

ScinoPharm Taiwan, Ltd.

2023 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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Not applicable

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I. Letter to Shareholders

2023 was a year in which ScinoPharm deepened its investment deployment. We comprehensively reviewed all operations, refurbished our production plant, and invested in production line facilities, making full preparations for enhancing and optimizing our production capacity. In the face of geopolitical development, the global supply chain is moving toward market segmentation, which has brought not only more opportunities in the midst of a fiercely competitive generic drug market, but also challenges in terms of price competition and shrinking profits. ScinoPharm continues to observe market dynamics and maintain flexibility amidst rapid changes, invests R&D resources to strengthen our R&D capabilities, and extends our inherent advantages in APIs to develop injection products for being fully vertical integrated. We also seek external strategic partners to increase our product lines and manufacturing capabilities, which in turn strengthen our competitiveness to respond to changes in the external environment and market.

The consolidated revenue in 2023 was NT\$3.186 billion, with an after-tax net profit of NT\$287 million and the after-tax earnings per share was NT\$0.36. As of the end of 2023, the paid-in capital was NT\$7.907 billion and shareholders' equity was NT\$10.364 billion, accounting for 88.42% of the overall assets of NT\$11.722 billion. The long-term capital was 2.92 times the fixed assets and the current ratio was 8.75 times. The financial condition is structurally sound and steady.

Steadily Expand the API Market, Strengthen the Development Momentum for Injectable Products

ScinoPharm focuses on the manufacturing and development of active pharmaceutical ingredients (APIs) in adherence to the spirit of its main business operation. We have spent years specializing in developing APIs for the treatment of cancer, and are committed to solidifying the core foundation for APIs. In 2023, ScinoPharm continued to implement production and marketing plans for main APIs to support core products and provide customers with stable supply of products that meet expectation and both quality and quantity requirements. At the same time, we also completed DMF submissions for new APIs. Going forward, we will continue to develop more APIs lines to increase the market visibility of our API business. The Company will continue to strengthen production planning and coordination of production and marketing operations, strive to optimize costs and increase profit margins, make changes as needed to accommodate the current dynamic and situation in the pharmaceutical industry, expand service categories to include integrated services, and develop new customer base in existing markets around the world.

With respect to our injectable business, ScinoPharm continues to focus on the vertical integration so as to provide one-stop services for meeting the fast-growing needs that customers have for high-quality cancer APIs and injectable products. By the end of 2023, the commercial production and shipment of generic injectable products produced for our clients have been successively completed, while other OEM products in different stages of production are making progress. These demonstrate our business achievement in cancer injections. In the future, we will vie for more OEM opportunities and simultaneously increase the utilization rate of our production capacity to obtain a greater share of the market through business cooperation. ScinoPharm's development plans for injection preparations are mainly focused on highly complex compound injection products. Abbreviated new drug application (ANDA) has been submitted for five of our products, including peptide-containing preparations, and one of which has been approved. We will readily respond to ANDA reviews to speed up our process of obtaining drug permit licenses. With the goal of enriching our product lines, we will expand and deploy one-stop product integration services, and adopt a dual-track model that facilitates flexible control of our injectable business through product and strategic collaboration.

Solidify Deployment and Expansion into the Global Markets, Focus on a Step-by-Step Approach to Vertical Integration

Our subsidiary, ScinoPharm (Changshu), has stepped up efforts to optimize its production processes and manage operating expenses. Currently, various setups are gradually in place and on track. We are also increasing efforts to build a safe work environment in conformance to the stringent requirements of international customers and local government regulations. In line with ScinoPharm Taiwan's efforts to expand its presence in both the Chinese and global markets, ScinoPharm (Changshu) will continue to strengthen its R&D initiatives and product development, giving priority to the development of complex APIs to bolster our core competitiveness.

The Company continues to evaluate market niches and the feasibility of other business development. In terms of developing new drugs for clients, the Company has provided customers with continuous supply of products for many years, assisting many customers to successfully obtain drug permits and launch products in Europe, the United States or China. In 2023, our revenues were generated from epilepsy drugs as well as drugs for advanced liver cancer and thyroid cancer, and also from antidepressant products and rare disease drugs. In addition to the effective utilization of ScinoPharm Taiwan's existing production capacity with ScinoPharm (Changshu) as our long-term backup support, ScinoPharm Taiwan will actively expand OEM services to seize more opportunities for sustainable profitability.

ScinoPharm sells products to all over the world, including the Americas, Europe, and Asia continents. The Company continues to deploy services in major areas to meet the needs of customers across the globe in a timely manner, and seeks to expand and develop international markets to diversify business risks. Throughout our existence, ScinoPharm has always insisted on being a reliable API supplier and enforcing strict control over product quality. This year, we adopted a new quality system to ensure that quality assurance is implemented in every aspect of our operation. In addition, ScinoPharm responds to our international customers' expectations and requirements for corporate sustainability. In 2023, we completed our first-ever third-party verification of greenhouse gas emissions and an inventory of the carbon footprint of one of our core products. Subsequent inspections of other products have been planned as we commit to achieving corporate sustainability goals.

For our future business blueprint, ScinoPharm Taiwan will use its diverse APIs to increase the value of the API market. We will develop sterile injection preparations for vertical integration, and continue to drive research and development efforts to strengthen our manufacturing process and achieve greater cost-effectiveness. We sincerely thank all of our customers, shareholders, and tireless employees for their long-term support. All employees will continue to strive for the company's development in the new year, and keep soldiering on in pursuit of improvement, innovation, long-term business development, and stable profits, thereby delivering more outstanding results and investment returns for all of our shareholders.

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.
- April 2002 Completed the validation of the first production line Bay2 in the Production Building.
- October 2002 Completed equipment installation at Bay 1 and Bay3 production lines in the Production Building.
- 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.

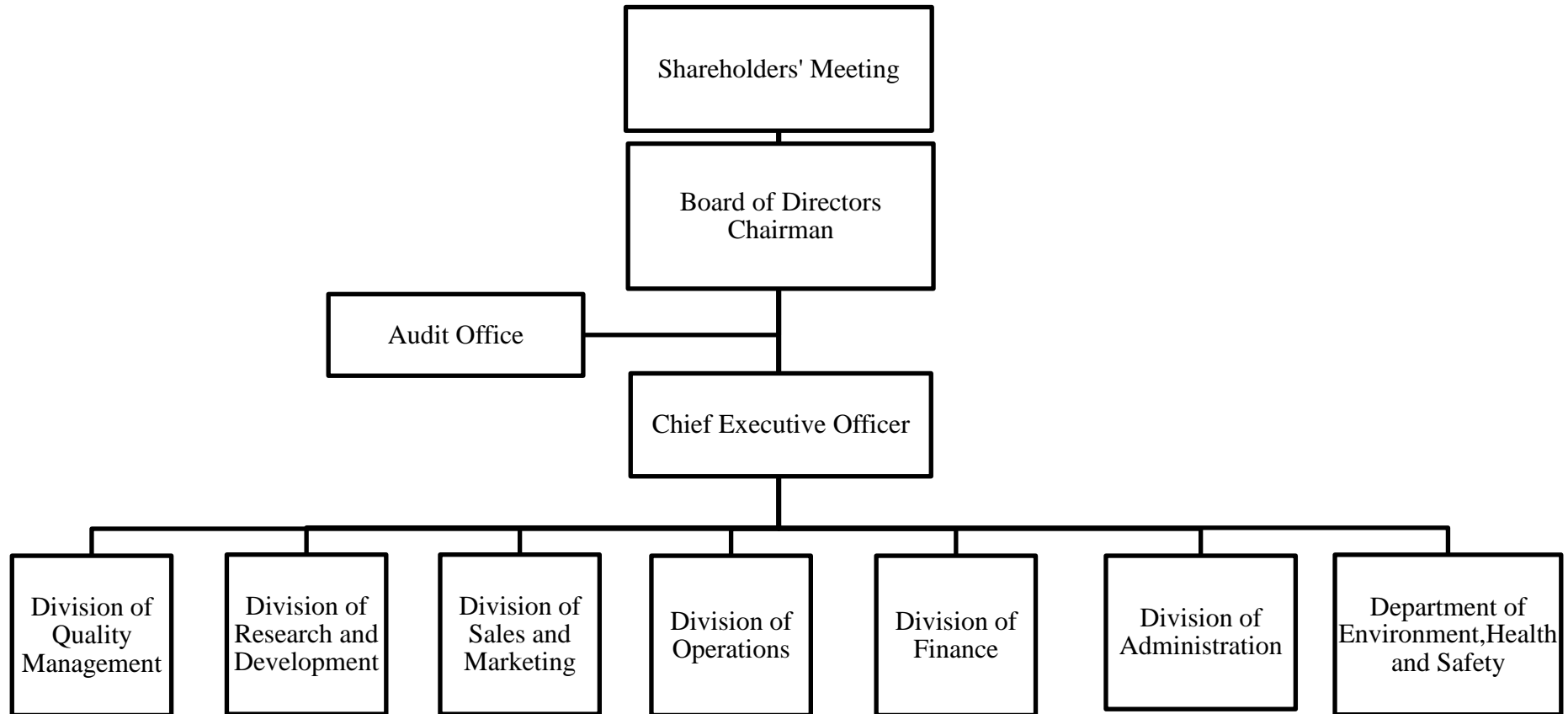
- August 2009 Establishment of the reinvested ScinoPharm (Changshu) Pharmaceuticals, Ltd.
- June 2010 Liquidation of reinvestment in Xinjiang President-Scino Pharm Technology Co., Ltd.
- August 2010 Signed an investment cooperation pact with Tanvex Biologics, Inc. and Ruentex Group to jointly develop 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.
- July 2013 Establishment of the ScinoPharm Japan office.
- 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 2020 SciAnda (Changshu) Pharmaceuticals's revenues broke the RMB\$100 million mark.
- September 2021 The Japan office restructure into the Japan branch.
- 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 15th Arts and Business Award by the Ministry of Culture in acknowledgement of the company's long-term sponsorship for arts and cultural events
- May 2022 Passed U.S. FDA's eighth site inspection. Passed U.S. FDA's first site inspection of The Injectable Production line.
- May 2022 Introduction of ISO 14064-1 greenhouse-gas inspection standard
- November 2022 Warehouse #2 completed and put to use
- December 2022 Passed U.S. FDA's ninth site inspection. Passed U.S. FDA's second site inspection of The Injectable Production line.
- September 2023 The first commercial CMO Injection product shipped.
- September 2023 Passage of third-party ISO 14064-1 greenhouse-gas inventory in 2022
- November 2023 Granted 15th Arts and Business Award by the Ministry of Culture
- January 2024 Completion of third-party carbon-footprint verification for one core product
- March 2024 Passed U.S. FDA's third site inspection of The Injectable Production line.
- March 2024 ScinoPharm (Changshu) Pharmaceuticals, Ltd. passed the U.S. FDA's second site inspection.
- March 2024 Had cumulatively obtained 68 DMF from the US Food and Drug Administration and 926 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 and injectable plant premises

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, legal Affair, public relations, and other business management

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 2023.12.31

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 3)	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 10)	director	Shio w-Ling Kao	spouse	-
Director (Representative)	R.O.C.	Tsung-Ming Su (Note 3)	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 10)	-	-	-	-
Director (Representative)	R.O.C.	Tsung-Pin Wu (Note 3)	M	51~60	2021.07.21	3	2015.06.23	-	-	-	-	-	-	-	-	Education: Accounting, Chung Yuan Christian University Experience: Chief Accountant of Uni-President Enterprises Corp.	(Note 10)	-	-	-	-
Director (Representative)	R.O.C.	Jia-Horng Guo (Note 3)	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 10)	-	-	-	-

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 (Representative)	R.O.C.	Chin-Yuan Cheng (Note 3)	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 and Corp.Group internet plus Organizer Uni-President Enterprises Corp.	(Note 10)	-	-	-	-
Director (Representative)	R.O.C.	Fu-Jung Lai (Note 3)	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 10)	-	-	-	-
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 4)	F	61~70	2021.07.21	3	2010.07.05	-	-	-	-	-	-	-	-	Education: Marymount College,U.S.A. Experience: Chairman of Kao Chyuan Inv. Co., Ltd.	(Note 10)	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 5)	M	61~70	2021.07.21	3	2016.11.10	-	-	-	-	-	-	-	-	Education: Department of Tourism Management, Chinese Culture Univ., R.O.C Experience: Enterprise Chairman of Tainan Spinning Co., Ltd.	(Note 10)	-	-	-	-

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 6)	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.,	(Note 10)	-	-	-	-
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 7)	F	61~70	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 10)	-	-	-	-
Director (Representative)	R.O.C.	Ya-Po Yang (Note 7)	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 10)	-	-	-	-
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 4)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director (Representative)	R.O.C.	Ling Ming Sun (Note)	M	51~60	2023.11.03	3	2023.11.03	-	-	-	-	-	-	-	-	Education: Master, Institute of Agricultural Chemistry, National Taiwan University Experience: Engineer, R&D Director, Biotechnology Factory Director, Deputy CEO of Biotechnology Division, CEO of Biotechnology Division, Taiwan Sugar Corporation	(Note 10)	-	-	-	-
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 10)	-	-	-	-
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. Executive Director, President of Taiwan Oncology Society 4. Acting Supervisor of the Gastroenterological Society of Taiwan 5. Chair, 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 10)	-	-	-	

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. Chairman, Board of Trustees, of Graduate Institute of Medical Science, Taipei Medical University 2. Vice Chairman, Institute for Biotechnology and Medicine Industry 3. Deputy Minister, National Science Council · General Director, Department of Life Sciences, National Science Council, Taiwan 4. 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 10)	-	-	-	-
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Independent Director	R.O.C.	Jang-Yang Chang	M	61~70	2023.05.29	3	2022.06.17	-	-	-	-	-	-	-	-	Education: Bachelor of Medicine, National Defense Medical Center, Taipei, Taiwan Experience: 1.President of Taipei Cancer Center 2.Distinguished Investigator and Director of Institute of Biotechnology and Pharmaceutical Research, NHRI 3.Executive Vice President, Professor Emeritus, National Cheng Kung University 4.Professor and Dean, College of Medicine, National Cheng Kung University 5.Director of National Institute of Cancer Research, NHRI 6.Secretary General, Taiwan Oncology Society 7.Chief of Medical Oncology, Tri-Service General Hospital, National Defense Medical Center 8.Visiting scholar at the Department of Pharmacology, School of Medicine, Yale University of the U.S 9.Fellow, 1st Medical oncology training program, Institute of Biomedical Sciences, Academia Sinica	(Note 10)	-	-	-	-
Independent Director	R.O.C.	Chyun-Yu Yang	M	61~70	2023.05.29	3	2023.05.29	-	-	-	-	-	-	-	-	Education: Bachelor of Medicine, National Taiwan University Experience: 1. Professor, Associate Professor, Instructor, Department of Orthopedics, College of Medicine, National Cheng Kung University, Taiwan, Taiwan, 2. Superintendent, Deputy Superintendent, Acting	(Note 10)	-	-	-	-

																Superintendent, Chairman-Center for Quality Management, Staff Surgeon-Department of Orthopedic Surgery, Chairman, National Cheng Kung University Hospital 3. Research fellow, Department of Orthopedic Surgery University of Texas Medical Branch at Galveston, TX, USA 4. Chief Resident, Department of Orthopedics, College of Medicine, National Taiwan University					
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Note 1: Amount of shares held and Percentage of shared held as of 2024.03.30

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

Note 3: Uni-President Enterprises Corp. Representative

Note 4: Kao Chyuan Inv. Co., Ltd. Representative

Note 5: Tainan Spinning Co., Ltd. Representative

Note 6: President International Development Corp. Representative

Note 7: National Development Fund, Executive Yuan Representative

Note 8: Taiwan Sugar Corporation Representative

Note 9: If the Directors of Company have held any position in the Chartered Accounting firm or its affiliates: None

Note 10: Current position with other company, please refer to next page.

Note 11: Given the company's operating need, the chairman also serves as the chief strategic officer, responsible for formulating the strategies for the business group's operation and resources integration, different from the duties of president which focus on corporate management.

In line with its longstanding policy stressing corporate governance and sustainable development, the company already elected two extra seats of independent directors at 2023 shareholders' meeting, increasing the total number to five, taking advantage of their independence and expertise in boosting the quality of the decision making of the board of directors and intensifying the latter's functions and supervision of its operation. .

Note 10 : 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., ScinoPharm Taiwan, Ltd., Presicarre 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., 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 : 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 Management Consulting 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., President Enterprises(Kunshan) Real Estate Development 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., 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., 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 : 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 Life Sciences Cayman Co., Ltd., President Tokyo Auto Leasing Corp., Tanvex Biologics, Inc., Xiang Lu Industrial Ltd.</p> <p>Independent Director of : Cayman Island Grand Galactica Corp Limited, Bank SinoPac</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., Merry Life Biomedical Company, Ltd.</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 : Presicarre Corp., Prince Housing & Development Corp., Grand Bills Finance 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., Prince Real Estate Co., Times Square International Holding Co., Times Square International Hotel Co., Cheng-Shi Investment Holding 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., Uni-President (Korea) Co.,Ltd.</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., Tainan Spinning Cultural and Educational Foundation., New Yupeng Investment Co., Ltd. Qi Liu Investment Co. Ltd.</p> <p>Director of : Nantex Industry Co., Ltd., Nanfang Development Co., Ltd., Tainan Spinning Holdings (Cayman Islands) Co., Ltd., Prince Housing & Development Corp., Uni-President Enterprises Corp., ScinoPharm Taiwan, Ltd., President International Development Corp., Howard Beach Resort Keting Co.m 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., Taipei Exchange</p> <p>Supervisor : Standard Motor Corp., Dynasty Techwood corp.</p> <p>Executive Director of : Taiwan Securities Association</p>
Chiou-Ru Shih	<p>Director of : SyNergy ScienTech Corp., ScinoPharm Taiwan, Ltd., Grand Bills Finance Corp., IMQ Technology Inc., CDIB & Partners Investment Holding Corp., President(BVI) International Investment Holdings Ltd., Kunshan Synergy Sciencetech Co., Ltd.,</p> <p>Vice President of : President International Development Corp.</p>

Name	Current Position with Other Company
Ming-Chuan Hsieh	Director of : ScinoPharm Taiwan Ltd., Harbinger VI Venture Capital Corp., Independent Director of : Uni Pharma Co., Ltd Professor of Chia Nan University of Pharmacy & Science, Department of Hospital and Health Care Administration
Ya-Po Yang	Director of : ScinoPharm Taiwan, Ltd. Independent Director of : Air Asia Limited. Professor of Institute of Business and Management, College of Management, National University of Kaohsiung
Ling Ming Sun	Director of : ScinoPharm Taiwan, Ltd., Haleon Co., Ltd. CEO of Biotechnology Division, Taiwan Sugar Corporation
Lewis Lee	Independent Director of : ScinoPharm Taiwan, Ltd., Brogent Technologies Inc., All Ring Tech Co., Ltd., Poya International Co., Ltd., Xiamen Jinyuan President Securities Corp. Ltd. Deputy Chairman, Zhi Cheng Co-Located CPA Firm Adjunct Associate Professor, National Cheng Kung University
Li-Tzong Chen	Independent Director of : ScinoPharm Taiwan, Ltd Distinguished Investigator & Director, National Institute of Cancer Research, National Health Research Institutes, President of 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 Oncology, Clinical Medicine, NCKU, Professor, jointly appointed, Institute of Molecular Medicine, NCKU, Professor, jointly appointed, Institute of Clinical Pharmacy and Pharmaceutical Sciences, NCKU, Attending Physician, Department of gastroenterology and hematology oncology , Kaohsiung Medical University Chung-Ho Memorial Hospital
Wen-Chang Chang	Independent Director of : ScinoPharm Taiwan, Ltd. Taiwan Aulisa Medical Devices Technologies Inc. Pharmosa Biopharm Inc. Director of : 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
Jang-Yang Chang	Independent Director of : Tanvex BioPharma, Inc., ScinoPharm Taiwan, Ltd. Chair Professor, Taipei Medical University Hospital, Taiwan, Director, TMU Research Center of Cancer Translation Medicine, Taipei Medical University, Taipei, Taiwan, National Institute of Cancer Research, Executive Director of Taiwan Oncology Society
Chyuan-Yu Yang	Independent Director of : ScinoPharm Taiwan, Ltd Professor, Department of Orthopedics, Kuo General University Hospital, Honoring Superintendent, Kuo General Hospital Professor, Department of Orthopedics, College of Medicine, National Cheng Kung University

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

As of 2023.12.31

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. (4.52%), BNP Paribas's Wealth Management HK. Branch(3.02%), Po-Ming Hou (2.60%), Po-Yu Hou (2.27%), Chunghwa Post Co. Ltd.(1.91%), Labor Retirement Reserve Fund(The New Fund)(1.83%), Government of Singapore (1.68%), Kao Shiow-Ling(1.64%), Labor Retirement Reserve Fund(The Old Fund)(1.44%)
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%), Changhwa 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 (3.206%), Hou Po-yi (6.156%) , Hsin Yung Hsing Investment Co., Ltd. (4.639%), Hsin Fu Hsing Industrial Co., Ltd. (4.200%), Qi Liu Investment Co. Ltd. (3.018%) Hou Chen Pi-hua (1.572%), Rui xing International Investment Co., Ltd.(1.622%), Chuang Ying-chih (1.343%), Chuang Ying-nan (1.290%),
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 2023.12.31

Names of corporate bodies	Main shareholders of corporate bodies
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100%)
Chunghwa Post Co. Ltd.	Ministry of Transportation(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	Ministry of Finance (12.19%), Taishin Financial Holding (10.35%), Chunghwa Post Co., Ltd. (7.50%), National Development Fund, Executive Yuan (5.42%), First Commercial Bank (4.99%), Excel Chemical Corp. (2.54%), Taiwan Cooperative Bank, Ltd.(2.39%), Hua Nan Commercial Bank, Ltd. (2.23%) Bank of Taiwan (1.81%), Land Bank of Taiwan (1.80%)
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%), Taiwan Business Bank Trust Account for Employee Stock Ownership of Taiwan Business Bank(1.03%),, Norges Bank (0.94%), Vanguard Emerging Markets Stock Index Fund A Series of Vanguard International Equity Index Funds(0.91%), JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total Stock Index Fund a series of Vanguard Star Funds (0.90%), New La bor Pension Fund (0.83%), iShares Core MSCI Emerging Markets ETF (0.70%)

Names of corporate bodies	Main shareholders of corporate bodies
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 (5.58%), Chi-Yi Kao (5.58%), Hsi-Ai Lo (5.58%), Klassical Celestiaity Holding LTD.(7.08%)
Eternity Holdings Ltd.	Shiow-ling Kao(70.77%), Chih-Hsien Lo (21.18%), Han-Di Kao (2.35%), Chi-Yi Kao (1.72%), Hsi-Ai Lo (1.57%), Klassical Celestiaity Holding Ltd.(2.41%)
Prince Housing & Development Corp.	Uni-President Enterprises Corp. (10.025%), Tai Po Investment Co., Ltd. (7.19%), Kao Chuan Investment (4.217%), Tainan Spinning Construction (3.556%), President International Development Corp., (3.344%), Rui xing International Investment Co., Ltd. (2.931%), Tseng Chao-mei Wu (2.646%), Universal Cement Corp. (2.502%), Universal Cement Investment Corp. (2.36%), Hsin Yung Hsing Investment Co., Ltd. (1.63%),
President Chain Store Corp	Uni-President Enterprises Corp.(45.40%), Cathay Life Insurance(3.85%), PCSC Employee Benefits Trust account in the custody of China Trust Commercial Bank(2.28%), Labor Pension Fund(New Scheme)(2.09%), Fubon Life Insurance Fund(1.58%), Labor Insurance Fund(1.37%), Chunghwa Post Co., Ltd(1.31%), Citibank Taiwan Custody for Investment account of Norges Bank(0.97%), IShares MSCI Emerging Markets Min Vol Factor ETF (0.97%), Citibank Taiwan custody for investment account of Government of Singapore (0.94%),
Tainan Spinning Construction Corp.	Tainan Spinning Co. (99.99%)
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%),
Qi Liu Investment Co., Ltd.	Hou Po-ming(99.94%), Yi-Chen Chang(0.06%)
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-Hsuang Chuang (10.00%), Chih-Chin Chuang(12.50%), Yu-Hsuan Chuang(10.00%), Ting-Ya Chuang(12.50%), Hsiu-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	1
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 Division Manager (Accounting Supervisor), 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
Ling Ming Sun	Current Position: CEO of Biotechnology Division, Taiwan Sugar Corporation Education: Master, Institute of Agricultural Chemistry, National Taiwan University Experience: Engineer, R&D Director, Biotechnology Factory Director, and Deputy CEO of Biotechnology Division, Taiwan Sugar Corporation 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</p> <p>Experience: Deputy Chairman of PwC Taiwan</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. President of Taiwan NeuroEndocrine Tumor Society 3. Chair Professor, Internal Medicine, Kaohsiung Medical University 4. Emeritus Chair Professor of Institute of Biomedical Sciences, National Sun Yat-sen University, 5. Adjunct Professor, Dept. Bio Science & Tech, National Yang Ming Chiao Tung University, 6. Adjunct Attending Physician, Department of Internal Medicine, National Cheng-Kung University Hospital, Tainan, 7. Professor, jointly appointed, Institute of Clinical Medicine, College of Medicine, NCKU, 8. Professor, jointly appointed, Dept. of Oncology, Clinical, Medicine, NCKU, 9. Professor, jointly appointed, Institute of Molecular Medicine, NCKU, 10. Professor, jointly appointed, Institute of Clinical Pharmacy and Pharmaceutical Sciences, NCKU, 11. Attending Physician, Department of gastroenterology and hematology oncology, Kaohsiung Medical University Chung-Ho Memorial Hospital <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. Executive Director, President of Taiwan Oncology Society 4. Acting Supervisor of the Gastroenterological Society of Taiwan 5. Chair, 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. 	<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. 	-

Wen-Chang Chang	<p>Current Position:</p> <ol style="list-style-type: none"> 1. Director, Board of Trustees, of Graduate Institute of Medical Sciences, College of Medicine, Taipei Medical University, 2. Chair Professor, Graduate Institute of Medical Sciences, College of Medicine, Taipei Medical University. 3. Emeritus Distinguished Chair, Professor of National Cheng Kung University. 4. Academician of Academia Sinica. 5. Compensation Committee member of Universal Cement Corporation. 6. Independent Director of Taiwan Aulisa Medical Devices Technologies Inc., 7. 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"> 1. Chairman, Board of Trustees, of Graduate Institute of Medical Sciences, College of Medicine, Taipei Medical University, 2. Vice Chairman, Institute for Biotechnology and Medicine Industry 3. Deputy Minister, National Science Council - General Director, Department of Life Sciences, National Science Council, Taiwan 4. 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 	<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. 	2
Jang-Yang Chang	<p>Current Position:</p> <ol style="list-style-type: none"> 1. Chair Professor, Taipei Medical University Hospital, Taiwan 2. Director, TMU Research Center of Cancer Translation Medicine, Taipei Medical University, Taipei, Taiwan 3. Independent Director of Tanvex Biopharma, Inc. 4. Executive Director of Taiwan Oncology Society. <p>Education:</p> <p>Bachelor of Medicine, National Defense Medical Center, Taipei, Taiwan</p> <p>Experience:</p> <ol style="list-style-type: none"> 1. President of Taipei Cancer Center 2. Distinguished Investigator and Director of Institute of Biotechnology and Pharmaceutical Research, NHRI 3. Executive Vice President, Professor Emeritus, National Cheng Kung University 4. Professor and Dean, College of Medicine, National Cheng Kung University 5. Director of National Institute of Cancer Research, NHRI 6. Secretary General, Taiwan Oncology Society 7. Chief of Medical Oncology, Tri-Service General Hospital. 8. Visiting scholar at the Department of Pharmacology, School of Medicine, Yale University of the U.S. 9. Fellow, 1st Medical oncology training program, Institute of Biomedical Sciences, Academia Sinica 	<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. 	1

Chyuan-Yu Yang	<p>Current Position:</p> <ol style="list-style-type: none"> 1. Professor, Department of Orthopedics, Kuo General University Hospital 2. Honoring Superintendent, Kuo General Hospital 3. Professor, Department of Orthopedics, college of Medicine, National Cheng Kung University <p>Education: Bachelor of Medicine, National Taiwan University</p> <p>Experience:</p> <ol style="list-style-type: none"> 1. Professor, Associate Professor, Instructor, Department of Orthopedics, college of Medicine, National Cheng Kung University, Taiwan 2. Superintendent, Deputy Superintendent, Acting Superintendent, Chairman-Center for Quality Management, Staff Surgeon-Department of Orthopedic Surgery, Chairman, National Cheng Kung University Hospital 3. Research fellow, Department of Orthopedic Surgery University of Texas Medical Branch at Galveston, TX, USA 4. Chief Resident, Department of Orthopedics, College of Medicine, National Taiwan University 	<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. 	-
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3.2.1.3 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 "Rules of 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 17 seats, including 5 independent directors, or 29% share, The Company's Articles of Incorporation stipulate that independent director cannot serve more than three terms. Among. incumbent independent directors, three have served for one to two terms, while the other two were newly elected independent directors at the Shareholders' Meeting in 2023. Therefore, all independent directors have not exceeded three consecutive terms.
 - b. The company's current board of directors consists of 14 males and 3 females, at a ratio of 82% and 18%, averaging 65 in age, and 70 in age 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, pharmaceuticals, and chemical, with independent directors all being prominent scholars and experts in their fields, including Director of medical university and member of Academia Sinica, distinguished research fellow at Institute of Cancer Research, National Health Research Institute, Chair Professor of Medical University, Executive Director of Taiwan Oncology Society, Resident Physician of hospital and deputy director of accounting firm is also associate professor in university. 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.

3.2.1.4. Independence of the board of directors

- (1) Not in contravention of Article 30 of the Company Act, except chairman Chih-Hsien Lo and his spouse director Shioh-Ling Kao, the other 15 Directors are not in contravention of item 3 and item 3&4 of article 26-3 of the Securities and Exchange Act.
- (2) All the independent directors conform to the regulations on independent directors formulated by the Financial Supervisory Commission, with the status of their independence as follows:

Name of Independent Directors	Assumption of such positions as the director, supervisor, or employee of the company or affiliates by himself/herself, spouse, and relative within second kinship	The number and percentage of shares owned by himself/herself, spouse, and relative within second kinship (on in the name of others)	Assumption or not of such positions as the director, supervisor, or employee of some company with special relationship with the company.	Obtaining of compensations for provision of such services as commerce, legal affairs, financial affairs, and accounting to the company or its affiliates in recent two years
Wen-Chang Chang	No	None	No	None
Li-Tzong Chen	No	None	No	None
Lewis Lee	No	None	No	None
Jang-Yang Chang	No	None	No	None
Chyun-Yu Yang	No	None	No	None

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

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

Name	Basic information					Professional ability											
	Nationality	Gender	Age group			The tenure of independent directors shall not exceed three terms	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	Ability to manage risk
			51~60	61~70	71~80												
Chih-Hsien Lo	R.O.C.	M		✓			Business Administration	✓	✓	✓	✓	✓		✓	✓	✓	✓
Tsung-Ming Su	R.O.C.	M		✓			Business Administration	✓	✓	✓	✓	✓		✓	✓	✓	✓
Chin-Yuan Cheng	R.O.C.	M		✓			Biochemical Engineering	✓	✓			✓	✓	✓	✓	✓	✓
Tsung-Pin Wu	R.O.C.	M	✓				Finance & accounting	✓	✓	✓	✓	✓		✓	✓	✓	✓
Jia-Horng Guo	R.O.C.	M		✓			Finance & Banking	✓	✓	✓	✓	✓		✓	✓	✓	✓
Fu-Jung Lai	R.O.C.	M	✓				Business Administration	✓				✓			✓		✓
Po-Ming Hou	R.O.C.	M		✓			Tourist management	✓	✓	✓	✓	✓		✓	✓	✓	✓
Shiow-Ling Kao	R.O.C.	F		✓			Business	✓	✓	✓		✓		✓	✓	✓	✓
Ming-Chuan Hsieh	R.O.C.	F		✓			Medical Matters Management	✓	✓	✓	✓	✓		✓	✓	✓	✓
Ya-Po Yang	R.O.C.	M	✓				Economics	✓	✓	✓				✓	✓	✓	✓
Chiou-Ru Shih	R.O.C.	F	✓				Economics	✓	✓	✓	✓	✓		✓	✓	✓	✓
Ling Ming Sun	R.O.C.	M	✓				Agro-chemical	✓	✓	✓		✓			✓	✓	✓
Wen-Chang Chang	R.O.C.	M			✓	✓	Pharmacy	✓	✓			✓	✓	✓	✓	✓	✓
Li-Tzong Chen	R.O.C.	M		✓		✓	Clinical Medicine	✓	✓			✓	✓	✓	✓	✓	✓
Lewis Lee	R.O.C.	M		✓		✓	Certified Public Accountant	✓	✓	✓	✓	✓		✓	✓	✓	✓
Chyun-Yu Yang	R.O.C	M		✓		✓	Medicine	✓	✓			✓	✓		✓	✓	✓
Jang-Yang Chang	R.O.C	M		✓		✓	Medicine	✓	✓			✓	✓		✓	✓	

3.2.2 Information of Management Team

As of 2023.12.31 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. , Presicarre Corp.,(Please refer to Page 13 for more details),	-	-	-	-
President & CEO	R.O.C.	Li-An Lu	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., Taiwan Bio Industry Organization	-	-	-	-

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, Taiwan Pharmaceutical Manufacturer and Development 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 Work Experience: Alvogen Quality VP, Pfizer INJ Plant Manager, Pfizer QO Director, Synmorsa Plant Manager, J&J QA Manager, Norvatis Quality Manager	NA	-	-	-	-
Vice President of R&D 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 Accounting Director	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 Airmate (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	-	-	-	-
Director Audit Office	R.O.C.	Ivan Hsu	M	2021.11.05	-	-	-	-	-	-	Education: Department of AccountingTechnology ,Shih Chien University Work Experience: Auditor General of Airmate(Cayman) International Co. Limited	Supervisor of: SciAnda(Changshu) Pharmaceuticals, 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	
Director Corporate Development	R.O.C.	Shun Yang Lin (Note 3)	M	2015.08.03	-	-	-	-	-	-	Education: Master in accounting and information technology, National Chung Cheng University. Work Experience: ScinoPharm's Director of Audit office, Deputy Director at Chi Lin Optoelectronics Co.; chief financial and accounting administrator at RiPAL Optotronics, chief financial officer at Hsin Kai Luo Precision Machinery Co.		-	-	-	-
Director of Production Support	R.O.C.	Yu-Wei Shen (Note 4)	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 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	%	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 Quality Control	R.O.C.	Bin Liu	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 Pharm	R.O.C.	Chia Chen Chen	F	2021.04.01	4,326	0.001%	-	-	-	-	Education: Ph.D. (Biochemistry & Molecular Genetics) University of Illinois at Chicago Work Experience: Research Scientist in Dept. of Biotechnology, Research Scientist, Superviosr, 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 of Human Resources and Admin.	R.O.C	Jason Chen (Note 5)	M	2021.06.15	-	-	-	-	-	-	Education : EMBA, UTA Pharmacy, TMU Medical Technology, CSMU Work Experience: HR & ADM Director of ScinoPharm Taiwan, HR & GA Director of Takeda Taiwan, Head of HR & GA of LG Electronics Taiwan, Head of HR & GA & Compliance of Zuellig Pharma Taiwan	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	-	-	-	-
Director Japan Market	Japan	Yusuke Kakizawa (Note 6)	M	2022.04.01	-	-	-	-	-	-	Education: Hokkaido University, Master of Chemistry in Analytical ChemistryYale School of Forestry and Environmental Studies, Master of Environmental Sciences in Industrial Environmental Management Work Experience : Maypro Industries (US) and Maypro Japan, Account Manager (food supplement, raw material trading), Kongo Yakuhin (JP), Manager of Foreign Department (Raw material trading, in charge of communication with oversea suppliers, including APIs)	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 Business Development	R.O.C	Johnson Kuo	M	2022.04.01	-	-	-	-	-	-	Education: Simon Fraser University, Bachelor of Molecular Biology; University of Phoenix, Master of Business Administration Work Experience: Mycenax Biotech Inc. Business Development Director;,ScinoPharm Taiwan, Ltd. Business Development Senior Manager	NA	-	-	-	-
Director Regulatory Technical Service	R.O.C	Syray Wen	M	2022.04.01	-	-	-	-	-	-	Education: Botany, National Taiwan University Master of Science, Institute of Molecular Medicine, National Taiwan University Work Experience: Supervisor, manager and senior manager of regulatory technical services at Scinopharm Taiwan	NA	-	-	-	-
Director Injectable Technical Services	R.O.C	Jing Yi Wang	F	2022.10.01	130,181	0.016%	-	-	-	-	Education: Master in Chemical Engineering, National Cheng Kung University Work Experience: Sr. Manager (Injectable POM), Sr. Manager (Sales & Marketing), Engineer (Process Technology), Researcher at ScinoPharm	NA	-	-	-	-
Director Injectable Production	R.O.C	Hui-Chun Chen	F	2022.10.01	10,000	0.001%	-	-	-	-	Education: Master in Chemical Engineering, National Cheng Kung University Work Experience: Sr. Manager (Injectable POM), Manager (Injectable Engineering and Plant Support), Manager (Peptide Process Development), Researcher (Purification Process Development) at ScinoPharm	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 Legal Affairs	R.O.C	Patrick Chang (Note 7)	M	2023.04.01							Education: Bachelor of Chemical Engineering/Life Science, National Tsing Hua University, Master of Chemical Engineering, National Taiwan University, Master of Law and Inter-Discipline Law, National Cheng Chi University Work Experience: Manager at Oenix BioMed, Manager at YongLin Biotech., Legal Affairs Manager, Legal Affairs Senior Manager at ScinoPharm					
Director QA	R.O.C	Joyce Wang (Note 7)	F	2023.04.01							Education: Bachelor/Master in Marine Environment and Engineering National Sun Yat-sen University (NSYSU), Taiwan Work Experience: QC Analyst, QA Specialist, Supervisor, manager, Senior manager at ScinoPharm.					

(Note 1): Holding Shares and holding percentage as of 2024.03.30

(Note 2): If the main managerial personnel of Company have held any position in the Chartered Accounting firm or its affiliates: None

(Note 3): The Director was discharged on 2023.10.01

(Note 4): The Director was transferred on 2023.11.07

(Note 5): The Director was discharged on 2023.11.01

(Note 6): The Director was transferred on 2023.12.15

(Note 7): The Directors were promoted on 2023.04.01

(Note 8): If company's chairman, president, or person with equivalent position (top manager) is the same person, explain the reason, reasonableness, necessity, and corresponding measure:

Given the company's operating need, the chairman also serves as the chief strategic officer, responsible for formulating the strategies for the business group's operation and resources integration, different from the duties of president which focus on corporate management.

In line with its longstanding policy stressing corporate governance and sustainable development, the company already elected two extra seats of independent directors at 2023 shareholders' meeting, increasing the total number to five, taking advantage of their independence and expertise in boosting the quality of the decision making of the board of directors and intensifying the latter's functions and supervision of its operation.

3.3.1 Remuneration paid to each individual director

2023.12.31 ; 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 companies	SPT	All consolidated companies	SPT	All consolidated companies	SPT	All consolidated companies	SPT	All consolidated companies	SPT	All consolidated companies	SPT		All consolidated companies		SPT	All consolidated companies	
Director	Uni-President Enterprises Corp.	2,216	2,216	-	-	4,593	4,593	6,840	6,840	13,649 4.75%	13,649 4.75%	4,171	4,171	-	-	-	-	-	-	17,820 6.20%	17,820 6.20%	322,657
Chairman	Uni-President Enterprises Corp. Representative : Chih-Hsien Lo																					
Director	Uni-President Enterprises Corp. Representative : Tsung-Ming Su																					
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																					
Director	Taiwan Sugar Corporation Representative : Ling Ming Sun																					
Independent Director	Wen-Chang Chang	1,137	1,137	-	-	-	-	3,012	3,012	4,149 1.45%	4,149 1.45%	-	-	-	-	-	-	-	-	4,149 1.45%	4,149 1.45%	-
	Li-Tzong Chen																					
	Lewis Lee																					
	Chyun-Yu Yang																					
	Jana-Yana Chang																					

Total	3,353	3,353	-	-	4,593	4,593	9,852	9,852	17,798 6.20%	17,798 6.20%	4,171	4,171	-	-	-	-	-	-	21,969 7.65%	21,969 7.65%	322,657
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(Note 1): According to compensations payout for managers passed by the board of directors on 2024.02.27.

