidiary
SciAnda Shanghai Biochemical Technology, Ltd.	Subsidiary
President Securities Corp.	Associate of ultimate parent company
President Transnet Corp.	Associate of ultimate parent company
President Tokyo Corp.	Associate of ultimate parent company
Mech-President Co., Ltd	Associate of ultimate parent company
President Chain Store Corp.	Associate of ultimate parent company
President Chain Store Tokyo Marketing Corp.	Associate of ultimate parent company
President Information Corp.	Associate of ultimate parent company
Duskin Serve Taiwan Co., Ltd	Associate of ultimate parent company

(3) Significant transactions and balances with related parties

A. Operating revenue:

	For the years ended December 31,	
	2021	2020
Subsidiaries	\$ 29,881	\$ 18,393

The sales prices and credit terms to related parties were the same with third parties. Collections are made in 90 days after shipment of goods.

B. Purchases

	For the years ended December 31,	
	2021	2020
SciAnda (Changshu) Pharmaceuticals, Ltd.	\$ 346,506	\$ 387,725
Subsidiaries	23	52
	<u>\$ 346,529</u>	<u>\$ 387,777</u>

The purchase prices and payment terms from related parties were the same with third parties. Payments are made in 90 days after receipt of goods.

C. Other expenses

	For the years ended December 31,	
	2021	2020
Management service fees:		
– Subsidiaries	\$ 10,526	\$ 11,101
– Ultimate parent company	4,731	4,592
– Associates of ultimate parent company	<u>2,282</u>	<u>2,250</u>
	<u><u>\$ 17,539</u></u>	<u><u>\$ 17,943</u></u>
Other expenses		
– Associates of ultimate parent company	<u>\$ 4,297</u>	<u>\$ 4,382</u>

D. Other revenue

	For the years ended December 31,	
	2021	2020
Management consultancy revenue:		
– Subsidiaries	<u>\$ 10,999</u>	<u>\$ 13,305</u>
Joint loan guarantee revenue:		
– Subsidiaries	<u>\$ 2</u>	<u>\$ 414</u>

E. Other receivables

	December 31, 2021	December 31, 2020
SciAnda (Changshu) Pharmaceuticals, Ltd.	<u>\$ 4,146</u>	<u>\$ 6,348</u>

F. Accounts payable

	December 31, 2021	December 31, 2020
SciAnda (Changshu) Pharmaceuticals, Ltd.	\$ 9,359	\$ 36,565
Subsidiaries	-	33
	<u>\$ 9,359</u>	<u>\$ 36,598</u>

G. Other payables

	For the years ended December 31,	
	2021	2020
Subsidiaries	\$ 3,747	\$ 5,375
Associates of ultimate parent company	1,798	1,077
Parent company	-	377
	<u>\$ 5,545</u>	<u>\$ 6,829</u>

H. Endorsements and guarantees provided to related parties

Details of endorsement and guarantees:

	<u>Nature of suretyship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
SciAnda (Changshu) Pharmaceuticals, Ltd.	Financial gurantee	\$ 435,487	\$ 1,005,928

As of December 31, 2021 and 2020, the actual drawn amount guaranteed by the Company to the subsidiary, was \$—.

(4) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 50,865	\$ 50,853
Post-employment benefits	644	694
Termination benefits	1,394	1,470
Share-based payments	-	20
	<u>\$ 52,903</u>	<u>\$ 53,037</u>

8. PLEDGED ASSETS

Details of the Company's assets pledged as collateral are as follows:

<u>Assets</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Purpose of collateral</u>
Time deposits (Note)	\$ 29,270	\$ 29,270	Customs duty and performance guarantee

Note: Listed as 'Other financial assets - non-current'

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of December 31, 2021 and 2020, the Company's unused letters of credit amounted to \$— and \$7,536, respectively.
- (2) As of December 31, 2021 and 2020, the Company's remaining balance due for construction in progress and prepayments for equipment was \$2,878 and \$1,485, respectively.
- (3) Information about endorsement and guarantee to others is provided in Note 7(3) H.

10. SIGNIFICANT DISASTER LOSS: None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: None.

12. OTHERS

(1) Capital management

The Company's objectives on managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, to maintain an optimal capital structure, to reduce the cost of capital and to maintain an adequate capital structure to enable the expansion and enhancement of equipment. In order to maintain or adjust the capital structure, the

Company may adjust the amount of dividends paid to shareholders, return of capital to shareholders, and issue new shares or sell assets to reduce debts.

(2) Financial instruments

A. Financial instruments

For details of the Company's financial instruments by category, please refer to Note 6.

B. Risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

(b) The Company's treasury identifies, evaluates and hedges financial risks closely with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as use of derivative financial instruments and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge financial risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange rate risk

(i) The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

(ii) To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company is required to hedge its foreign exchange risk exposure using forward foreign exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

(iii) The Company's businesses involve some non-functional currency operations (the Company's functional currency). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				December 31, 2021
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 12,970	27.68	\$ 359,010	
EUR:NTD	37	31.320	1,159	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	585	27.68	16,193	
EUR:NTD	78	31.32	2,443	
CNY:NTD	1,484	4.355	6,463	
				December 31, 2020
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 14,460	28.48	\$ 411,821	
CNY:NTD	61	4.363	266	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	2,243	28.48	63,881	
EUR:NTD	207	35.02	7,249	
CNY:NTD	1,208	4.363	5,271	

(iv) As of December 31, 2021 and 2020, if the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the effect on the Company's net profit after tax for the years ended December 31, 2021 and 2020 would increase/decrease by \$13,713 and \$13,918, respectively. If the exchange rate of NTD to other currencies had appreciated/depreciated by 5% with all other factors remaining constant, the effect on the Company's net profit after tax for the years ended December 31, 2021 and 2020 is immaterial.

(v) Total exchange loss including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to \$7,450 and \$23,322, respectively.

II. Price risk

The Company's equity securities, which are exposed to price risk, are the held financial assets

at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio and set stop-loss amounts for these instruments. The Company expects no significant market risk.

III. Cash flow and fair value interest rate risk

- (i) The Company's main interest rate risk arises from short-term borrowings with variable rates and exposes the Company to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Company's borrowings at variable rate were denominated in USD.
- (ii) The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- (iii) If the borrowing interest rates had increased/decreased by 10% with all other variables held constant, the effect on post-tax profit for the years ended December 31, 2021 and 2020 are immaterial.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- II. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- III. The Company adopts the following assumption under IFRS 9: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- IV. The Company manages its credit risk, whereby if the contract payments are past due over 180 days based on the terms, there has been impairment.
- V. The Company classifies customers' accounts receivable in accordance with credit rating of customer and credit risk on trade. The Company applies the simplified approach using the provision matrix to estimate expected credit loss, and use the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable.

Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the years ended December 31,	
	2021	2020
At January 1	\$ 39	\$ 236
Expected credit losses		
(Gain on reversal)	1	(197)
At December 31	\$ 40	\$ 39

(c) Liquidity risk

- I. Cash flow forecasting is performed by the Company's treasury department which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- II. The Company has undrawn borrowing facilities amounting to \$2,700,960 and \$2,799,066 as of December 31, 2021 and 2020, respectively.
- III. The following table comprises the Company's non-derivative financial liabilities and derivative financial liabilities with gross-amount settlement that are grouped by their maturity. Non-derivative financial liabilities are analysed from the balance sheet date to the contract maturity date, and derivative financial liabilities are analysed from the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Notes payable	1,172	-	-	-
Accounts payable	55,815	-	-	-
Accounts payable - related parties	9,359	-	-	-
Other payables	282,491	-	-	-
Lease liabilities	16,261	15,237	45,712	639,963
Guarantee deposits received	-	3,213	-	-

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 9,500	\$ -	\$ -	\$ -
Notes payable	1,173	-	-	-
Accounts payable	126,820	-	-	-
Accounts payable - related parties	36,598	-	-	-
Other payables	308,560	-	-	-
Lease liabilities	16,599	16,259	45,712	655,200
Guarantee deposits received	-	1,300	-	-
Derivative financial liabilities:				
Forward exchange contracts	2,172	-	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables (including related parties), guarantee deposits paid, other financial assets - non-current, short-term borrowings, notes payable, accounts payable (including related parties), other payables, guarantee deposits received are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Derivative instruments	\$ _____ -	\$ 1,742	\$ _____ -	\$ 1,742
Financial liabilities at fair value through profit or loss				
Equity securities	\$ _____ -	\$ _____ -	\$ 185,796	\$ 185,796
December 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 188,160	\$ _____ -	\$ 119,955	\$ 308,115
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ _____ -	\$ 2,172	\$ _____ -	\$ 2,172

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as its fair values (that is, Level 1) is listed below by characteristics:

Market quoted price	<u>Listed shares</u> Closing price
---------------------	---------------------------------------

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) Forward foreign exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	For the years ended December 31,	
	2021	2020
	Equity instrument	Equity instrument
At January 1	\$ 119,955	\$ 143,458
Gain (loss) recognised in other comprehensive income	65,841	(23,503)
At December 31	\$ 185,796	\$ 119,955

G. For the years ended December 31, 2021 and 2020, there was no transfer in(out) Level 3.

H. The Company's valuation procedures for fair value measurements is categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently assess to make any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 185,796	Net asset value	Not applicable	—	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 119,955	Net asset value	Not applicable	—	The higher the net asset value, the higher the fair value

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. If the net assets value increased or decreased by 1% for Level 3, however, the effect on other comprehensive income for the years ended December 31, 2021 and 2020 is immaterial.