(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: 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: Shioh-Ling Kao 、 National Development Fund, Executive Yuan Representative: Ming-Chuan Hsieh 、 Ya-Po Yang 、 Taiwan Sugar Co., 、 Taiwan Sugar Co. Representative: Kuo-Hsi Wang 、 Ling-Ming Sun 、 Wen-Chang Chang 、 Li-Tzong Chen 、 Lewis Lee 、 Jang-Yang Chang 、 Chyun-Yu Yang	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 、 Uni-President Enterprises Corp. Representative: ChinYuan 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: Shioh-Ling Kao 、 National Development Fund, Executive Yuan Representative: Ming-Chuan Hsieh 、 Ya-Po Yang 、 Taiwan Sugar Co., 、 Taiwan Sugar Co. Representative: Kuo-Hsi Wang 、 Ling-Ming Sun 、 Wen-Chang Chang 、 Li-Tzong Chen 、 Lewis Lee 、 Jang-Yang Chang 、 Chyun-Yu Yang	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: Shioh-Ling Kao 、 National Development Fund, Executive Yuan Representative: Ming-Chuan Hsieh 、 Ya-Po Yang 、 Taiwan Sugar Co., 、 Taiwan Sugar Co. Representative: Kuo-Hsi Wang 、 Ling-Ming Sun 、 Wen-Chang Chang 、 Li-Tzong Chen 、 Lewis Lee 、 Jang-Yang Chang 、 Chyun-Yu Yang	Uni-President Enterprises Corp. Representative: Kun-Shun Tsai 、 Uni-President Enterprises Corp. Representative: Jia Horng Guo 、 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: Shioh-Ling Kao 、 National Development Fund, Executive Yuan Representative: Ming-Chuan Hsieh 、 Ya-Po Yang 、 Taiwan Sugar Co., 、 Taiwan Sugar Co. Representative: Kuo-Hsi Wang 、 Ling-Ming Sun 、 Wen-Chang Chang 、 Li-Tzong Chen 、 Lewis Lee 、 Jang-Yang Chang 、 Chyun-Yu Yang
NT\$1,000,000 (included) ~ NT\$2,000,000 (not included)	Uni-President Enterprises Corp. Representative: Chih-Hsien Lo	Uni-President Enterprises Corp. Representative: Chih-Hsien Lo	None	None
NT\$2,000,000 (included) ~ NT\$3,500,000 (not included)	Uni-President Enterprises Corp.	Uni-President Enterprises Corp.	Uni-President Enterprises Corp.	Uni-President Enterprises Corp
NT\$3,500,000 (included) ~ NT\$5,000,000 (not included)	None	None	None	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
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	Kao Chyuan Inv. Co., Ltd. Uni-President Enterprises Corp. Representative: Chih-Hsien Lo
Total	24	24	24	24

3.3.1.2 President and senior vice president remuneration

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		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Chief Strategy Officer	Chih-Hsien Lo	25,603	26,236	641	641	4,562	4,562	1,568	-	1,568	-	32,373 11.28%	33,007 11.50%	182,258
President	Li-An Lu													
Vice President	Ling-Hsiao Lien													
Vice President	Li-Chiao Chang													
Vice President	Ching-Wen Lin													
Vice President	Katy Cheng													

(Note 1): 2023 retirement pension appropriate. Appropriation amount or actual payment amount.

(Note 2): According to compensations, payout for managers passed by the board of directors on 2024.02.27.

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)	None	None
NT\$2,000,000 (included) ~ NT\$3,500,000 (not included)	None	None
NT\$3,500,000 (included) ~ NT\$5,000,000 (not included)	Chih-Hsien Lo	None
NT\$5,000,000 (included) ~ NT\$10,000,000 (not included)	Li-An Lu 、 Ling-Hsiao Lien 、 Li-Chiao Chang 、 Ching-Wen Lin 、 Katy Cheng	Li-An Lu 、 Ling-Hsiao Lien 、 Li-Chiao Chang 、 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	None
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	6	6

3.3.3. Distribution of bonuses to Company management during

2023.12.31 ; 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)	—	5,211	5,211	1.82%
	Vice-President Marketing and Sales & Strategic Officer	Ching-Wen Lin				
	Vice President Operations	Ling-Hsiao Lien				
	Vice President Quality Management	Katy Cheng				
	Vice President of R&D Business Division & CSO	Li-Chiao Chang				
	Senior Director Accounting & Finance	Chih-Hui Lin				
	Senior Director Research and Development	Yu-Fen Hung				
	Director Purchasing	Chi-Ching Lin				
	Director Production Support	Yu-Wei Shen (Note 1)				
	Director Pharm	Chia Chen Chen				
	Director Quality Control	Bin Liu				
	Director IT	Cynthia Hung (Note 2)				
	Director Analytical R&D	Shi-Hao Yang				
	Director Regulatory Technical Service	Syray Wen				
	Director Japan Market	Yusuke Kakizawa (Note 3)				
	Director Business Development	Johnson Kuo				
	Director Injectable Production	Hui Chun Chen				
	Director Injectable Technical Services	Jing Yi Wang				
	Director	Joyce Wang (Note 4)				
	Director	Patrick Chang (Note 4)				
	Director Management Development	Shun Yang Lin (Note 5)				
	Director HR	Jason Chen (Note 6)				
	Director Audit Office	Ivan Hsu				
	General Manager SPC	John Tsai				

Note 1: Transferred on 2023.11.07

Note 2: Discharged on 2023.01.10

Note 3: Transferred on 2023.12.15

Note 4: Promoted on 2023.04.01

Note 5: Discharged on 2023.10.01

Note 6: Promoted on 2023.04.01, Discharged on 2023.11.01

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 (%)	
	2022	2023	2022	2023
Total remuneration paid to directors,	6.09	7.65	6.09	7.65
Total remuneration paid to presidents and vice presidents	9.46	11.28	9.64	11.50

- (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:

1. Policy, Standard and Combination of Remuneration

- (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' reservation for offsetting loss and addition or deduction of equity items, 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 Compensation Committee, and contribution to the company's overall operation. The evaluation items are listed as followings:
- (1). Personal Indicator (work performance and achieving rate)
 - (2). Financial Indicator (e.g. revenue / net profit achieving rate)
 - (3). Corporate Governance aspect (e.g. legal compliance, ethical management, risk assessment)
 - (4). Environment sustainable aspect (e.g. abide by legal compliance to promote the goal of energy saving and carbon reduction)
 - (5). Social Responsibility aspect (e.g. talent cultivation, enhance employees' ability and quality)
 - (6). Other major contribution or substantial items.

(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.

2. Procedure for setting compensations

- (a) Evaluate the compensations of directors and managerial staff periodically, according to the company's annual operating status and performance evaluation results, based on the "measures governing performance evaluation" for managerial staff and employees.
- (b) Reasonableness for the performance evaluation and compensations for the company's directors and managerial staff is subject to the evaluation and auditing by the compensations committee and the board of directors every year, taking into account personal performance attainment rates and contribution to the company, as well as the company's overall operating performance, the industry's future risks and development trend. The company also reviews the compensations system constantly, according to operating status and change in related laws/regulations, plus corporate-governance trend, in order to balance the company's sustainable development and risk management. Payout of compensations for directors and managerial staff is first reviewed by the compensations committee before submission to the board of directors for resolution.

3. Correlation with business performance and future risks

- (a) Review of the company's compensations system and related payment levels is based mainly on the company's overall operating status, plus performance-target attainment rate and contribution to the company, in order to augment the team efficacy of the board of directors and the managerial sector. Compensations level of peers is also considered, so as to assure competitiveness of compensations for managerial staff in the industry and retain excellent managerial talent.
- (b) Performance evaluation for the managerial staff is linked to risk management, to assure adequate management and prevention of possible risks in the scope of job responsibilities. In addition, results of performance evaluation are associated with related human resources and compensations policy. The management invariably takes into account various risk factors in major decision making, whose performance is reflected in corporate profits and linked to managerial staff's compensations and risk-management performance.

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 2023 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%	None
Director	Uni-President Enterprises Corp Representative : Tsung-Ming Su	8	0	100%	None
Director	Uni-President Enterprises Corp Representative : Chin-Yuan Cheng	8	0	100%	None
Director	Uni-President Enterprises Corp Representative : Tsung-Pin Wu	8	0	100%	None
Director	Uni-President Enterprises Corp Representative : Jia-Horng Guo	7	1	88%	None
Director	Uni-President Enterprises Corp Representative : Fu-Jung Lai	8	0	100%	None
Director	President International Development Corp. Representative: Chiou-Ru Shih	8	0	100%	None
Director	Kao Chyuan Inv. Co., Ltd. Representative: Shiow-Ling Kao	8	0	100%	None
Director	Tainan Spinning Co., Ltd. Representative: Po-Ming Hou	8	0	100%	None
Director	National Development Fund, Executive Yuan Representative: Ming-Chuan Hsieh	8	0	100%	None
Director	National Development Fund, Executive Yuan Representative: Ya-Po Yang	8	0	100%	None
Director	Taiwan Sugar Corporation Representative: Kuo-Hsi Wang	3	0	60%	Previous term: Dismissed on 2023.11.03; Should attend the Board of Directors Meeting 5 times during 2023.01.01~2023.11.03
Director	Taiwan Sugar Corporation Representative: Li-Ming Sun	3	0	100	New term: Newly appointed on 2023.11.03, Should attend the Board of Directors Meeting 3 times during 2023.11.03~2024.03.31

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Notes
Independent Director	Wen-Chang Chang	7	1	88%	None
Independent Director	Li-Tzong Chen	7	1	88%	None
Independent Director	Lewis Lee	7	1	88%	None
Independent Director	Chyun-Yu Yang	5	0	80%	New term: Newly elected on 2023.05.29, Should attend the Board of Directors Meeting 5 times during 2023.05.29~2024.03.31
Independent Director	Jang-Yang Chang	4	1	100%	New term: Newly elected on 2023.05.29, Should attend the Board of Directors Meeting 5 times during 2023.05.29~2024.03.31

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 48 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 2023 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 108~111.

(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:

The company has formulated the "Board of Directors' Rules of Procedures". Article 14 of the rules stipulates that directors may state their opinions and answer questions if they have an interest in the matters of the meeting with themselves or the legal person they represent, which may harm the interests of the company. Not to participate in discussions and votes, and to avoid discussions and votes, and not to exercise their voting rights on behalf of other directors. The 2023 board of directors and as of the date of publication of the annual report, there are no relevant proposals that need to be abstained.

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

The Board of Directors established and amended the "Rules for Performance Evaluation of Board of Directors" on Nov. 1, 2019 and Nov. 7, 2023 respectively. According to this procedure, the Board of Directors should conduct a performance evaluation at least once a year, covering the overall Board, individual Board members, and functional Committees. The results of the Board performance evaluation should be completed by the end of the first quarter of the following year. The performance evaluation results for the Board of Directors, Board members, Compensation Committee, and Audit Committee for the fiscal year 2023 have been submitted to the Compensation Committee on Feb. 23, 2024, and to the Board of Directors on Feb. 27, 2024.

Evaluation Frequency	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Items
Annually	2023.01.01~2023.12.31	Performance of the Board of Directors, individual directors, and Functional Committees (Audit Committee, Compensation Committee)	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

				<p>3. Their degree of participation in the Company's operation</p> <p>4. Their management of internal relationships and communication.</p> <p>5. Their professionalism and continuing professional education.</p> <p>6. Internal controls.</p> <p>C. Functional Committee: Audit Committee and Compensation Committee Overall Performance assessments should cover the following indicators:</p> <p>1. The degree of participation in the company's operations.</p> <p>2. Their recognition of Audit/Compensation Committee duties.</p> <p>3. Improvement in the quality of the decision making by the Audit/Compensation Committee.</p> <p>4. The composition and election of the Audit/Compensation Committee members</p> <p>5. Internal controls.</p> <p>D. Performance assessments by individual member of Audit/ Compensation Committees should cover the following indicators:</p> <p>1. The degree of participation in the company's operations.</p> <p>2. Their recognition of Audit/Compensation Committee duties.</p> <p>3. Improvement in the quality of the decision making by the Audit/Compensation Committee.</p> <p>4. The composition and election of the Audit/Compensation Committee members</p> <p>5. Internal controls.</p>
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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 Compensation Committee to assist the board in carrying out its various duties. The Company's board of directors authorizes the audit committee and the Compensation Committee, both under its direct jurisdiction, to help it exercise the authority of supervision. Both consist of five independent directors. According to regulations, related cases must be agreed by the committees before submission to the board of directions for approval and execution.
- (2) To strengthen corporate governance, the company established Compensation committee on April 27, 2011, followed by setup of auditing committee on June 13, 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 "Rules for Performance Evaluation of the Board of Directors" on Nov. 1, 2019, effective Jan. 1, 2020.
- (3) In accordance with the revised "Regulations Governing Procedure for the Board of Directors of Meetings of Public Companies" issued by the Financial Supervisory Commission on August 5, 2022, the company amended the "Board Meeting Regulations" during the tenth term of the eleventh board of directors on February 24, 2023. The amendment removed the provision excluding the convening of board meetings. Directors are required to have sufficient information and time to evaluate agenda items before making decisions on significant matters. This amendment was reported at the shareholders' meeting in 2023.
- (4) Based on the amendments to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" publicized by the Taiwan Stock Exchange on November 25 and December 23, 2022, our company revised the "Corporate Governance Best Practice Principles" during the eleventh meeting of the tenth term of the Board of Directors on February 24, 2023. The revisions include expanding the responsibilities of the corporate governance officer, reporting the results of the review of independent director qualifications to the board of directors, and handling matters related to changes in directors, which are now included in the responsibilities of the corporate governance officer. Additionally, it is added that if company management or major shareholders participate in mergers and acquisitions, they should seek legal opinions from independent lawyers, who must adhere to relevant independence requirements. Furthermore, it is stated that when evaluating the appointment of accountants and accounting firms, Audit Quality Indicators (AQIs) may be considered.
- (5) To support our company's environmental, social, and corporate governance (ESG) goals and respond to government initiatives promoting circular economy, the company plans to recycle the chemical materials used or generated in our processes. After proper treatment, these materials will be transformed into reusable materials. Additionally, the company plans to sell the recycled chemical materials that we cannot utilize ourselves to other industries for reuse, aiming to activate and reuse waste resources. Therefore, during the twelfth meeting of the tenth term of the Board of Directors on April 14, 2023, our company approved the amendment of the "Articles of Incorporation" within the scope of our business operations. This amendment was also approved at the shareholders' meeting in 2023.
- (6) Based on the amendments to the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" issued by the Taiwan Stock Exchange on September 22, 2022, and the amendments to the "Corporate Sustainability Best Practice Principles for TWSE-/TPEX-listed Companies" issued on December 23, 2022, our company revised the "Sustainability Development Best Practice Principles" during the thirteenth meeting of the tenth term of the Board of Directors on May 10, 2023. In accordance with the principle of materiality, we established relevant risk management policies or strategies, specifying that our company should formulate sustainability policies, systems, or related management guidelines and concrete implementation plans. Policies on energy conservation, carbon reduction, greenhouse gas reduction, water use reduction, or other waste management should be reported to the board of directors regularly. Additionally, the "Risk Management Policy" was revised to incorporate climate change opportunities and risks into the scope of our company's risk

management.

- (7) In accordance with the amendments announced by the Stock Exchange on December 23, 2022, to strengthen the management of related party transactions, and the simultaneous addition of relevant articles to the Corporate Governance Evaluation Index in 2023, the Company amended its "Regulations for Managing Transactions with Related Parties, Specific Companies, and Group Enterprises" and its internal audit implementation rules at the sixteenth meeting of the tenth term of Board of Directors held on November 7, 2023. Significant sales and purchases, services, or technical service transactions between the Company and related parties other than the Company, its parent company, subsidiaries, or subsidiaries of the same parent company shall be subject to board approval, and the actual transaction details shall be reported to the shareholders' meeting after the end of the fiscal year.
- (8) In accordance with the partial amendments announced by the Stock Exchange on August 23, 2023, regarding the "Key Points for the Establishment and Exercise of Powers by the Board of Directors of Listed Companies," which specify the evaluation indicators to be included in the performance evaluation of functional committees, the Company amended its "Board Performance Evaluation Measures" at the tenth sixteenth meeting of the tenth board of directors held on November 7, 2023. The amendments included the addition of procedures for conducting board performance evaluations and the revision of performance evaluation indicators for functional committees.
- (9) In accordance with the amendments announced by the Stock Exchange on December 23, 2022, regarding the revision of the "Corporate Governance Best Practice Principles for TWSE-/TPEX-Listed Companies" and the promotion of the "Corporate Governance 3.0 - Sustainable Development Blueprint," the Company amended its "Corporate Governance Best Practice Principles" at the tenth sixteenth meeting of the tenth board of directors held on November 7, 2023. The Company also aligned with the newly revised "Regulations for Managing Transactions with Related Parties, Specific Companies, and Group Enterprises" and "Board Performance Evaluation Measures" by making corresponding revisions to relevant content
- (10) In accordance with Article 9-1 of the Financial Supervisory Commission's "Guidelines for Publicly Issued Companies to Establish Internal Control Systems," the Company completed the appointment of a dedicated supervisor and personnel responsible for information security on September 1, 2023. To comply with Article 9 of the internal control guidelines, the Company implemented relevant controls for computerized information system processing. Referring to the "Guidelines for Information and Communication Security Management for Listed and OTC Companies" issued by the Stock Exchange, the Company amended its "Procedures for Processing Operations Using Computerized Information Systems" of the internal control system at the tenth seventeenth meeting of the tenth board of directors held on December 20, 2023. The amendments were made to align with current operational procedures and control focuses, incorporating relevant data based on practices and referencing the "Guidelines for Information and Communication Security Management for TWSE-/TPEX-Listed Companies."
- (11) In accordance with the amendments announced by the Financial Supervisory Commission on January 11, 2024, regarding the "Procedures for Board Meetings of Publicly Issued Companies" and "Procedures for the Exercise of Powers by Audit Committees of Publicly Issued Companies," the Company amended its "Board Meeting Regulations" of the internal control system at the eighteenth meeting of the tenth term of Board of Directors held on February 27, 2024. The amendments include provisions allowing the chairman to announce a postponement of the meeting deadline until the same day, and the addition of provisions for the appointment of a proxy when the chairman is unable to preside over the meeting or fails to announce its adjournment as required. Additionally, in accordance with the amendments to Articles 14-4 and 14-5 of the Securities and Exchange Act, the Company amended its "Audit Committee Organizational Regulations" to include procedures and methods for the appointment of representatives, revisions specifying that the financial reports must be accompanied by the opinions of independent directors, and the addition of relevant provisions regarding the convening and proceedings of the Audit Committee.

3.4.2 Operations of the Audit Committee

1. Major tasks of the auditing committee in the year

- (1) The Company's audit committee consists of five 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 2023 and 2024 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. Amendments 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 2023, 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 2023.12.31, 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 certified public accountants, the Audit Committee refers to the Accountant Professional Ethics Bulletin No. 10, and in accordance with the provisions of Article 29 of the company's "Corporate Governance Practice Code", regularly refers to the Audit Quality Indicators (AQIs) to determine the independence of accountant assessment of suitability and suitability. The independence and qualification of certified public accountants Fang-Ting Yeh and Tzu-Shu Lin of PwC Taiwan were reviewed and affirmed by the company's 4th term Auditing Committee at its 9th meeting on 2023.02.20 and the 10th term Board of Directors at its 11th meeting on 2023.02.24. The independence and qualification of certified public accountants Fang-Ting Yeh and Tzu-Shu Lin of PwC Taiwan were reviewed and affirmed by the company's 4th term Auditing Committee at its 14th meeting on 2024.02.23 and the 10th term Board of Directors at its 18th meeting on 2024.02.27.

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 Director 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 Director/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, Emritus Distinguished Chair Professor of National Cheng Kung University, Academician of Academia Sinica, Compensation 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 Adjunct Attending Physician, Department of Internal Medicine, National Cheng-Kung University Hospital, Tainan, 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.
Independent Director Chyun-Yu Yang	Obtained Bachelor of Medicine, National Taiwan University, certified doctor with experiences of Research fellow, Department of Orthopedic Surgery University of Texas Medical Branch at Galveston, TX, USA, Chief Resident, Department of Orthopedics, College of Medicine, National Taiwan University, Professor, Department of Orthopedics, College of Medicine, National Cheng Kung University, Superintendent of National Cheng Kung University Hospital, Professor, Department of Orthopedics and Honoring Superintendent of Kuo General Hospital, Professor, Department of Orthopedics, College of Medicine, National Cheng Kung University
Independent Director Jang-Yang Chang	Obtained Bachelor of Medicine, National Defense Medical Center, certified doctor with experiences of Chief of Medical Oncology, Tri-Service General Hospital, National Defense Medical Center, Secretary General, Taiwan Oncology Society, Director of National Institute of Cancer Research, NHRI, Professor and Dean, College of Medicine, National Cheng Kung University, Executive Vice President, Professor Emeritus, National Cheng Kung University, Distinguished Investigator and Director of Institute of Biotechnology and Pharmaceutical Research, NHRI, Director, TMU Research Center of Cancer Translational Medicine, Taipei Medical University, Taipei, Taiwan, Chair Professor, Taipei Medical University Hospital, President of Taipei Cancer Center, Executive Director of Taiwan Oncology Society

3. Total of 6 meetings of the Audit Committee were held of 2023 and up to the publish date of the annual report. Independent director attendance is listed below:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remark
Independent director	Wen- Chang Chang	6	0	100%	None
Independent director	Li-Tzong Chen	6	0	100%	None
Independent director	Lewis Lee	6	0	100%	None
Independent director	Chyun-Yu Yagn	4	0	100%	Newly elected on 2023.05.29,should attend the Audit Committee 4 times 2023.05.29~2024.03.31
Independent director	Jang-Yang Chang	4	0	100%	Newly elected on 2023.05.29,should attend the Audit Committee 4 times 2023.05.29~2024.03.31

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 2023 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 2023, 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 2023.

(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 2023.

(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 2023, communication between independent directors, CPA, and auditing chief was good.

(4) As of 2023 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. All the independent directors expressed no objection opinion.

Note 1. Major resolutions or opinion during the Audit 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 11 th meeting of the 10 th term of Board of Directors (2023.02.24)	a. The Company's Business Report, Parent and Consolidated financial reports for fiscal 2022.	✓	none	none
	b. The Company's earning distribution plan for fiscal 2022.		none	none
	c. The Company's "Statement for Internal Control Systems" for fiscal 2022.	✓	none	none
	d. The Company's appointment of chartered certified accountant. (including Audit Quality Indicators (AQIs) and evaluation results regarding the independence and suitability of the CPAS)	✓	none	none
	e. Pre-approved certified accountants, their firms and firm affiliates to provide non-assurance services to the company and its subsidiaries.	✓	none	none
	f. The Company plans to provide guarantee to SciAnda (Changshou) Pharmaceuticals, Ltd. for mid-term loans.	✓	none	none
	g. Amendments of the company's "Internal Control System"	✓	none	none
	Audit Committee resolution - The Ninth meeting of the forth term of Audit Committee (2023.02.20): 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 13 th meeting of the 10 th term of Board of Directors (2023.05.10)	a. The Company's consolidated financial statement and Auditor's report for the first quarter Of 2023	✓	none	none
	Audit Committee resolution- The 10 th meeting of the Forth term of Audit Committee (2023.05.08): 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 15 th meeting of the 10 th term of Board of Directors (2023.08.07)	a. The Company's consolidated financial statement and Auditor's report for the Second quarter Of 2023.	✓	none	none
	Audit Committee resolution - The 11 th meeting of the forth term of Audit Committee (2023.07.31) 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 16 th meeting of the 10 th term of Board of Directors (2023.11.07)	a. The CPA's annual Audit plan and communicate report with company's governance unit	✓	none	none
	b. The Company's consolidated financial statement and Auditor's report for the third quarter of 2023	✓	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
	c. Amendments of the company's "Internal Control System" (Rules Governing Financial and Business Matters among Corporation, its affiliate Enterprises, Specific companies and internal auditing executing rules)	✓	none	none
	D, Amendments of the company's "Corporate Governance Best Practice Principles "Control procedures for uses of computerized information processing system"	✓	none	none
	Audit Committee resolution - The 12 th meeting of the forth term of Audit Committee (2023.11.03): 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 17 th meeting of the 10th term of Board of Directors (2023.12.20)	a. ScinoPharm audit planning for 2024.	✓	none	none
	b. Amendments of the company's "Internal Control System"	✓	none	none
	Audit Committee resolution - The 13 th meeting of the forth term of Audit Committee (2023.12.13): 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 18 th meeting of the 10th term of Board of Directors (2024.02.27)	a. The Company's Business Report, Parent and Consolidated financial reports for fiscal 2023.	✓	none	none
	b. The Company's earning distribution plan for fiscal 2023.		none	none
	c. The Company's "Statement for Internal Control Systems" for fiscal 2023.	✓	none	none
	d. Passage of appointment of certified public account (including Audit Quality Indicators (AQIs) and evaluation results regarding the independence and suitability of the CPAS)	✓	none	none
	e. The Company plans to provide guarantee to SciAnda (Changshou) Pharmaceuticals, Ltd. for mid-term loans.	✓	none	none
	f. Amendments of the company's "Internal Control System" (Regulations Governing Procedure for Board of Directors and Audit Committee Charter)	✓	none	none
	Audit Committee resolution - The 14 th meeting of the forth term of Audit Committee (2024.02.23): 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 2023, 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
2023.02.20 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 2022. 2. Reviewing and approving 2022 Statement of Internal Control System.	No opinion
2023.05.08 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Audit Officer: Ivan Hsu	Reviewing the Internal Auditor's report for the first quarter of 2023.	No opinion
2023.07.31 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Chyun-Yu Yang Jang-Yang Chang Audit Officer: Ivan Hsu	Reviewing the Internal Auditor's report for the second quarter of 2023.	No opinion
2023.11.03 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Chyun-Yu Yang Jang-Yang Chang Audit Officer: Ivan Hsu	Reviewing the Internal Auditor's report for the third quarter of 2023.	No opinion
2023.12.13 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Chyun-Yu Yang Jang-Yang Chang Audit Officer: Ivan Hsu	2024 Audit planning	No opinion
2024.02.23 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Chyun-Yu Yang Jang-Yang Chang Audit Officer: Ivan Hsu	1. Reviewing the Internal Auditor's report for the fourth quarter of 2023. 2. Reviewing and approving 2023 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
2023.02.20 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen CPA: Yung-Chih Lin	1. The CPA's response in connection with 2022 Audit planning and problems raised by independent directors 2. Communications report with cooperative governance divisions of completion of 2022 Auditing, (including Audit Quality Indicators (AQIs) and evaluation results regarding the independence and suitability of the CPAS)	No opinion
2023.05.08 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen CPA: Fang-Ting Yeh	The CPA's response in connection with financial statements audit report for first quarter of 2023 and problems raised by independent directors	No opinion
2023.07.31 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Chyun-Yu Yang Jang-Yang Chang CPA: Fang-Ting Yeh	The CPA's response in connection with financial statements audit report for second quarter of 2023 and problems raised by independent directors	No opinion
2023.11.03 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Chyun-Yu Yang Jang-Yang Chang CPA: Tzu-Shu Lin	1. The CPA's response in connection with financial statements audit report for third quarter of 2023 and problems raised by independent directors 2. The CPA's response with Communications report with cooperative governance divisions of completion of 2023 Auditing,	No opinion
2024.02.23 Audit Committee	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Chyun-Yu Yang Jang-Yang Chang CPA: Fang-Ting Yeh	1. The CPA's response in connection with financial statements audit report for third quarter of 2023 and problems raised by independent directors 2. The CPA's response with Communications report with cooperative governance divisions of completion of 2023 Auditing, (including Audit Quality Indicators (AQIs) and evaluation results regarding the independence and suitability of the CPAS)	No opinion

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

Date	Attendees	Communication Key Points	result
2023.11.03 Forum	Independent Director: Lewis Lee Wen-Chang Chang Li-Tzong Chen Chyun-Yu Yang Jang-Yang Chang CPA: Tzu-Shu Lin Audit Officer: Ivan Hsu	Internal Audit report	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, Feb. 25, 2022, Feb. 24, 2023 and Nov. 7, 2023 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?	✓		1. 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 Systems by Public Companies." 2. The company has established the "Regulations on Transactions with Related Parties, Specific Companies, and Group	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Enterprises," which have been approved by the board of directors. These regulations govern transactions such as purchases and sales of goods, acquisition or disposal of assets, endorsement and guarantees, and financial lending between related enterprises.	
(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>Prior to the publication of the company's financial statement on Feb. 27, 2024, the company reminded insiders (including directors and managers) on Jan. 16 and Jan. 22, 2024 not to engage in stock trading</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>during the 30-day lock-up period and 15 days before publication of quarterly financial report</p> <p>On December 4th, 2023, a "2023 Insider Trading Prevention Education and Promotion" course was conducted for all colleagues. The course content included promotion of measures against insider trading, as well as internal regulations and notices for insiders holding stocks. The course was posted on the company's digital learning platform for access by employees anytime. As of Dec. 31, 2023, the number of employees having completed the one-hour online course had topped 192 person/times.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	✓		<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> <p>(1) Fundamental conditions and values: gender, age, etc.</p> <p>(2) Professional knowledge and skill: professional background, professional skill, and industrial experience.</p> <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, 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>① The company's board of directors</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>has 17 seats, including five independent directors, for 29% share, who cannot serve for more than three consecutive terms. Among the independent directors of the company, three have served for one to two terms, while the other two were newly appointed independent directors in the supplementary election at the shareholders' meeting of the 2023. Therefore, all independent directors have not exceeded three terms during their continuous tenure.</p> <p>One incumbent independent director was newly elected, with the other two directors served t four to five years.</p> <p>②The current board of directors consists of 14 male directors and three female directors, accounting for 82% and 18%, respectively, averaging 65 in age, with average age of independent directors reaching 70.</p> <p>(2) Professional knowledge and skills:</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, pharmaceuticals, and chemistry. Independent directors include Director 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, and associate professor of university, and President of Taipei Cancer Center, and Honoring Superintendent of hospital and Professor, Department of Orthopedics. They have plural and supplementary backgrounds, in line with the pluralistic policy for</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			the membership of the board of directors. (3) Related information is listed in 3.2 Information on Directors and Management Team, 3. Diversification of the membership of board of directors and note (1)	
(2)Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?		✓	The Company hasn't establish any other functional committee besides the Remuneration 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?	✓		<p>The "evaluation measure for performance of the board of directors," was approved by the board of directors on Nov. 11th 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 be completed before the end of first quarter of the following year. and as reference for nomination of directors in the future.</p> <p>The company already completed 2023 performance evaluation for the board of directors, functional committees (including evaluations for compensations committee and auditing committee), and individual directors submission to the Compensations Committee on Feb. 23,2024 and meeting of the board of directors on Feb. 27, 2024 and filed the report on the results to the regulator by March 31, 2024.</p> <p>Results of the performance evaluation for functional committee (including the auditing committee and the compensations committee) range from five points (excellent) and four points (better than standard), underscoring the good operation of the two committees, which, along with their members, are acknowledged with positive evaluation. The evaluation results follow:</p> <p>(1) The board of directors: The board of directors has well fulfilled its responsibilities of directing and supervising corporate strategy, major business development, and risk management, plus setup of proper internal control system, active participation in sustainable development, and upholding of smooth corporate operation, meeting corporate-governance requirement.</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>(2) Auditing committee: The committee consists of all independent directors and they are objective and independent, able to communicate fully and effectively with company executives, and capable of reasonably executing their duties. Meeting schedules allow ample time for discussion, and communication with CPAs is excellent.</p> <p>(3) Compensations committee: The committee consists of all independent directors, possessing an independent evaluation mechanism and maintaining effective communication with the management team, ensuring smooth operation.</p> <p>For status of 2023 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.</p>	
(4) Does the Company regularly evaluate the independence of CPAs?	✓		<p>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," the Company should evaluate the independence and qualification of hired CPAs to ascertain their suitability. according to Audit Quality Indicators (AQIs) provided by Pwc.</p> <p>The results of the latest evaluation were reported to the auditing committee on Feb. 23 2024 and approved by the board of directors on Feb. 27, 2024.</p> <p>It has been confirmed that CPAs Yeh Fang Ting and Lin Tzu-Hsu, 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 1).</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	
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.</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. Report to the board of directors on review result concerning conformance of independent directors' qualifications to legal requirements during the times of nomination, appointment, and tenure. 7. Handling affairs concerning the change of directors. 8. other items specified in company by-Articles of Incorporation or contracts. <p>In executing their duties, corporate-governance chief and staffers must abide by legal requirements, in conformance to the spirit and requirements of corporate governance. Related information is listed in 2023 Executive Offices' training records.</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	
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 did not receive any such report in 2023.</p> <p>The Company's “report on fulfillment of corporate social responsibility (including stakeholder communications information and actual performance)” was submitted to the Board of Directors on Nov. 7, 2023 with contents covering topics concerned by stakeholders, communications channels, and communications frequency.</p> <p>Summary of the company's communications with stakeholders in 2023 follows:</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	
			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 21 pieces of material information; 2. Employees: including holding of two 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 aperiodically. 3. Communal residents: With a history of over 10 years, "ScinoPharm art forum" was held physically and online broadcasting, over 8000 people attending physically and virtually. Held “support for living event,” donating materials packages and second hand goods to disadvantaged minority group nationwide.. 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 ESG responsibility. The website address is: www.scinopharm.com.tw	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		<ol style="list-style-type: none"> 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 2. In order to boost the transparency of its information revelation, the Company has assigned a specific unit to handle information collection and revelation. 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. 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. 	None
(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. the company filed report on 2023 financial statement(approved by the board) on Feb. 27, 2024 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	✓		<ol style="list-style-type: none"> 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. 	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
purchasing insurance for directors and supervisors)?			<p>2. Investor Relationship: The Company makes it the greatest goal to safeguard the interests of shareholders and grant equal treatment 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, corporate governance information and shareholders' related information.</p> <p>3 Supplier Relationship: 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: 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): 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 in 2023. (Please refer to page 102~105)</p> <p>6. Risk Management Policy and Implementation of Risk Assessment</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>Criteria: Risk Management Policy approved by the Board of Directors on Nov 8, 2022. This policy incorporate risk management to company operation activities and daily management routine. 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: 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: 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 2023 to July 2024, was reported to and approved by the board of directors on May 29, 2023.</p> <p>9. Planning for succession to directors and key managerial posts and status of execution 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." 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 17 members (including five independent directors), featuring</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>diversified and supplementary experience and expertise in industry, 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 2023" in the annual report. 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 973 person-time, totaling 2,173 hours, in 2023. Up to Dec 31, 2023, more than 90% managerial position were promoted through inward employees.</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 tenth 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
<p>1.2 Does the company establish written regulations regarding financial transactions with related parties? The content should include management procedures for transactions such as purchases and sales of goods, acquisition or disposal of assets, etc. Significant transactions should be approved by the board of directors and reported to or agreed by shareholders' meeting.</p>	<p>The company has already established procedures for "Acquisition or Disposal of Assets" and "Management Measures for Transactions with Related Parties, Specific Companies, and Group Enterprises." The regulations cover management procedures for transactions such as purchases and sales of goods, acquisition, or disposal of assets. However, significant transactions require approval by the board of directors and reported to or agreed by the shareholders' meeting. Amendments will be made based on the actual operational status of the company.</p>

Note 1: Criteria for assessing the independence and competence of accountants

Item	Evaluation content	evaluation result	meets independence
01	The accountants themselves, their spouses, and minor children have no investment or financial interest sharing relationship with the company.	V	Yes
02	The accountant himself, his spouse, and minor children have no capital loans from the company.	V	Yes
03	The accounting firm did not issue an assurance service report on the design or assistance in the effective operation of the financial information system.	V	Yes
04	Accountants or members of the audit service team have not served as directors or managers of the company or held positions that have a significant impact on audit cases at present or in the past two years.	V	Yes
05	There are no important items that directly affect the audit case for the non-audit services provided by the company.	V	Yes
06	Accountants or members of the audit services team are not promoting or intermediary stock or other securities issued by the company.	V	Yes
07	Accountants or members of the audit service team do not represent the company in defense of legal cases or other disputes between the company and third parties, except for business permitted by law.	V	Yes
08	Accountants or members of the audit service team have no relationship with spouses, lineal blood relatives, lineal relatives by marriage, or collateral blood relatives within the second degree of relationship with the company's directors, managers, or personnel with positions that have a significant impact on audit cases.	V	Yes
09	The joint certified public accountant who has retired within one year has not served as a director or manager of the company or has a position that has a significant impact on the audit case.	V	Yes
10	The accountants or members of the audit service team have not received gifts or special favors of great value from the Company or directors, managers or major shareholders.	V	Yes
11	Accountants are not employed by clients or inspectees to perform regular duties, receive fixed salaries, or act as directors.	V	Yes
12	Accountants have not provided audit services to the Company for seven consecutive years.	V	Yes
13	Accountants provide and report to the Audit Committee of the Company Audit Quality Indicators (AQIs), and the Company refers to the indicators to assess the competence of accountants.	V	Yes

3.4.4 Composition, Responsibilities and Operations of the Compensation Committee

Based on the Article of Incorporation, the Company has established Compensation Committee, whose members are appointed by the board of directors, according to the organization regulations of the committee. The current Compensation Committee, the fifth Session, comprises five independent directors (Originally were three independent directors, two additional Independent Directors were elected on May 29, 2023, also members of the Compensation Committee) 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 Compensation 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 Compensation 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 Compensation Committee Member
Independent Director (Convener)	Wen-Chang Chang	Please refer to page 21~23 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	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	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.	3
Independent Director	Chyun-Yu Yang	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)	Jang-Yang Chang	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

3.4.4.2 Attendance of Members at Compensation Committee Meetings

- (1). There are 5 members in the Compensation Committee (Originally were three independent directors, two additional Independent Directors were elected in 2023 Shareholders' Meeting, also members of the Compensation Committee).
- (2). The fifth term of the Compensation Committee is from August 10 2021 to July 20 2024.
Total of 6 Compensation Committee meetings were held in 2023 and up to the print date.
The attendance record of the Compensation Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks (Note)
Convener	Wen-Chang Chang	6	0	100%	None
Committee Member	Li-Tzong Chen	6	0	100%	None
Committee Member	Lewis Lee	6	0	100%	None
Committee Member	Chyun-Yu Yang	4	0	100%	Newly elected on 2023.05.29, should attend the Compensation Committee meetings 4 times 2023.05.29~2024.03.31
Committee Member	Jang-Yang Chang	4	0	100%	Newly elected on 2023.05.29, should attend the Compensation Committee meetings 4 times 2023.05.29~2024.03.31

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the Compensation 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 Compensation Committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the Compensation Committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the Compensation 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 Compensation Committee Meetings As of 2023 and up to the publish date

Compensation Committee Meeting dates and Terms	Proposals contents	Resolutions	The company's responses to proposals from Compensation Committee
2023.02.20 The 6th meeting of the Fifth Term	1.The Company's remuneration distribution plans for directors and employees for fiscal 2022. 2.The Company's performance bonus for Managing Directors and above for fiscal 2022 3.Compensation planning for hiring managerial positions.	Approved by all attended Compensation Committee Members	Submitted to the Board of Directors Meetings for approval
2023.03.31 The 7th meeting of the Fifth Term	None(Only report items, no items need approval) (Report item: Performance Evaluation Report of the Board of Directors in 2022)	Noted	Noted

2023.07.31 The 8th meeting of the Fifth Term	1.Revision of performance evaluation measures and measures on employee performance bonus distribution	Approved by all attended Compensation Committee Members	Submitted to the Board of Directors Meetings for approval
2023.11.03 The 9th meeting of the Fifth Term	1. Evaluation measure for performance of the board of directors 2. Compensation planning for hiring managerial positions.	Approved by all attended Compensation Committee Members	Submitted to the Board of Directors Meetings for approval
2023.12.13 The 10th meeting of the Fifth Term	1. Employees (including managers) salary raise plan for fiscal 2024.	Approved by all attended Compensation Committee Members	Submitted to the Board of Directors Meetings for approval
2024.02.23 The 11th meeting of the Fifth Term	1. The Company's remuneration distribution plans for directors and employees for fiscal 2023. 2.The Company's performance bonus for Managing Directors and above for fiscal 2023 3. Compensation planning for hiring managerial positions. (Report item: Performance Evaluation Report of the Board of Directors in 2023)	Approved by all attended Compensation 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? (TWSE-/TPEX-listed companies should fill in implementation status, rather than compliance status or interpretation)	✓		<p>The company's corporate sustainability-related decision making and operation is a cross-division mission-oriented task force.</p> <p>The company put forth a overall ESG (environment, social, and governance) planning and execution program on May 30, 2022, changing "sustainability management committee" into "sustainable development committee," chaired by the president, overseeing "sustainability office and risk management task force" and "vocational safety and hygiene management commission," headed by vice president of production center and chief of vocational safety, hygiene, and environmental protection department, respectively. "Sustainability office and risk management task force" oversees a number of working sections in charge of environmental sustainability, social inclusiveness, and corporate governance, responsible for the pushing and implementation of sustainability-related tasks, on top of compilation of annual corporate sustainability report and risk management and evaluation. "Vocational safety and hygiene management commission" aims to establish the company's vocational safety and hygiene management system, materializing safety and hygiene management goal via planning, implementation, evaluation, and improvement, so as to materialize safety and hygiene management goal and raise safety and hygiene management level.</p> <p>"Sustainable development committee" reports every year to the board of directors the execution status of the sustainable development and vocational safety and hygiene plan, so that members of the board can review the progress in attaining corporate sustainability target.</p> <p>On Nov. 7, 2023, the committee reported to the board of directors on sustainability-related execution status in 2022, with contents including (1) stakeholders-related issues (such as communications information and performance), (2) corporate governance, (3) management ethics, (4) corporate sustainability performance and business operation strategy.</p>	None
2. Does the company follow the principle of materiality in evaluating risks related to the issues of environment,	✓		<p>The disclosed data include sustainability performance of major business sites during Jan. through Dec. 2023, with risk-evaluation boundary being based business sites in Taiwan.</p> <p>In line with the Company's "Sustainable Development Best Practice Principles," which is</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	
society, and corporate governance related to the company's operation and formulate related risk-management policy or strategy? (TWSE-/TPEX-listed companies should fill in implementation status, rather than compliance status or interpretation)			<p>based on the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," and given connection between sustainable 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 sustainable development policy, system or related management guidelines, and concrete implementation plan. At its meeting on May 10, 2023, the board of directors revised "Sustainable Development Best Practice Principles," in line with corporate sustainability blueprint.</p> <p>The company fulfills its responsibility for sustainable development, taking into account the interests of stakeholders. While pursuing sustainable operation and profitability, it places importance on environmental, social, and corporate governance factors. These considerations are incorporated into the company's management policies and operational activities, with continuous review and evaluation of the effectiveness of risk management strategies.</p> <p>1. Environment: Environmental protection and public safety are key issues. Through the most stringent "duty of care system" in the chemical industry, an effective health, safety, and environmental protection system is established to ensure public safety. Measures such as waste reduction, emissions reduction, and pollution prevention are implemented to avoid the risk of environmental pollution. The goal is to coexist harmoniously with the community and the environment. Additionally, the company utilizes the TCFD framework to assess climate risks. Results of cross-departmental discussions on climate risks and opportunities include impacts such as environmental regulations on carbon pricing, foreign carbon tariffs, changes in customer behavior, market information uncertainty, and the effects of extreme weather events.</p> <p>2. Social: Labor safety and employee welfare are key concerns. In addition to creating a safe and healthy work environment, emphasis is placed on employee education and training. Furthermore, the company provides excellent employee benefits to foster good labor relations, mitigating the risk of labor disputes, and ultimately achieving the goal of prioritizing employees.</p> <p>3. Corporate Governance: Regulatory compliances is a key concern. Through collaborative efforts across relevant departments and the implementation of internal controls, as well as strengthening education and training, the company ensures strict adherence to and compliance with</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			relevant laws and regulations by both the company and its personnel, mitigating the risk of legal violations. 4. The company also has set a business Continuity Plan (BCP) in place, which assesses and analyzes various risks that could potentially disrupt operations. Through evaluation based on risk frequency, severity, and level, appropriate responsive measures are formulated implemented.	
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. Constituting of renowned international pharmaceutical firms, the Pharmaceutical Supply Chain Initiative (PSCI) has formulated the PSCI principles, widely regarded as the social and ethic standards for supply-chain management, in the fields of ethics, working conditions, health and safety, environmental protection, and management system. The company embraced PSCI principles in evaluating collaborative pharmaceutical firms, underlining the company's conformance to international standards in industrial-safety, hygienic, and environmental-management systems.</p> <p>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 	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>environment and decrease the exposure to hazardous chemicals or active substances on the part of operating staff.</p> <p>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.</p> <p>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.</p> <p>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 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 undergone 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</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			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.	
(2)Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		For fulfillment of corporate social responsibility, linkage to the world, contribution to progress in environment, society, and economy, and evaluation and management of risks deriving from the aforementioned issue, so as to attain the goal of sustainable development and management, the company has formulated the organizational charter of the sustainable development committee. According to the charter, the committee consists of "sustainable development office and risk management task force" and "vocational safety and hygiene management commission," with the former overseeing an environmental sustainability section with the mission of integrating the tasks of environmental protection, safety and hygiene, energy conservation, water saving, and greenhouse-gas management. According to the charter, it has to formulate and execute annual target, strategy, and action plan, plus tracking execution and evaluating performance. 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.	None
(3)Whether or not the company has evaluated the potential risks and opportunities of	✓		In managing climate-change risks, with the framework of TCFD (Task Force on Climate-related Financial Disclosures of the Financial Stability Board (FSB) as reference, the company's convener of "sustainability office and risk management task	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																								
	Yes	No	Abstract Explanation																									
climate change for the company, now and future, and adopted countermeasures for related issues?			<p>force) joined hands with representatives of various units evaluating climate change-related risks and discerning transformation risks and physical risks in operating process, thereby evaluating possible financial influence. A response plan was formulated accordingly. Six major risk items have been determined via the TCFD method, namely change in customer behaviors, government collection of carbon fee, renewable-energy law/regulation, carbon tariffs of foreign countries, drought-caused water restriction, tropical weather (typhoon, flood), along with two opportunities: possibility of recycling and employment of higher-efficiency production. The company will review extreme weather's influence, in short-, medium- and long-term, annually and formulate climate-change management response plans accordingly. In addition, the company has put in place business continuity plan, evaluating and analyzing various possible operation-disruption risks and formulating corresponding countermeasures.</p> <p>The company has disclosed climate change-related potential risks and opportunities on the "corporate sustainability" section of the company's website and 2022 sustainability report (1.9 climate-change risks and opportunities).</p>																									
(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, greenhouse gas emission reduction, water-consumption reduction, and other waste management measures?	✓		<p>1. The Company’s greenhouse gas emission, water-consumption volume, and total wastes volume for past two years is shown in the following:</p> <table><tr><th>Items</th><th>2022</th><th>2023</th></tr><tr><td>Greenhouse gas emission</td><td>19,308 tons CO2e</td><td>21,395tons CO2e</td></tr><tr><td>Direct emissions (scope 1)</td><td>3,263 tons CO2e</td><td>4,293 tons CO2e</td></tr><tr><td>Indirect emission (scope 2)</td><td>16,045 tons CO2e</td><td>17,102 tons CO2e</td></tr><tr><td>water consumption volume</td><td>151,662 cube meters</td><td>149,839 cube meters</td></tr><tr><td>Power consumption vikyne</td><td>32,414,504 kilowatts/hour</td><td>34,551,538 Kilowatts /hour</td></tr><tr><td>Total Hazardous wate volume</td><td>1,852 tons</td><td>2,584 tons</td></tr><tr><td>Total Non-hazardous waste volume</td><td>308 tons</td><td>413 tons</td></tr></table> <p>Note1: Scope 1 and 2 only cover ScinoPharm's individual information (without external</p>	Items	2022	2023	Greenhouse gas emission	19,308 tons CO2e	21,395tons CO2e	Direct emissions (scope 1)	3,263 tons CO2e	4,293 tons CO2e	Indirect emission (scope 2)	16,045 tons CO2e	17,102 tons CO2e	water consumption volume	151,662 cube meters	149,839 cube meters	Power consumption vikyne	32,414,504 kilowatts/hour	34,551,538 Kilowatts /hour	Total Hazardous wate volume	1,852 tons	2,584 tons	Total Non-hazardous waste volume	308 tons	413 tons	None
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	Yes	No	Abstract Explanation	
			<p>certification for 2023)</p> <p>Note2: Greenhouse-gas emission includes power consumption at Taipei office</p> <p>Note 3: Total volume of hazardous and nonhazardous wastes excludes reused wastes.</p> <p>2. The reduction goal for 2023 including: (1) Cap waste treatment outlay at NT\$33 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\$32.61 million in 2023. (2) To push renewable energy and cut greenhouse-gas emission, set up PV power system, generating 218,964 kilowatts/hour in 2023. In addition, optimize production schedule to avoid unnecessary production-line operation, while taking into account minimum security and quality requirement. 3. In response to international and client demands for environmental protection, the company has referenced the Science-Based Targets Initiative (SBTi) and set its goals according to the GHG Protocol standard for 2024. By completing the inventory and verification of Scope 1 to Scope 3 emissions for 2023, covering the ScinoPharm Tainan Plant and Taipei office, as well as its subsidiaries ScinoPharm Pharmaceutical (Changshu) Co., Ltd. and Shanghai ScinoPharm Biochemical Technology Co., Ltd., the company has obtained comprehensive information for energy conservation and carbon reduction optimization. After thorough verification, internal senior executives and the Sustainability Development Committee unanimously agreed to adjust the baseline year for energy conservation and carbon reduction from 2022 to 2023. Additionally, they have set a reduction target of 4.2% per year for the sum of Scope 1 and Scope 2 emissions. In alignment with the reset of the greenhouse gas emission baseline year, the waste reduction baseline year has also been adjusted to 2023, with a reduction target of 1-2% annually for waste production (excluding waste reuse).</p>	
4. Social Topic (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		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 gender equality human rights in work, which is incorporated into systems and regulations. The company also bans, in specific regulations, child labor, forced labour and human trafficking and any form of	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>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 Occupational Safety and Health Act, drafted by the Ministry of Labor, the company has offered 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>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(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. Materialization of workplace plurality and equality. 2023 female employee percentage is 31%out of total employees. and female administrators is 35% out of total administrators.</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, 2023 employee compensation approved by board of directors on Feb. 24, 2023 is NT\$43,793,097 for 2022, 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 unalerted evacuation drills and at least two emergency response drills a year and mandatory firefighting and first-aid training for employees, 4 AED are installed in the company site 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. The monitoring and response center (central control room) was inaugurated in January 2022,</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>in charge of monitoring factory premises and coordination of various units in emergency response and provision of first aid, as well as assistance for emergency response taskforce (ERT). The center has three major functions, namely handling of emergency, execution of safety affairs, and monitoring of safety system, upholding a safe workplace for employees.</p> <p>5. 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>6. 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>7. In 2023, there were 23 traffic accidents for the company's employees, mostly during the time on their way to the company. Therefore, the company has put in place flexible office time, allowing them to come to work during 8-9 a.m., so that they can avoid heavy traffic during rush hours. In addition, the company had the police squad in the Southern Taiwan Science Park hold traffic safety promotion and training, so as to enhance employees' traffic-safety awareness.</p> <p>8. The company spent NT\$441,000 and NT\$416,000, respectively, in 2022 and 2023 on the installation of personal protective gear to minimize employees' health risk exposure in operation.</p> <p>9. Given its importance to all the employees, the company the company stepped up inputs into factory safety in 2023, as follows:</p> <table><tr><th>Item</th><th>Investment cost</th><th>Purpose and expected benefits</th></tr><tr><td>Installation of new warehouse fire-alarm visualized recognition system (EHS)</td><td>3,200</td><td>Improvement of central control room safety monitoring system</td></tr></table>	Item	Investment cost	Purpose and expected benefits	Installation of new warehouse fire-alarm visualized recognition system (EHS)	3,200	Improvement of central control room safety monitoring system	
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Installation of new warehouse fire-alarm visualized recognition system (EHS)	3,200	Improvement of central control room safety monitoring system								

Evaluation Item	Implementation Status				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation		
			<div> <div>Installation of oxygen analyzer at venting header (Bay 1)</div> <div>2,400</div> <div>Improvement of safety monitoring for gas-collection channel to prevent fire and explosion</div> </div> <div> <div>Replacement of corroded HTF system pipelines (Pilot)</div> <div>1,332</div> <div>Improvement of pipelines to avoid leakage and prevent fire and explosion</div> </div> <div> <div>Improvement of non-anti-blast facilities at public boiler room (UT)</div> <div>950</div> <div>Improvement of pipelines to avoid leakage and prevent fire and explosion</div> </div> <div> <div>Replacement of outdated jacket pipelines in factory (Bay 1)</div> <div>594</div> <div>Improvement of pipelines to avoid leakage and prevent fire and explosion</div> </div> <div> <div>Replacement of manually operated exhaust vent at the production building Bay 2 (EHS)</div> <div>475</div> <div>Improvement of fire-fighting facilities to meet emergency need</div> </div> <div> <div>Total</div> <div>8,951</div> <div></div> </div>		
			10. The company didn’t have any fire incident in 2023		
(4) Has the Company established effective career development training plans?	✓		<p>At Scinopharm, every employee has opportunity to exercise his/her talent. The company has a corporate culture conducive to innovation, inspiring employees to demonstrate their potential to the fullest in meeting various challenges. Alongside global deployment, the company offers plural development opportunities and job rotation for various works, which, along with effective performance evaluation system and career development review, plus personal development plan and corresponding training courses, enables employees to exercise their talent at proper positions, enjoying ample room for performance. Under the system, the company has embraced a policy stressing internal promotion, for which employees can develop cross-field expertise via job rotation, including R&D, manufacturing, quality control, marketing, and logistics. Over 80% of the company's incumbent managers and higher-ranking chiefs are appointed via internal promotion. As for talent cultivation, the company has paid much attention to cultivation of international talent. To meet the demand for talent development and management/operation, the company has arranged professional management courses from start, helping chiefs at various ranks develop management and leadership skills. Meanwhile, based on a specific vocational skill system, the company has developed learning roadmaps for</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	
			core vocational skills, helping employees develop job-related skills, perform their duties, and expand job scope, plus availability of plural career development opportunities. At ScinoPharm Taiwan, every employee take part in training activities, according to their job demand, personal ability, development need, and interest. In 2023, the company's training activities lasted 59,496 hours, attended by 9,414 persons/times, including 47,157 hours for training related to CGMP and safety, hygiene, and environmental protection.	
(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 polices to protect consumers' rights and consumer appeal procedures?	✓		1. To assure "medicine quality" and "employee safety," the company has embraced the manufacturing standards of CGMP guidelines, including PIC/S (Pharmaceutical Inspection Co-operation Scheme) and ICH (International Council for Harmonisation) in the production of all the active pharmaceutical ingredients, related intermediates, and injection medicines, all under the supervision of quality-control unit. 2. All the company's products pass the regulator's inspection and meet U.S. FDA regulations and existing CGMP requirements. 3. Arrange on its own regular plant inspection by customers and the pharmaceutical regulators of various counties. To uphold customer interest, the company has established various communications channels, such as e-mail assuring reply within 24 hours, so as to assure product safety and service quality.	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?	✓		1. In order to select suppliers meeting the company's product requirement and assuring supply safety, ScinoPharm Taiwan has formulated "consultant and contractor management" operating flow. At present, the company's suppliers are divided mainly into key raw material suppliers and common-raw material suppliers, for which the company has formulated "supplier auditing procedure." According to the procedure, the company carries out written-statement auditing and on-site auditing for suppliers, for both of which auditing report covering major defects, secondary defects, and suggestions should be presented within 30 days. For continuing suppliers, auditors should track these problems and assure improvement, as reference for future business dealings. 2. In the management of API (active pharmaceutical ingredient) suppliers, in addition to the evaluation of their product quality, production management, and process, the company checks irregularly whether there are audited defects from the regulator, so as to assure their products conforming to the company's requirements and standards. The company also looks into suppliers' social-	None

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	Yes	No	Abstract Explanation	
			<p>responsibility performance via questionnaire survey, covering the contribution to and influence on employees, community, and environment.</p> <p>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 safety.</p> <p>4. The company has compiled "safety, hygiene, and environmental protection management handbook," as behavioral criteria and working principles for works governing environment, vocational safety, and hygiene. Based on the handbook, there is a contractor evaluation system, in order to safeguard labor life and properties.</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>1. The company compiles the sustainability report, on the basis of the GRI (Global Reporting Initiatives) universal standards, industrial standards (yet to be publicized), and major topic standards, disclosing major economic, environmental, throng of people(including human rights), and social topics discerned by the company and their influences, and disclosure items and reporting requirements. Referre to the guidelines from Sustainability Accounting Standards Board,(SASB) to disclose industry indicators information. A reference table is available in the appendix, facilitating rapid retrieval and query search. The report also meets the requirements of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies."</p> <p>2. Figures and statistics in the sustainability report derive from the company's own reckoning and survey, including NT dollar-denominated financial figures in the annual financial statement certified by PwC Taiwan, which also conducted limited assurance for some information in the report, according TWSAE 3000 standards on "assurance cases involving auditing or perusal of</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	
			non-historic financial information," with the assurance report included in the appendix.	
<p>6. If the Company has established the Sustainable Development Best Practice Principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation:</p> <p>The Company passed the formulation of its "Sustainable Development Best Practice Principles" based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" at its board of directors held on June 18, 2014, and revised the principles on March 25, 2015, December 20, 2016, May 30, 2022, and May 10 2023. There is no major discrepancy between the Company's Sustainable Development Best Practices and the implementations. For details about the operating situation and concrete practices associated with the Company's promoting sustainable development implementation, please see the instructions on the "Promoting Sustainable Development Implementation" as seen in this annual report, and access the "Promoting Sustainable Development Implementation" section of the Company's website at http://www.scinopharm.com.tw/Responsibility.asp.</p>				
<p>7. Other key information conducive to understanding the operating status of promoting sustainable development implementation:</p> <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 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:</p> <p>(1) Environmental Protection:</p> <p>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.</p> <p>(2) Social exchanges:</p> <p>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. With a 14-year history, the "ScinoPharm artistic lecture 2023" resumed the in-person format, while continuing online streaming adopted during COVID-19 pandemic, which attracted over 8,000 viewers. The speaker was Mr. Dai Sheng-tong on the topic "undertaking sustainable travel," calling for promotion and retention of local culture and sustainable cultural inheritance. Meanwhile, the company also promoted the idea of "sustainable travel" on its website, explaining how travelers can support the retention of social culture and local economy. In addition, ScinoPharm has offered NT\$25,000 annual subsidy for 14 years to AAEON Foundation organizing exhibition of the works of local artists, supporting local artistic talent and upgrading employees' aesthetic literacy</p> <p>(3) Communal benefits:</p> <p>As a pharmaceutical firm, ScinoPharm Taiwan has been tracking the ESG (environmental, social, governance) issue, both on the domestic front and abroad, thus stepping up investments in corporate sustainability. In 2023, ScinoPharm Taiwan organized sustainability-oriented events quarterly, such as visit to Liugui mountain</p>				

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<p>understanding environment-friendly tea farming, in attempt to encourage other enterprises supporting local farming development. Another example was sand coast-cleanup event on the "Earth Day" on April 22 in Kaohsiung, when participating employees collected 42 kilos of coastal garbage. On July 22 and 29, in collaboration with a local social enterprise, the company's 12 employees too part in the local wooden and, bamboo handicraft event Tsuozhen area of Tainan city, creating 15 potted plants and 120 bamboo lamps. In addition, the company took part in beautification of local historical landscape. The company also sponsored group marriage anniversary for the elderly by giving 100 gift packs to the participating couples.</p>				
<p>(4) Emergency relief:</p> <p>The company continued to take part in the "love month" event, organized by Southern Taiwan Science Park Administration," aiming to help poor-family children in the neighbored, when the company collected NT\$21,562 donation and purchased charity-related biscuits at the same time. In addition, the company donated 2,000 euros to the Enriqueta Villavecchia Private Foundation for Child Oncology and organized blood-donation event on the factory premises, collecting 7,750 c.c. blood.</p>				
<p>(5) Participation in academic and industrial exchanges:</p> <p>Since 2011, in partnership with Chemical Society Located in Taipei, ScinoPharm has been offering NT\$100,000 grant to outstanding chemical papers. In 2023, it also offered NT\$60,000 subsidy for the poster competition organized by four departments of National Taiwan University, on top of donation to Kaohsiung Medical University for purchase of such medical equipment as electroporator, ODYSSEY imaging system, and Tomin TM329, as well as subsidies for various academic events, as college seminars on biotech and chemical engineering, international seminar on new pharmaceutical development, and campus chemical-talent recruitment event.</p>				
<p>(6) Social Contributions:</p> <p>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 753 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.</p>				

3.4.6 Climate Related Information of TWSE/TPEX List Company

Climate Related Information Implementations :

Item and Execution Information

1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities ◦

Implementation:

To drive sustainable development, the Company's Board of Directors established the Sustainable Development Committee to be an exclusively (or concurrently) dedicated unit in charge of promoting sustainable development in May 2022. The Committee is chaired by the President of ScinoPharm and has two sub-units working under it: the Sustainable Development Office and Risk Management Team and Occupational Health and Safety Management Committee. The Sustainable Development Committee is responsible for proposing and enforcing sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and for reporting to the Board of Directors on a yearly basis.

As the Company's highest governing body of risk management, the Board of Directors is charged with developing risk management policies and framework, and ensuring that the developed policies are aligned with the direction of the company's business strategy so as to facilitate the effective operation of risk management. The Sustainable Development Committee, which reports to the Board of Directors, is tasked with supervising the mechanisms of operation in relation to risk management, while the Sustainable Development Office and Risk Management Team works on managing and assessing risks associated with company operations (e.g., strategy, operations, finance, IT, compliance, product quality, safety, health, and environmental protection, as well as climate change impact/opportunities/risks, etc.) and reports on the same to the Board of Directors on an annual basis.

2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business(short, medium, and long term)

Implementation:

Impacts on ScinoPharm Climate change related Risks:

Risk	Aspect	Risk Topics	Occurrence Frequency	Financial Impact	Impact Score	Duration of Impact
Transition risk	Market	Changes in customer behavior	10	6	60	Mid-term
	Laws and Regulations	Government levy on carbon emissions	10	3	30	Short-term
		Renewable energy regulation	10	3	30	Mid-term
		Foreign carbon tariffs	10	3	30	Mid-term
Physical risk	Immediately	Drought, water restrictions	8	6	48	Long-term
		Tropical wind (typhoon, flood)	8	3	24	Mid-term
		High temperature, power restrictions	3	6	18	Long-term
	Long-term	Rising sea level	6	1	6	Long-term

※Impact Score over 24 is categorized as Major Risk

Opportunities for ScinoPharm:

Opportunity Topic	Occurrence Frequency	Financial Impact	Opportunity Score	Duration of Impact
The possibility of recycling and reuse	10	3	30	Short-term
Use more efficient production	8	3	24	Short-term
Use of low carbon energy	10	1	10	Short-term
Participation in carbon trading market	10	1	10	Short-term

※Impact Score over 24 is categorized as Major Opportunities

3. Describe the financial impact of extreme weather events and transformative actions.

Risk Topics and Financial Impact

Risk	Aspect	Risk Topics	Potential Financial Impact
Transition risk	Market	Changes in customer behavior	* Increase in cost of operation * Customer satisfaction results in increased operating revenue
	Laws and Regulations	Government levy on carbon emissions	* Setting up carbon-reducing equipment increases operating costs
		Renewable energy regulation	* Setting up carbon-reducing equipment increases operating costs
		Foreign carbon tariffs	* Setting up carbon-reducing equipment increases operating costs
Physical risk	Immediately	Drought, water restrictions	* Water restrictions hinder production lines, resulting in reduced revenue
		Typhoon, flooding	* Continued insurance enrollment increases costs
	Long-term	Rising sea level	* The Company's business Locations will not be affected by it yet.

Opportunity Category and Financial Impact

Opportunity Category	Opportunity Topic	Financial Impact
Resources Efficiency	The possibility of recycling and reuse	* Expense reduction * Revenue increasing
	Use more efficient production	* Expense reduction * Revenue increasing
Energy resource	Use of low carbon energy	* Cost reduction
	Participation in carbon trading market	* Cost reduction

4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.

Implementation:

ScinoPharm is committed to tackling climate change risks. Based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), released by the Financial Stability Board (FSB), as well as the framework of International Financial Reporting Standards (IFRS) S2 "Climate-Related Disclosures," our company's convener of "Office of Sustainable Development and Risk Management Team" and representatives from various departments conducted a climate change risk assessment. This assessment aimed to identify transitional risks and physical risks in operational processes and evaluate potential financial impacts. Based on the identification results, response plans were established. Through the TCFD methodology, six major risk items and two opportunities were identified. Additionally, an internal Business Continuity Plan is in place to assess and analyze various operational risks that may cause interruptions, including climate risks and opportunities, reviewing them annually and establishing corresponding climate change management response plans.

Risk identification procedures:



5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.

Implementation :

Risk	Aspect	Risk Topics	Scenario setting:	Potential Financial Impact	Strategies Descriptions
Transition risk	Market	Changes in customer behavior	Customers are expected to ask us for information on our carbon footprints	<ul style="list-style-type: none"> * Increase in cost of operation * Customer satisfaction results in increased operating revenue 	Our company plans to conduct an annual product carbon footprint inventory for mass-produced products. In 2023, the assessment and verification of the carbon footprint for the SPT1025 product were completed. It is expected that the inventory for the SPT1217 product will be carried out in 2024.
	Laws and Regulations	Government levy on carbon emissions	The government is expected to charge GHG emissions tariff on the business sector	<ul style="list-style-type: none"> * Setting up carbon-reducing equipment increases operating costs 	In 2023, our company obtained the greenhouse gas verification results for 2022, which shows that over 80% of the indirect greenhouse gas emissions derived from Scope 2 energy consumption. In response to international and customer demands for environmental protection, besides promoting energy-saving measures to reduce electricity consumption, we are collaborating with Energy Service Companies (ESCOs) to assess and develop carbon reduction initiatives. This includes inventory of electricity consumption, energy efficiency, conservation diagnoses, and energy-saving improvement in engineering designs to mitigate the impact cost of carbon fees.
		Renewable energy regulation	According to the Renewable Energy Development Act, monetary substitution must be paid annually if a user fails to install renewable energy in accordance with the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity.	<ul style="list-style-type: none"> * Setting up carbon-reducing equipment increases operating costs 	Our manufacturing plants have installed solar panels. In the future, we will promote and implement GHG reduction plans, and replace energy-inefficient equipment such as air conditioning systems to reduce carbon emissions.

		Foreign carbon tariffs	The European Union is expected to impose carbon tariffs on products	* Setting up carbon-reducing equipment increases operating costs	In 2023, our company obtained the greenhouse gas verification results for 2022, which shows that over 80% of the indirect greenhouse gas emissions derived from Scope 2 energy consumption. In response to international and customer demands for environmental protection, besides promoting energy-saving measures to reduce electricity consumption, we are collaborating with Energy Service Companies (ESCOs) to assess and develop carbon reduction initiatives. This includes inventory of electricity consumption, energy efficiency, conservation diagnoses, and energy-saving improvement in engineering designs to mitigate the impact cost of carbon fees.
Physical risk	Immediately	Drought, water restrictions	As the number of consecutive dry days increases, after 2030, water restrictions will be imposed for an average of five days a year.	* Water restrictions hinder production lines, resulting in reduced revenue	We ramp up water-saving management on weekdays, and cooperate with Southern Taiwan Science Park on a water restriction plan to conserve water. The Company has a water reservoir that can store up to 1,600 tons of water for general use, while the Southern Taiwan Science Park has a reservoir that can supply 30,000 tons of water and a water tower with a capacity of 3,000 tons. To enhance water resource management and mitigate the risk of operational disruptions caused by drought, a registry of water suppliers has been established. Once there is a demand for water supply, contact will be made with the suppliers to address the water supply issue.

		Typhoon, flooding	Severe typhoons in Taiwan will increase in the future, leading to wind and flood disasters, which cause financial losses.	* Continued insurance enrollment increases costs	The Company has purchased insurance for risk transfer. The insurance covers risks associated with fire, explosion-induced fire, lightning, explosion, earthquake, typhoon, and flooding. Relevant response measures are also provided in our business continuity plan (BCP).
	Long-term	Rising sea level	The future impact of sea level rise according to the IPCC Sixth Assessment Report	* will not be affected	The Company used Coastal Risk Screening Tool to assess the impact of sea level rise caused by a global warming of 1.5°C, and the results revealed that the company's business locations will not be affected by it.

6. If there is a transition plan for managing climate-related risks, describe the contents of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.
Implementation:

The Financial Supervisory Commission (FSC) released the Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies in 2022. As stipulated, ScinoPharm has disclosed GHG inventory and verification information, completed inventory and verification by the stipulated deadline, and reported our progress during quarterly board meetings. To combat climate change and follow the Regulations on Setting Energy Conservation Objectives and Execution Plans for Energy Users, the Company has set a target of saving 1% of electricity every year, starting in 2015.

ScinoPharm responds to the government's circular economy promotion plan with concrete actions, aiming to increase the reuse rate of waste solvents to reduce waste. In 2022, plans for the reuse of process waste solvents were formulated. In 2023, ScinoPharm invested NT\$15 million to construct energy saving and carbon-reducing distillation towers. From 2023 through 2025 evaluations, construction, and relevant document modifications and applications to the competent authorities were conducted to achieve the goals of resource recycling, energy conservation, and carbon abatement.

In the face of transformation risks, the Company plans to conduct annual product carbon footprint assessments for mass-produced products to prepare for the future requirement of submitting carbon footprint certifications upon delivery. In 2023, the carbon footprint assessment and verification for the SPT1025 product were completed, and it is expected to complete the assessment for the SPT1217 product in 2024. Regarding physical risks, ScinoPharm has established a Business Continuity Plan (BCP) with relevant response measures, including climate change risk and opportunity policies. To Address climate change risks, the frequency of review and modification was originally set every other year, but it was revised to once a year in 2023.

7. If internal carbon pricing is used as a planning tool, the basis for setting price should be stated.
Implementation: The internal carbon pricing is not used as a planning tool.

8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.

Implementation:

2022	Establish the Sustainable Development Committee to be an exclusively (or concurrently) dedicated unit in charge of promoting sustainable development
	Complete individual the ISO 14064-1 Greenhouse Gas Inventory

	Draft a plan for reusing solvent waste from processes
2023	Complete individual the ISO 14064-1 third-party verification of greenhouse gas emission
2024	Complete installing and applying for hardware facilities for reusing solvent waste from processes
2025	Launch the plan for reusing solvent waste from processes
2026	Complete GHG inventory for all consolidated entities
2027	Continue to implement carbon reduction projects
2028	Complete GHG third-party verification for all consolidated entities
2030	Continue to implement carbon reduction projects

9.Greenhouse gas inventory and assurance status, reduction plan, strategy and concrete actions(separately fill out in point 1-1 and 1-2 below))
Implementation:

■ Greenhouse gas inventory and assurance status for the past two years:

1. Greenhouse gas inventory information:

Greenhouse gas total emission (Metric tons Co2e), intensity (Metric tons Co2e/million) and information scope for the past two years.

2022:

Scope 1	Total Emission (Metric tons CO2e)	Intensity (Metric tons CO2e/million)
Parent	3,262.84	1.0631
Subsidiary	-	-
total	3,262.84	1.0631
Scope 2	Total Emission (Metric tons CO2e)	Intensity (Metric tons CO2e/million)
Parent	16,045.18	5.2281
Subsidiary	-	-
Total	16,045.18	5.2281
Scope 3 (may be disclosed voluntarily)	-	-

Note : The intensity of greenhouse gas emissions is calculated per unit of product/2022 revenue3,069 million
2023:

Scope 1	Total Emission (Metric tons CO2e)	Intensity (Metric tons CO2e/million)
Parent	4, 292. 54	1. 4280
Subsidiary	-	-
total	4, 292. 54	1. 4280
Scope 2	Total Emission (Metric tons CO2e)	Intensity (Metric tons CO2e/million)
Parent	17, 102. 52	5. 6895
Subsidiary	-	-
Total	17, 102. 52	5. 6895
Scope 3 (may be disclosed voluntarily)	-	-

Note : The intensity of greenhouse gas emissions is calculated per unit of product/2023 revenue3,006 million

2. Greenhouse gas assurance status:

Description of assurance status summarize the assurance scope, assurance institute, assurance principles and assurance Comments for the past two years :			
Item	2022	2023	
Assurance Scope-Parent	Scope 1+Scope 2	Scope 1+Scop 2	
Assurance Scope-Subsidiary	-	-	
Assurance Institute	ANFOR Asia Ltd.	ANFOR Asia Ltd.	
Assurance Principles	ISO 14064-3:2019	GHG Protocol	
Assurance Comments	In September 2023, the 2022 annual greenhouse gas inventory was completed and passed ISO 14064-1 third-party verification. A Scope 1 to 2 reasonable assurance level report was obtained.	The Company plans to complete the 2023 greenhouse gas inventory and verification in accordance with GHG Protocol standards in October 2024. It will complete the individual inventories before 2025 and complete individual assurances before 2027 in accordance with regulations.	

3. Greenhouse-gas emission reduction target, strategy, and concrete action plan

In response to international and client demands for environmental protection, ScinoPharm Taiwan has referenced the Science-Based Targets Initiative (SBTi) and set its goals for 2024 based on the GHG Protocol. It completed the scope 1 to scope 3 inventory and verification for 2023, with the boundary covering Taiwan ScinoPharm's Tainan plant, Taipei office, and its subsidiaries ScinoPharm Pharmaceutical (Changshu) Co., Ltd. and Shanghai ScinoPharm Biochemical Technology Co., Ltd. After comprehensive verification, complete information was obtained for energy conservation and carbon reduction optimization. The senior management and Sustainability Development Committee unanimously agreed to adjust the originally planned baseline year for energy conservation and carbon reduction from 2022 to 2023. Additionally, a target of reducing the total emissions of scope 1 and scope 2 by 4.2% annually has been set.

- (1). Process solvent recovery: Solvents used in the manufacturing process are recovered through distillation to separate and recycle solvents that meet specification requirements. If the recovered solvent meets Filing or GMP requirements, it can be reused in the process or for equipment cleaning. Other solvents are recycled through waste liquid reuse by vendors to avoid direct incineration, reducing carbon emissions.
- (2). Collaboration with energy saving technology service companies: Partnering with energy-saving technology service providers to conduct carbon footprint assessments for the company's main product projects. This helps identify major sources of carbon emissions and implement energy-saving measures to reduce energy consumption.
- (3). Greenhouse gas inventory and collaboration with Energy Service Companies(ESCO): The company conducted a greenhouse gas inventory in 2022 and collaborated with ESCOS in 2023 to evaluate cooperation matters and develop carbon reduction measures. This includes inventorying electricity consumption lists, energy efficiency, and energy-saving diagnosis, leading to proposals for energy-saving improvement in engineering designs.
- (4). Installation of solar panels: Solar panels have been installed in the factory, and in the future, a greenhouse gas reduction plant will be promoted. This involves gradually reviewing and replacing equipment with reduced efficiency, such air conditioning and refrigeration equipment, to lower carbon emissions.

3.4.7 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 system, which have been	✓		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. In addition, based on "Ethical Corporate	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practices Principles for TWSE listed companies and reasons
	Yes	No	Abstract Illustration	
implemented faithfully and subject to periodic review and revision?			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, a 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 dedicated unit supervised by the Board and report periodically (at least once a year) to be in charge of Ethical management, prevention of unethical conduct and supervise execution result?	✓		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 2023 were summarized was presented in the meeting of the board of directors on November 7th 2023. 2. The following is brief description of ethical management-related practices in 2023: (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 training on ethical management, including legal compliance for ethical management,	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>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 2023, attendance for those courses are 3,721 person/times, totaling 43,662 hours.</p> <p>(2) Periodic review: 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 2023, no cases involving breach of ethical management were found.</p> <p>(3) Reporting system: 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 2023.</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 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.</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	
(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 2023, 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 3,721 person/times, totaling 43,662 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 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.	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practices Principles for TWSE listed companies and reasons
	Yes	No	Abstract Illustration	
(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
<p>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> <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>				
<p>6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies.</p> <p>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.</p>				

3.4.8 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", "Rules for Performance Evaluation of Board of Directors", "Audit Committee Charter", "Regulations for Organization of Compensation 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 for Employees", "Operating Procedures for Processing Major Internal Information", "Practical Guidelines for Corporate Governance", "Sustainable Development Best Practice Principles" and "Risk Management Policy" 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.

3.4.9 Other Important Information Regarding Corporate Governance

- 3.4.9.1. 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 for Employees" 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.
- 3.4.9.2. 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.
- 3.4.9.3. 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 2023, 17 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."