(4) Others

In response to the impact of the COVID-19 pandemic and the government's various pandemic prevention programs, the Group has implemented measures related to work place sanitation management, continued to manage related matters and implemented a staggered work schedule to operate all its plants and management units in cooperation with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)". There were no significant adverse effects on the Company's operations.

13. SUPPLEMENTARY DISCLOSURES

According to current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2021.

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

- A. General information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 1 and 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

Not applicable.

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Description	Amount
Cash:		
Cash on hand		\$ 30
Checking accounts		749
Demand deposits—New Taiwan dollar		30,653
—Foreign Currency	Including USD\$1,468 thousand @27.68	40,630
	Other foreign currency deposits	<u>1,468</u>
		<u>73,530</u>
Cash Equivalents:		
Time deposits—New Taiwan dollar	Maturity date: January 3, 2022 to December 23, 2022 Interest rates: 0.28% ~ 0.815%	3,475,500
Bills under repurchase agreements	Maturity date: January 6, 2022 Interest rates: 0.245%	<u>419,696</u> <u>3,895,196</u> <u>\$ 3,968,726</u>

SCINOPHARM TAIWAN, LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Footnote
Client A	Accounts receivable	\$ 157,827	—
Client B	"	31,833	—
Client C	"	28,619	—
Client D	"	24,063	—
Client E	"	19,091	—
Others (individually less than 5%)	"	<u>91,451</u>	—
		352,884	
Less: Loss allowance		(<u>40</u>)	
		<u>\$ 352,844</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

Items	Amount			Footnote
	Cost	Net realisable value		
Raw materials	\$ 241,239	\$ 267,311		(Note)
Supplies	33,716	34,012		"
Work in process	474,521	567,711		"
Finished goods	771,717	1,301,725		"
	1,521,193	\$ 2,170,759		
Less: Allowance for market price decline	(298,162)			
	\$ 1,223,031			

Note: Please refer to Note 4(11) for the method used in determining net realisable value.

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Name	Beginning balance		Increases		Decreases		Ending balance				
	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Number of shares	Ownership	Amount	Collateral	Footnote
Tanvex Biologics, Inc.	28,800,000	\$ 119,955	-	\$ 65,841	-	\$ -	28,800,000	16.84%	\$ 185,796	None	-
Foresee Pharmaceuticals Co., Ltd.	2,100,000	188,160	-	73,353	(2,100,000)	(261,513)	-	-%	-	"	-
	<u>30,900,000</u>	<u>\$ 308,115</u>	<u>-</u>	<u>\$ 139,194</u>	<u>(2,100,000)</u>	<u>(261,513)</u>	<u>28,800,000</u>		<u>185,796</u>		

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Investees	Beginning balance		Increases		Decreases		Ending balance			Market value or net assets value		
	Number of shares (in thousands)		Number of shares (in thousands)		Number of shares (in thousands)		Number of shares (in thousands)		Ownership	Amount	Unit Price (in dollars)	Total amount
		Amount		Amount		Amount		Amount				Collateral
SPT International, Ltd.	118,525	\$ 1,680,970		-	\$ -	-	-	(\$ 101,262)	100.00%	\$ 1,579,708	\$ 13.96	\$ 1,654,045
ScinoPharm Singapore Pte Ltd.	-	125		-	8	-	-	-	100.00%	133	66.690	133
	118,525	\$ 1,681,095		-	\$ 8	-	(\$ 101,262)	118,525		\$ 1,579,841		\$ 1,654,178

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(7).

SCINOPHARM TAIWAN, LTD.

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(7) for accounts details, and refer to Note 4(13) for the depreciation methods and useful lives of each category.

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - COST
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Items	Beginning balance	Increases	Decreases	Ending balance	Footnote
Land	\$ 585,089	\$ -	\$ -	\$ 585,089	(Note)
Buildings and structures	2,700	6	-	2,706	—
	<u>\$ 587,789</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 587,795</u>	

Note: The increase in the current period is due to the rise of monthly rents in January of 2021.

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - ACCUMULATED
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Items	Beginning balance	Inncreases	Decreases	Ending balance	Footnote
Land	\$ 27,605	\$ 11,614	\$ -	\$ 39,219	—
Buildings and structures	337	1,354	-	1,691	—
	<u>\$ 27,942</u>	<u>\$ 12,968</u>	<u>\$ -</u>	<u>\$ 40,910</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN DEFERRED INCOME TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(25).