2023 Directors and Independent Directors' training records

As of 12/31/2023

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2023 Training total hours	Is training record fulfill the requirement (Note)
			From	To					
1	Institutional Shareholder Representative	Chih-Hsien Lo	2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3	6	Yes
			2023.10.26	2022.10.26	Taiwan Institute of Directors	Forging of smart enterprise via digital innovation and sustainability transformation	3		
2	Institutional Shareholder Representative	Tsung-Ming Su	2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3	21	Yes
			2023.05.11	2023.05.11	Securities & Futures Institute	Challenges and opportunities on the path to sustainable development and introduction to greenhouse-gas inventory	3		
			2023.06.06	2023.06.06	Taiwan Corporate Governance Association	Review of information-security governance strategy of TWSE- and TPEx-listed enterprises from the ESG angle	3		
			2023.07.04	2023.07.04	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	3		
			2023.09.04	2023.09.04	Financial Supervisory Commission R.O.C.(Taiwan)	The 14th Taipei Corporate Governance Forum	3		
			2023.10.26	2023.10.26	Taiwan Insurance Institute	Forging of smart enterprise via digital innovation and sustainability transformation	3		
			2023.11.01	2023.11.01	Taiwan Academy of Banking and Finance	Workshop on corporate governance and sustainable corporate development	3		
3	Institutional Shareholder Representative	Chin-Yuan Cheng	2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3	6	Yes
			2023.10.26	2022.10.26	Taiwan Institute of Directors	Forging of smart enterprise via digital innovation and sustainability transformation	3		
4	Institutional Shareholder Representative	Tsung-Pin Wu	2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3	6	Yes
			2023.10.26	2022.10.26	Taiwan Institute of Directors	Forging of smart enterprise via digital innovation and sustainability transformation	3		
5	Institutional Shareholder Representative	Fu-Jung Lai	2023.01.12	2023.01.12	Taiwan Institute of Directors	Series on inflection point of centennial-enterprise strategy--1 focus on multiple core-business applications	3	24	Yes
			2023.02.22	2023.02.22	Taiwan Institute of Directors	Series on inflection point of centennial-enterprise strategy--2	3		
			2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3		

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2023 Training total hours	Is training record fulfill the requirement (Note)
			From	To					
			2023.06.26	2023.06.26	Taiwan Corporate Governance Association	Operations of board-of-director meetings--Practice on operations of board-of-director meetings of TWSE-/TPEX-listed companies and common flaws	3		
			2023.10.26	2022.10.26	Taiwan Institute of Directors	Classes for nurturing talents on net-zero emission sustainability (Southern Taiwan--carbon governance and sustainable ecological circle)	9		
			2023.10.26	2022.10.26	Taiwan Institute of Directors	Forging of smart enterprise via digital innovation and sustainability transformation	3		
6	Institutional Shareholder Representative	Jia-Horng Guo	2023.06.02	2023.06.02	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Summit	3	10	Yes
			2023.07.13	2023.07.13	Chinese National Association of Industry and Commerce	Development trend of anti-money laundering/countering the financing of terrorism	3		
			2023.10.12	2023.10.12	Chinese National Association of Industry and Commerce	Financial friendliness and inclusive financing	1		
			2023.10.12	2023.10.12	Taiwan Academy of Banking and Finance	Principle of fair client treatment and Financial Consumer Protection Act	3		
7	Institutional Shareholder Representative	Ming-Chuan Hsieh	2023.06.07	2023.06.07	Taiwan Institute of Directors	Corporate outlook in warring period: strategic change and transformation	3	12	Yes
			2023.09.01	2023.09.01	Taiwan Corporate Governance Association	Exercise of the professional functions of independent directors for promotion of corporate benefits	3		
			2023.09.18	2023.09.18	Taiwan Investor Relations Institute	Global net-zero emission challenge and carbon-trading opportunities	3		
			2023.10.13	2023.10.13	Securities & Futures Institute	2023 Sessions on legal abidance by insiders of listed companies for trading in equity	3		
8	Institutional Shareholder Representative	Ya-Po Yang	2023.05.23	2022.04.08	TWSE	Meetings on promoting sustainability action plan for TWSE-/TPEX-listed companies	3	15	Yes
			2023.06.26	2023.06.26	Taiwan Corporate Governance Association	Risks and opportunities of climate change for corporate management	3		
			2023.06.26	2023.06.26	Taiwan Corporate Governance Association	Operations of board-of-director meetings--Practice on operations of board-of-director meetings of TWSE-/TPEX-listed companies and common flaws	3		
			2023.07.12	2023.07.12	National Development Fund, Executive Yuan	The system of representative directors fort juridical persons and the duties of fiduciary	3		
			2023.11.12	2023.11.12	Taiwan Investor Relations Institute	Forging sustainable co-prosperity via inclusive plural generation and gender equity	3		

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2023 Training total hours	Is training record fulfill the requirement (Note)
			From	To					
9	Institutional Shareholder Representative	Shiow-Ling Kao	2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3	6	Yes
			2023.10.26	2022.10.26	Taiwan Institute of Directors	Forging of smart enterprise via digital innovation and sustainability transformation	3		
10	Institutional Shareholder Representative	Chiou-Ru Shih	2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3	9	Yes
			2023.10.26	2022.10.26	Taiwan Institute of Directors	Forging of smart enterprise via digital innovation and sustainability transformation	3		
11	Institutional Shareholder Representative	Po-Ming Hou	2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3	12	Yes
			2023.05.08	2023.05.08	Taiwan Corporate Governance Association	Changing the world via investments--impact investing and the materialization of SDGs	3		
			2023.05.09	2023.05.09	Taiwan Institute of Directors	Analysis of contest for corporate control--legislations on hostile takeover and strife for equity holding	3		
			2023.08.08	2023.08.08	Taiwan Institute of Directors	Review of the general environment for Taiwan's economy: U.S. inflation, interest hike, and business cycle	3		
12	Institutional Shareholder Representative	Ling Ming Sun	2023.11.15	2023.11.15	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Publicity Explanation Session	3	12	Yes
			2023.12.08	2023.12.08	Accounting Research and Development Foundation	Practical measures for refining "three internal-control defense lines"	6		
			2023.12.21	2023.12.21	International Project Management Association	Training course for director/supervisors of TWSE-/TPEX-listed companies--ESG-oriented investments and corporate social responsibility	3		
13	Independent Director	Lewis Lee	2023.04.27	2023.04.27	Taiwan Institute of Directors	Taiwan's economic outlook amid changing international situation	3	6	Yes
			2023.10.26	2022.10.26	Taiwan Institute of Directors	Forging of smart enterprise via digital innovation and sustainability transformation	3		
14	Independent Director	Wen-Chang Chang	2023.06.02	2023.06.02	Securities and Futures Institute	2023 Sessions on legal abidance by insiders of listed companies for trading in equity	3	6	Yes
			2023.08.09	2023.08.09	Securities and Futures Institute	Corporate governance and securities regulations	3		
15	Independent Director	Li-Tzong Chen	2023.10.13	2023.10.13	Securities and Futures Institute	2023 Sessions on legal abidance by insiders of listed companies for trading in equity	3	6	Yes
			2023.10.27	2023.10.27	Securities and Futures Institute	Seminars on practices of sustainable development	3		

Item	Title	Name	Study period		Sponsoring Organization	Course	Training hours	2023 Training total hours	Is training record fulfill the requirement (Note)
			From	To					
16	Independent Director	Jang-Yang Chang	2023.05.11	2023.05.11	Taiwan Corporate Governance Association	Trend and challenges of information-security governance	3	6	Yes
			2023.08.09	2023.08.09	Taiwan Corporate Governance Association	Business-secret protection and legal compliance	3		
17	Independent Director	Chyun-Yu Yang	2023.06.02	2023.06.02	Securities and Futures Institute	2023 Sessions on legal abidance by insiders of listed companies for trading in equity	3	12	Yes
			2023.07.04	2023.07.04	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	6		
			2023.11.29	2023.11.29	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Publicity Explanation Session	3		

Note: If the training complies with the request of trainging hours, traing 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:

2023 Executive Offices' training records

As of 2023.12.31

Title	Name	Study period		Sponsoring Organization	Course	Training hours	2022Training total hours	Is training record fulfill the requirement (Note)
		From	To					
C.E.O.	Li-An Lu	2023.05.04	2023.05.04	Taiwan Institute of Directors	Legal abidance an duty of directors and supervisors under corporate governance 3.0	3	6	Yes
		2023.08.24	2023.08.24	Taiwan Institute of Directors	The development trend and actual case analysis about climate change worldwide	3		
Corporate Governance Officer / Senior Accounting Director	Chih-Hui Lin	2023.06.02	2023.06.02	Securities and Futures Institute	2023 Sessions on legal abidance by insiders of listed companies for trading in equity	3	30	Yes
		2023.07.20	2023.07.20	The Allied Association for Science Park Industries	Continuing training courses for accounting executives	12		
		2023.09.14	2023.09.14	Securities and Futures Institute	Practice of the operation of auditing committee	3		
		2023.09.14	2023.09.14	Securities and Futures Institute	Board of Directors Performance Evaluations	3		
		2023.09.23	2023.09.23	Securities and Futures Institute	Seminar on the practice of sustainable development	3		
		2023.10.20	2023.10.20	Securities and Futures Institute	Corporate-governance blueprint 3.0 and directors' duties	3		
		2023.10.26	2023.10.26	Taiwan Institute of Directors	Forging of smart enterprise via digital innovation and sustainability transformation	3		
Director Audit Office	Ivan Hsu	2023.04.28	2023.04.28	The Institute of Internal Auditors-Chinese Taiwan	Business-contract management and auditing practices	6	36	Yes
		2023.07.03	2023.07.03	The Institute of Internal Auditors-Chinese Taiwan	How to adjust internal-control system to cope with new ESG-related regulations	6		
		2023.08.08	2023.08.08	The Institute of Internal Auditors-Chinese Taiwan	Analysis of policy for enhancing corporate capability for compiling financial report and study on main internal-auditing/-control practices	6		
		2023.09.08	2023.09.08	The Institute of Internal Auditors-Chinese Taiwan	How to intensify auditing operation with big data	6		
		2023.09.15	2023.09.15	The Institute of Internal Auditors-Chinese Taiwan	Practices of internal auditors on information-security auditing and control	6		
		2023.11.21	2023.11.21	The Institute of Internal Auditors-Chinese Taiwan	Study on practices of "insider trading" and "false financial report" and countermeasures	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 27, 2024

The internal control system from January 1 to December 31, 2023, 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 27, 2024, 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 2023 Annual General Shareholders' Meeting

One general shareholders meeting was convened in the fiscal year 2023 and up to the publish date of the annual report. The resolutions were summarized as follows.

(I) shareholders' meeting: 2023/05/29.

a. Adoption of Business Report and Financial Statements for 2022.

Implementation status: Accepted the business reports and financial statements of year 2022: 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 2022.

Implementation status: The Company was to distribute : Cash dividend : NT\$0.36 per share. The Earning Distribution Record Date was set on 2023 07.13, and the Distribution Date was set on 2023.07.28.

c. Proposed Amendments to the Articles of Incorporation of the Company.

Implementation status: Change of registration already made with the competent authority within 15 days, in compliance with legal requirement, and approved by the Southern Taiwan Science Park Administration (approval letter No.1120016215, before posting of the revised regulations on the corporate website.

d. Election of two additional Independent Directors.

Implementation status: List of elected two additional Independent directors, based on a nomination system, was already posted on the corporate website and Market Observation Post System on May 29, 2023.

The Shareholders' Meeting elected two additional Independent directors with the list as following:

Independent Directors: Jang-Yang Chang, Chyun-Yu Yang

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

e. Approved the proposal submitted at the 2023 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 2023.05.29 and reported the competent authority for publication on the same day

(II) Major Resolutions during the Board of Directors Meetings in 2023 and to the Publish Date of the Annual Report

Eight board meetings were convened in fiscal year 2023 and up to the publish date of the annual report. The major resolutions were summarized below.

(1) The eleventh meeting of the Tenth Term of Board of Directors

(February 24,2023)

a. Greenhouse gas inventory and verification planning report (first quarter of 2023).

- b. Approved the Company's remuneration distribution plans for directors and employees for fiscal 2022.
- c. Approved the Company's performance bonus for vice president and above for fiscal 2022.
- d. Approved business report and financial reports for fiscal 2022.
- e. Approved earning distribution proposal for fiscal 2022. The cash dividend to be distributed is NT\$0.36 per share.
- f. Approved "Statement for Internal Control Systems" for fiscal 2022.
- g. Approved hiring for managerial positions.
- h. Passage of appointment of certified public account (including evaluation of the auditing quality of the accounting firm and the independence and competence of CPAs according to auditing quality indicators (AQIs).
- i. 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.
- j. Approved to offer Letter of Comfort and guarantee for SciAnda (Changshu) Pharmaceuticals, Ltd. medium-term credit loan.
- k. Practical Guidelines for Corporate Governance
- l. Approved amendments to the Corporate Governance Best Practice Principles of the Company.
- m. Approved the election of two additional Independent Directors in 2023 annual general shareholders meeting.
- n. Approved the announcement to acceptance of Independent 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 2023.
- p. Approved the date, location and agenda for holding of the 2023 annual general shareholders meeting and relevant operating procedures for acceptance of proposals submitted by shareholders who holds over 1% of outstanding shares.

**(2) The twelfth meeting of the Tenth Term of Board of Directors
(April 14, 2023)**

- a. Performance assessments result of the board of Directors.
- b. Approved the reviewing of the candidacy of independent directors.
- c. Approved amendments to the Articles of Incorporation of the Company.
- d. Approved revision of agenda for holding of the 2023 annual general shareholders meeting.
- e. Approved the change of personnel for seal management.

**(3) The thirteenth meeting of the Tenth Term of Board of Directors
(May 10th , 2023)**

- a. Greenhouse gas inventory and verification planning report (second quarter of 2023).
- b. Approved the Company's consolidated financial statement for the first quarter of 2023.
- c. Approved the hiring for consultants.
- d. Approved the proposal of amendments of "Sustainable Development Best Practice Principles" and "Risk Management Policy".

**(4) The fourteenth meeting of the Tenth Term of Board of Director
May 29, 2023)**

- a. Approved the proposal of 2022 cash dividend ex-dividend date and dividend payment date according to income distribution plan.
- b. Approved the selection of members for the Compensation Committees.
- c. Approved the continuation of liability insurance policy for directors and key employees.

- d. Approved the abolishment of restrictions of non-compete clause for the Company's directors and above

**(5) The fifteenth meeting of the Tenth Term of Board of Directors
(August 7, 2023)**

- a. Greenhouse gas inventory and verification planning report (third quarter of 2023).
- b. Approved the consolidated financial reports for the second quarter of 2023.
- c. Approved the case involving scrapping of inventories.
- d. Approved amendments to the "Performance assessment policy" and "Employee Performance Bonus distribution policy"

**(6) The sixteenth meeting of the Tenth Term of Board of Directors
(November 7, 2023)**

- a. Sustainable development execution status report (including information on communications with stakeholders and performance, corporate governance, ethical management, ESG responsibility and risk management).
- b. Greenhouse gas inventory and verification planning report (fourth quarter of 2023).
- c. Approved the consolidated financial reports for the third quarter of 2023.
- d. Approved amendments to the "Internal Control System" (stakeholders, specific companies, group affiliates management policy and internal auditing execution process).
- e. Approved amendments to the "Board Assessment Policy"
- f. Approved amendments to the Corporate Governance Best Practice Principles of the Company.
- g. Approved hiring for managerial positions.
- f. Approved the change of personnel for seal management.

**(7) The seventeenth meeting of the Tenth Term of Board of Directors
(December 20, 2023)**

- a. Review report on the qualification examinations results during the tenure of independent directors.
- b. Approved salary increase for employees (including managerial position) of 2024.
- c. Approved the 2024 business plan of ScinoPharm Taiwan, Ltd.
- d. Approved the Company's audit planning of ScinoPharm Taiwan, Ltd. For 2024.
- e. Approved amendments to the "Internal Control System"

**(8) The seventeenth meeting of the Tenth Term of Board of Directors
(February 27, 2024)**

- a. Greenhouse gas inventory and verification planning report (first quarter of 2024).
- b. Approved the Company's remuneration distribution plans for directors and employees for fiscal 2023.
- c. Approved the Company's performance bonus for vice president and above for fiscal 2023.
- d. Approved business report and financial reports for fiscal 2023.
- e. Approved earning distribution proposal for fiscal 2023. The cash dividend to be distributed is NT\$0.3 per share.
- f. Approved "Statement for Internal Control Systems" for fiscal 2023.
- g. Approved hiring for managerial positions.
- h. Passage of appointment of certified public account (including evaluation of the auditing quality of the accounting firm and the independence and competence of CPAs according to auditing quality indicators (AQIs).
- i. 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.
- j. Approved to offer Letter of Comfort and guarantee for SciAnda (Changshu)

- Pharmaceuticals, Ltd. medium-term credit loan.
- k. Approved amendments to the "Internal Control System"
- l. Approved the 11th Election of Board of Directors (including independent directors).
- m. Approved the announcement to acceptance of Independent Directors candidates nominated by shareholders with 1% or higher stake.
- n. Approved the proposed releases of Director's (including Independent Directors) elected and their representatives from Non-Competition Restrictions in Shareholders' Meeting 2024.
- o. Approved the date, location and agenda for holding of the 2023 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: None

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	Fang-Ting Yeh	Tzu-Shu Lin	January 1 st ,2023 ~ December 31 st ,2023	4,650	690	5,340	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 Fang-Ting Yeh and Tzu-Shu Lin from Yung-Chih Lin and Tzu-Shu Lin since beginning of 2023.

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	2023		As of March 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
		Net increase (decrease) in shares held	Net increase (decrease) in shares held	Net increase (decrease) in shares held	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)	Chin-Yuan Cheng	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	0	0	(6,000,000)
Director (representative)	Chiou-Ru Shih	0	0	0	0
Director (Institutional Shareholder)	Taiwan Sugar Corporation	0	0	0	0
Director (representative)	Kuo-Hsi Wang (Note 1)	0	0	0	0

Title	Name	2023		As of March 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
		Net increase (decrease) in shares held	Net increase (decrease) in shares held	Net increase (decrease) in shares held	Net increase (decrease) in shares held
Director (representative)	Ling-Ming Sun (Note 2)	0	0	0	0
Independent Director	Lewis Lee	0	0	0	0
Independent Director	Wen-Chang Chang	0	0	0	0
Independent Director	Li-Tzong Chen	0	0	0	0
Independent Director	Chyun-Yu Yang (Note 3)	0	0	0	0
Independent Director	Jang-Yang Chang (Note 4)	0	0	0	0
President & CEO	Li-An Lu	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	Shun Yang Lin (Note 5)	0	0	0	0
Director	Yu-Wei Shen	0	0	0	0
Director	Shih-Hao Yang	0	0	0	0
Director	Bin Liu	0	0	0	0
Director	Chia-Chen Chen	0	0	0	0
Director	Ivan Hsu	0	0	0	0
Director	John Tsai	0	0	0	0
Director	Jason Chen (Note 6)	0	0	0	0
Director	Yusuke Kakizawa	0	0	0	0
Director	Syray Wen	0	0	0	0
Director	Johnson Kuo	0	0	0	0
Director	JingYi Wang	0	0	0	0
Director	Hui-Chun Chen	0	0	0	0
Director	Patrick Chang				
Director	Joyce Wang				

Note 1: The Director was discharged on 2023.11.03

Note 2: The Director was newly appointed on 2023.11.03

Note 3: The independent directors was elected on 2023.05.29

Note 4: The independent directors was elected on 2023.05.29

Note 5: The Director was discharged on 2023.10.01

Note 6: The Director was discharged on 2023.11.01

Note 7: The Director was promoted on 2023.04.01

Note 8: The Director was promoted on 2023.04.01

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 2023.12.31 ; 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)		Remark
	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 Director of PIDC. 5. Vice President also referring to as Supervisor of PIDC. 6. 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 Vice President is also Director of Prince Housing & Development. 4. Chairman is the spouse of Director of Prince Housing & Development.	—
							Tong Yu Investment Corp.	Referring to the final parent company of Tong Yu Investment Corp.	—
							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)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Uni-President Enterprises Corp.	299,968,639	37.94%	—	—	—	—	Kai Yu Investment Co.	1. Referring to the parent company of Kai Yu Investment Co. 2. 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. Vice President also referring to as Chairman of Kai Nan Investment Co.	—
Uni-President Enterprises Corp Representative : Chih-Hsien Lo	-	-	-	-	-	-	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 : 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.	—

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)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Uni-President Enterprises Corp Representative : Jia Horng Guo	—	—	—	—	—	—	—	—	—
Uni-President Enterprises Corp Representative : Chin-Yuan Cheng	—	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—	—
Taiwan Sugar Corporation	32,581,963	4.12%	—	—	—	—	—	—	—

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)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Taiwan Sugar Corporation Shareholder Representative : Ling-Ming Sun	—	—	—	—	—	—	—	—	—
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. Company Director is Director of Uni-President Enterprises Corp. 4. Company Director is Vice President of Uni-President Enterprises Corp. 5. Company Supervisor is Vice President of Uni-President Enterprises Corp. 6. Company's Chairman 、 Director	—
							Tainan Spinning Co., Ltd.	1. Director is also referring to as Chairman of Tainan Spinning Co., Ltd. 2. Director of President International Development Corp.	—
							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 Director of President International 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)		Remark
	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. Supervisor is also Director of Prince Housing & Development Corp. 4. Director of President International Development Corp.	—
							Kai Yu Investment Co.	1. Director is Chairman of Kai Yu Investment Co. 2. Supervisor of President International Development Corp.	—
							Kai Nan Investment Co.	1. Supervisor is also referring to as Chairman of Kai Nan Investment Co.	—
							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. President International Development Corp is Chairman of Tong Yu Investment Corp.	—
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. Representative of 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)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Tainan Spinning Co., Ltd. Representative : Po-Ming Ho	—	—	—	—	—	—	1. Uni-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 and 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. Chairman and Director of Uni-President Enterprises Corp.	—
							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)		Remark
	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)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
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 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	—
Tong Yu Investment Corp.	12,515,166	1.57%	—	—	—	—	Uni-President Enterprises Corp.	A company invested by Uni-President Enterprises on the basis of equity-method evaluation: President International Development Corp.'s subsidiary	—
							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	

Note: Holding Shares and Holding Percentage as of 2024.03.30.

3.10 Ownership of Shares in Affiliated Enterprises

2023.12.31 ; 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

2024.03.31

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	Note 1
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 .2024.03.31

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	0	84	27,960	120	28,165
Shareholding (shares)	109,539,014	0	471,192,180	169,361,560	39,139,827	790,739,222
Percentage	13.85%	0%	59.59%	22.39%	4.17%	100%

4.1.3 Shareholding Distribution Status

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

As of 2024.03.31

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	6,797	1,180,607	0.149
1,000 ~ 5,000	15,317	31,948,921	4.040
5,001 ~ 10,000	2,861	21,900,259	2.770
10,001 ~ 15,000	1,043	12,903,245	1.632
15,001 ~ 20,000	533	9,684,321	1.225
20,001 ~ 30,000	577	14,395,231	1.820
30,001 ~ 40,000	270	9,597,550	1.214
40,001 ~ 50,000	173	7,947,972	1.005
50,001 ~ 100,000	316	22,188,468	2.806
100,001 ~ 200,000	154	21,177,529	2.678
200,001 ~ 400,000	71	19,300,429	2.441
400,001 ~ 600,000	18	9,020,782	1.141
600,001 ~ 800,000	9	6,180,543	0.782
800,001 ~ 1,000,000	5	4,514,031	0.571
1,000,001 ~	21	598,799,334	75.726
Total	28,165	790,739,222	100.0000

4.1.3.2 Preferred Shares: None.

4.1.4 List of Major Shareholders

As of 2024.03.31

Shareholder's Name	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%
Kai Nan Investment Co.	13,950,061	1.76%
Tong Yu Investment Corp.	10,616,166	1.33%

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	2022	2023	As of 2024.03.31
Market Price per Share	Highest		29.65	35.80	28.55
	Lowest		22.35	24.80	24.30
	Average		26.11	28.92	26.23
Net Worth per Share	Before Distribution		13.22	13.11	
	After Distribution		(Note 4)	(Note 4)	-
Earnings per Share	Weighted Average Shares (thousand shares)		790,739	790,739	790,739
	Earnings per Share (Undiluted)		0.45	0.36	
	Earnings per Share (Diluted)		0.45	0.36	-
Dividends per Share	Cash Dividends		0.36	0.30	-
	Stock Dividends	-	-	-	-
		-	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note1)		58.02	80.33	-
	Price / Dividend Ratio (Note2)		72.53	96.40	-
	Cash Dividend Yield Rate (Note 3)		1.38	1.04	-

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 2023 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 2023 profits is not passed by Annual Shareholders' Meeting: The proposal was passed at the Meeting of the Board of the Board of Directors (February 27th 2024). This proposal, a cash dividend of NTD 0.3 per share, will be discussed at annual shareholders' meeting and the ex-dividend date will be set after.

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 2024 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 2023 Approved by Board of Directors Meeting for Employee Bonus and Directors' Remuneration

A. Payout of employee remuneration and director remuneration in cash or stock. If there is a difference between the amount recognized as expenses for the year and the estimated amount, the difference, reasons, and treatment should be disclosed."

(1) The employees' compensation for 2023 was NT\$34,878,864; directors' compensation was NT\$4,592,892, all compensation was distributed in cash form.

(2) The aforementioned amounts differed from budgeted amounts by 0 for both employees' and directors' remuneration.

B. The amount of employee remuneration distributed in stocks and the ratio of this amount to the post-tax net profit for the period or the total amount of employee remuneration in the individual or separate financial statements: The Company did not distribute employee remuneration in stocks, so this does not apply.

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 2022 is as following:

(1) The Distributable compensation for employees and directors on 2022 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 2022 was NTD 43,793,097, director compensation was NTD 5,659,864, all compensation was distributed in cash form. The aforementioned amounts differed from budgeted amounts by 0 for both employees' and directors' remuneration.

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 2024.03.31

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	0 shares	527,000 shares	637,000 shares	N/A
Adjusted exercise price for those who have yet to exercise their rights	NT\$71.6/share	NT\$35.8/share	NT\$36.3/share	N/A
Unexercised shares as a percentage of total issued shares	0%	0.06665%	0.08056%	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 2017 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

2024.03.31 ; 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	720,000	0.09105%	0	—	0	0	720,000	71.6 / 35.8 / 36.3	25,957,500	0.09105%
	Vice President	Li-Chiao Chang										
	Vice President	Ling-Hsiao Lien										
	Senior Director	Yu-Fen Hung										
	Senior Director Accounting/ Finance and Corporate Government Officer	Chih-Hui Lin										
	Director	Yu-Wei Shen										
	Director	Bin Liu										
	Director	Chia-Chen Chen										
	Director	John Tsai										
	Director	Syray Wen										
	Director	Yusuke Kakizawa										
	Director	Hui-Chun Chen										
	Director	Jing Yi Wang										
	Director	Joyce Wang										
Employees	Senior Manager	Tsung-Yu Hsiao	289,000	0.03655%	0	—	0	0	289,000	71.6 / 35.8 / 36.3	10,423,200	0.03655%
	Senior Manager	Tsung-Cheng Hu										
	Senior Manager	Yatin Lee										
	Senior Manger	Louis Wang										
	Manger	ChenYi Wang										
	Manager	Una Kang										
	Manager	Sylvia Chen										
	Manger	JenHuang Kuo										
	Manager	Eddy Chen										
	Manager	Kathy Wu										

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.
 4. Sale of reprocessed chemical materials recycled from the company's manufacturing process >>

5.1.1.2 2021 Revenue distribution

Unit : thousand NTD ; %

Major Products	Year 2023	
	Total Sales	of Total Sales(%)
Manufacturing and sales of API	2,854,051	90%
Technical Services Income	152,326	5%
Injection formulation sales	68,033	2%
Other Income	111,673	3%
Total Sales	3,186,083	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 forty-four 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 twelve items (ten of them are new drugs).
2. APIs under phase III clinical trials totaling five items.
3. There are six new customized R&D and contract production programs.

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 products 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 injectable plant is successively completed and is in commercial production stage, the major business are following two aspects:

* Own injection drug

Our self-owned injection drugs primarily target complex composite injection products, which have entered mass production:

A. The cartridge vial production line for self-made pre-filled injection products and the insulin vial production line for self-made water needle products have both been submitted to the U.S. FDA ANDA for approval of ANDA. They have passed on-site inspections prior to the approval of their drug certificates. Currently, they are in the final stage of drug certificate review.

B. The vial production line for freeze-dried powder products, besides obtaining approval letters from the Taiwan Food and Drug Administration (TFDA), has also undergone on-site inspections by the U.S. FDA prior to drug certification, including comprehensive GMP audits of both the raw material and injection drug factories. It has achieved an exemplary result with zero observations (Zero Form 483). The product obtained FDA certification in September 2023.

C. The company has also submitted to two self-injection products from cartridge vial production lines to FDA for applying ANDA.

*Business collaboration

In addition to developing proprietary injection drugs, the company also expanded business via collaboration. Currently, besides collaborations on three injection products for anti-leukemia, chemotherapy-induced nausea and vomiting adjunct therapy, and anticoagulant products, there are ongoing projects on new drugs and generic products for non-small cell lung cancer and multiple myeloma.

Among the self-manufactured injection products, the company has signed marketing agreements with pre-filled syringes and two types of injection pen products have each signed marketing collaboration agreements with partners, while negotiations are actively underway for other products. Additionally, after passing the factory inspection, the injection-drug production line has officially commenced commercial production. The first outsourced injection product started shipping in the third quarter of 2023, with a focus on maintaining stable supply in 2024 and expanding collaboration to provide customers with more comprehensive services. Several other outsourcing collaboration projects are also in various stages of negotiation.

5.1.1.4 Roadmaps for new products:

New products on drawing board	Purpose
SPT1495	Cancer target drugs
SPT1496	Cancer target drugs
SPT1470	Cancer target drugs
SPT1462	Cancer target drugs
SPT1499	Cancer target drugs

5.1.2 Industry Overview

5.1.2.1 Current Situation and Future Development of the Industry

Given popularity of COVID-19 vaccination leading to decline in serious cases, pharmaceutical information firm IQVIA reported recently that global pharmaceutical market will regain pre-pandemic growth momentum in 2024, with global pharmaceutical outlay expected to top US\$1.9 trillion in 2027, including several fast growing medicines, such as new cancer medicines and some newly approved similar biological medicinal products (SBMP), at total scale of US\$370 billion (double current scale) and neurological medications, such as those for Alzheimer and migraine.

For regional markets, with North American and West European markets expected to slacken, Latin America, East Europe, and some Asian countries will score robust growth, thanks to population growth and increasing pharmaceutical popularity, in terms of pharmaceutical consumption volume and new-medicine market penetration rate.

With massive medical budget and pharmaceutical outlay facing growth constraint, there has emerged continuing questioning and discussion on the justification of medicine pricing, including the issue of how to attain balance among medicine price, sales volume, and market sustainability, for which major pharmaceutical firms vary in concept and practices.

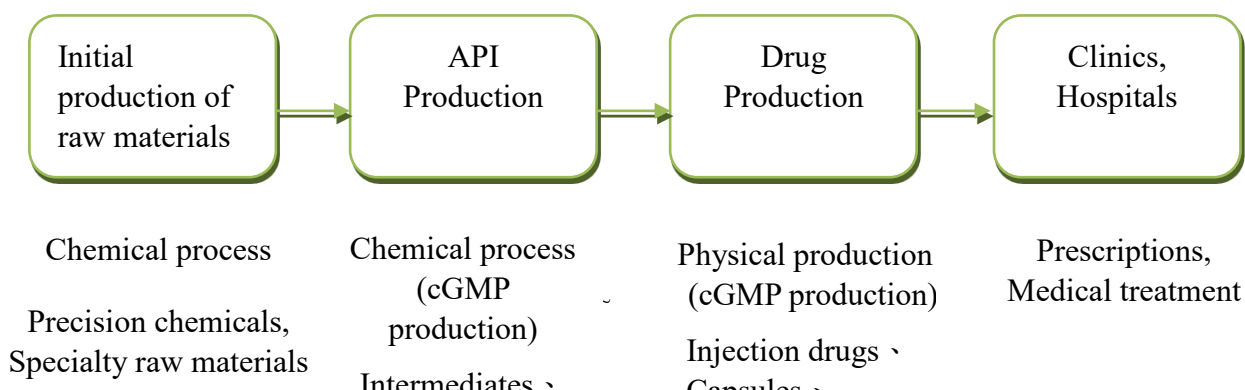
With the largest pharmaceutical outlay worldwide, the U.S passed the "Inflation Reduction Act (IRA)" during the pandemic, reexamining medicine pricing, enhancing government leverage in medicine-price negotiation, and reviewing medical-cost sharing agreement with stakeholders. With its enforcement details yet to be settled, concrete effect of IRA has been on the radar of various parties.

Enacted in 1984, the U.S. Hatch-Waxman Act has fostered the development of the global generic-drug market, a trend sped up by the shoestring medical budgets of various countries, whose governments have encouragement employment of generic drugs via legislations and formulation of generic-drug usage target and plan, so as to cut government and private medical outlays. A noticeable example is the Japanese government, whose change in hygienic policy has been conducive to the popularity of generic drugs.

However, the generic-drug market has been plagued by acute competition continually, which has led to high demand for supply-chain and time-to-market management among in the pharmaceutical industry. For cost control and risk spreading, outsourcing of active pharmaceutical ingredients and pharmaceutical making has been gaining traction, originating from North America and Western Europe and then spreading to Eastern Europe and Asia. According to research body Precedence Research, the global API market will grow at 7.1% CAGR (compound annual growth rate), reaching US\$355.9 billion, compared with US\$191.2 billion in 2021.

In recent years, the global pharmaceutical supply chain has undergone a major shakeup, featuring emergence of the Indian pharmaceutical making industry, which has led to a new-generation global confrontation. For lowering supply-chain risk and strengthening national security, diversification of production sites and increase of self-supply rate for key pharmaceutical materials has become a trend, intensifying competition/collaboration among API suppliers and aggravating price competition. Amid the shakeup, the company aims to increase its business depth and magnitude, so as to win more business opportunities and higher market share.

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 preparations 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.

However, in recent years, due to various countries' strict control of medical outlays, especially pharmaceutical spending, pressure in price negotiation with new medicine manufacturers has been on the rise, as pharmaceutical firms have intensified protection of new medicine-related patent rights, in the face of shrinking benefits from new medicine

development. Such protection covers a wide scope, including preparation, therapy, composition of materials, and crystal form, plus raising of the entry threshold for generic-drugs makers, postponement of generic drugs' marketing entry, and extension of new medicines' patent-protection period, which have blocked the appearance of new 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 68 DMFs (Drug Master Files) with the U.S. FDA as of the end of December 2023 on top of 30 EDMFs (European DMFs) in some 30 European countries, including CEP (COS) for 22 products, applicable in the European Union. Worldwide, the company has made 923 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 45 inventions, as well as 211 patents worldwide (as shown in the table below). In addition, there are 18 inventions totally 41 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	2022	2023	Jan.~March 2024
Combined R&D expense	271,264	357,740	74,968
Combined Net Operating Revenue	3,264,045	3,186,083	883,226
Combined R&D expense/ Combined Net Operating Revenue (%)	8.31	11.23	8.49

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

Year	Products
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
2022	Apixaban
	Enzalutamide
	Cedazuridine
	Nelarabine Injection
2023	Abemaciclib
	Zanubrutinib
	Nelarabine
	Semaglutide injection

5.1.4 Long-term and Short-term Development

ScinoPharm is committed to implementing the company's business strategies, with patience and attentive focus on its main business activities. To maintain revenue and profit growth, we continuously expand and transform our business, extending our service scope from APIs to injectable products, thereby ensuring sustainable operations and creating a steady stream of economic benefits for all of our stakeholders in the long-term, including shareholders/investors, employees, customers, suppliers, the government, and society. ScinoPharm initially provided services to generic drug manufacturers and patented pharmaceutical companies as part of its business strategy. Over time, the Company has expanded its R&D and production capacities to keep up with market changes and demands. Capitalizing on the trust relationships that the company has established with major pharmaceutical companies over the years, the Company subsequently formed strategic alliances with other companies to develop new drugs, integrate upstream/downstream resources (including R&D and manufacturing processes for APIs and injectable formulations). Meanwhile backed by the technological prowess and service quality, the company is capable of expanding markets by providing R&D and manufacturing service to pharmaceutical firms and create greater benefits. In seeking to maximize profits for the company, shareholders, and employees while ensuring the company's short/mid/long-term development, we will observe objective market demands and adopt the following business strategies:

--Near term:

1. Maintain the niche in generic drug API, actively deploy high-tech threshold peptide compound drugs, and strengthen customer research and development to increase its future benefits.
2. Take advantage of the injectable plant in Tainan to increase the value of ScinoPharm's API production lines and provide one-stop services for a wide range of customers.
3. The Company continues to deploy investments and promote the optimization and upgrading of its factories in Tainan and Changshu, enhancing its commercial competitiveness and enabling it to better meet the different needs of customers and

seize business opportunities.

--Medium term:

1. Through strategic alliances, the Company seeks channel partners to expand the market and increase the Company's gross profit margin by sharing profits together.
2. Combined with the production capacity of the Changshu plant in Jiangsu, ScinoPharm increases its capacity to supply the global market. It will also join forces with partners and comply with Chinese regulations to accelerate the development of preparation products to enter the Chinese domestic market and increase the overall output value.
3. The Company cooperates with Japanese customers to cultivate the Japanese generic drug market and develop other emerging markets through agents.

--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.

5.2 Market and Sales Overview

5.2.1 Market Analysis

5.2.1.1 Major Products (Services) by Region

Unit: NT\$ thousands ; %

Year Region		2022		2023	
		Amount	%	Amount	%
Abroad	US	736,699	22	507,275	16
	EU	582,660	18	690,168	21
	AU	17,218	1	18,098	1
	ASIA	1,665,595	51	1,698,634	53
	Other	-	-	404	-
	Subtotal	3,002,172	92	2,914,579	91
Domestic Market		261,873	8	271,504	9
Total Combined Revenue		3,264,045	100	3,186,083	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 active 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. Plus the Extraordinary success of Mounjaro(tirzepatide) from Eli Lilly and Ozempic and Wegovy(semaglutide) from Novo Nordisk, etc (high dose) GLP-1 medicines in the fields of diabetes and weight loss has spurred the need for refining peptide drugs, both synthesized and fermented ones. 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 14th five-year national development plan, the Chinese government has set a 8% 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 GDUFA 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.

China is now the largest API (active pharmaceutical ingredients) supplier on the global market but its API (active pharmaceutical ingredients) firms now export mainly low-price APIs with low margin, mostly without U.S. FDA (Food and Drug Administration) plant inspection and auditing, thus incapable of assuring supply stability and entering markets of developed countries. Moreover, many existing Chinese API firms are faced with the pressure of transformation or shutdown, due to soaring environmental-protection costs, following promulgation of EU GMP and new version of Chinese GMP.

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 nine 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 reputé 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 three 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, 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

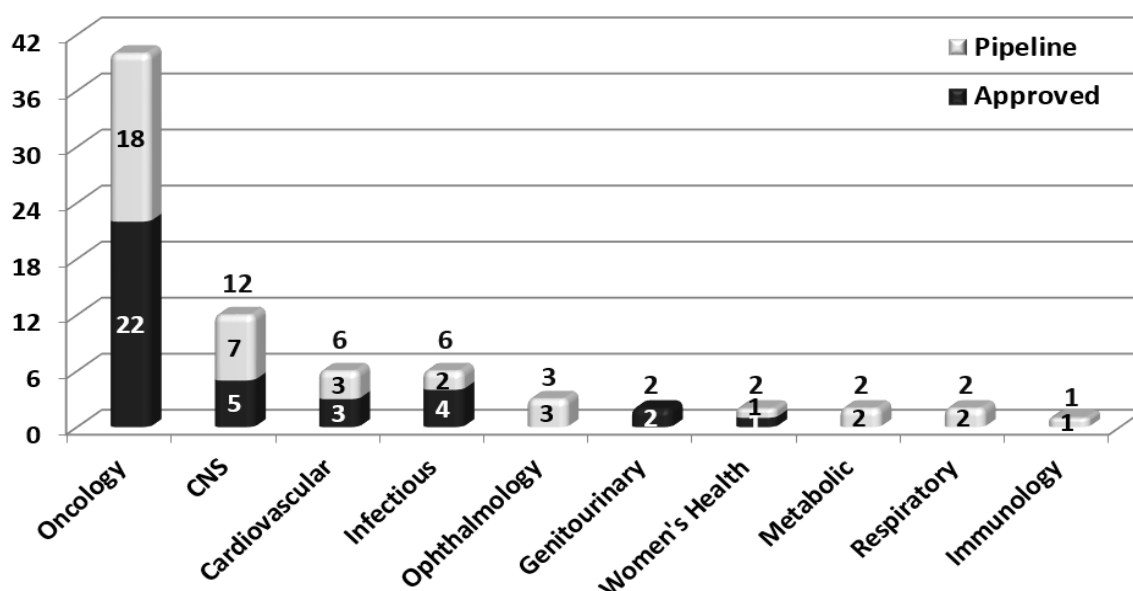
5.2.2.1. Important usages of major products

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

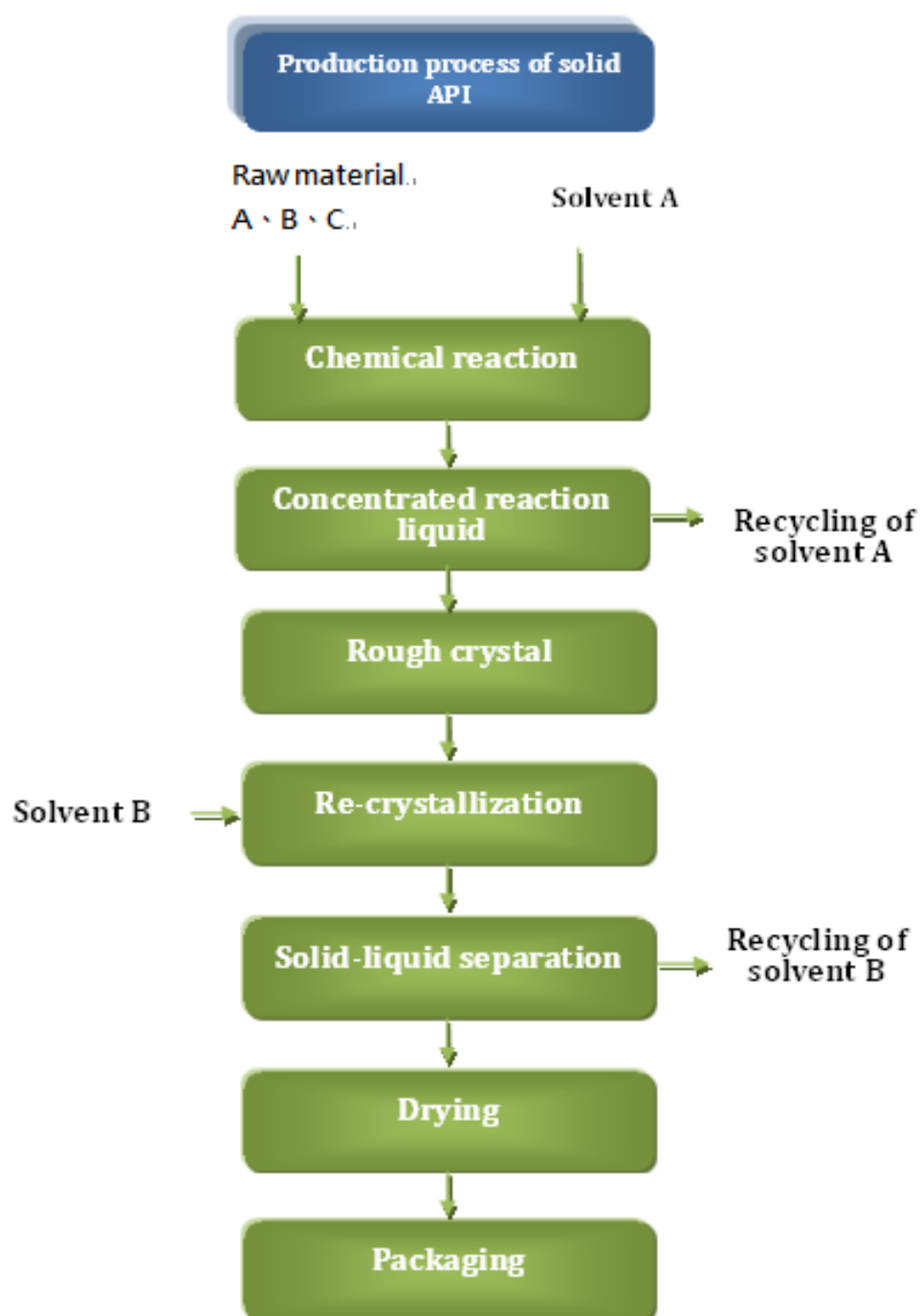
of raw materials, on top of less competition, high margin, and strong need by customers.

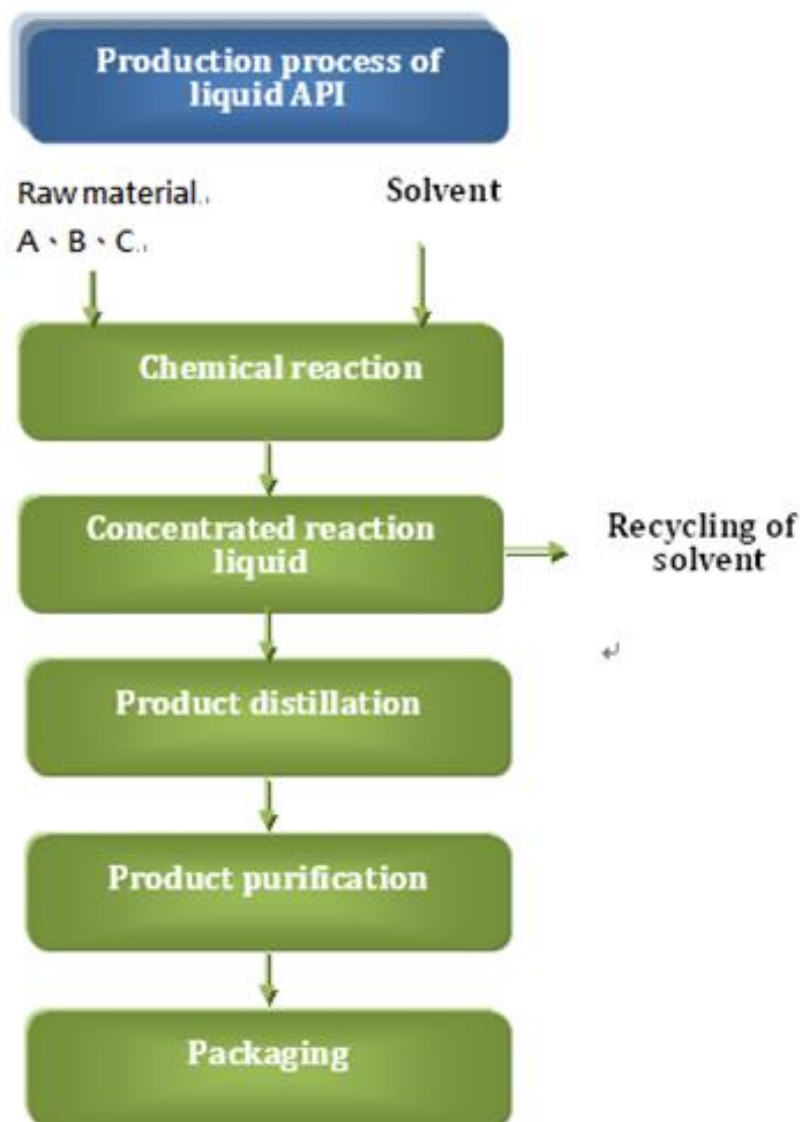
In order to speed up the pace of R&D, in addition to the utilization of solid in-house R&D strength, the company also entrusts a number of domestic and foreign research bodies for initial R&D or establishment of platform technology. Up to now, the company has successfully developed more than 20 products 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 integrates cross-strait resources for R&D, production, and management, but also become the parent company's operating base in China, which will provide large volume of quality active pharmaceutical ingredients for China Market and all-round R&D and contract manufacturing service, giving ScinoPharm a strong backing in its effort to expand international service.

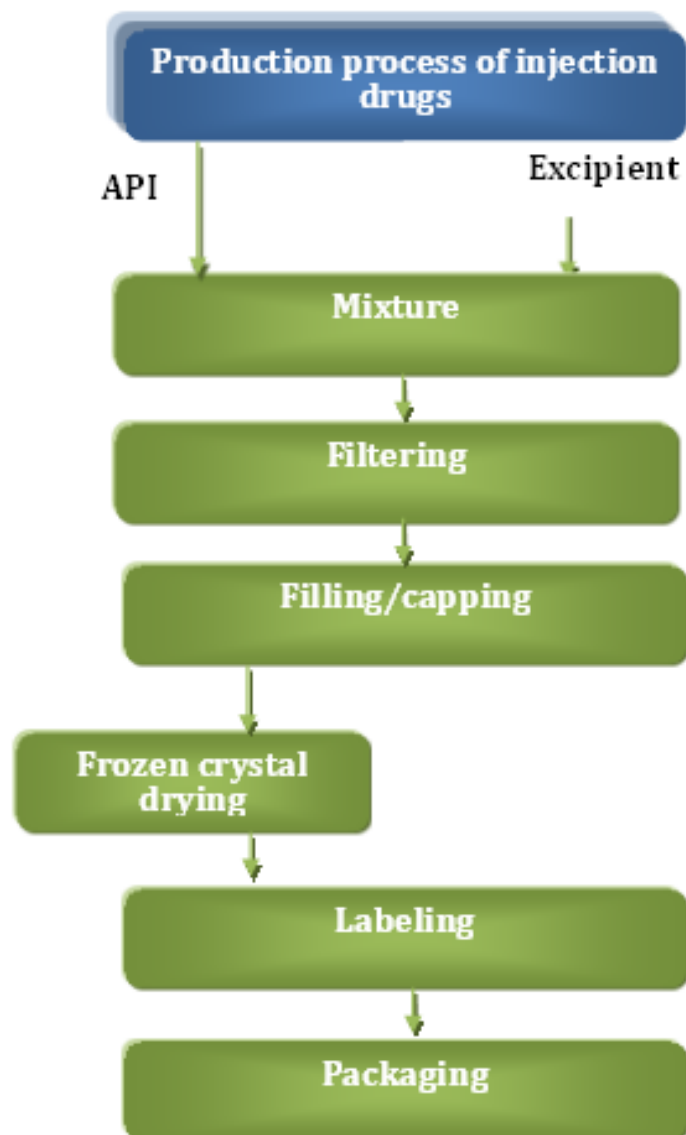
In view of the acute competition in the market of active pharmaceutical ingredients, the company chooses active pharmaceutical ingredients featuring high technological threshold and high prices for early development. The focus is on pharmaceutical ingredients featuring high activity for anti-cancer drugs, 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







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	2022				2023				2024 First Quarter			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	C Supplier-	69,439	11	None	C Supplier-	71,829	8	None	A Supplier-	56,977	17	None
2									C Supplier-	29,266	9	None
3	Others	556,317	89	None	Others	787,568	92		Others	253,770	74	
	Net Supply	625,756	100		Net Supply	859,397	100		Net Supply	340,013	100	

1. Explanation on the increase and decrease of purchases in 2022 and 2023: There are no abnormal changes.

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

Unit: NT\$ thousands; %

Item	2022				2023				2024First 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	460,601	15	None	Customer B	415,298	14	None	Customer C	113,214	14	None
2	Customer B	432,933	14	None	Customer A	250,685	9	None	Customer B	101,207	12	None
	Others	2,166,559	71	None	Others	2,256,101	77	None	Others	613,979	74	None
	Net Sales	3,060,093	100	-	Net Sales	2,922,084	100	-	Net Sales	828,400	100	-

Explanation for change in sales:

1. Customer A's sales decreased, mainly due to the decrease in demand for APIs used in the production of new drugs.
2. Customer B's sales increased, because the demand for raw materials for Alzheimer's disease drugs decreased this year.

5.2.2.5 Production in the Last Two Years

Unit: Kilo / NT\$ thousands

Output Major Products	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
API		81,243	45,662	1,754,539	103,707	63,952	2,045,405
Injections Products		-	-	-	126,408	50,064	44,609
Total		81,243	45,662	1,754,539	230,115	114,016	2,090,014

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: KG/Pack / NT\$ thousands

Year		2022				2023			
Item	Unit	Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
API	KG	110	164,780	34,957	2,883,433	555	181,608	29,790	2,672,443
Injections Products	Parcel	-	-	2,909	11,880	-	-	45,507	68,033
Technical Services		-	25,835	-	76,809	-	43,838	-	108,488
Other operation income		-	71,258	-	30,050	-	46,058	-	65,615
Total		110	261,873	37,866	3,002,172	555	271,504	75,297	2,914,579

Note 1: API Sales decreased due to customers' demand in cancer drug APIs 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, 2024, the company and its subsidiaries had a workforce of 980, compared with 967 in 2023.

5.3.1 The Company

Year		2022	2023	2024.03.31
Number of Employees	Executive Officers	94	97	96
	Professionals	268	283	278
	Technical personnel	272	330	323
	Administration Personnel	41	43	43
	Total	675	753	740
Gender	male	69%	69%	69%
	Female	31%	31%	31%
Average Age		40.4	39.7	38.9
Average Years of Service		9.83	9.23	9.54
Education	Ph.D.	5.2%	4.9%	4.9%
	Masters	35.4%	33.9%	34.1%
	Bachelor's Degree	48.1%	48.7%	48.3%
	Senior High School (include under Senior High School)	11.3%	12.5	12.7%

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, 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):

5.4.2. In the most recent year and as of the publication date of the annual report, The Company's capital expenditures related to environmental protection were as follows:

- (1) The Company and its affiliated companies divides the types of pollutants into the five major categories of air pollution, wastewater, waste, energy conservation and carbon reduction, and soil pollution prevention.

A. Air pollution: The Company invested approximately NT\$830,000 in environmental

protection capital expenditures for air pollution in 2023 to refurbish the scrubber body and base. The cost of air pollution prevention is approximately NT\$100,000 per year. The cost for affiliated companies is approximately NT\$60,000 per month.

- B Waste water: The Company invested approximately NT\$2.02 million in environmental protection capital expenditures for wastewater in 2022 and 2023 to replace corroded or old wastewater pipelines and damaged wastewater tanks in the factory to avoid wastewater discharge and contamination of soil or groundwater. The annual wastewater operation and maintenance costs (treatment fees, electricity fees, and analysis fees) total NT\$7.05 million. The costs for affiliated companies total approximately NT\$700,000 per month.
- C. The Company invested approximately NT\$12.09 million in environmental protection capital expenditures for waste in 2022 and 2023. It installed waste solvent storage tanks and configured waste solvent pipelines according to production line needs, and implemented projects for waste liquid reuse processes to facilitate waste processing. The annual waste disposal costs total NT\$32.61 million. The costs for affiliated companies total approximately NT\$10.59 million per month.
- D. Energy conservation, carbon abatement: The Company invested approximately NT\$4.9 million in environmental protection capital expenditures for energy conservation and carbon reduction in 2022 and 2023, and the air-conditioning units (AC-1730, AC-2730 and AC-4120) were updated.
- E. Soil pollution prevention: The Company invested approximately NT\$140,000 in environmental protection capital expenditures for soil and groundwater pollution prevention in 2023, and Bay1 and Bay4 wastewater leakage prevention and groundwater projects.
- (2) Investments in, uses, and possible benefits of major equipment to prevent environmental pollution:

Unit: NT\$ thousands

Item	Year	Cost of investment	Purpose and expected potential benefits
Waste liquid recycling process construction project	2023	11,240	Waste treatment needs
Air conditioning (AC-1730, AC-2730 and AC-4120) updates	2022	4,891	Energy conservation and carbon reduction needs
Damaged wastewater tank replacement (SMU)	2023	910	Wastewater improvement needs
Scrubber refurbishment (body and base) (Bay2)	2023	826	Air pollution improvement needs
Addition of stripper pipelines to the Technology Building (SMU)	2022	628	Waste treatment needs
Construction of wastewater pipelines through the floors (Bay5)	2022	348	Wastewater improvement needs
Construction of wastewater pipelines through the floors (Bay5)	2022	348	Wastewater improvement needs
PP-6250 wastewater pipeline renewal (UT)	2022	294	Wastewater improvement needs
Modification of the 400L waste solvent storage tank and purchase of a new PUMP (Mini)	2022	217	Waste treatment needs
Project for preventing wastewater leakage into groundwater (Bay1 and Bay4)	2023	141	Soil and groundwater pollution prevention needs
Replacement of the corroded wastewater pipeline above the waste storage area (EHS)	2022	120	Wastewater improvement needs

- (3) In line with the global trend of circular economy and high regard for carbon footprint, the company already invested NT\$15 million in environment protection-related capital outlay for treatment of waste liquid generated from pharmaceutical manufacturing, involving purification of such waste liquid via distillation or steam stripping for conversion into degraded products for industrial reuse or other forms of reusing the waste liquid via collaboration with waste liquid treatment plants, in line with the requirement of the Environmental Protection Administration.

5.5 Labor Relations

5.5.1 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(6al 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 9,414 person/times totaling 59,496 hours in time in 2023, with training items and results listed below:

Items	Person/times	Total hours
Business and management	973	2,173
GMP training	3,721	43,662
Training on industrial safety, hygiene, and environmental protection	1,468	3,495
Training on professional skills	2,481	7,200
Personal development series	771	2,965

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 2022 and as of the date of the publication of the annual report.

5.5.2 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

For fulfillment of corporate social responsibility, linkage to the world, contribution to progress in environment, society, and economy, and evaluation and management of risks deriving from the aforementioned issue, so as to attain the goal of sustainable development and management, the company has formulated the organizational charter of the sustainable development committee. According to the charter, the committee is chaired by the company's president and consists of "sustainable development office and risk management task force" and "vocational safety and hygiene management commission," with the former headed by vice president of the production center, overseeing an environmental sustainability section with the mission of integrating the tasks of environmental protection, safety and hygiene, energy conservation, water saving, and greenhouse-gas management. Under the section three sub-sections dedicated to various tasks, namely safety, waste abatement, energy conservation, and greenhouse-gas inventory. The "vocational safety and hygiene management commission" is headed by the chief of the industrial safety, hygiene, and environmental protection department, set up according to the "measures governing vocational safety and hygiene," with the mission of establishing the company's vocational safety and hygiene management system and attaining the goal of safety and hygiene management, via planning, execution, evaluation, and improvement measures, so as to enhance safety and hygiene management level. The hope is to consolidate corporate foundation via upholding employee health, forging a safety and friendly workplace, and incorporating environmental protection into corporate goal.

* 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-plant 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.

Alarmed by the outbreak of serious explosion and fire at SCI Pharmtech Inc. and Syn-Tech Chem. & Pharm. Co., Ltd. during holiday and after hours on Dec. 21, 2020 and May 20, 2021, respectively, the company planned the setup of a monitoring and response center for around-the-clock safety monitoring and emergency response, inaugurated in Jan. 2022, according to internal evaluation and outside expert's suggestion. The center's major achievements in the first year included establish of a good communications and contact mechanism with in-house disaster-relief experts and review and improvement response flow, according to actual cases, as well as discovery and rectification of unsafe operations related to inflammable gases with safety monitoring tools. During the second year (2023), in order to strengthen safety monitoring, combustible gas detectors were added to critical areas in the factory, and a continuous power supply system was set up for monitoring systems to ensure continuous monitoring. Additionally, patrols were intensified in high-risk areas of the factory, laboratories conducting overnight experiments, and highly hazardous operations. To assure its effectiveness in emergency response, the operation of the center is subject to regular evaluation by EHS section and its role and functions will be reviewed by public safety chief, technicians, and external experts, according to long-term plan.

* 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-files, 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, 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 formulate a safety corporate culture via enhancement of employees' safety awareness and knowledge, in addition to regular safety meetings promoting safety norms and disseminating safety incidents, the production division has been evaluating monthly various sectors' safety performance, in the aspects of risk management, employee discipline, and safety management and practices, giving the top three performances with prize money quarterly. Sector chiefs are encouraged to inspect safety practices of factories and employees under their jurisdiction regularly and find out unsafe behaviors/environments, along with improvement suggestions, so as to forge a safety workplace and augment sector performance in the safety competition.

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.

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

The company 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.

5.6. Information security management

5.6.1 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.

1. Management structure

The company's information technology department under the administrative and management center is in charge of information security, handling related policy formulation, execution, risk management, and compliance auditing and regular report on execution to President of the Company. The Company set a supervisor and a Information security administrator to strenthen the Company's Information management.

Overall information-security management is carried out via annual review of the system 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.

2. Information Security Policy

The Company has established an internal control system for "Computerized Information System Operations" and pays attention to the latest legal dynamics related to information security from competent authorities to review compliance with their requirements, thereby enhancing the Company's information security management mechanism.

3. Information Security Management Program

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 to strengthen response ability, 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 the company has 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.

4. Resources invested in Information Security Management:

The company has invested management resources in information security mainly in the following aspects recently:

1. Software inventory: once a year, to assure employment of legally licensed software and upgrade information in risk identification database.
2. Data recovery drill: Carry out disaster recovery drill for core systems once a year.
3. Terminal protection:
 - * Activate the function of automated upgrading of virus definition, via downloading and installing the latest virus code definition from the supplier's website.
 - * Deployment of extended detection and response software, to strengthen prevention, detection, and response capability for threat.
 - * Introduce two-factor account-entry authentication for server
4. Collaboration with third-party cloud-end monitoring center
 - * Collaborate with third-party cloud-end monitoring center for deployment of information-security system featuring multi-facet detection and response, so as to conduct comprehensive monitoring of the company's key information systems and making timely detection and response for various abnormal situations.

5. Joining of TW-ISAC

- * TW-ISAC membership enables the company to access the organization's intelligence and information-security precautionary measures and attack methods, published irregularly for members, to intensify employee's information-security awareness.
 - * The Company has joined the Science Park Information Sharing and Analysis Center (SP-ISAC) for collaborative information security defense, regularly exchanging industry information security risk intelligence, helping the Company stay informed about new technologies and attack threats in information security at all times.
 - * In 2023, the Company's information security team participated in four external information security-related training events, and two of the information security personnel obtained the ISO 27001 Lead Auditor certification, enabling efficient planning and management of information security affairs. They also serve as information security representatives within the Company's internal organization, thereby reducing information security risks by staying updated on the latest information security threats and attack methods, leading to the implementation of more effective preventive measures.
 - * Encourage employees to attend various information-security workshops and have firm grip on latest threat and attack methods for information security, thereby adopting effective precautionary measures.
6. Publication of information-security precautionary measures and attack methods, to strengthen employees' information-security awareness and literacy.
- * Internal Announce information-security precautionary measures and attack methods to all employees from time to time to strengthen employees' information awareness, literacy and information security knowledge.
 - * New employees are required to complete and pass the new employee training course during on boarding. The course content includes "Information Security - IT Related Obligations" to enhance new employees' responsibilities for information security.
 - * Physical general education training courses on information security are held every quarter to improve the information security literacy of employees.
- In 2023, the Information Technology Department held the "Information Security Education and Training Courses". Around 20 employees participated in each course, with each course lasting around 3 hours.
- During the employee conference on June 28, 2023, a presentation on "Information Security Risk Protection for Remote Work" was given to all employees. Approximately 220 attendees, including managers and staff, participated in the meeting, which lasted about 1.5 hours in total.

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

5.7 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	Non-disclosure agreement
Supply Agreement	A company in the USA	2010.08.19~7 th anniversary after commercial launch	Supply of API for depressive disorder	Non-disclosure agreement
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	Non-disclosure agreement
Supply Agreement	A company in China	2012.12.10 ~3 rd anniversary after commercial launch	Supply of API for cardiovascular diseases	Non-disclosure agreement
Development Agreement	A company in China	2011.02.08 ~2026.02.08	Development for oncology API	Non-disclosure agreement
Patent License Agreement	A company in Canada	2011.03.15~2025.05.26	License of Patent for Manufacturing Anti-cancer API	Non-disclosure agreement
Patent License Agreement	A company in India	2011.11.18~2025.06.30	License of Patent for Manufacturing Anti-cancer API	Non-disclosure agreement
Collaboration Agreement	A Company in in the USA	2012.03.27 ~ 7 th anniversary after commercial launch	Supply of oncology API	Non-disclosure agreement
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	Non-disclosure agreement
Development Agreement	A company in China	2014.01.02~2024.01.01	Development of oncology drug	Non-disclosure agreement
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 & Non-disclosure agreement
Non-Exclusive License Agreement	A company in China	2013.07.20~No expiration	Supply of API for diseases of central nervous system	Receive Royalties & Non-disclosure agreement
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 & Non-disclosure agreement
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.	Non-disclosure agreement
Collaboration Agreement	A company in China	2014.09.26 ~ 20 th anniversary from commercial launch	Development and sales of Oncology drug	Non-Competition & Non-disclosure agreement
Service Agreement	A local company	2014.07.30~2024.07.29	development of new drug for Stem cell	Non-Competition & Non-disclosure agreement
Collaboration Agreement	A company in China	2014.05.05 ~8 th anniversary from commercial launch	Development and sale of anticoagulant medication	Exclusive supply

Contract Type	Counterparty	Contract Period	Major Content	Restriction
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 & Non-disclosure agreement
Development and Supply Agreement	A company in the USA	2015.01.19~7 th anniversary after commercial launch	Development and Supply of oncology drug	Non-disclosure agreement
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	Non-disclosure agreement
Development Agreement	A local medical device company	2015.07.29~	Development of certain medical device	Non-disclosure agreement
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	Non-disclosure agreement
Contract for outsourcing of R&D and production	A Taiwanese company	2016.04.27 ~	Commissioned R&D and production for API	Non-disclosure agreement
Supply Agreement	A Company in USA	2017.06.19~2024.06.18	Supply API of New Anti-biotic drug	Non-disclosure agreement
Supply Agreement	A Company in USA	2017.05.31~2020.05.30	Supply API of New Anti-biotic drug	Non-disclosure agreement
Supply Agreement	A Company in Dubai	2017.05.03~ 2027.05.02	Supply of Anti-cancer API	Non-disclosure agreement
Supply Agreement	A company in China	2018.12.10~	Sales of API	Non-disclosure agreement
Supply Agreement	A company in Japan	2018.04.12~	Supply of API	Non-disclosure agreement
Supply Agreement	A company in Germany	2019.01.01~	Sales of multiple APIs	Non-disclosure agreement
Supply Agreement	A Company in USA	2020/05/21 ~ 2027/05/20	Sales of API	Non-disclosure agreement 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	Non-disclosure agreement
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	Non-disclosure agreement
Supply Agreement	A company in China	2020/08/21 ~ 2025/08/20	Sales of API	Non-disclosure agreement
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	Non-disclosure agreement
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	Non-disclosure agreement
Supply Agreement	Singaporean subsidiary of a certain French pharmaceutical company	2020/05/25 ~ 2025/05/24	Contract for outsourcing production	Non-disclosure agreement

Contract Type	Counterparty	Contract Period	Major Content	Restriction
Supply Agreement	A company in Taiwan	2020/12/02~2027/12/01	Contract for outsourcing production	Non-disclosure agreement Exclusive supply
None exclusive distribution agreement	A company in USA	2021/09/01~2024/08/31	Distribution of multiple APIs	Non-disclosure agreement
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	Non-disclosure agreement
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	Non-disclosure agreement Exclusive supply
Supply Agreement	A company in Germany	2022/01/01 ~ 2024/12/31	Sales of API	Non-disclosure agreement
Co-Development authorization and sales agreement	A company in USA	2022/01/28 ~ 2029/01/27	Product Co-Development 、 manufacturing and sales	Non-disclosure agreement Exclusive supply
Supply Agreement	A company in USA	2022/07/01 ~ 2027/06/30	Sales of API	Non-disclosure agreement
Contract for outsourcing of R&D and production	A New drug company in Taiwan	2022/07/01 ~ 2027/06/30	Contract for outsourcing of R&D and production	Non-disclosure agreement
Contract for outsourcing of R&D and production	A New drug company in Taiwan	2022/07/15 ~ 2027/07/14	Contract for outsourcing of R&D and production	Non-disclosure agreement
Supply Agreement	A company in USA	2022/08/26 ~2027/08/25	Sales of API	Non-disclosure agreement
Supply Agreement	A company in USA	2022/09/30 ~ 2025/09/29	Sales of Injection products	Non-disclosure agreement
Co-Development authorization agreement	A New drug company in Taiwan	2022/11/30 ~	Co-Development and patent authorization	Non-disclosure agreement
Contract for outsourcing production	A company in USA	2023/03/21~2026/03/20	Contract for outsourcing production	Non-disclosure agreement
Contract for outsourcing of R&D and production	A New drug company in Taiwan	2023/07/17~2027/07/16	Contract for outsourcing of R&D and production	Non-disclosure agreement
Contract for outsourcing of R&D and production	A company in Taiwan	2023/10/11~2026/10/10	Contract for outsourcing of R&D and production	Non-disclosure agreement
Contract for outsourcing of R&D and production	A New drug company in Taiwan	2023/12/01~2028/11/40	Contract for outsourcing of R&D and production	Non-disclosure agreement
Co-Development and Supply Agreement	A company in Taiwan	2023/12/26~	Co-Development and Supply	Non-disclosure agreement

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	Non-disclosure agreement
Research agreement	A company in China	2013.08.06 till both parties' obligations are completed	Contract research service for oncology drug	Non-disclosure agreement

Contract Type	Counterparty	Contract Period	Major Content	Restriction
Research agreement	A company in China	2014.02.24 till both parties' obligations are completed	Contract manufacturing for API	Non-disclosure agreement
Supply Agreement	A company in China	2014.10.28 ~5 th anniversary after commercial launch	Supply and sale of oncology API	Non-Competition & Non-disclosure agreement
Development Agreement	A company in China	2017.06.13 ~	Contract manufacturing for API	Non-disclosure agreement
Development Agreement	A company in China	2017.06.19 ~	Contract manufacturing for oncology drug	Non-disclosure agreement
Development & Manufacture Agreement	A company in China	2017.04.25 ~2022.04.24	Contract development & manufacturing for oncology drug	Non-disclosure agreement
Development Agreement	A company in China	2017.01.03 ~	Contract development for cardiovascular diseases	Non-disclosure agreement
Manufacture Agreement	A company in China	2017.01.03 ~	Contract manufacturing of drug for eye disease	Non-disclosure agreement
Service Agreement	A company in China	2017.11.23~	Stability Test for Urea cycle disorders drug	Non-disclosure agreement
Development Contract	A Taiwanese company	2017.10.31~	Manufacture, validation, stability test and new drug clinical trial application for hypertension API	Non-disclosure agreement
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	Non-disclosure agreement
Service Agreement	A company in the USA	2019/06/03~2024/06/02 Extend one more year afterward automatically	APIs Contract Development & Manufacturing	Non-disclosure agreement
Service Agreement	A company in Europe	2019/04/12~2024/04/11 Extend two more year afterward automatically	Customized drugs Contract development & manufacturing	Non-disclosure agreement
Manufacture Agreement	A company in China	2023/05/30~	Contract manufacturing for API	Non-disclosure agreement
Manufacture Agreement	A company in China	2023/08/15~	Contract manufacturing for Ophthalmology	Non-disclosure agreement
Manufacture Agreement	A company in China	2023/10/30 ~	Contract manufacturing for API	Non-disclosure agreement

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

<div style="text-align: center;">Year Item</div>		Financial Summary for The Last Five Years					Financial Summary As of 2024.03.31
		2019	2020	2021	2022	2023	
Current assets		5,406,584	5,916,137	5,966,529	6,320,341	6,380,608	6,607,527
Property, Plant and Equipment		4,433,860	4,210,746	4,033,000	3,843,378	3,762,696	3,719,699
Intangible assets		14,068	8,900	8,793	9,953	19,152	19,188
Other assets		1,820,052	1,710,980	1,682,854	1,737,504	1,559,130	1,628,394
Total assets		11,674,564	11,846,763	11,691,176	11,911,176	11,721,586	11,974,808
Current liabilities	Before distribution	741,747	686,646	556,314	803,094	729,453	794,921
	After distribution	955,247	1,082,016	935,869	1,087,760	966,675 (Note 1)	1,032,143
Non-current liabilities		672,873	630,714	623,808	658,029	627,703	654,951
Total liabilities	Before distribution	1,414,620	1,317,360	1,180,122	1,461,123	1,357,156	1,449,872
	After distribution	1,628,120	1,712,730	1,559,677	1,745,789	1,594,378 (Note 1)	-
Equity attributable to shareholders of the parent		10,259,944	10,529,403	10,511,054	10,450,053	10,364,430	10,524,936
Capital stock		7,907,392	7,907,392	7,907,392	7,907,392	7,907,392	7,907,392
Capital surplus		1,294,605	1,294,689	1,294,689	1,294,689	1,294,689	1,294,689
Retained earnings	Before distribution	1,125,773	1,360,365	1,370,098	1,346,148	1,348,205	1,488,228
	After distribution	912,273	964,995	990,543	1,061,482	1,110,983 (Note 1)	-
Other equity		(67,826)	(33,043)	(61,125)	(98,176)	(185,856)	(165,373)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	10,259,944	10,529,403	10,511,054	10,450,053	10,364,430	10,524,936
	After distribution	10,046,444	10,134,033	10,131,499	10,165,387	10,127,208 (Note 1)	10,287,714

Note 1: Up to March 31 2024, proposal for allocation of the company's earnings in 2023 was approved by Board of Directors, but wasn't approved by Shareholders' Meeting yet.

Parent Condensed Balance Sheet - Based on IFRS

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Year					Financial Summary As of 2024.03.31 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		4,819,167	5,523,776	5,641,170	6,074,088	6,130,706	N/A
Property, Plant and Equipment		3,192,172	3,053,564	2,954,902	2,800,235	2,670,501	
Intangible assets		9,458	6,885	2,903	4,573	11,683	
Other assets		3,400,541	3,192,696	3,023,089	2,907,121	2,787,333	
Total assets		11,421,338	11,776,921	11,622,064	11,786,017	11,600,223	
Current liabilities	Before distribution	488,608	616,804	487,637	678,914	609,387	
	After distribution	702,108	1,012,174	867,192	963,580	846,609 (Note 1)	
Non-current liabilities		672,786	630,714	623,373	657,050	626,406	
Total liabilities	Before distribution	1,161,394	1,247,518	1,111,010	1,335,964	1,235,793	
	After distribution	1,374,894	1,642,888	1,490,565	1,620,630	1,437,015 (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		1,294,605	1,294,689	1,294,689	1,294,689	1,294,689	
Retained earning	Before distribution	1,125,773	1,360,365	1,370,098	1,346,148	1,348,205	
	After distribution	912,273	964,995	990,543	1,061,482	1,110,983 (Note 1)	
Other equity		(67,826)	(33,043)	(61,125)	(98,176)	(185,856)	
Treasury stock		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	10,259,944	10,529,403	10,511,054	10,450,053	10,364,430	
	After distribution	10,046,444	10,134,033	10,131,499	10,165,387	10,127,208 (Note 1)	

Note 1: Up to March 31 2024, proposal for allocation of the company's earnings in 2023 was approved by Board of Directors, but wasn't approved by Shareholders' Meeting yet.

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(Note 1)					Financial Summary As of 2024.03.31
	2019	2020	2021	2022	2023	
Operating revenue	2,892,783	3,082,928	2,762,335	3,264,045	3,186,083	883,226
Gross profit	1,176,405	1,317,459	1,280,487	1,250,772	1,215,989	353,313
Income from operations	266,854	375,723	288,619	405,497	314,491	151,838
Non-operating income/ expense	(1,800)	(17,218)	13,667	32,463	34,349	23,218
Net income before tax	265,054	358,505	302,286	437,960	348,840	175,056
Net income from continuing operation	216,656	282,067	243,471	353,216	287,056	140,023
Loss from discontinued operations	-	-	-	-	-	-
Net income (Loss)	216,656	282,067	243,471	353,216	287,056	140,023
Other comprehensive Income (after tax)	(110,332)	200,808	133,550	(34,662)	(88,013)	20,483
Total comprehensive Income (Losses)	106,324	482,875	377,021	318,554	199,043	160,506
Net income attributable to the parent	216,656	282,067	243,471	353,216	287,056	140,023
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to the parent	106,324	482,875	377,021	318,554	199,043	160,506
Comprehensive income attributable to non- controlling interest	-	-	-	-	-	-
Earnings per share (NT\$)	0.27	0.36	0.31	0.45	0.36	0.18

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 2024.03.31
	2019	2020	2021	2022	2023	
Operation revenue	2,813,047	3,046,220	2,642,830	3,069,434	3,006,952	N/A
Gross profit	1,135,660	1,287,748	1,254,524	1,231,798	1,083,293	
Income from operations	322,297	450,854	376,930	508,015	316,633	
Non-operating income/ expense	(75,783)	(97,972)	(74,666)	(70,084)	32,156	
Net income before tax	246,514	352,882	302,264	437,931	348,789	
Net income from continuing operation	216,656	282,067	243,471	353,216	287,056	
Loss from discontinued operations	-	-	-	-	-	
Net income (Loss)	216,656	282,067	243,471	353,216	287,056	
Other comprehensive Income (after tax)	(110,332)	200,808	133,550	(34,662)	(88,013)	
Total comprehensive Income (Losses)	106,324	482,875	377,021	318,554	199,043	
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\$)	0.27	0.36	0.31	0.45	0.36	

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 2019 to 2023

Year	Auditing Firm	CPA	Audit Opinions
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
2022	PricewaterhouseCoopers, Taiwan	Yung-Chih Lin Tzu-Shu Lin	Unqualified
2023	PricewaterhouseCoopers, Taiwan	Fang-Ting Yeh Tzu-Shu Lin	Unqualified

6.2 Five-Year Financial Analysis

Consolidated Financial Analysis – Based on IFRS

Year Item(Note 4)		Financial Analysis for the Last Five Years					Financial Analysis As of 2024.03.31 (Note1)
		2019	2020	2021	2022	2023	
Financial structure	Debt to Assets Ratio (%)	12.12	11.12	10.09	12.27	11.58	12.11
	Ratio of long-term capital to property, plant and equipment(%)	246.58	265.04	276.09	289.02	292.13	300.56
Solvency	Current ratio (%)	728.90	861.60	1,072.51	787.00	874.71	831.22
	Quick ratio (%)	559.57	664.42	813.33	622.52	652.99	602.02
	Interest earned ratio (times)	5.76	24.64	47.16	56.35	39.14	86.60
Operating performance	Accounts receivable turnover (times)	5.03	6.31	7.40	6.55	4.47	5.32
	Average collection days	73	58	49	56	82	69
	Inventory turnover (times)	0.93	1.06	0.85	1.20	1.10	1.05
	Accounts payable turnover (times)	16.86	13.08	12.40	20.04	16.70	13.97
	Average sales turnover days	392	344	429	304	332	348
	Property, plant and equipment turnover (times)	0.59	0.68	0.64	0.78	0.77	0.89
	Total assets turnover (times)	0.23	0.25	0.22	0.26	0.25	0.28
Profitability	Return on total assets (%)	2.16	2.50	2.11	3.05	2.49	4.78
	Return on stockholders' equity (%)	2.08	2.71	2.31	3.37	2.76	5.36
	Pre-tax income to paid-in capital (%)	3.35	4.53	3.82	5.54	4.41	8.86
	Net margin (%)	7.49	9.15	8.81	10.82	9.01	15.85
	Earnings per share (NT\$) (Note 2)	0.27	0.36	0.31	0.45	0.36	0.18
Cash flow	Cash flow ratio (%)	106.36	137.82	91.64	96.35	31.68	101.2
	Cash flow adequacy ratio (%)	179.47	199.18	152.95	148.00	99.02	106.85
	Cash reinvestment ratio (%)	2.51	4.44	0.68	2.30	(0.31)	4.56
Leverage	Operating leverage	2.55	2.05	2.33	2.09	2.49	1.79
	Financial leverage	1.26	1.04	1.02	1.02	1.03	1.01

Analysis of financial ratio differences for the last two years.

1. Interest earned ratio (times) decreased in 2023, due to decreased Net Income before tax.
2. Accounts receivable turnover (times) decreased and Average collection days increased in 2023, due to increased Operation revenue on fourth quarter 2023, therefore the Accounts receivable increased.
3. Net Income before tax' to paid-in capital (%) decreased in 2023, due to decreased Net income before tax.
4. Earnings per share (NT\$) decreased in 2023, due to decreased Net Income before tax.
5. Cash flow ratio (%), Cash flow adequacy ratio (%) and Cash reinvestment ratio (%) decreased in 2023, due to decreased Net cash flow for Business Activities..

Note1: Financial Information prepared as of 2024.03.31 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 = (Net 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

<div style="display: flex; align-items: center;"> <div style="flex: 1; text-align: center;">Year</div> <div style="flex: 1; text-align: center;">Item(Note 4)</div> </div>		Financial Analysis for the Last Five Years					Financial Analysis As of 2024.03.31 (Note1)
		2019	2020	2021	2022	2023	
Financial structure	Debt to Assets Ratio (%)	10.17	10.59	9.56	11.34	10.65	N/A
	Ratio of long-term capital to property, plant and equipment(%)	342.49	365.48	376.81	396.65	411.56	
Solvency	Current ratio (%)	986.31	895.55	1,156.84	894.68	1,006.04	
	Quick ratio (%)	739.03	695.84	889.10	712.82	766.21	
	Interest earned ratio (times)	29.89	50.90	47.60	65.24	52.91	
Operating performance	Accounts receivable turnover (times)	5.05	6.46	7.22	6.72	4.48	
	Average collection days	72	57	51	54	81	
	Inventory turnover (times)	1.05	1.17	0.91	1.23	1.20	
	Accounts payable turnover (times)	12.83	11.29	11.71	16.01	13.73	
	Average inventory turnover days	348	312	401	297	304	
	Property, plant and equipment turnover (times)	0.82	0.94	0.84	1.00	1.01	
	Total assets turnover (times)	0.24	0.25	0.22	0.25	0.24	
Profitability	Return on total assets (%)	1.98	2.48	2.13	3.06	2.50	
	Return on stockholders' equity (%)	2.08	2.71	2.31	3.37	2.76	
	Pre-tax income to paid-in capital (%)	3.12	4.46	3.82	5.54	4.41	
	Net margin (%)	7.70	9.26	9.21	11.51	9.55	
	Earnings per share (NT\$) (Note2)	0.27	0.36	0.31	0.45	0.36	
Cash flow	Cash flow ratio (%)	141.14	152.75	95.84	119.79	15.03	
	Cash flow adequacy ratio (%)	136.27	138.54	102.99	100.06	75.14	
	Cash reinvestment ratio (%)	1.95	4.58	0.45	2.66	(1.17)	
Leverage	Operating leverage	1.93	1.64	1.74	1.67	2.16	
	Financial leverage	1.03	1.02	1.02	1.01	1.02	

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

1. Accounts receivable turnover (times) increased in 2023, due to increased Operation revenue on fourth quarter 2024 therefore the Accounts receivable increased.
2. Pre-tax income to paid-in capital (%) decreased in 2023, due to decreased Net income before tax..
3. Earnings per share (NT\$) decreased in 2023, due to decreased Net Income before tax.
4. Cash flow ratio (%), Cash flow adequacy ratio (%) and Cash reinvestment ratio (%) decreased in 2023, due to decreased Net cash flow provided by Operating Activities.
5. Operating leverage increased due to decreased profit in 2023,.

Note 1: According to the Regulations Governing the Preparation of Financial Reports by Securities issuers, Parent Financial Analysis is only prepared at end of the year.