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN PREPAYMENTS FOR EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Balance as of January 1, 2021	Additions	Reclassifications (Note)	Balance as of December 31, 2021
Prepayments for equipment	\$ 108,322	\$ 113,348	(\$ 58,582)	\$ 163,088

Note: Transferred to "Property, plant and equipment".

SCINOPHARM TAIWAN, LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(11).

SCINOPHARM TAIWAN, LTD.
STATEMENT OF LEASE LIABILITIES - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Description	Lease period	Discount rate	Amount
Land	—	Rental term from March, 2018 to December, 2068	1.13%	\$ 555,410
Buildings and structures	—	Rental term from October, 2020 to October, 2022	0.79%	1,021
				556,431
			Less: Current portion (	16,165)
				\$ 540,266

SCINOPHARM TAIWAN, LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Quantity	Amount	Footnote
API	27,085 KG	\$ 2,519,043	—
Injection product	16,276 package	36,960	—
Technical services		89,131	—
Other operating revenue		<u>33,330</u>	—
		2,678,464	—
Less: Sales returns and discounts		(<u>35,634</u>)	
Operating revenue		<u>\$ 2,642,830</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Items	Amount
Raw materials, beginning of year	\$ 370,211
Add: Raw materials purchased	545,177
Gains on physical inventory	7
Less: Transferred to expenses	(16,367)
Sale of raw materials	(415)
Raw materials, end of year	(241,239)
Raw materials used during the year	657,374
Supplies, beginning of year	28,370
Add: Supplies purchased	23,467
Gains on physical inventory	14
Less: Transferred to expenses	(4,356)
Supplies, end of year	(33,716)
Supplies used during the year	13,779
Direct labor	169,323
Manufacturing expenses	557,526
Under applied manufacturing overhead	(140,722)
Manufacturing cost	1,257,280
Work in process, beginning of year	362,983
Add: Work in process purchased	84,497
Less: Losses on physical inventory	(87)
Transferred to expenses	(4,701)
Sale of work in process	(14,280)
Work in process, end of year	(474,521)
Cost of finished goods	1,211,171

SCINOPHARM TAIWAN, LTD.
STATEMENT OF OPERATING COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Amount
Finished goods, beginning of year	\$ 687,202
Add: Finished goods purchased	168,953
Less: Losses on scrap inventory	(9,088)
Losses on physical inventory	(643)
Transferred to expenses	(76,987)
Finished goods, end of year	<u>(771,717)</u>
Cost of goods manufactured and sold	1,208,891
Sale of raw materials	415
Sale of work in process	<u>14,280</u>
Cost of goods sold	1,223,586
Losses on scrap inventory	9,088
Losses on physical inventory	709
Under applied manufacturing overhead	140,722
Reversal of allowance for inventory market price decline	(15,657)
Revenue from sale of scraps	<u>(6,617)</u>
Cost of sales	1,351,831
Technical service cost	<u>36,475</u>
Operating cost	<u>\$ 1,388,306</u>

SCINOPHARM TAIWAN, LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Amount	Footnote
Salaries and wages	\$ 159,184	—
Depreciation	157,901	
Utilities expense	75,282	—
Repair and maintenance expense	47,897	—
Insurance expense	23,692	—
Others (individually less than 5%)	<u>93,570</u>	—
	<u>\$ 557,526</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF TECHNICAL SERVICE COST
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Amount	Footnote
Salaries and wages	\$ 7,526	—
Depreciation	2,497	—
Project outsourcing pharmacy expense	2,902	—
Others (individually less than 5%)	<u>23,550</u>	—
	<u>\$ 36,475</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Amount	Footnote
Salaries and wages	\$ 49,970	—
Commission	25,886	—
Freight	18,881	—
Outsourced service fee	18,721	—
Others (individually less than 5%)	<u>44,257</u>	—
	<u><u>\$ 157,715</u></u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Amount	Footnote
Salaries and wages	\$ 160,456	—
Insurance expense	26,316	—
Repair and maintenance expense	24,390	—
Depreciation	83,306	—
Others (individually less than 5%)	<u>160,248</u>	—
	<u><u>\$ 454,716</u></u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Items	Amount	Footnote
Salaries and wages	\$ 76,830	—
Repair and maintenance expense	14,075	—
Depreciation	25,504	—
Research expense	123,994	—
Others (individually less than 5%)	<u>24,759</u>	—
	<u><u>\$ 265,162</u></u>	

SCINOPHARM TAIWAN, LTD.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Please refer to Notes 6(23) and 6(24).