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.
- (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 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 2023 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 27, 2024

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	2023	2022	Difference	
			Amount	%
Current Assets	6,380,608	6,320,341	60,267	0.95
Property, Plant and Equipment	3,762,696	3,843,378	(80,682)	(2.10)
Intangible Assets	19,152	9,953	9,199	92.42
Other Assets	1,559,130	1,737,504	(178,374)	(10.27)
Total Assets	11,721,586	11,911,176	(189,590)	1.59
Current Liabilities	729,453	803,094	(73,641)	(9.17)
Other Liabilities	627,703	658,029	(30,326)	(4.61)
Total Liabilities	1,357,156	1,461,123	(103,967)	(7.12)
Total Stockholders' Equity	10,364,430	10,450,053	(85,623)	(0.82)

Parent Company Only Financial statement

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	6,130,706	6,074,088	56,618	0.93
Property, Plant and Equipment	2,670,501	2,800,235	(129,734)	(4.63)
Intangible Assets	11,683	4,573	7,110	155.48
Other Assets	2,787,333	2,907,121	(119,788)	(4.12)
Total Assets	11,600,223	11,786,017	(185,794)	(1.58)
Current Liabilities	609,387	678,914	(69,527)	(10.24)
Non-current Liabilities	626,406	657,050	(30,644)	(4.66)
Total Liabilities	1,235,793	1,335,964	(100,171)	(7.50)
Total Stockholders' Equity	10,364,430	10,450,053	(85,623)	(0.82)

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

Consolidated Financial Statements and Parent Company Only Financial statement:

1. Intangible Assets increased due to the computer software purchased 2023.

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	2023	2022	Difference	(%)
Net Operating Revenue	3,186,083	3,264,045	(77,962)	(2.39)
Operating Costs	(1,970,094)	(2,013,273)	(43,179)	(2.14)
Net Operating Margin	1,215,989	1,250,772	(34,783)	(2.78)
Operating Expenses	(901,498)	(845,275)	56,223	6.65
Operating Profit	314,491	405,497	(91,006)	(22.44)
Non-operating Income And Expenses	34,349	32,463	1,886	5.81
Profit Before Income Tax	348,840	437,960	(89,120)	(20.35)
Income Tax Expense	(61,784)	(84,744)	(22,960)	(27.09)
Profit For the Year	287,056	353,216	(66,160)	(18.73)
Total Other Comprehensive Income (Loss) For The Year (After Tax)	(88,013)	(34,662)	(53,351)	(153.92)
Total Comprehensive Income For The Year	199,043	318,554	(119,511)	(37.52)

Parent Company Only Financial statement

Unit: NT\$ thousands

Item	2023	2022	Difference	(%)
Net Operating Revenue	3,006,952	3,069,434	(62,482)	(2.04)
Operating Costs	(1,923,659)	(1,837,636)	86,023	4.68
Net Operating Margin	1,083,293	1,231,798	(148,505)	(12.06)
Operating Expenses	(766,660)	(723,783)	42,877	5.92
Operating Profit	316,633	508,015	(191,382)	(37.67)
Non-operating Income And Expenses	32,156	(70,084)	102,240	145.88
Profit Before Income Tax	348,789	437,931	(89,142)	20.36
Income Tax Expense	(61,733)	(84,715)	(22,982)	(27.13)
Profit For the Year	287,056	353,216	(66,160)	(18.73)
Total Other Comprehensive Income (Loss) For The Year (After Tax)	(88,013)	(34,662)	(53,351)	(153.92)
Total Comprehensive Income For The Year	199,043	318,554	(119,511)	(37.52)

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

Consolidated financial statement

1. Net Operating Margin, Profit before Income Tax, Income Tax Expense and Profit for The Year decreased, due mainly to decreasing Net operating revenue.
2. Total Other Comprehensive Income (Loss) For the Year (after tax) decreased, due mainly to the fact that the reinvestment recognized under the equity method resulted in more exchange losses in statement conversion.

Parent financial statements:

1. Operating Profit, Profit before Income Tax, Income Tax Expense decreased, due mainly to decreasing Net operating revenue.

2. Non-operating Income and Expenses increased, due mainly to loss on valuation of equity investment.
3. Total Other Comprehensive Income (Loss) For the Year (after tax) and Total Comprehensive Income For the Year decreased, due mainly to the fact that the reinvestment recognized under the equity method resulted in more exchange losses in statement conversion.

7.2.2 Sales forecast and basis

A. Forecast of sales amount

Item	Amount(kg)
Generic API	25,683
CMO API	2,415
CRO API	213
Injections Products	40
Total	28,351

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
4,294,709	231,126	(584,311)	3,941,524	-	-

- (1) Operating activities: Operating activities generated NT\$231,126 thousand dollars' net cash inflow in 2023, attesting to the company's good business status.
- (2) Investment activities: Investment-related net cash outflow reached NT\$233,290 thousand dollars, mainly due to Operation Lines reconstruction in Changshu, equipment renewal etc.
- (3) Financing activities: Financing activities caused NT\$340,977 thousand dollars of net cash outflow, mainly due to cash-dividend payout.
- (4) Effect of change in exchange rate to cash and cash equivalent cash outflow was 10,044 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

Unit: NT\$ thousands

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)	Countermeasure for insufficient cash	
				Investment Plans	Financing Plans
3,941,524	745,660	608,386	4,078,798	-	-

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

- (a) Operating activities: In addition to the increased shipments at the end of 2023 reflected in the revenue inflow in 2024, coupled with the anticipated stable development in operational net income, it is estimated that the net cash inflow from operating activities for the coming year will be NT\$745,660.
- (b) Investment activities: The net cash outflow from investing activities is expected to be NT\$328,332 thousand. Apart from equipment replacement and annual maintenance capital expenditures, investments will continue in 2024 to purchase equipment aimed at reducing solvent usage and improving productivity. The purchases include MCSGP equipment (development and production grade) and updates/upgrades to electronic experiment recording systems.
- (c) Financing activities: The estimated net cash outflow from financing activities is 280,054 thousand dollars, mainly including cash dividend distribution, loan repayment, lease principal repayment and other expenditure estimates.

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

- (1) SciAnda (Changshu) Pharmaceuticals, Ltd.: As of the end of 2023, SciAnda (Changshu) Pharmaceuticals, Ltd. had obtained production licenses from China's National Medical Products Administration for 20 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 also passed China's CFDI on-site Audit. It will launch to mass production in collaboration with major clients following technological upgrading and machine shop renovation in 2023.
- (2) 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.: Facing increasingly stringent environmental health and safety regulations in China, along with increased infrastructure investment due to the new version of GMP, rising environmental costs, and increased operational risks, research and development costs have increased, resulting in the operational growth not meeting expectations and leading to losses in previous years. In 2023, SciAnda (Changshu) successfully turned a profit due to increased sales revenue and gross profit from APIs, intermediates, and contract manufacturing products.
- 2) SciAnda (Shanghai) Biochemical Technology, Ltd.: In 2023, the agency and sales businesses for APIs and intermediates in China experienced growth compared to the previous year. However, due to changes in the product sales structure, the net profit after tax slightly declined compared to the previous year.

7.5.3. Improvement plan

Having passed 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 2023.

7.6 Analysis of Risk Management

7.6.1. Risk-management policy and organizational structure

To drive sustainable development, the Company's Board of Directors established the Sustainable Development Committee to be an exclusively (or concurrently) dedicated unit in charge of promoting sustainable development in May 2022. The Committee is chaired by the President of ScinoPharm and has two sub-units working under it: the Sustainable Development Office and Risk Management Team and Occupational Health and Safety Management Committee. The Sustainable Development Committee is responsible for proposing and enforcing sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and for reporting to the Board of Directors on a yearly basis.

As the Company's highest governing body of risk management, the Board of Directors is charged with developing risk management policies and framework, and ensuring that the developed policies are aligned with the direction of the company's business strategy so as to facilitate the effective operation of risk management. The Sustainable Development Committee, which reports to the Board of Directors, is tasked with supervising the mechanisms of operation

in relation to risk management, while the Sustainable Development Office and Risk Management Team works on managing and assessing risks associated with company operations (e.g., strategy, operations, finance, IT, compliance, product quality, safety, health, and environmental protection, as well as climate change impact/opportunities/risks, etc.) and reports on the same to the Board of Directors on an annual basis.

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

The Company currently has no significant risks resulting from changes in interest rates. Based on the financial statements of the Taiwan parent company, the net interest income for 2023 was NT\$46,327 thousand, representing 1.54% and 14.63% of the operating revenue and operating profit for the year, respectively. This was mainly due to Taiwan following the footsteps of major central banks globally by raising interest rates multiple times and maintaining a relatively high level of interest rates to combat inflation. As a result, the Company's operations remained stable and profitable, with net cash inflows from operating activities, leading to relatively abundant operating funds. In terms of asset allocation, the Company mainly invests in bank deposits, bills, and bond buyback transactions, which are short-term fixed-income products to ensure the safety of the principal amount and maintain good liquidity.

Based on the consolidated financial statements, the net interest income for 2023 was NT\$44,481 thousand, representing 1.40% and 14.14% of the operating revenue and operating profit for the year, respectively. This is mainly attributable to the interest income from short-term fixed-income products invested in by the parent company. However, the subsidiary SciAnda (Changshu) incurred a small amount of interest expenses as its operations gradually expanded. The Company will continue to monitor changes in China's interest rates and seek loans with better terms from financial institutions to support its subsidiaries' future operating capital needs; In terms of asset allocation, if the subsidiaries have short-term remaining funds, they will continue to focus on principal-guaranteed short-term fixed-income products to ensure principal security and maintain good liquidity.

Unit: NT\$ thousands

Item	2023 Parent Company Only Financial statement	2023 Consolidated Financial statement
Net interest income (expense) –(1)	46,327	44,481
Operating revenue-(2)	3,006,952	3,186,083
Operating profit -(3)	316,633	314,491
Net interest income (expense) to operating revenue-(1)/(2)	1.54%	1.40%
Net interest income (expense) to operating profit-(1)/(3)	14.63%	14.14%

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

Based on the financial statements of the Taiwan parent company, the net foreign exchange loss in 2023 was NT\$18,649 thousand, accounting for 0.62% and 5.89% of the operating revenue and operating profit for the year, respectively. The market originally believed that the U.S. interest rate cycle was nearing its end in 2023. However, persistently high inflation prompted the Federal Reserve to raise interest rates and maintain them at elevated levels. Comments from Federal Reserve officials also influenced market expectations. The U.S. dollar index, which had experienced significant fluctuations and a rebound trend, saw noticeable declines again towards the end of the year as the prospect of another interest rate adjustment by the Federal Reserve emerged. The USD to TWD exchange rate, apart from being broadly influenced by the U.S. dollar index, also experienced significant volatility due to foreign capital flows and outward remittances for overseas investments. In response to changes in exchange rate trends, the Company adjusts its hedging strategies accordingly. In the future, it will continue to closely monitor exchange rate fluctuations and utilize methods such as forward foreign exchange contracts to hedge against exchange rate risks, in order to reduce the impact of exchange rate fluctuations on profitability.

Based on the consolidated financial statements, the net foreign exchange loss in 2023 was NT\$16,982 thousand, accounting for 0.53% and 5.40% of the operating revenue and operating profit for the year, respectively. The main reasons for this were the strong U.S. dollar supported by high interest rates in the United States, as well as the impact of foreign capital flows and investments in Taiwan. Additionally, China's adoption of a looser monetary policy due to its economic challenges led to a generally upward trend in both USD to TWD and USD to CNY exchange rates. However, the back-and-forth fluctuations and volatility during this period had a significant impact on exchange rate trends and hedging decisions. Facing the impact of inflation and economic growth on interest rate policies and exchange rate fluctuations in various countries, the Company will continue to monitor relevant changes. It will adopt timely exchange rate hedging measures, such as entering into forward foreign exchange contracts, to mitigate the impact of exchange rate fluctuations.

Unit: NT\$ thousands

Item	2023 Parent Company Only Financial statement	2023 consolidated financial statement
Net currency exchange gain (loss)-(1)	(18,649)	(16,982)
Operating revenue-(2)	3,006,952	3,186,083
Operating profit-(3)	316,633	314,491
Net currency exchange gain (loss) to operating revenue-(1)/(2)	(0.62%)	(0.53%)
Net currency exchange gain (loss) to operating profit- (1)/(3)	(5.89%)	(5.40%)

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 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 and the variation of exchange rate trend.

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 data released by Directorate General of Budget of the Executive Yuan, the Consumer Price Index (CPI) and Wholesale Price Index (WPI) in 2023 increased by 2.50% and decreased by 0.56%, respectively, compared to 2022. Additionally, data from China's National Bureau of Statistics shows that in 2023, China's overall Consumer Price Index (CPI) increased by 0.2%, and the Producer Price Index (PPI) decreased by 3.0% compared to 2022. Both indices have shown a slow down compared to 2022 levels. To counter the inflationary pressures arising from the global rise in raw material prices following the outbreak of the COVID-19 pandemic, the Central Bank of Taiwan raised interest rates multiple times in 2022 and 2023. Currently, the assessment is that global raw material prices are no longer continuing to surge, and the inflationary pressures have not worsened. Additionally, in China, issues such as excess inventory and slowing economic growth have led to relatively eased inflationary pressures. While inflationary pressures have not worsened, the Company continues to monitor changes in raw material prices and actively seeks multiple sources of supply. In the future, if inflationary conditions reemerge, the company will also negotiate appropriate selling prices with customers and adjust raw material inventory levels to mitigate the impact of cost pressures on profitability.

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 2023.

In endorsement and guarantee, the company's board of directors resolved in February 2023 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\$302,725 thousand dollars at the end of 2023.

(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.

Based on the financial statements of the Taiwanese parent company and the consolidated statements, the financial instrument valuation loss in 2023 amounted to NT\$7,578 thousand. This was mainly due to the parent company in Taiwan using forward foreign exchange contracts to manage risks arising from exchange rate fluctuations. However, the significant fluctuations in the US dollar resulted from market expectations regarding the timing of US interest rate cuts differing from the rate outlook released by the Federal Reserve. Coupled with the substantial interest rate spread between the US and Taiwan, it led to persistently high hedging costs and made hedging operations relatively challenging. The subsidiary in China has not engaged in trading derivative products.

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 strengthen 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 continuing dedication to the core business of anti-cancer active pharmaceutical ingredients (APIs), the company has forayed into the R&D on injection-medicine formula and process, continually obtain permission for simplified new medicine application procedure in the U.S. and Europe. Moreover, in collaboration with partner, it will develop nanometer platform recently, facilitating subsequent R&D on new preparation formula and preparation administration technology, creating extra production value. Consequently, Scinopharm's patented niche medicines can be expected.

In addition, facing the global trend of increasing demands for carbon reduction and energy conservation, ScinoPharm Taiwan is actively focusing on areas such as green chemistry, carbon footprint, and carbon emission control. The Company is collaborating with the Biotechnology and Pharmaceutical Industries Promotion Office, MOEA (DCB), to implement Process Analytical Technology (PAT) and constructing a continuous reaction process platform technology in response to the global wave of carbon emission control and energy conservation requirements.

The company's R&D outlay is based on budget and new-product development plan, typically accounting for 7-12% of operating revenue, and expected to expand, alongside the company's sales growth. The company expects to invest around NT\$800 million in the next 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 2022, 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.

In addition to utilize new technology to augment operating efficiency, it is necessary to prevent cyber safety threat. The company has adopted the following measures to safeguard its key intellectual properties and has followed PDCA (plan-do-check-act) circular management to attain its information safety target:

1. Employment of cloud-end service platform which conforms to information safety norms;
2. Employment of multi-factor verification to strengthen password protection;
3. Restriction on DC access;
4. Restriction on access equipment to remote services;
5. Limit on GPO dispatch;
6. Limit on USB usage;
7. Regular disaster recovery (DR) drill;
8. Strengthening of information-safety awareness among employees by periodic publication of information-safety cases;
9. Encrypted online transmission and data access;
10. Employment of multi-layer network framework for active blockage and isolation to protect laboratory and production equipment;
11. Deployment of next-generation antivirus software to protect office and laboratory computers;
12. Construction of safety protection detection mechanism, such as DDI (deep discovery inspector), deep security, XDR (extended detection and response), monitored by professional third party.

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

The company's factory expansion project has to undergo complete and cautious evaluation, including investment returns and possible risks.

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

The company has stable supply and sales channels, without overconcentration risk.

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. The Company shall disclose, for the last two years and as of the printing date of the annual report, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved in the litigation and the current status of the litigation, if the outcome of the litigation, non-litigation or administrative dispute has been determined or is still pending.

(1) Jiangsu Qi'an Construction Group Co., Ltd. (hereinafter referred to as Qi'an Construction) filed a lawsuit against the Company's subsidiary SciAnda Pharmaceuticals (Changshu) Ltd. (hereinafter referred to as SciAnda Changshu) over a construction contract dispute. They demanded a payment of RMB12,694,982. This case has undergone a first trial and a retrial by the court, and in both instances, SciAnda Changshu emerged victorious. The case was finally concluded by the Suzhou Intermediate People's Court on June 5, 2023, with a final civil judgment of (2023) Su-05-Min-Zhong No. 3456, once again rejecting all appeals of Qi'an Construction, and confirming the winning judgment for SciAnda Changshu. After review, the cables of the project in dispute have been delivered to SciAnda Changshu for use. Furthermore, SciAnda Changshu has also won the final verdict in the lawsuit. The lawsuit has had no impact on the operations or sales of the Company or SciAnda Changshu.

(2) The Company has applied for Abbreviated New Drug Application (ANDA) with the US FDA for the development of Liraglutide (Victoza) as a generic drug. It also filed a Paragraph IV certification against the patents listed in the Orange Book. The originator responded to the patent challenge by initiating a patent infringement lawsuit against the Company. After negotiations, both parties reached a settlement and signed a settlement agreement on January 29, 2024. Subsequently, the United States District Court for the District of New Jersey issued an order revoking the lawsuit on February 8, 2024 (C.A. No. 23-20935 (RMB)(SAK)). After review, the patent litigation in question is a routine procedure for challenging the Paragraph IV patent in the U.S. generic drug license application. After the Company received the revocation order described above, it has notified the U.S. FDA and continued the review of the Company's development of generic drugs. The company's operations and sales were not affected.

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

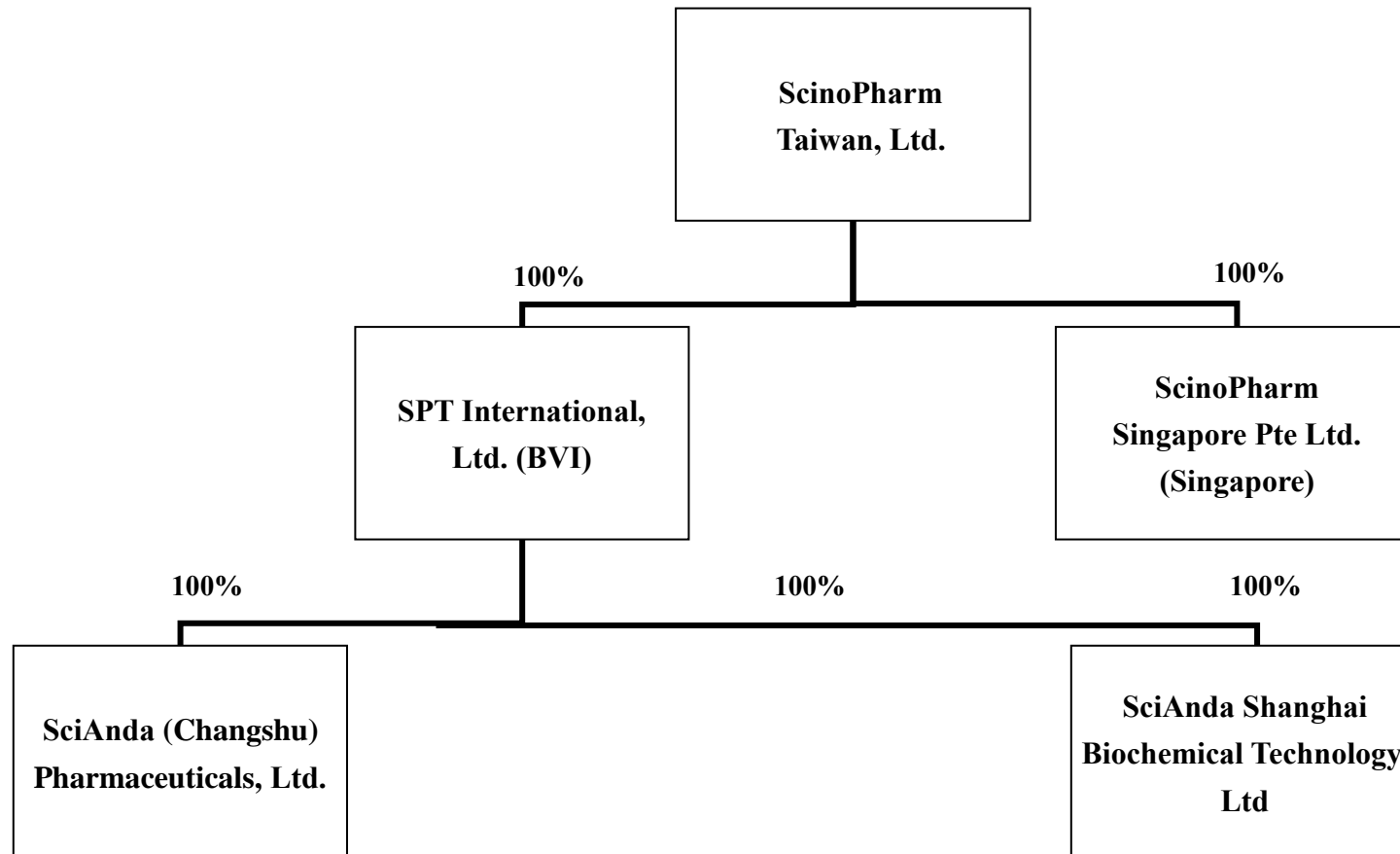
VIII.Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Business Report of Affiliated Companies

8.1.1.1Affiliated Companies Chart

2021.12.31



8.1.1.2 of Affiliated Companies Information

2022.12.31

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 thousands	API / Drug Manufacturing and sale
SPT International, Ltd.	1998.10.22	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	US\$118,525 thousands	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 thousands	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 502-503, Block B, Uni- President Building(删除?), NO.568 Tianshan west Road, Changning District, Shanghai, 200335, China	US\$1,200 thousands	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

2023.12.31, 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	Ling Ming Sun (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%
	Independent Director	Chyun-Yu Yang	0	0%

Company	Title	Name or Representative	Shareholding (Note)	
			Shares (Amount)	%
	Independent Director	Jang-Yang Chang	0	0%
	CEO	Li-An Lu	0	0%
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%
	Director	Chan Michael K H(appointed Director)	0	0%
SciAnda (Changshu) Pharmaceuticals, Ltd.	Chairman	Tzu-Chiang Liu (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	Ivan Hsu (Representative of SPT International, Ltd.)	US\$116,500,000	100%
	CEO	John Tsai	0	0%
SciAnda Shanghai Biochemical Technology, Ltd.	Chairman	Tzu-Chiang Liu (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	US\$1,200,000	100%

Company	Title	Name or Representative	Shareholding (Note)	
			Shares (Amount)	%
		(Representative of SPT International, Ltd.)		
	Supervisor	Chih-Hui Lin (Representative of SPT International, Ltd.)	US\$1,200,000	100%
	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

2023.12.31; 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	11,600,223	1,235,793	10,364,430	3,006,952	316,633	287,056	0.363
SPT International, Ltd.	3,595,107	1,539,743	-	1,539,743	0	95	6,802	0.057
ScinoPharm Singapore Pte Ltd.	-	306	117	189	440	21	23	11,494
SciAnda (Changshu) Pharmaceuticals, Ltd.	3,577,133	1,684,880	167,144	1,517,736	645,260	3,124	5,907	N/A
SciAnda Shanghai Biochemical Technology, Ltd.	36,846	20,463	1,581	18,882	53,037	1,194	954	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 2023.12.31

RMB:NTD = 1 : 4.324648 USD:NTD = 1 : 30.705

(2) Figures in income statement are based on average exchange rates in 2023

RMB:NTD = 1: 4.439968 USD:NTD = 1: 31.177617

ScinoPharm Taiwan, Ltd.
Statement on Affiliates Report

February 27, 2024

The company's 2023 affiliates report (Jan. 1 through Dec. 31, 2023) 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 27, 2024



ScinoPharm Taiwan, Ltd.

Re-auditing report by Certified Public Accountant on Affiliates Report

No. 23008172

To ScinoPharm Taiwan, Ltd.:

ScinoPharm's 2023 affiliates report was compiled on February 27, 2024 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 2023 financial statement.

PricewaterhouseCoopers, Taiwan

Fang-Ting Yeh

Independent Accountants

Tzu-Shu Lin

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

Approval of certifications:

Financial –Supervisory –Securities#1110349013

Former Securities Management Committee, the Ministry of Finance

Approval of certifications:

No. (82) Taiwan-Finance-Securities-(6)-44927

February 27, 2024

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	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%	20,000,000 shares	Director	Chiou-Ru Shih
		Kai Yu Investment Co., Ltd. (Note 2) 14,763,165 shares	1.87%	—	—	—
		Kai Nan Investment Co., Ltd. (Note 2) 13,950,061 shares	1.76%	—	—	
		Tong Yu Investment Corp. (Note 3) 10,611,166 shares	1.34%	—	—	—

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

(Note 2) Uni-President Enterprises Corp. owns 100% stake °

(Note 3) President International Development 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\$ thousands; %

Transaction with Controlling Company			Transaction Terms between Normal Transaction and Controlling Company
Item	Amount	Item Amount%	
Other Expense	\$ 2,410	-	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 2023, the company applied for 29 DMF registrations worldwide, including 1 in the U.S. As of March 2024, the company had 926 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 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.

8.5 Other Supplementary Disclosure

If any of the situations listed in Article 36, paragraph 2, 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

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

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, 2023, 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 27, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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 that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public 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 2023 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 2023 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, ascertained whether 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, 2023, the balances of inventory and allowance for inventory valuation losses were \$1,914,609 thousand and \$403,074 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, 2023 and 2022.

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 that came into effect 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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.

Yeh, Fang-Ting

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

February 27, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,941,524	33	\$ 4,294,709	36
1110	Financial assets at fair value through profit or loss - current	6(2)	8,304	-	-	-
1170	Accounts receivable, net	6(3) and 12	788,221	7	635,263	5
1200	Other receivables		25,230	-	18,282	-
130X	Inventories	5(2) and 6(4)	1,511,535	13	1,188,716	10
1410	Prepayments		105,794	1	132,239	1
1476	Other financial assets - current	6(1) and 8	-	-	51,132	1
11XX	Total current assets		6,380,608	54	6,320,341	53
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	69,973	1	112,616	1
1600	Property, plant and equipment	6(6)(8)	3,762,696	32	3,843,378	32
1755	Right-of-use assets	6(7)	636,748	5	654,492	6
1780	Intangible assets		19,152	-	9,953	-
1840	Deferred income tax assets	5(2) and 6(24)	640,930	6	637,435	5
1915	Prepayments for equipment	6(6)	178,146	2	299,471	3
1920	Guarantee deposits paid		2,393	-	2,550	-
1980	Other financial assets - non-current	6(1) and 8	30,940	-	30,940	-
15XX	Total non-current assets		5,340,978	46	5,590,835	47
1XXX	Total assets		\$ 11,721,586	100	\$ 11,911,176	100

(Continued)

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 32,137	-	\$ 77,599	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	361	-
2130	Contract liabilities - current	6(17)	110,967	1	67,752	1
2150	Notes payable		1,179	-	1,235	-
2170	Accounts payable		101,278	1	125,264	1
2200	Other payables	6(10)	403,739	3	413,354	3
2230	Current income tax liabilities	6(24)	62,597	1	99,636	1
2280	Lease liabilities - current		17,556	-	17,893	-
21XX	Total current liabilities		729,453	6	803,094	7
Non-current liabilities						
2570	Deferred income tax liabilities	6(24)	1,661	-	-	-
2580	Lease liabilities - non-current		570,231	5	581,181	5
2640	Net defined benefit liabilities - non-current	6(11)	54,514	1	74,491	-
2645	Guarantee deposits received		1,297	-	2,357	-
25XX	Total non-current liabilities		627,703	6	658,029	5
2XXX	Total liabilities		1,357,156	12	1,461,123	12
Equity attributable to owners of the parent						
Share capital		6(12)				
3110	Common stock		7,907,392	68	7,907,392	66
3200	Capital surplus	6(13)	1,294,689	11	1,294,689	10
Retained earnings		6(15)				
3310	Legal reserve		755,145	6	719,584	6
3320	Special reserve		98,176	1	61,125	1
3350	Unappropriated earnings		494,884	4	565,439	5
3400	Other equity interest	6(16)	(185,856)	(2)	(98,176)	-
3XXX	Total equity		10,364,430	88	10,450,053	88
Significant contingent liabilities and unrecognised contract commitments		9				
3X2X	Total liabilities and equity		\$ 11,721,586	100	\$ 11,911,176	100

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)		\$ 3,186,083	100	\$ 3,264,045	100
5000 Operating costs	6(4)(11)(22)(23)	(	1,970,094)	(62)	(2,013,273)	(62)
5900 Net operating margin			1,215,989	38	1,250,772	38
Operating expenses	6(11)(22)(23), 7 and 12					
6100 Selling expenses		(	179,651)	(6)	(167,343)	(5)
6200 General and administrative expenses		(	364,174)	(11)	(406,532)	(13)
6300 Research and development expenses		(	357,740)	(11)	(271,264)	(8)
6450 Expected credit gain (loss)			67	-	136	-
6000 Total operating expenses		(	901,498)	(28)	(845,275)	(26)
6900 Operating profit			314,491	10	405,497	12
Non-operating income and expenses						
7100 Interest income	6(18)		53,628	2	22,120	1
7010 Other income	6(19)		14,000	-	16,574	-
7020 Other gains and losses	6(2)(6)(8)(20) and 12	(	24,132)	(1)	(1,682)	(-)
7050 Finance costs	6(7)(21)	(	9,147)	-	(7,913)	-
7000 Total non-operating income and expenses			34,349	1	32,463	1
7900 Profit before income tax			348,840	11	437,960	13
7950 Income tax expense	6(24)	(	61,784)	(2)	(84,744)	(2)
8200 Profit for the year			\$ 287,056	9	\$ 353,216	11
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311 Actuarial gains (losses) on defined benefit plans	6(11)	(\$	417)	-	\$ 2,986	-
8316 Unrealised loss from equity instruments measured at fair value through other comprehensive income	6(5)(16)	(	42,643)	(1)	(73,180)	(2)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)		84	-	(597)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations	6(16)	(	45,037)	(2)	(36,129)	(1)
8300 Total other comprehensive loss for the year		(\$	88,013)	(3)	(\$ 34,662)	(1)
8500 Total comprehensive income for the year			\$ 199,043	6	\$ 318,554	10
Profit attributable to:						
8610 Owners of the parent			\$ 287,056	9	\$ 353,216	11
Comprehensive income attributable to:						
8710 Owners of the parent			\$ 199,043	6	\$ 318,554	10
Earnings per share (in dollars)	6(25)					
9750 Basic			\$ 0.36		\$ 0.45	
9850 Diluted			\$ 0.36		\$ 0.45	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						
		Retained Earnings				Other Equity Interest		
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
Notes	Share capital - common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Financial statements translation differences of foreign operations		Total equity
<u>Year ended December 31, 2022</u>								
	\$ 7,907,392	\$ 1,294,689	\$ 679,074	\$ 33,043	\$ 657,981	(\$ 79,248)	\$ 18,123	\$ 10,511,054
	-	-	-	-	353,216	-	-	353,216
Other comprehensive income (loss) for the year 6(5)(16)	-	-	-	-	2,389	36,129	(73,180)	(34,662)
Total comprehensive income (loss) for the year	-	-	-	-	355,605	36,129	(73,180)	318,554
Distribution of 2021 net income:								
Legal reserve	-	-	40,510	-	(40,510)	-	-	-
Special reserve	-	-	-	28,082	(28,082)	-	-	-
Cash dividends 6(15)	-	-	-	-	(379,555)	-	-	(379,555)
Balance at December 31, 2022	\$ 7,907,392	\$ 1,294,689	\$ 719,584	\$ 61,125	\$ 565,439	(\$ 43,119)	(\$ 55,057)	\$ 10,450,053
<u>Year ended December 31, 2023</u>								
	\$ 7,907,392	\$ 1,294,689	\$ 719,584	\$ 61,125	\$ 565,439	(\$ 43,119)	(\$ 55,057)	\$ 10,450,053
	-	-	-	-	287,056	-	-	287,056
Other comprehensive loss for the year 6(5)(16)	-	-	-	-	(333)	(45,037)	(42,643)	(88,013)
Total comprehensive income (loss) for the year	-	-	-	-	286,723	(45,037)	(42,643)	199,043
Distribution of 2022 net income:								
Legal reserve	-	-	35,561	-	(35,561)	-	-	-
Special reserve	-	-	-	37,051	(37,051)	-	-	-
Cash dividends 6(15)	-	-	-	-	(284,666)	-	-	(284,666)
Balance at December 31, 2023	\$ 7,907,392	\$ 1,294,689	\$ 755,145	\$ 98,176	\$ 494,884	(\$ 88,156)	(\$ 97,700)	\$ 10,364,430

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 348,840	\$ 437,960
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on valuation of financial assets and liabilities at fair value through profit or loss		(8,665)	2,103
Expected credit loss (gain)	12	(67)	136
Loss on (reversal of allowance for) inventory market price decline	6(4)	26,910	(3,125)
Depreciation of property, plant and equipment	6(6)(22)	438,434	417,877
Depreciation of right-of-use assets	6(7)(22)	15,839	15,859
Gain on reversal of impairment loss	6(6)(8)(20)	(1)	(634)
Loss on disposal of property, plant and equipment	6(20)	420	762
Amortisation	6(22)	6,894	5,729
Interest income	6(18)	(53,628)	(22,120)
Interest expense	6(21)	9,147	7,913
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(152,886)	(275,156)
Other receivables		(1,979)	15,547
Inventories		(347,470)	157,631
Prepayments		26,870	(35,068)
Changes in operating liabilities			
Contract liabilities - current		43,215	(2,813)
Notes payable		(56)	63
Accounts payable		(23,986)	55,574
Other payables		(12,387)	63,671
Advance receipts		-	(1,740)
Net defined benefit liabilities - non-current		(20,394)	(2,069)
Cash inflow generated from operations		295,050	838,100
Interest received		48,659	21,087
Interest paid		(9,159)	(7,889)
Income tax paid		(103,424)	(77,507)
Net cash flows from operating activities		231,126	773,791

(Continued)

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost - current		\$ -	(\$ 44,149)
Repayment of principal from financial assets at amortised cost - current		-	44,149
Decrease (increase) in other financial assets - current		51,132	(2,163)
Cash paid for acquisition of property, plant and equipment	6(26)	(84,408)	(44,724)
Proceeds from disposal of property, plant and equipment		136	291
Acquisition of intangible assets		(16,286)	(6,760)
Increase in prepayments for equipment		(184,021)	(198,560)
Decrease (increase) in guarantee deposits paid		157	(32)
Increase in other assets - non-current		-	(1,670)
Net cash flows used in investing activities		(233,290)	(253,618)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	63,471	77,219
Decrease in short-term borrowings	6(27)	(107,469)	-
Repayment of the principal portion of lease liabilities	6(27)	(11,287)	(11,188)
Decrease in guarantee deposits received	6(27)	(1,026)	(1,303)
Payment of cash dividends	6(15)	(284,666)	(379,555)
Net cash flows used in financing activities		(340,977)	(314,827)
Effect of foreign exchange rate changes		(10,044)	8,442
Net (decrease) increase in cash and cash equivalents		(353,185)	213,788
Cash and cash equivalents at beginning of year	6(1)	4,294,709	4,080,921
Cash and cash equivalents at end of year	6(1)	\$ 3,941,524	\$ 4,294,709

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, 2023 AND 2022

(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 (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, produce, manufacture and sales 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 and international trade for the above products. For more information regarding the manufacturing and trading activities the Group are engaged in, refer to Note 4(3), “Basis of consolidation”.
- (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 AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
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
Amendments to IAS 12, ‘International tax reform — pillar two model rules’	May 23, 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.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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 Accounting Standards 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 Accounting Standards 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 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL 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[®] Interpretations that came into effect 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 that 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, 2023	December 31, 2022	
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, sales 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 costs of completion and the estimated costs necessary to make the sale. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance and is recognised as deduction of operating costs.

(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:

<u>Assets</u>	<u>Estimated useful lives</u>
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 and does not give rise to equal taxable and deductible temporary differences. 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 judgements 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, 2023, the carrying amount of inventories was \$1,511,535.

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, 2023, the Group recognised deferred income tax assets amounting to \$640,930.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 134	\$ 119
Checking accounts and demand deposits	<u>152,890</u>	<u>146,140</u>
	<u>153,024</u>	<u>146,259</u>
Cash equivalents:		
Time deposits	3,648,500	3,958,500
Bills under repurchase agreements	<u>140,000</u>	<u>189,950</u>
	<u>3,788,500</u>	<u>4,148,450</u>
	<u>\$ 3,941,524</u>	<u>\$ 4,294,709</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. Refer to Note 8, "Pledged assets".

C. Details of the Group's time deposits pledged to others as collateral (listed as "Other financial assets - non-current") as of December 31, 2023 and 2022 are provided in Note 8, "Pledged assets".

(2) FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets (liabilities) mandatorily measured at fair value through profit or loss		
Derivatives	\$ 8,304	(\$ 361)
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 Group recognised net loss of \$7,578 and \$36,985 on financial assets and liabilities at fair value through profit or loss (listed as “Other gains and losses”) for the years ended December 31, 2023 and 2022, respectively.
- B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below (Units in thousands of currencies indicated):

Items	December 31, 2023	
	Contract amount	Contract period
Forward foreign exchange contracts	USD 11,860	11.2023~3.2024
	CNY 4,300	12.2023~1.2024
Items	December 31, 2022	
	Contract amount	Contract period
Forward foreign exchange contracts	USD 10,468	11.2022~2.2023

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, 2023 and 2022.

(3) ACCOUNTS RECEIVABLE, NET

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 788,452	\$ 635,566
Less: Loss allowance	(231)	(303)
	\$ 788,221	\$ 635,263

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 696,509	\$ 548,124
Less than 30 days	67,927	79,154
Between 31 to 90 days	22,686	6,296
Between 91 to 180 days	1,330	-
Over 181 days	-	1,992
	<u>\$ 788,452</u>	<u>\$ 635,566</u>

The above ageing analysis is based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable arose from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$360,410.

C. As of December 31, 2023 and 2022, the Group does not hold any collateral as security.

D. As of December 31, 2023 and 2022, 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 notes and accounts receivable was the book value amount.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2), "Financial instruments".

(4) INVENTORIES

	December 31, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 364,396	(\$ 67,533)	\$ 296,863
Supplies	43,619	(5,216)	38,403
Work in process	544,873	(96,287)	448,586
Finished goods	961,721	(234,038)	727,683
	<u>\$ 1,914,609</u>	<u>(\$ 403,074)</u>	<u>\$ 1,511,535</u>
	December 31, 2022		
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 389,519	(\$ 67,384)	\$ 322,135
Supplies	33,860	(4,259)	29,601
Work in process	425,145	(85,080)	340,065
Finished goods	718,615	(221,700)	496,915
	<u>\$ 1,567,139</u>	<u>(\$ 378,423)</u>	<u>\$ 1,188,716</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	\$ 1,348,647	\$ 1,420,652
Loss on scrap inventory	69,868	41,614
Loss on physical inventory	575	96
Under applied manufacturing overhead	468,405	520,741
Loss on (reversal of allowance for) inventory market price decline (Note)	26,910 (	3,125)
Revenue from sale of scraps	(2,332) (	1,964)
	<u>\$ 1,912,073</u>	<u>\$ 1,978,014</u>

Note: For the year ended December 31, 2022, the Group scrapped certain inventories which could no longer be used for commercial mass production, resulting to a reversal of previous inventory write-down.

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

Items	December 31, 2023	December 31, 2022
Equity instruments		
Unlisted stocks	\$ 167,673	\$ 167,673
Valuation adjustment	(97,700)	(55,057)
	<u>\$ 69,973</u>	<u>\$ 112,616</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, 2023 and 2022.

B. 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,	
	2023	2022
Fair value change recognised in other comprehensive income	(\$ 42,643)	(\$ 73,180)

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2023 and 2022.

(6) PROPERTY, PLANT AND EQUIPMENT

						Construction in progress and equipment before acceptance inspection	Total
<u>January 1, 2023</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>		
Cost	\$ 4,094,506	\$ 5,846,575	\$ 25,270	\$ 220,531	\$ 160,003	\$ 155,618	\$ 10,502,503
Accumulated depreciation	(1,705,956)	(4,603,390)	(21,775)	(190,718)	(134,271)	-	(6,656,110)
Accumulated impairment	-	(3,015)	-	-	-	-	(3,015)
	<u>\$ 2,388,550</u>	<u>\$ 1,240,170</u>	<u>\$ 3,495</u>	<u>\$ 29,813</u>	<u>\$ 25,732</u>	<u>\$ 155,618</u>	<u>\$ 3,843,378</u>
<u>For the year ended December 31, 2023</u>							
At January 1	\$ 2,388,550	\$ 1,240,170	\$ 3,495	\$ 29,813	\$ 25,732	\$ 155,618	\$ 3,843,378
Additions	-	857	1,120	142	880	84,193	87,192
Reclassified from prepayments for equipment	-	-	-	-	-	302,224	302,224
Reclassified upon completion	187,354	229,877	2,492	35,095	9,276	(464,094)	-
Depreciation charge	(180,694)	(239,160)	(1,331)	(15,413)	(1,836)	-	(438,434)
Disposals — Cost	(2,540)	(57,451)	(1,774)	(9,586)	(630)	-	(71,981)
— Accumulated depreciation	2,540	57,336	1,597	9,348	604	-	71,425
Reversal of impairment loss	-	1	-	-	-	-	1
Net currency exchange differences	(21,239)	(8,444)	(94)	(451)	(655)	(226)	(31,109)
At December 31	<u>\$ 2,373,971</u>	<u>\$ 1,223,186</u>	<u>\$ 5,505</u>	<u>\$ 48,948</u>	<u>\$ 33,371</u>	<u>\$ 77,715</u>	<u>\$ 3,762,696</u>
<u>December 31, 2023</u>							
Cost	\$ 4,249,075	\$ 5,998,911	\$ 26,907	\$ 244,141	\$ 165,103	\$ 77,715	\$ 10,761,852
Accumulated depreciation	(1,875,104)	(4,772,711)	(21,402)	(195,193)	(131,732)	-	(6,996,142)
Accumulated impairment	-	(3,014)	-	-	-	-	(3,014)
	<u>\$ 2,373,971</u>	<u>\$ 1,223,186</u>	<u>\$ 5,505</u>	<u>\$ 48,948</u>	<u>\$ 33,371</u>	<u>\$ 77,715</u>	<u>\$ 3,762,696</u>

						Construction in progress and equipment before acceptance inspection	
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment		Total
<u>January 1, 2022</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>
<u>For the year ended December 31, 2022</u>							
At January 1	\$ 2,015,447	\$ 843,955	\$ 2,059	\$ 34,247	\$ 18,554	\$ 1,118,738	\$ 4,033,000
Additions	270	4,404	1,180	230	-	62,483	68,567
Reclassified from prepayments for equipment	-	-	-	-	-	136,468	136,468
Reclassified upon completion	525,901	615,694	1,107	10,267	9,205	(1,162,174)	-
Depreciation charge	(169,717)	(230,130)	(764)	(14,954)	(2,312)	-	(417,877)
Disposals — Cost	-	(42,789)	(1,323)	(8,502)	(950)	-	(53,564)
— Accumulated depreciation	-	42,203	1,191	8,262	855	-	52,511
Reversal of impairment loss	-	634	-	-	-	-	634
Net currency exchange differences	16,649	6,199	45	263	380	103	23,639
At December 31	<u>\$ 2,388,550</u>	<u>\$ 1,240,170</u>	<u>\$ 3,495</u>	<u>\$ 29,813</u>	<u>\$ 25,732</u>	<u>\$ 155,618</u>	<u>\$ 3,843,378</u>
<u>December 31, 2022</u>							
Cost	\$ 4,094,506	\$ 5,846,575	\$ 25,270	\$ 220,531	\$ 160,003	\$ 155,618	\$ 10,502,503
Accumulated depreciation	(1,705,956)	(4,603,390)	(21,775)	(190,718)	(134,271)	-	(6,656,110)
Accumulated impairment	-	(3,015)	-	-	-	-	(3,015)
	<u>\$ 2,388,550</u>	<u>\$ 1,240,170</u>	<u>\$ 3,495</u>	<u>\$ 29,813</u>	<u>\$ 25,732</u>	<u>\$ 155,618</u>	<u>\$ 3,843,378</u>

- A. The Group has not capitalised borrowing costs as part of property, plant and equipment for the years ended December 31, 2023 and 2022.
- B. The Group's property, plant and equipment were owner-occupied for the years ended December 31, 2023 and 2022.
- 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, 2023 and 2022, 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, with no restrictions other than the use of the subject matter of the lease in accordance with relevant laws and regulations.
- 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, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 635,741	\$ 652,142
Buildings and structures	1,007	2,350
	<u>\$ 636,748</u>	<u>\$ 654,492</u>
	For the years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 14,496	\$ 14,508
Buildings and structures	1,343	1,351
	<u>\$ 15,839</u>	<u>\$ 15,859</u>

- D. For the years ended December 31, 2023 and 2022, the Group's additions to right-of-use assets were \$ — and \$2,686, respectively; the remeasurements of right-of-use assets were \$ — and \$51,145, respectively.
- E. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 6,719	\$ 6,817
Expense on short-term lease contracts	2,375	1,006
Expense on leases of low-value assets	3,592	2,849

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$23,973 and \$21,860, respectively.

(8) IMPAIRMENT OF NON-FINANCIAL ASSETS

A. The Group recognised the reversal of impairment loss amounting to \$1 and \$634 for the years ended December 31, 2023 and 2022, respectively (listed as "Other gains and losses") as some of the idle machineries were again utilised in production. For details of accumulated impairment, refer to Note 6(6).

B. The reversal of impairment loss reported by operating segments is as follows:

	For the years ended December 31,			
	2023		2022	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
ScinoPharm Taiwan	\$ 1	\$ -	\$ 634	\$ -

(9) SHORT-TERM BORROWINGS

Type of borrowings	December 31, 2023	Interest rate	Collateral
Bank loans			
Unsecured loans	\$ 32,137	3.40% ~ 3.50%	None

Type of borrowings	December 31, 2022	Interest rate	Collateral
Bank loans			
Unsecured loans	\$ 77,599	3.40% ~ 3.50%	None

Refer to Note 6(21), "Finance costs" for interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022.

(10) OTHER PAYABLES

	December 31, 2023	December 31, 2022
Accrued salaries and bonuses	\$ 100,306	\$ 90,144
Payables on equipment	56,759	53,975
Accrued employees' compensation and directors' remuneration	39,472	49,453
Others	207,202	219,782
	<u>\$ 403,739</u>	<u>\$ 413,354</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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 103,268	\$ 101,171
Fair value of plan assets	(48,754)	(26,680)
Net defined benefit liability	<u>\$ 54,514</u>	<u>\$ 74,491</u>

(b) Movements in net defined benefit liabilities are as follows:

For the year ended December 31, 2023	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 101,171	(\$ 26,680)	\$ 74,491
Current service cost	356	-	356
Interest expense (income)	1,215	(321)	894
	<u>102,742</u>	<u>(27,001)</u>	<u>75,741</u>
Remeasurements:			
Return on plan assets	-	(109)	(109)
Experience adjustments	526	-	526
	<u>526</u>	<u>(109)</u>	<u>417</u>
Pension fund contribution	-	(21,644)	(21,644)
At December 31	<u>\$ 103,268</u>	<u>(\$ 48,754)</u>	<u>\$ 54,514</u>
For the year ended December 31, 2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 101,385	(\$ 21,839)	\$ 79,546
Current service cost	340	-	340
Interest expense (income)	608	(131)	477
	<u>102,333</u>	<u>(21,970)</u>	<u>80,363</u>
Remeasurements:			
Return on plan assets	-	(1,824)	(1,824)
Change in financial assumptions	(5,612)	-	(5,612)
Experience adjustments	4,450	-	4,450
	<u>(1,162)</u>	<u>(1,824)</u>	<u>(2,986)</u>
Pension fund contribution	-	(2,886)	(2,886)
At December 31	<u>\$ 101,171</u>	<u>(\$ 26,680)</u>	<u>\$ 74,491</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, 2023 and 2022 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,	
	2023	2022
Discount rate	1.20%	1.20%
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 Mortality Table for the years ended December 31, 2023 and 2022.

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, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 2,050)	\$ 2,109	\$ 1,848	(\$ 1,808)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,221)	\$ 2,289	\$ 2,032	(\$ 1,985)

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 2024 amount to \$2,830.

(f) As of December 31, 2023, the weighted average duration of that retirement plan is 8 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	3,387
2~5 years		27,870
Over 6 years		82,715
	\$	<u>113,972</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, 2023 and 2022, the pension costs recognised under the aforementioned defined contribution pension plans were \$39,857 and \$36,633, 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,	
	2023	2022
At January 1 and December 31	<u>790,739</u>	<u>790,739</u>

B. As of December 31, 2023, 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, 2023		
	Share premium	Stock options	Total
At January 1	\$ 1,256,454	\$ 38,235	\$ 1,294,689
Employee stock options forfeited			
- Company	8,882	(8,882)	-
At December 31	<u>\$ 1,265,336</u>	<u>\$ 29,353</u>	<u>\$ 1,294,689</u>

	For the year ended December 31, 2022		
	Share premium	Stock options	Total
At January 1	\$ 1,254,273	\$ 40,416	\$ 1,294,689
Employee stock options forfeited			
- Company	2,181	(2,181)	-
At December 31	<u>\$ 1,256,454</u>	<u>\$ 38,235</u>	<u>\$ 1,294,689</u>

(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 31, 2023, 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 \$71.60 (in dollars) per share, \$35.80 (in dollars) per share and \$36.30 (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.

B. Details of the share-based payment arrangements are as follows:

		For the year ended December 31, 2023	
		Number of options	Weighted-average
		(in thousand units)	exercise price
			(in dollars)
Options outstanding at beginning of the year		1,526	\$ 43.50
Options forfeited	(	362)	67.39
Options outstanding at end of the year		1,164	36.07
Options exercisable at end of the year		1,164	36.07

		For the year ended December 31, 2022	
		Number of options	Weighted-average
		(in thousand units)	exercise price
			(in dollars)
Options outstanding at beginning of the year		1,660	\$ 44.39
Options forfeited	(	134)	44.88
Options outstanding at end of the year		1,526	43.50
Options exercisable at end of the year		1,526	43.50

C. The expiry date, exercisable shares and exercise prices of the employee stock options at balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
		No. of stocks	Exercise price	No. of stocks	Exercise price
Grant date	Expiry date	(unit in thousands)	(in dollars)	(unit in thousands)	(in dollars)
12.3.2013	12.2.2023	-	\$ -	319	\$ 71.60
11.6.2015	11.5.2025	527	35.80	539	35.80
10.14.2016	10.13.2026	637	36.30	668	36.30

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 were 28.50%, 37.63% and 37.20%, respectively.

(15) 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. According to the Articles of Incorporation of the Company, 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, except for offsetting any loss of prior years and paying all taxes and dues according to laws, after adding items other than net profit after taxes for the year into undistributed surplus earnings of current year, 10% of the remaining 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 from 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. Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. As of December 31, 2023, the amount of special reserve on initial application of IFRSs provided in accordance with the order from Financial Supervisory Committee was \$22,829.
- D. The Company recognised cash dividends distributed to owners amounting to \$284,666 (\$0.36 (in dollars) per share) and \$379,555 (\$0.48 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On February 27, 2024, the Board of Directors proposed for the distribution of cash dividends of \$237,222 (\$0.3 (in dollars) per share) from 2023 earnings.

(16) OTHER EQUITY ITEMS

For the year ended December 31, 2023			
	Currency translation	Unrealised loss on valuation	Total
At January 1	(\$ 43,119)	(\$ 55,057)	(\$ 98,176)
Revaluation	-	(42,643)	(42,643)
Currency translation differences			
- Group	(45,037)	-	(45,037)
At December 31	<u>(\$ 88,156)</u>	<u>(\$ 97,700)</u>	<u>(\$ 185,856)</u>

For the year ended December 31, 2022			
	Currency translation	Unrealised gain (loss) on valuation	Total
At January 1	(\$ 79,248)	\$ 18,123	(\$ 61,125)
Revaluation	-	(73,180)	(73,180)
Currency translation differences			
- Group	36,129	-	36,129
At December 31	<u>(\$ 43,119)</u>	<u>(\$ 55,057)</u>	<u>(\$ 98,176)</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, 2023	API Income	Injection Product Income	Technical Service Income	Other Operating Income	Total
Timing of revenue recognition:					
At a point in time	\$2,854,051	\$ 68,033	\$ -	\$ 111,673	\$3,033,757
Over time	-	-	152,326	-	152,326
	<u>\$2,854,051</u>	<u>\$ 68,033</u>	<u>\$ 152,326</u>	<u>\$ 111,673</u>	<u>\$3,186,083</u>

For the year ended December 31, 2022	API Income	Injection Product Income	Technical Service Income	Other Operating Income	Total
Timing of revenue recognition:					
At a point in time	\$3,048,213	\$ 11,880	\$ -	\$ 101,308	\$3,161,401
Over time	-	-	102,644	-	102,644
	<u>\$3,048,213</u>	<u>\$ 11,880</u>	<u>\$ 102,644</u>	<u>\$ 101,308</u>	<u>\$3,264,045</u>

B. The Group has recognised contract liabilities related to the contract revenue from advance customer payment of \$110,967, \$67,752 and \$70,565 as of December 31, 2023, December 31, 2022 and January 1, 2022, respectively.

C. The revenue recognised that was included in the contract liability balance at the beginning of the year amounted to \$53,497 and \$60,786 for the years ended December 31, 2023 and 2022, respectively.

(18) INTEREST INCOME

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 53,628	\$ 21,855
Interest income from financial assets measured at amortised cost	-	265
	<u>\$ 53,628</u>	<u>\$ 22,120</u>

(19) OTHER INCOME

	For the years ended December 31,	
	2023	2022
Production capacity subsidy income	\$ 6,337	\$ 7,369
Government grant	3,275	7,206
Others	4,388	1,999
	<u>\$ 14,000</u>	<u>\$ 16,574</u>

(20) OTHER GAINS AND LOSSES

	For the years ended December 31,	
	2023	2022
Gain on reversal of impairment loss	\$ 1	\$ 634
Net currency exchange (loss) gain	(9,404)	41,266
Net loss on financial assets/liabilities at fair value through profit or loss	(7,578)	(36,985)
Loss on disposal of property, plant and equipment	(420)	(762)
Others	(6,731)	(2,471)
	<u>(\$ 24,132)</u>	<u>\$ 1,682</u>

(21) FINANCE COSTS

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank loans	\$ 2,428	\$ 1,096
Interest on lease liabilities	6,719	6,817
	<u>\$ 9,147</u>	<u>\$ 7,913</u>

(22) EXPENSES BY NATURE

For the year ended December 31, 2023			
	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 633,317	\$ 332,029	\$ 965,346
Depreciation of property, plant and equipment	371,489	66,945	438,434
Depreciation of right-of-use assets	-	15,839	15,839
Amortisation	2,567	4,327	6,894
	<u>\$ 1,007,373</u>	<u>\$ 419,140</u>	<u>\$ 1,426,513</u>
For the year ended December 31, 2022			
	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 534,484	\$ 337,553	\$ 872,037
Depreciation of property, plant and equipment	334,734	83,143	417,877
Depreciation of right-of-use assets	-	15,859	15,859
Amortisation	2,591	3,138	5,729
	<u>\$ 871,809</u>	<u>\$ 439,693</u>	<u>\$ 1,311,502</u>

(23) EMPLOYEE BENEFIT EXPENSES

For the year ended December 31, 2023			
	Operating costs	Operating expenses	Total
Salaries and wages	\$ 534,629	\$ 280,994	\$ 815,623
Labor and health insurance expenses	45,853	20,584	66,437
Pension costs	28,892	12,215	41,107
Other personnel expenses	23,943	18,236	42,179
	<u>\$ 633,317</u>	<u>\$ 332,029</u>	<u>\$ 965,346</u>
For the year ended December 31, 2022			
	Operating costs	Operating expenses	Total
Salaries and wages	\$ 450,268	\$ 286,891	\$ 737,159
Labor and health insurance expenses	38,380	21,635	60,015
Pension costs	25,370	12,080	37,450
Other personnel expenses	20,466	16,947	37,413
	<u>\$ 534,484</u>	<u>\$ 337,553</u>	<u>\$ 872,037</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, 2023 and 2022, the employees' compensation was accrued at \$34,879 and \$43,793, respectively, while the directors' remuneration was accrued at \$4,593 and \$5,660, 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. The actual amount approved at the Board of Directors' meeting for employees' compensation and directors' remuneration for 2022 was \$49,453, which was the same as the amount estimated in the 2022 financial statements. The employees' compensation was distributed in the form of cash for 2022. On February 27, 2024, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$34,879 and \$4,593, respectively, and the employees' compensation will be distributed in the form of cash. 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,	
	2023	2022
Current income tax:		
Income tax for the year	\$ 68,228	\$ 111,668
Over provision of prior year's income tax	(4,694)	(3,519)
Total current tax	<u>63,534</u>	<u>108,149</u>
Deferred income tax:		
Origination and reversal of temporary differences	(1,750)	(23,405)
Income tax expense	<u>\$ 61,784</u>	<u>\$ 84,744</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	<u>(\$ 84)</u>	<u>\$ 597</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Income tax at statutory tax rate	\$ 70,939	\$ 68,868
Effect of items disallowed by tax regulation	4,696	19,934
Effect of investment tax credits	(6,305)	(2,535)
Over provision of prior year's income tax	(4,694)	(3,519)
Effect of net operating loss carryforward	(2,852)	2,173
Tax effect of tax deduction or exemption	-	(177)
Income tax expense	<u>\$ 61,784</u>	<u>\$ 84,744</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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, 2023				
	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	\$ 60,281	\$ 4,650	\$ -	\$ 64,931
Unrealised loss on				
components and spare parts				
market value decline	16,917	428	-	17,345
Investment loss	439,499	1,761	-	441,260
Pensions	14,899	(4,080)	84	10,903
Employee benefits - unused				
compensated absences	4,715	383	-	5,098
Impairment of assets	603	-	-	603
Unrealised exchange loss	504	3,193	-	3,697
Unrealised loss of				
financial liabilities	72	(72)	-	-
Loss carryforward	99,945	(2,852)	-	97,093
	<u>\$ 637,435</u>	<u>\$ 3,411</u>	<u>\$ 84</u>	<u>\$ 640,930</u>
Deferred tax liabilities:				
Temporary differences:				
Unrealised gain on financial				
instruments	\$ -	(\$ 1,661)	\$ -	(\$ 1,661)
	<u>\$ 637,435</u>	<u>\$ 1,750</u>	<u>\$ 84</u>	<u>\$ 639,269</u>

For the year ended December 31, 2022				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Deferred tax assets:				
Temporary differences:				
Unrealised loss on inventory				
market value decline	\$ 59,633	\$ 648	\$ -	\$ 60,281
Unrealised loss on				
components and spare parts				
market value decline	16,960	(43)	-	16,917
Investment loss	418,201	21,298	-	439,499
Pensions	15,910	(414)	(597)	14,899
Employee benefits - unused				
compensated absences	5,088	(373)	-	4,715
Impairment of assets	730	(127)	-	603
Unrealised exchange loss	681	(177)	-	504
Unrealised loss of				
financial liabilities	-	72	-	72
Loss carryforward	97,772	2,173	-	99,945
	<u>\$ 614,975</u>	<u>\$ 23,057</u>	<u>(\$ 597)</u>	<u>\$ 637,435</u>
Deferred tax liabilities:				
Temporary differences:				
Unrealised gain on financial				
instruments	(\$ 348)	\$ 348	\$ -	\$ -
	<u>\$ 614,627</u>	<u>\$ 23,405</u>	<u>(\$ 597)</u>	<u>\$ 637,435</u>

D. Expiration dates of unused operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed /assessed	Unused tax credits	Unrecognised deferred tax assets	Expiry year
2017~2022	<u>\$ 995,911</u>	<u>\$ 995,911</u>	<u>\$ 341,217</u>	2027~2032 (Note)
December 31, 2022				
Year incurred	Amount filed /assessed	Unused tax credits	Unrecognised deferred tax assets	Expiry year
2017~2022	<u>\$ 1,011,543</u>	<u>\$ 1,011,543</u>	<u>\$ 345,244</u>	2027~2032 (Note)

Note: In December 2022, SciAnda (Changshu) Pharmaceuticals, Ltd., a subsidiary of the Group, obtained the qualification of High and New Tech Enterprises in mainland China. The income tax rate was reduced to 15%, and the deduction period of unused tax losses was extended to 10 years.

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Authority as of February 27, 2024.

(25) EARNINGS PER SHARE ("EPS")

	For the year ended December 31, 2023		
		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 of the parent	\$ 287,056	790,739	\$ 0.36
<u>Diluted earnings per share</u>			
Profit attributable to ordinary stockholders of the parent	\$ 287,056	790,739	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	-	
Employees' compensation	-	1,589	
Profit attributable to ordinary stockholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 287,056	792,328	\$ 0.36

	For the year ended December 31, 2022		
		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	\$ 353,216	790,739	\$ 0.45
<u>Diluted earnings per share</u>			
Profit attributable to ordinary stockholders of the parent	\$ 353,216	790,739	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	-	
Employees' compensation	-	1,942	
Profit attributable to ordinary stockholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 353,216	792,681	\$ 0.45

For the years ended December 31, 2023 and 2022, some abovementioned stock options issued were 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,	
	2023	2022
Purchase of property, plant and equipment	\$ 87,192	\$ 68,567
Add: Beginning balance of payable on equipment (listed as "Other payables")	53,975	30,132
Less: Ending balance of payable on equipment (listed as "Other payables")	(56,759)	(53,975)
Cash paid for acquisition of property, plant and equipment	\$ 84,408	\$ 44,724

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
Prepayments for equipment reclassified to property, plant and equipment	\$ 302,224	\$ 136,468

(27) CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

For the year ended December 31,2023	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	\$ 77,599	\$ 599,074	\$ 2,357	\$ 679,030
Changes in cash flow from financing activities	(43,998)	(11,287)	(1,026)	(56,311)
Impact of changes in foreign exchange rate	(1,464)	-	(34)	(1,498)
At December 31, 2023	<u>\$ 32,137</u>	<u>\$ 587,787</u>	<u>\$ 1,297</u>	<u>\$ 621,221</u>

For the year ended December 31,2022	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	\$ -	\$ 556,431	\$ 3,648	\$ 560,079
Changes in cash flow from financing activities	77,219	(11,188)	(1,303)	64,728
Impact of changes in foreign exchange rate	380	-	12	392
Changes in other non-cash items	-	53,831	-	53,831
At December 31, 2022	<u>\$ 77,599</u>	<u>\$ 599,074</u>	<u>\$ 2,357</u>	<u>\$ 679,030</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,	
	2023	2022
Management service fees:		
— Ultimate parent company	\$ 2,410	\$ 1,679
— Associate of ultimate parent company	1,992	3,131
	<u>\$ 4,402</u>	<u>\$ 4,810</u>
Other expenses:		
— Associate of ultimate parent company	<u>\$ 2,540</u>	<u>\$ 3,274</u>

(4) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 52,110	\$ 51,859
Post-employment benefits	641	639
Termination benefits	1,540	1,470
	<u>\$ 54,291</u>	<u>\$ 53,968</u>

8. PLEDGED ASSETS

Details of the Group's assets pledged as collateral are as follows:

Assets	December 31, 2023	December 31, 2022	Purpose of collateral
Restricted deposits (Note 1)	\$ -	\$ 51,132	Construction payment dispute (Note 1)
Pledged time deposits (Note 2)			Performance guarantee, customs duty and guarantee for credit card
	<u>30,940</u>	<u>30,940</u>	
	<u>\$ 30,940</u>	<u>\$ 82,072</u>	

Note 1 : Listed as “Other financial assets - current”. 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. Jiangsu Suzhou Intermediate People's Court had denied the claim of Jiangsu Qian Construction Group Co., Ltd. at the final instance on June 5, 2023. The bank deposits that were attached provisionally had been unfrozen on June 16, 2023.

Note 2 : Listed as “Other financial assets - non-current”.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of December 31, 2023 and 2022, the Group's unused letters of credit amounted to \$4,597 and \$8,785, respectively.
- (2) As of December 31, 2023 and 2022, the Group's remaining balance due for construction in progress and prepayments for equipment was \$15,258 and \$50,736, respectively.
- (3) The amounts of endorsements and guarantees for subsidiaries were as follows:

	Nature	December 31, 2023	December 31, 2022
SciAnda (Changshu) Pharmaceuticals, Ltd.	Guarantee for financing amount	\$ 302,725	\$ 445,163

As of December 31, 2023 and 2022, the actual amount drawn down for endorsements and guarantees to subsidiaries was \$ —.

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, 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), "Financial assets and liabilities at fair value through profit or loss".

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), “Financial assets and liabilities at fair value through profit or loss”.
- (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, 2023				
		Foreign currency		Book value
		amount (in thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	25,330	30.71	\$ 777,884
CNY:NTD		8,780	4.325	37,974
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		712	30.71	21,866
CHF:NTD		132	36.49	4,817

December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 20,643	30.71	\$ 633,947
EUR:NTD	81	32.72	2,650
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	852	30.71	26,165
EUR:NTD	130	32.72	4,254
CHF:NTD	48	33.21	1,594

(iv) As of December 31, 2023 and 2022, 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, 2023 and 2022 would increase/decrease by \$30,241 and \$24,311, 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 Group's net profit after tax for the years ended December 31, 2023 and 2022 is immaterial.

(v) Total exchange gain including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to (\$9,404) and \$41,266, 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, 2023 and 2022, the Group's borrowings at variable rate were denominated in CNY.
- (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, 2023 and 2022 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,	
	2023	2022
At January 1	\$ 303	\$ 163
Expected credit (gain) loss	(67)	136
Impact of foreign exchange rate	(5)	4
At December 31	<u>\$ 231</u>	<u>\$ 303</u>

(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 \$4,755,797 and \$4,600,296 as of December 31, 2023 and 2022, 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, 2023	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	\$ 32,547	\$ -	\$ -	\$ -
Notes payable	1,179	-	-	-
Accounts payable	101,278	-	-	-
Other payables	403,739	-	-	-
Lease liabilities	17,664	16,640	49,921	665,614
Guarantee deposits received	-	1,297	-	-
December 31, 2022	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	\$ 77,851	\$ -	\$ -	\$ -
Notes payable	1,235	-	-	-
Accounts payable	125,264	-	-	-
Other payables	413,354	-	-	-
Lease liabilities	18,006	17,664	49,921	682,254
Guarantee deposits received	-	2,357	-	-
Derivative financial liabilities:				
Forward exchange contracts	361	-	-	-

(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.

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:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 8,304</u>	<u>\$ -</u>	<u>\$ 8,304</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,973</u>	<u>\$ 69,973</u>

December 31, 2022	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	\$ -	\$ -	\$ 112,616	\$ 112,616
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 361	\$ -	\$ 361

D. The methods and assumptions the Group used to measure fair value are as follows:

- (a) 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.
- (b) 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.
- (c) Forward foreign exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2023 and 2022, 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, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
	Equity instrument	Equity instrument
At January 1	\$ 112,616	\$ 185,796
Loss recognised in other comprehensive loss	(42,643)	(73,180)
At December 31	\$ 69,973	\$ 112,616

G. For the years ended December 31, 2023 and 2022, 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:

	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 69,973	Net asset value	Discount for lack of marketability	50%	The higher the discount for lack of marketability, the lower the fair value
	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 112,616	Net asset value	Discount for lack of marketability	50%	The higher the discount for lack of marketability, the lower 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 discount for lack of marketability increased or decreased by 1% for Level 3, the effect on other comprehensive income for the years ended December 31, 2023 and 2022 is immaterial.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023.

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): 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: None.
- 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: Refer to table 3.
- 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: Refer to Note 6(2), "Financial assets and liabilities at fair value through profit or loss".
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 1 and table 4.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

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, 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, 2023				
	ScinoPharm	SciAnda (Changshu)		
	Taiwan, Ltd.	Pharmaceuticals Ltd.	Others	Total
Segment revenue	\$ 3,006,952	\$ 645,260	\$ 53,477	\$3,705,689
Revenue from internal customers	33,777	468,573	17,256	519,606
Revenue from external customers	2,973,175	176,687	36,221	3,186,083
— API Income	2,660,936	157,145	35,970	2,854,051
— Injection Product Income	68,033	-	-	68,033
— Technical Service Income	132,533	19,542	251	152,326
— Other Operating Income	111,673	-	-	111,673
Interest income	53,046	373	209	53,628
Depreciation and amortisation	362,251	97,642	1,274	461,167
Interest expense	6,719	2,428	-	9,147
Income from segment before income tax	357,596	5,907	969	364,472
Segment assets	10,144,587	1,684,880	23,859	11,853,326
Other acquisition of non-current assets	210,087	75,894	1,518	287,499
Segment liabilities	1,235,793	167,144	1,698	1,404,635
For the year ended December 31, 2022				
	ScinoPharm	SciAnda (Changshu)		
	Taiwan, Ltd.	Pharmaceuticals Ltd.	Others	Total
Segment revenue	\$ 3,069,434	\$ 494,831	\$ 42,620	\$3,606,885
Revenue from internal customers	26,358	303,044	13,438	342,840
Revenue from external customers	3,043,076	191,787	29,182	3,264,045
— API Income	2,844,898	174,431	28,884	3,048,213
— Injection Product Income	11,880	-	-	11,880
— Technical Service Income	84,990	17,356	298	102,644
— Other Operating Income	101,308	-	-	101,308
Interest income	21,240	696	184	22,120
Depreciation and amortisation	335,521	102,976	968	439,465
Interest expense	6,817	1,096	-	7,913
Income (loss) from segment before income tax	544,421	(113,387)	1,253	432,287
Segment assets	10,276,537	1,728,533	23,159	12,028,229
Other acquisition of non-current assets	133,745	138,430	1,713	273,888
Segment liabilities	1,335,964	172,210	1,337	1,509,511

(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,	
	2023	2022
Reportable segments profit before income tax	\$ 363,503	\$ 431,034
Other segments income before income tax	969	1,253
Internal segments transaction elimination	(15,632)	5,673
Profit before income tax	<u>\$ 348,840</u>	<u>\$ 437,960</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, 2023	December 31, 2022
Assets of reportable segments	\$ 11,829,467	\$ 12,005,070
Assets of other operating segments	23,895	23,159
Internal segment transaction elimination	(131,776)	(117,053)
Total assets	<u>\$ 11,721,586</u>	<u>\$ 11,911,176</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, 2023	December 31, 2022
Liabilities of reportable segments	\$ 1,402,937	\$ 1,508,174
Liabilities of other operating segments	1,698	1,337
Internal segment transaction elimination	(47,479)	(48,388)
Total liabilities	<u>\$ 1,357,156</u>	<u>\$ 1,461,123</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,	
	2023	2022
Revenue from sales of API products	\$ 2,854,051	\$ 3,048,213
Revenue from technical services	152,326	102,644
Revenue from sales of injection products	68,033	11,880
Others	111,673	101,308
Total operating revenue	<u>\$ 3,186,083</u>	<u>\$ 3,264,045</u>

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	\$ 1,173,364	\$ 1,228,438	\$ 1,088,401	\$ 1,286,827
Europe	690,168	-	582,660	-
India	525,270	-	577,194	-
USA	490,576	-	635,735	-
Taiwan	271,504	3,368,304	261,873	3,520,467
Others	35,201	-	118,182	-
	<u>\$ 3,186,083</u>	<u>\$ 4,596,742</u>	<u>\$ 3,264,045</u>	<u>\$ 4,807,294</u>

(7) Major customer information

Major customers (individually over 10% of consolidated operating revenue) information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A	\$ 415,336	ScinoPharm Taiwan, Ltd.	\$ 491,150	ScinoPharm Taiwan, Ltd.
B	265,311	ScinoPharm Taiwan, Ltd.	433,004	ScinoPharm Taiwan, Ltd.
	<u>\$ 680,647</u>		<u>\$ 924,154</u>	

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

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.

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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the 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 2023 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 2023 parent company only financial statements are stated as follows:

Occurrence of sales revenues from API and injection products

Description

Refer to Note 4(26) for accounting policy on revenue recognition and Note 6(17) 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, ascertained whether 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, 2023, the balances of inventory and allowance for inventory valuation losses were \$1,694,725 thousand and \$324,653 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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.

Yeh, Fang-Ting

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

February 27, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,861,403	33	\$ 4,260,260	36
1110	Financial assets at fair value through profit or loss - current	6(2)	8,304	-	-	-
1170	Accounts receivable, net	6(3) and 12	781,055	7	560,045	5
1200	Other receivables		15,433	-	15,236	-
1210	Other receivables - related parties	7	2,960	-	3,869	-
130X	Inventories	5 and 6(4)	1,370,072	12	1,117,559	10
1410	Prepayments		91,479	1	117,119	1
11XX	Total current assets		6,130,706	53	6,074,088	52
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	69,973	1	112,616	1
1550	Investments accounted for using equity method	6(6)	1,455,636	12	1,509,480	13
1600	Property, plant and equipment	6(7)(9)	2,670,501	23	2,800,235	24
1755	Right-of-use assets	6(8)	572,617	5	586,662	5
1780	Intangible assets		11,683	-	4,573	-
1840	Deferred income tax assets	6(24)	543,837	5	537,490	4
1915	Prepayments for equipment	6(7)	113,503	1	128,997	1
1920	Guarantee deposits paid		827	-	936	-
1980	Other financial assets - non-current	8	30,940	-	30,940	-
15XX	Total non-current assets		5,469,517	47	5,711,929	48
1XXX	Total assets		\$ 11,600,223	100	\$ 11,786,017	100

(Continued)

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2120	Financial liabilities at fair value	6(2)				
	through profit or loss - current		\$ -	-	\$ 361	-
2130	Contract liabilities - current	6(17)	87,883	1	55,582	1
2150	Notes payable		1,178	-	1,235	-
2170	Accounts payable		68,363	1	116,251	1
2180	Accounts payable - related parties	7	43,283	-	41,890	-
2200	Other payables	6(10) and 7	328,527	3	346,066	3
2230	Current income tax liabilities	6(24)	62,597	-	99,636	1
2280	Lease liabilities - current		17,556	-	17,893	-
21XX	Total current liabilities		609,387	5	678,914	6
Non-current liabilities						
2570	Deferred income tax liabilities	6(24)	1,661	-	-	-
2580	Lease liabilities - non-current		570,231	5	581,181	5
2640	Net defined benefit liabilities - non-current	6(11)	54,514	1	74,491	-
2645	Guarantee deposits received		-	-	1,378	-
25XX	Total non-current liabilities		626,406	6	657,050	5
2XXX	Total liabilities		1,235,793	11	1,335,964	11
Equity						
Share capital						
3110	Common stock	6(12)	7,907,392	68	7,907,392	67
3200	Capital surplus	6(13)	1,294,689	11	1,294,689	10
	Retained earnings	6(15)				
3310	Legal reserve		755,145	7	719,584	6
3320	Special reserve		98,176	1	61,125	1
3350	Unappropriated earnings		494,884	4	565,439	5
3400	Other equity interest	6(16)	(185,856)	(2)	(98,176)	-
3XXX	Total equity		10,364,430	89	10,450,053	89
	Significant contingent liabilities and unrecognised contract commitments	7 and 9				
3X2X	Total liabilities and equity		\$ 11,600,223	100	\$ 11,786,017	100

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
	Items	Notes	2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	\$ 3,006,952	100	\$ 3,069,434	100
5000	Operating costs	6(4)(11)(22)(23) and 7	(1,923,659)	(64)	(1,837,636)	(60)
5900	Net operating margin		<u>1,083,293</u>	<u>36</u>	<u>1,231,798</u>	<u>40</u>
	Operating expenses	6(11)(22)(23), 7 and 12				
6100	Selling expenses		(184,698)	(6)	(172,499)	(6)
6200	General and administrative expenses		(282,873)	(9)	(331,590)	(11)
6300	Research and development expenses		(299,089)	(10)	(219,654)	(7)
6450	Expected credit losses		-	-	(40)	-
6000	Total operating expenses		<u>(766,660)</u>	<u>(25)</u>	<u>(723,783)</u>	<u>(24)</u>
6900	Operating profit		<u>316,633</u>	<u>11</u>	<u>508,015</u>	<u>16</u>
	Non-operating income and expenses					
7100	Interest income	6(18)	53,046	2	21,240	1
7010	Other income	6(19) and 7	19,417	-	21,269	1
7020	Other gains and losses	6(2)(7)(9)(20) and 12	(24,781)	(1)	714	-
7050	Finance costs	6(8)(21)	(6,719)	-	(6,817)	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(8,807)	-	(106,490)	(4)
7000	Total non-operating income and expenses		<u>32,156</u>	<u>1</u>	<u>(70,084)</u>	<u>(2)</u>
7900	Profit before income tax		<u>348,789</u>	<u>12</u>	<u>437,931</u>	<u>14</u>
7950	Income tax expense	6(24)	(61,733)	(2)	(84,715)	(3)
8200	Profit for the year		<u>\$ 287,056</u>	<u>10</u>	<u>\$ 353,216</u>	<u>11</u>
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plan	6(11)	(\$ 417)	-	\$ 2,986	-
8316	Unrealised loss from equity instruments measured at fair value through other comprehensive income	6(5)(16)	(42,643)	(1)	(73,180)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	84	-	(597)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)(16)	(45,037)	(2)	36,129	1
8300	Total other comprehensive loss for the year		<u>(\$ 88,013)</u>	<u>(3)</u>	<u>(\$ 34,662)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 199,043</u>	<u>7</u>	<u>\$ 318,554</u>	<u>10</u>
	Earnings per share (in dollars)	6(25)				
9750	Basic		<u>\$ 0.36</u>		<u>\$ 0.45</u>	
9850	Diluted		<u>\$ 0.36</u>		<u>\$ 0.45</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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	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	Total
Year ended December 31, 2022									
Balance at January 1, 2022		\$ 7,907,392	\$ 1,294,689	\$ 679,074	\$ 33,043	\$ 657,981	(\$ 79,248)	\$ 18,123	\$ 10,511,054
Net income for the year		-	-	-	-	353,216	-	-	353,216
Other comprehensive income (loss) for the year	6(5)(6)(16)	-	-	-	-	2,389	36,129	(73,180)	(34,662)
Total comprehensive income (loss) for the year		-	-	-	-	355,605	36,129	(73,180)	318,554
Distribution of 2021 net income:									
Legal reserve		-	-	40,510	-	(40,510)	-	-	-
Special reserve		-	-	-	28,082	(28,082)	-	-	-
Cash dividends	6(15)	-	-	-	-	(379,555)	-	-	(379,555)
Balance at December 31, 2022		\$ 7,907,392	\$ 1,294,689	\$ 719,584	\$ 61,125	\$ 565,439	(\$ 43,119)	(\$ 55,057)	\$ 10,450,053
Year ended December 31, 2023									
Balance at January 1, 2023		\$ 7,907,392	\$ 1,294,689	\$ 719,584	\$ 61,125	\$ 565,439	(\$ 43,119)	(\$ 55,057)	\$ 10,450,053
Net income for the year		-	-	-	-	287,056	-	-	287,056
Other comprehensive income (loss) for the year	6(5)(6)(16)	-	-	-	-	(333)	(45,037)	(42,643)	(88,013)
Total comprehensive income		-	-	-	-	286,723	(45,037)	(42,643)	199,043
Distribution of 2022 net income:									
Legal reserve		-	-	35,561	-	(35,561)	-	-	-
Special reserve		-	-	-	37,051	(37,051)	-	-	-
Cash dividends	6(15)	-	-	-	-	(284,666)	-	-	(284,666)
Balance at December 31, 2023		\$ 7,907,392	\$ 1,294,689	\$ 755,145	\$ 98,176	\$ 494,884	(\$ 88,156)	(\$ 97,700)	\$ 10,364,430

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 348,789	\$ 437,931
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on valuation of financial assets and liabilities at fair value through profit or loss		(8,665)	2,103
Expected credit loss	12	-	40
Loss on inventory market price decline	6(4)	23,248	3,243
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	8,807	106,490
Depreciation of property, plant and equipment	6(7)(22)	344,832	318,765
Depreciation of right-of-use assets	6(8)(22)	14,045	14,054
Gain on disposal of property, plant and equipment	6(20)	-	(60)
Gain on reversal of impairment loss	6(7)(9)(20)	(1)	(634)
Amortisation	6(22)	3,374	2,702
Interest income	6(18)	(53,046)	(21,240)
Interest expense	6(21)	6,719	6,817
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(221,010)	(207,241)
Other receivables		4,771	(5,788)
Other receivables - related parties		909	277
Inventories		(275,761)	102,229
Prepayments		25,640	(34,562)
Changes in operating liabilities			
Contract liabilities - current		32,301	5,852
Notes payable		(57)	63
Accounts payable		(47,888)	60,436
Accounts payable - related parties		1,393	32,531
Other payables		(34,422)	57,477
Advance receipts		-	(1,740)
Net defined benefit liabilities - non-current		(20,394)	(2,069)
Cash inflow generated from operations		153,584	877,676
Interest received		48,078	19,916
Interest paid		(6,719)	(6,817)
Income tax paid		(103,374)	(77,476)
Net cash flows from operating activities		91,569	813,299

(Continued)

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Cash paid for acquisition of property, plant and equipment	6(26)	(\$ 68,324)	(\$ 42,137)
Proceeds from disposal of property, plant and equipment		-	60
Acquisition of intangible assets		(10,484)	(4,372)
Increase in prepayments for equipment		(114,396)	(81,138)
Decrease in guarantee deposits paid		109	70
Increase in other financial assets - non-current		-	(1,670)
Net cash flows used in investing activities		(193,095)	(129,187)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of the principal portion of lease liabilities	6(27)	(11,287)	(11,188)
Decrease in guarantee deposits received	6(27)	(1,378)	(1,835)
Payment of cash dividends	6(15)	(284,666)	(379,555)
Net cash flows used in financing activities		(297,331)	(392,578)
Net (decrease) increase in cash and cash equivalents		(398,857)	291,534
Cash and cash equivalents at beginning of year	6(1)	4,260,260	3,968,726
Cash and cash equivalents at end of year	6(1)	\$ 3,861,403	\$ 4,260,260

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
YEARS ENDED DECEMBER 31, 2023 AND 2022

(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, produce, manufacture and sales 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 and international trade for the above products. In addition, the Company sells the chemical material which is reprocessed from the material recycled from the Company's manufacturing process.
- (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 27, 2024.

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[®]") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
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
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 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.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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 Accounting Standards 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 Accounting Standards 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 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL 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 that came into effect 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 costs of completion and the estimated costs necessary to make the sale. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance

and is recognised as deduction of operating costs.

(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:

<u>Assets</u>	<u>Estimated useful lives</u>
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 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) 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.

(18) 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.

(19) Derecognition of financial liabilities

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

(20) 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.

(21) 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.

(22) 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.

(23) 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 parent company only balance sheet. 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 and does not give rise to equal taxable and deductible temporary differences. Deferred 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.

(24) 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.

(25) 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.

(26) 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.

(27) 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, 2023, the carrying amount of inventories was \$1,370,072.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 30	\$ 30
Checking accounts and demand deposits	<u>72,873</u>	<u>111,780</u>
	<u>72,903</u>	<u>111,810</u>
Cash equivalents:		
Time deposits	3,648,500	3,958,500
Bills under repurchase agreements	<u>14,000</u>	<u>189,950</u>
	<u>3,788,500</u>	<u>4,148,450</u>
	<u>\$ 3,861,403</u>	<u>\$ 4,260,260</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, 2023 and 2022 are provided in Note 8.

(2) FINANCIAL ASSETS (LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets (liabilities) mandatorily measured at fair value through profit or loss		
Derivatives	\$ 8,304	(\$ 361)
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 loss of \$7,578 and \$36,985 on financial assets (liabilities) at fair value through profit or loss (listed as “Other gains and losses”) for the years ended December 31, 2023 and 2022, respectively.
- B. The Company entered into contracts relating to derivative financial assets (liabilities) which were not accounted for under hedge accounting. The information is listed below (Units in thousands of currencies indicated):

Items	December 31, 2023	
	Contract amount	Contract period
Forward foreign exchange contracts	USD 11,860	11.2023~3.2024
	CNY 4,300	12.2023~1.2024
Items	December 31, 2022	
	Contract amount	Contract period
Forward foreign exchange contracts	USD 10,468	11.2022~2.2023

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, 2023 and 2022.

(3) ACCOUNTS RECEIVABLE, NET

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 781,135	\$ 560,125
Less: Loss allowance	(80)	(80)
	\$ 781,055	\$ 560,045

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 695,967	\$ 480,778
Less than 30 days	67,927	78,530
Between 31 to 90 days	17,241	817
	<u>\$ 781,135</u>	<u>\$ 560,125</u>

The above ageing analysis is based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable arose from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$352,884.

C. As of December 31, 2023 and 2022, the Company does not hold any collateral as security.

D. As of December 31, 2023 and 2022, 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

December 31, 2023			
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 329,829	(\$ 62,099)	\$ 267,730
Supplies	37,115	(3,773)	33,342
Work in process	485,516	(77,616)	407,900
Finished goods	842,265	(181,165)	661,100
	<u>\$ 1,694,725</u>	<u>(\$ 324,653)</u>	<u>\$ 1,370,072</u>
December 31, 2022			
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 343,287	(\$ 57,627)	\$ 285,660
Supplies	27,663	(2,584)	25,079
Work in process	412,577	(71,096)	341,481
Finished goods	635,437	(170,098)	465,339
	<u>\$ 1,418,964</u>	<u>(\$ 301,405)</u>	<u>\$ 1,117,559</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	\$ 1,430,584	\$ 1,401,420
Loss on inventory scrap	41,806	29,884
Loss on inventory market price decline	23,248	3,243
Loss on physical inventory	575	706
Under applied manufacturing overhead	375,063	373,855
Revenue from sale of scraps	(2,332)	(1,964)
	<u>\$ 1,868,944</u>	<u>\$ 1,807,144</u>

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

Items	December 31, 2023	December 31, 2022
Equity instruments		
Unlisted stocks	\$ 167,673	\$ 167,673
Valuation adjustment	(97,700)	(55,057)
	<u>\$ 69,973</u>	<u>\$ 112,616</u>

- 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, 2023 and 2022.
- B. 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,	
	2023	2022
Fair value change recognised in other comprehensive income	(\$ 42,643)	(\$ 73,180)

- C. The Company has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2023 and 2022.

(6) INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	For the years ended December 31,	
	2023	2022
At January 1	\$ 1,509,480	\$ 1,579,841
Share of profit or loss of investments accounted for using equity method	(8,807)	(106,490)
Changes in other equity items	(45,037)	36,129
At December 31	<u>\$ 1,455,636</u>	<u>\$ 1,509,480</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
SPT International, Ltd.	\$ 1,455,447	\$ 1,509,313
ScinoPharm Singapore Pte Ltd.	189	167
	<u>\$ 1,455,636</u>	<u>\$ 1,509,480</u>

- A. For information relating to the Company's subsidiaries, refer to Note 4(3), "Basis of consolidation" of the Company's 2023 consolidated financial statements.
- B. As of December 31, 2023 and 2022, 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	Total
<u>January 1, 2023</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>		
Cost	\$ 3,068,749	\$ 5,166,340	\$ 17,828	\$ 153,415	\$ 10,715	\$ 136,213	\$ 8,553,260
Accumulated depreciation	(1,414,480)	(4,178,650)	(17,566)	(136,617)	(2,697)	-	(5,750,010)
Accumulated impairment	-	(3,015)	-	-	-	-	(3,015)
	<u>\$ 1,654,269</u>	<u>\$ 984,675</u>	<u>\$ 262</u>	<u>\$ 16,798</u>	<u>\$ 8,018</u>	<u>\$ 136,213</u>	<u>\$ 2,800,235</u>
<u>For the year ended December 31, 2023</u>							
At January 1	\$ 1,654,269	\$ 984,675	\$ 262	\$ 16,798	\$ 8,018	\$ 136,213	\$ 2,800,235
Additions	-	856	-	-	-	84,351	85,207
Reclassified from prepayments for equipment	-	-	-	-	-	129,890	129,890
Reclassified upon completion	129,531	115,247	2,491	25,470	-	(272,739)	-
Depreciation charge	(140,106)	(193,197)	(458)	(10,566)	(505)	-	(344,832)
Disposals — Cost	(2,540)	(55,652)	-	(7,209)	(368)	-	(65,769)
— Accumulated depreciation	2,540	55,652	-	7,209	368	-	65,769
Gain on reversal of impairment loss	-	1	-	-	-	-	1
At December 31	<u>\$ 1,643,694</u>	<u>\$ 907,582</u>	<u>\$ 2,295</u>	<u>\$ 31,702</u>	<u>\$ 7,513</u>	<u>\$ 77,715</u>	<u>\$ 2,670,501</u>
<u>December 31, 2023</u>							
Cost	\$ 3,195,740	\$ 5,226,791	\$ 20,319	\$ 171,676	\$ 10,347	\$ 77,715	\$ 8,702,588
Accumulated depreciation	(1,552,046)	(4,316,195)	(18,024)	(139,974)	(2,834)	-	(6,029,073)
Accumulated impairment	-	(3,014)	-	-	-	-	(3,014)
	<u>\$ 1,643,694</u>	<u>\$ 907,582</u>	<u>\$ 2,295</u>	<u>\$ 31,702</u>	<u>\$ 7,513</u>	<u>\$ 77,715</u>	<u>\$ 2,670,501</u>

						Construction in progress and equipment before acceptance inspection	
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment		Total
<u>January 1, 2022</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>
<u>For the year ended December 31, 2022</u>							
At January 1	\$ 1,257,133	\$ 555,188	\$ 189	\$ 22,672	\$ 1,503	\$ 1,118,217	\$ 2,954,902
Additions	270	4,405	-	-	-	43,560	48,235
Reclassified from prepayments for equipment	-	-	-	-	-	115,229	115,229
Reclassified upon completion	525,901	601,716	248	5,961	6,967	(1,140,793)	-
Depreciation charge	(129,035)	(177,268)	(175)	(11,835)	(452)	-	(318,765)
Disposals — Cost	-	(37,692)	-	(6,109)	-	-	(43,801)
— Accumulated depreciation	-	37,692	-	6,109	-	-	43,801
Gain on reversal of impairment loss	-	634	-	-	-	-	634
At December 31	<u>\$ 1,654,269</u>	<u>\$ 984,675</u>	<u>\$ 262</u>	<u>\$ 16,798</u>	<u>\$ 8,018</u>	<u>\$ 136,213</u>	<u>\$ 2,800,235</u>
<u>December 31, 2022</u>							
Cost	\$ 3,068,749	\$ 5,166,340	\$ 17,828	\$ 153,415	\$ 10,715	\$ 136,213	\$ 8,553,260
Accumulated depreciation	(1,414,480)	(4,178,650)	(17,566)	(136,617)	(2,697)	-	(5,750,010)
Accumulated impairment	-	(3,015)	-	-	-	-	(3,015)
	<u>\$ 1,654,269</u>	<u>\$ 984,675</u>	<u>\$ 262</u>	<u>\$ 16,798</u>	<u>\$ 8,018</u>	<u>\$ 136,213</u>	<u>\$ 2,800,235</u>

- A. The Company has not capitalised any interest for the years ended December 31, 2023 and 2022.
- B. The Company's property, plant and equipment were owner-occupied for the years ended December 31, 2023 and 2022.
- 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, 2023 and 2022, 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 571,610	\$ 584,312
Buildings and structures	1,007	2,350
	<u>\$ 572,617</u>	<u>\$ 586,662</u>
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 12,702	\$ 12,703
Buildings and structures	1,343	1,351
	<u>\$ 14,045</u>	<u>\$ 14,054</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$— and \$2,686, respectively, and the additions from remeasurement of right-of-use assets were \$— and \$51,145, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 6,719	\$ 6,817
Expense on short-term lease contracts	582	739
Expense on leases of low-value assets	3,592	2,849

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$22,180 and \$21,593, 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 and \$634 for the years ended December 31, 2023 and 2022 (listed as "Other gains and losses"), respectively. For details of accumulated impairment, 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,			
	2023		2022	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
ScinoPharm Taiwan	\$ 1	\$ -	\$ 634	\$ -

(10) OTHER PAYABLES

	December 31, 2023	December 31, 2022
Accrued salaries and bonuses	\$ 71,891	\$ 67,289
Payables on equipment	48,123	31,240
Accrued employees' compensation and directors' remuneration	39,472	49,453
Others	169,041	198,084
	<u>\$ 328,527</u>	<u>\$ 346,066</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 at the time of approved 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 103,268	\$ 101,171
Fair value of plan assets	(48,754)	(26,680)
Net defined benefit liability	<u>\$ 54,514</u>	<u>\$ 74,491</u>

(b) Movements in net defined liabilities are as follows:

<u>For the year ended December 31, 2023</u>	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 101,171	(\$ 26,680)	\$ 74,491
Current service cost	356	-	356
Interest expense (income)	1,215	(321)	894
	<u>102,742</u>	<u>(27,001)</u>	<u>75,741</u>
Remeasurements:			
Return on plan assets	-	(109)	(109)
Experience adjustments	526	-	526
	<u>526</u>	<u>(109)</u>	<u>417</u>
Pension fund contribution	-	(21,644)	(21,644)
At December 31	<u>\$ 103,268</u>	<u>(\$ 48,754)</u>	<u>\$ 54,514</u>

<u>For the year ended December 31, 2022</u>	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 101,385	(\$ 21,839)	\$ 79,546
Current service cost	340	-	340
Interest expense (income)	608	(131)	477
	<u>102,333</u>	<u>(21,970)</u>	<u>80,363</u>
Remeasurements:			
Return on plan assets	-	(1,824)	(1,824)
Change in financial assumptions	(5,612)	-	(5,612)
Experience adjustments	4,450	-	4,450
	<u>(1,162)</u>	<u>(1,824)</u>	<u>(2,986)</u>
Pension fund contribution	-	(2,886)	(2,886)
At December 31	<u>\$ 101,171</u>	<u>(\$ 26,680)</u>	<u>\$ 74,491</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, 2023 and 2022 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,	
	2023	2022
Discount rate	1.20%	1.20%
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 Mortality Table for the years ended December 31, 2023 and 2022, 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, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 2,050)	\$ 2,109	\$ 1,848	(\$ 1,808)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,221)	\$ 2,289	\$ 2,032	(\$ 1,985)

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 2024 amounted to \$2,830.

(f) As of December 31, 2023, the weighted average duration of that retirement plan is 8 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	3,387
2~5 years		27,870
Over 6 years		82,715
	\$	<u>113,972</u>

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 \$28,387 and \$26,829 for the years ended December 31, 2023 and 2022, 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,	
	2023	2022
Beginning and ending number of the year	<u>790,739</u>	<u>790,739</u>

B. As of December 31, 2023, 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 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, 2023			
	Share premium	Stock options	Total
At January 1	\$ 1,256,454	\$ 38,235	\$ 1,294,689
Employee stock options forfeited			
— Company	8,882	(8,882)	-
At December 31	<u>\$ 1,265,336</u>	<u>\$ 29,353</u>	<u>\$ 1,294,689</u>

For the year ended December 31, 2022			
	Share premium	Stock options	Total
At January 1	\$ 1,254,273	\$ 40,416	\$ 1,294,689
Employee stock options forfeited			
— Company	2,181	(2,181)	-
At December 31	<u>\$ 1,256,454</u>	<u>\$ 38,235</u>	<u>\$ 1,294,689</u>

(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 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 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 31, 2023, 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 \$71.60 (in dollars) per share, \$35.80 (in dollars) per share and \$36.30 (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.

B. Details of the share-based payment arrangement are as follows:

For the year ended December 31, 2023		
	Number of options (unit in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	1,526	\$ 43.50
Options forfeited	(362)	67.39
Options outstanding at end of the year	<u>1,164</u>	36.07
Options exercisable at end of the year	<u>1,164</u>	36.07

		For the year ended December 31, 2022	
		Number of options	Weighted-average
		(unit in thousands)	exercise price
			(in dollars)
Options outstanding at beginning of the year		1,660	\$ 44.39
Options forfeited	(	134)	44.88
Options outstanding at end of the year		1,526	43.50
Options exercisable at end of the year		1,526	43.50

C. The expiry date, exercisable shares and exercise prices of the employee stock options outstanding at balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
		No. of stocks	Exercise price	No. of stocks	Exercise price
Grant date	Expiry date	(unit in thousands)	(in dollars)	(unit in thousands)	(in dollars)
12.3.2013	12.2.2023	-	\$ -	319	\$ 71.60
11.6.2015	11.5.2025	527	35.80	539	35.80
10.14.2016	10.13.2026	637	36.30	668	36.30

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% (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 annualised volatility were 28.50%, 37.63% and 37.20%, respectively.

(15) 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. According to the Articles of Incorporation of the Company, 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, except for offsetting any loss of prior years and paying all taxes and dues according to laws, after adding items other than net profit after taxes for the year into undistributed surplus earnings of current year, 10% of the remaining 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. As of December 31, 2023, the amount of special reserve on initial application of IFRSs provided in accordance with the order from Financial Supervisory Committee was \$22,829.
- D. The Company recognised cash dividends distributed to owners amounting to \$284,666 (\$0.36 (in dollars) per share) and \$379,555 (\$0.48 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On February 27, 2024, the Board of Directors proposed for the distribution of cash dividends of \$237,222 (\$0.3(in dollars) per share) from 2023 earnings.

(16) OTHER EQUITY ITEMS

	For the year ended December 31, 2023		
	Unrealised gain (loss)		Total
	Currency translation	on valuation	
At January 1	(\$ 43,119)	(\$ 55,057)	(\$ 98,176)
Revaluation	-	(42,643)	(42,643)
Currency translation differences			
- Group	(45,037)	-	(45,037)
At December 31	<u>(\$ 88,156)</u>	<u>(\$ 97,700)</u>	<u>(\$ 185,856)</u>

	For the year ended December 31, 2022		
	Unrealised gain (loss)		
	Currency translation	on valuation	Total
At January 1	(\$ 79,248)	\$ 18,123	(\$ 61,125)
Revaluation	-	(73,180)	(73,180)
Currency translation differences			
- Group	36,129	-	36,129
At December 31	(\$ 43,119)	(\$ 55,057)	(\$ 98,176)

(17) 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, 2023	API Income	Injection Product Income	Technical Service Income	Other Operating Income	Total
Timing of revenue recognition:					
At a point in time	\$ 2,694,683	\$ 68,033	\$ -	\$ 111,673	\$ 2,874,389
Over time	-	-	132,563	-	132,563
	<u>\$ 2,694,683</u>	<u>\$ 68,033</u>	<u>\$ 132,563</u>	<u>\$ 111,673</u>	<u>\$ 3,006,952</u>
For the year ended December 31, 2022	API Income	Injection Product Income	Technical Service Income	Other Operating Income	Total
Timing of revenue recognition:					
At a point in time	\$ 2,870,976	\$ 11,880	\$ -	\$ 101,308	\$ 2,984,164
Over time	-	-	85,270	-	85,270
	<u>\$ 2,870,976</u>	<u>\$ 11,880</u>	<u>\$ 85,270</u>	<u>\$ 101,308</u>	<u>\$ 3,069,434</u>

B. The Company has recognised contract liabilities related to the contract revenue from advance customer payment of \$87,883, \$55,582 and \$49,730 on December 31, 2023, December 31, 2022 and January 1, 2022, respectively.

C. The revenue recognised that was included in the contract liability balance at the beginning of the year amounted to \$47,253 and \$41,280 for the years ended December 31, 2023 and 2022, respectively.

(18) INTEREST INCOME

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	<u>\$ 53,046</u>	<u>\$ 21,240</u>

(19) OTHER INCOME

	For the years ended December 31,	
	2023	2022
Management service revenue	\$ 9,246	\$ 9,575
Production capacity subsidy income	6,337	7,369
Government grant income	-	3,480
Others	3,834	845
	<u>\$ 19,417</u>	<u>\$ 21,269</u>

(20) OTHER GAINS AND LOSSES

	For the years ended December 31,	
	2023	2022
Gain on reversal of impairment loss	\$ 1	\$ 634
Net currency exchange (loss) gain	(11,071)	37,741
Net loss on financial assets/liabilities at fair value through profit or loss	(7,578)	(36,985)
Gain on disposal of property, plant and equipment	-	60
Others	(6,133)	(736)
	<u>(\$ 24,781)</u>	<u>\$ 714</u>

(21) FINANCE COSTS

	For the years ended December 31,	
	2023	2022
Interest expense:		
Interest on lease liabilities	<u>\$ 6,719</u>	<u>\$ 6,817</u>

(22) EXPENSES BY NATURE

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 510,877	\$ 282,000	\$ 792,877
Depreciation of property, plant and equipment	293,120	51,712	344,832
Depreciation of right-of-use assets	-	14,045	14,045
Amortisation	578	2,796	3,374
	<u>\$ 804,575</u>	<u>\$ 350,553</u>	<u>\$ 1,155,128</u>

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 436,326	\$ 295,450	\$ 731,776
Depreciation of property, plant and equipment	252,312	66,453	318,765
Depreciation of right-of-use assets	-	14,054	14,054
Amortisation	851	1,851	2,702
	<u>\$ 689,489</u>	<u>\$ 377,808</u>	<u>\$ 1,067,297</u>

(23) EMPLOYEE BENEFIT EXPENSES

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Salaries and wages	\$ 432,183	\$ 226,406	\$ 658,589
Labor and health insurance expenses	41,798	18,377	60,175
Pension costs	20,773	8,864	29,637
Directors' compensation	-	16,678	16,678
Other personnel expenses	16,123	11,675	27,798
	<u>\$ 510,877</u>	<u>\$ 282,000</u>	<u>\$ 792,877</u>

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Salaries and wages	\$ 369,116	\$ 237,813	\$ 606,929
Labor and health insurance expenses	34,772	19,574	54,346
Pension costs	18,376	9,270	27,646
Directors' compensation	-	16,302	16,302
Other personnel expenses	14,062	12,491	26,553
	<u>\$ 436,326</u>	<u>\$ 295,450</u>	<u>\$ 731,776</u>

- A. As of December 31, 2023 and 2022, the Company had 748 and 684 employees, including 15 and 14 non-employee directors, respectively.
- B. For the years ended December 31, 2023 and 2022, the average employee benefit expense were \$1,059 and \$1,068, respectively; while the average wages and salaries were \$898 and \$906, respectively. For the year ended December 31, 2023, the average employee benefit expense decreased by 0.88%.
- C. Remuneration policy, standards and packages, procedures for determining remuneration and the correlation with operating performance and future risk exposure:
- (a) Remunerations of directors include reward, transportation allowance, income from professional practice, and earnings distribution. The rewards of directors 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, 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, 2023 and 2022, employees' compensation was accrued at \$34,879 and \$43,793, respectively; while directors' remuneration was accrued at \$4,593 and \$5,660, 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. The actual amount approved at the Board of Directors' meeting for employees' compensation and directors' remuneration for 2022 was \$49,453 which was the same as the estimated amount recognised in the 2022 financial statements. The employees' compensation was distributed in the form of cash for 2022. On February 27, 2024, the Board of Directors resolved to distribute employees' compensation and directors' remuneration of \$34,879 and \$4,593, respectively, and the employees' compensation will be distributed in the form of cash. 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.

(24) INCOME TAX

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current income tax:		
Income tax in the current year	\$ 71,029	\$ 109,466
Over provision of prior year's income tax	(4,694)	(3,519)
Total current tax	<u>66,335</u>	<u>105,947</u>
Deferred income tax:		
Origination and reversal of temporary differences	(4,602)	(21,232)
Income tax expense	<u>\$ 61,733</u>	<u>\$ 84,715</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	<u>(\$ 84)</u>	<u>\$ 597</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Income tax at statutory tax rate	\$ 69,758	\$ 87,586
Effect of items disallowed by tax regulation	2,974	3,360
Effect of investment tax credits	(6,305)	(2,535)
Over provision of prior year's income tax	(4,694)	(3,519)
Tax effect of tax deduction or exemption	-	(177)
Income tax expense	<u>\$ 61,733</u>	<u>\$ 84,715</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

For the year ended December 31, 2023				
		Recognised in	Recognised in other comprehensive	
	January 1	profit or loss	income	December 31
Deferred tax assets:				
Temporary differences:				
Unrealised loss on inventory				
market value decline	\$ 60,281	\$ 4,650	\$ -	\$ 64,931
Unrealised loss on				
components and spare parts				
market value decline	16,917	428	-	17,345
Investment loss	439,499	1,761	-	441,260
Pensions	14,899	(4,080)	84	10,903
Employee benefits - unused				
compensated absences	4,715	383	-	5,098
Impairment of assets	603	-	-	603
Unrealised exchange loss	504	3,193	-	3,697
Unrealised loss on				
financial liabilities	72	(72)	-	-
	<u>\$ 537,490</u>	<u>\$ 6,263</u>	<u>\$ 84</u>	<u>\$ 543,837</u>
Deferred tax liabilities:				
Temporary differences:				
Unrealised gain on financial				
assets	\$ -	(\$ 1,661)	\$ -	(\$ 1,661)
	<u>\$ 537,490</u>	<u>\$ 4,602</u>	<u>\$ 84</u>	<u>\$ 542,176</u>

For the year ended December 31, 2022				
			Recognised in other comprehensive	
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>income</u>	<u>December 31</u>
Deferred tax assets :				
Temporary differences:				
Unrealised loss on inventory				
market value decline	\$ 59,633	\$ 648	\$ -	\$ 60,281
Unrealised loss on				
components and spare parts				
market value decline	16,960	(43)	-	16,917
Investment loss	418,201	21,298	-	439,499
Pensions	15,910	(414)	(597)	14,899
Employee benefits - unused				
compensated absences	5,088	(373)	-	4,715
Impairment of assets	730	(127)	-	603
Unrealised exchange loss	681	(177)	-	504
Unrealised loss on				
financial liabilities	-	72	-	72
	<u>\$ 517,203</u>	<u>\$ 20,884</u>	<u>(\$ 597)</u>	<u>\$ 537,490</u>
Deferred tax liabilities:				
Temporary differences:				
Unrealised gain on financial				
assets	(\$ 348)	\$ 348	\$ -	\$ -
	<u>\$ 516,855</u>	<u>\$ 21,232</u>	<u>(\$ 597)</u>	<u>\$ 537,490</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Authority as of February 27, 2024.

(25) EARNINGS PER SHARE (“EPS”)

For the year ended December 31, 2023			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary stockholders	\$ 287,056	790,739	\$ 0.36
<u>Diluted earnings per share</u>			
Profit attributable to ordinary stockholders	\$ 287,056	790,739	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	-	
Employees' compensation	-	1,589	
Profit attributable to ordinary stockholders plus assumed conversion of all dilutive potential ordinary shares	\$ 287,056	792,328	\$ 0.36
For the year ended December 31, 2022			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary stockholders	\$ 353,216	790,739	\$ 0.45
<u>Diluted earnings per share</u>			
Profit attributable to ordinary stockholders	\$ 353,216	790,739	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	-	
Employees' compensation	-	1,942	
Profit attributable to ordinary stockholders plus assumed conversion of all dilutive potential ordinary shares	\$ 353,216	792,681	\$ 0.45

For the years ended December 31, 2023 and 2022, some abovementioned stock options issued are anti-dilutive, therefore they were not included in the EPS calculation.

(26) SUPPLEMENTAL CASH FLOW INFORMATION

A. Investing activities with partial cash payments

	For the years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 85,207	\$ 48,235
Add: Beginning balance of payable on equipment (listed as "Other payables")	31,240	25,142
Less: Ending balance of payable on equipment (listed as "Other payables")	(48,123)	(31,240)
Cash paid for acquisition of property, plant and equipment	<u>\$ 68,324</u>	<u>\$ 42,137</u>

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
Prepayments for equipment reclassified to property, plant and equipment	<u>\$ 129,890</u>	<u>\$ 115,229</u>

(27) CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

For the year ended	Lease	Guarantee	Liabilities from
December 31, 2023	liabilities	deposits	financing
		received	activities-gross
At January 1, 2023	\$ 599,074	\$ 1,378	\$ 600,452
Changes in cash flow from financing activities	(11,287)	(1,378)	(12,665)
At December 31, 2023	<u>\$ 587,787</u>	<u>\$ -</u>	<u>\$ 587,787</u>
For the year ended	Lease	Guarantee	Liabilities from
December 31, 2022	liabilities	deposits	financing
		received	activities-gross
At January 1, 2022	\$ 556,431	\$ 3,213	\$ 559,644
Changes in cash flow from financing activities	(11,188)	(1,835)	(13,023)
Changes in other non-cash items	53,831	-	53,831
At December 31, 2022	<u>\$ 599,074</u>	<u>\$ 1,378</u>	<u>\$ 600,452</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

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
SciAnda Shanghai Biochemical Technology, Ltd.	\$ 33,304	\$ 26,358
Subsidiaries	473	-
	<u>\$ 33,777</u>	<u>\$ 26,358</u>

The sales prices and credit terms to related parties were the same with third parties. Collections are made in 90 days after acceptance.

B. Purchases

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
SciAnda (Changshu) Pharmaceuticals, Ltd.	\$ 469,392	\$ 305,114
Subsidiaries	-	64
	<u>\$ 469,392</u>	<u>\$ 305,178</u>

The purchase prices and payment terms from related parties were the same with third parties. Payments are made in 90 days after acceptance.

C. Other expenses

		For the years ended December 31,	
		2023	2022
Management service fees:			
— Subsidiaries	\$	13,234	\$ 12,231
— Ultimate parent company		2,410	1,679
— Associates of ultimate parent company		1,992	2,069
	\$	<u>17,636</u>	<u>15,979</u>
Other expenses			
— Associates of ultimate parent company	\$	<u>2,540</u>	<u>3,274</u>

D. Other revenue

		For the years ended December 31,	
		2023	2022
Management consultancy revenue:			
— Subsidiaries	\$	<u>9,246</u>	<u>9,575</u>

E. Other receivables

	December 31, 2023	December 31, 2022
SciAnda (Changshu) Pharmaceuticals, Ltd.	\$ <u>2,960</u>	\$ <u>3,869</u>

F. Accounts payable

	December 31, 2023	December 31, 2022
SciAnda (Changshu) Pharmaceuticals, Ltd.	\$ <u>43,283</u>	\$ <u>41,890</u>

G. Other payables

		For the years ended December 31,	
		2023	2022
Subsidiaries	\$	838	\$ 1,686
Associates of ultimate parent company		1,899	1,583
	\$	<u>2,737</u>	<u>3,269</u>

H. Endorsements and guarantees provided to related parties

Details of endorsement and guarantees:

	<u>Nature of suretyship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
SciAnda (Changshu) Pharmaceuticals, Ltd.	Financial guarantee	<u>\$ 302,725</u>	<u>\$ 445,163</u>

As of December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 51,354	\$ 51,130
Post-employment benefits	641	639
Termination benefits	<u>1,540</u>	<u>1,470</u>
	<u>\$ 53,535</u>	<u>\$ 53,239</u>

8. PLEDGED ASSETS

Details of the Company's assets pledged as collateral are as follows:

<u>Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of collateral</u>
Pledged Time deposits (Note)	<u>\$ 30,940</u>	<u>\$ 30,940</u>	Performance guarantee, customs duty and guarantee for credit card

Note: Listed as 'Other financial assets - non-current'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2023 and 2022, the Company's unused letters of credit amounted to \$4,597 and \$8,785, respectively.

(2) As of December 31, 2023 and 2022, the Company's remaining balance due for construction in progress and prepayments for equipment was \$— and \$13,058, 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, 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, 2023				
(Foreign currency functional currency)	Foreign currency		Book value	
	amount (in thousands)	Exchange rate	(NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	25,330	30.71	\$ 777,884
CNY:NTD		8,780	4.325	37,974
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		2,125	30.71	65,259
CHF:NTD		132	36.49	4,817
December 31, 2022				
(Foreign currency functional currency)	Foreign currency		Book value	
	amount (in thousands)	Exchange rate	(NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	20,769	30.71	\$ 637,816
EUR:NTD		81	32.72	2,650
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		2,219	30.71	68,145
EUR:NTD		130	32.72	4,254
CHF:NTD		48	33.21	1,594
CNY:NTD		327	4.452	1,456

- (iv) As of December 31, 2023 and 2022, 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, 2023 and 2022 would increase/decrease by \$28,505 and \$22,786, 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, 2023 and 2022 is immaterial.
- (v) Total exchange (loss) gain including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to (\$11,071) and \$37,741, 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.

(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,	
	2023	2022
At January 1	\$ 80	\$ 40
Expected credit losses	-	40
At December 31	<u>\$ 80</u>	<u>\$ 80</u>

(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 \$3,128,200 and \$2,889,820 as of December 31, 2023 and 2022, 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, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Notes payable	\$ 1,178	\$ -	\$ -	\$ -
Accounts payable	68,363	-	-	-
Accounts payable - related parties	43,283	-	-	-
Other payables	328,527	-	-	-
Lease liabilities	17,664	16,640	49,921	665,614
December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Notes payable	\$ 1,235	\$ -	\$ -	\$ -
Accounts payable	116,251	-	-	-
Accounts payable - related parties	41,890	-	-	-
Other payables	346,066	-	-	-
Lease liabilities	18,006	17,664	49,921	682,254
Guarantee deposits received	-	1,378	-	-
Derivative financial liabilities:				
Forward exchange contracts	361	-	-	-

(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.

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, notes payable, accounts payable (including related parties), 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:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 8,304</u>	<u>\$ -</u>	<u>\$ 8,304</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,973</u>	<u>\$ 69,973</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,616</u>	<u>\$ 112,616</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 361</u>	<u>\$ -</u>	<u>\$ 361</u>

D. The methods and assumptions the Company used to measure fair value are as follows:

- (a) The fair value of 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.
- (b) 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.
- (c) Forward foreign exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2023 and 2022, 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, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
	Equity instrument	Equity instrument
At January 1	\$ 112,616	\$ 185,796
Loss recognised in other comprehensive income	(42,643)	(73,180)
At December 31	<u>\$ 69,973</u>	<u>\$ 112,616</u>

G. For the years ended December 31, 2023 and 2022, 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, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	\$	69,973	Net asset value	Not applicable	50%	The higher the net asset value, the higher the fair value
		Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	\$	112,616	Net asset value	Not applicable	50%	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, 2023 and 2022 is immaterial.

13. SUPPLEMENTARY DISCLOSURES

According to current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023.

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): 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: None.

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: Refer to table 3.

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: Refer to Note 6(2)

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS.

J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. General information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 1 and 4.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. SEGMENT INFORMATION

Not applicable.

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Description	Amount
Cash:		
Cash on hand		\$ 30
Checking accounts		282
Demand deposits—New Taiwan dollar		23,576
— Foreign Currency	Including USD\$1,583 thousand @30.71	48,593
	Other foreign currency deposits	422
		<u>72,903</u>
Cash Equivalents:		
Time deposits	Maturity date: January 8, 2024 to December 23, 2024	
	Interest rates: 0.65% ~1.5%	3,648,500
Bills under repurchase agreements	Maturity date: January 4, 2024	
	Interest rate: 1.27%	140,000
		<u>3,788,500</u>
		<u>\$ 3,861,403</u>

SCINOPHARM TAIWAN, LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Client A	Accounts receivable	\$ 90,903	—
Client B	"	87,300	—
Client C	"	69,175	—
Client D	"	65,652	—
Client E	"	59,596	—
Client F	"	48,360	—
Client G	"	42,734	—
Client H	"	39,772	—
Others (individually less than 5%)	"	<u>277,643</u>	—
		781,135	
Less: Loss allowance		(<u>80</u>)	
		<u>\$ 781,055</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Amount		Footnote
	Cost	Net realisable value	
Raw materials	\$ 329,829	\$ 328,204	(Note)
Supplies	37,115	38,807	"
Work in process	485,516	633,814	"
Finished goods	842,265	1,381,756	"
	1,694,725	<u>\$ 2,382,581</u>	
Less: Allowance for market price decline	(324,653)		
	<u>\$ 1,370,072</u>		

Note: Refer to Note 4(11) for the method used in determining net realisable value.

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Ownership	Amount	Unit Price (in dollars)	Total amount	Collateral
SPT International, Ltd.	118,525	\$ 1,509,313	-	\$ -	-	(\$ 53,866)	118,525	100.00%	\$ 1,455,447	\$ 12.99	\$ 1,539,743	None
ScinoPharm Singapore Pte Ltd.	-	167	-	22	-	-	-	100.00%	189	94,697	189	"
	<u>118,525</u>	<u>\$ 1,509,480</u>	<u>-</u>	<u>\$ 22</u>	<u>-</u>	<u>(\$ 53,866)</u>	<u>118,525</u>		<u>\$ 1,455,636</u>		<u>\$ 1,539,932</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(7).

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED
DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(7) for account detail and 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, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Beginning and ending balance</u>	<u>Footnote</u>
Land	\$ 636,234	—
Buildings and structures	2,686	—
	<u>\$ 638,920</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Ending balance</u>	<u>Footnote</u>
Land	\$ 51,922	\$ 12,702	\$ 64,624	—
Buildings and structures	336	1,343	1,679	—
	<u>\$ 52,258</u>	<u>\$ 14,045</u>	<u>\$ 66,303</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF CHANGES IN DEFERRED INCOME TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(24).

SCINOPHARM TAIWAN, LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(10).

SCINOPHARM TAIWAN, LTD.
STATEMENT OF LEASE LIABILITIES - NON-CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Description</u>	<u>Lease period</u>	<u>Discount rate</u>	<u>Amount</u>
Land	—	Rental term from March, 2018 to December, 2068	1.13%	\$ 586,770
Buildings and structures	—	Rental term from October, 2022 to October, 2024	1.58%	1,017
				<u>587,787</u>
			Less: Current portion (	<u>17,556)</u>
				<u>\$ 570,231</u>

SCINOPHARM TAIWAN, LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Quantity</u>	<u>Amount</u>	<u>Footnote</u>
API	27,758 KG	\$ 2,718,144	—
Injection product	45,507 package	68,033	—
Technical services		132,563	—
Other operating revenue		<u>111,673</u>	—
		3,030,413	
Less: Sales returns and discounts		(<u>23,461</u>)	
Operating revenue		<u>\$ 3,006,952</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Amount
Raw materials, beginning of year	\$ 343,287
Add: Raw materials purchased	816,977
Gains on physical inventory	395
Less: Losses on scrap inventory	(4,479)
Transferred to expenses	(6,279)
Sale of raw materials	(2,643)
Raw materials, end of year	(329,829)
Raw materials used during the year	<u>817,429</u>
Supplies, beginning of year	27,663
Add: Supplies purchased	32,261
Less: Transferred to expenses	(2,333)
Sale of supplies	(23)
Supplies, end of year	(37,115)
Supplies used during the year	<u>20,453</u>
Direct labor	217,034
Manufacturing expenses	883,520
Less: Under applied manufacturing overhead	(375,063)
Manufacturing cost	1,563,373
Work in process, beginning of year	412,577
Add: Work in process purchased	51,310
Less: Losses on scrap inventory	(2,074)
Losses on physical inventory	(116)
Transferred to expenses	(3,211)
Sale of work in process	(3,104)
Work in process, end of year	(485,516)
Cost of finished goods	<u>1,533,239</u>

SCINOPHARM TAIWAN, LTD.
STATEMENT OF OPERATING COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Amount
Finished goods, beginning of year	\$ 635,437
Add: Finished goods purchased	190,368
Less: Losses on scrap inventory	(35,253)
Losses on physical inventory	(854)
Transferred to expenses	(55,858)
Finished goods, end of year	(842,265)
Cost of goods manufactured and sold	1,424,814
Sale of raw materials	2,643
Sale of Supplies	23
Sale of work in process	3,104
Cost of goods sold	1,430,584
Losses on scrap inventory	41,806
Inventory market price decline	23,248
Losses on physical inventory	575
Under applied manufacturing overhead	375,063
Revenue from sale of scraps	(2,332)
Cost of sales	1,868,944
Technical service cost	54,715
Operating cost	<u>\$ 1,923,659</u>

SCINOPHARM TAIWAN, LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Amount</u>	<u>Footnote</u>
Depreciation	\$ 290,611	—
Salaries and wages	228,854	—
Utilities expense	124,622	—
Repair and maintenance expense	72,266	—
Others (individually less than 5%)	<u>167,167</u>	—
	<u><u>\$ 883,520</u></u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF TECHNICAL SERVICE COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Amount</u>	<u>Footnote</u>
Salaries and wages	\$ 7,068	—
Outsourcing pharmaceutical R&D expenses	4,900	—
Depreciation	2,509	—
Others (individually less than 5%)	40,238	—
	<u>\$ 54,715</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Amount</u>	<u>Footnote</u>
Salaries and wages	\$ 54,197	—
Freight	26,471	—
Commission	22,216	—
Outsourced service fee	18,598	—
Others (individually less than 5%)	<u>63,216</u>	—
	<u>\$ 184,698</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Amount</u>	<u>Footnote</u>
Salaries and wages	\$ 101,014	—
Depreciation	37,120	—
Insurance expense	23,701	—
Professional service fee	15,543	—
Others (individually less than 5%)	<u>105,495</u>	—
	<u>\$ 282,873</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Amount</u>	<u>Footnote</u>
Research expense	\$ 140,571	—
Salaries and wages	80,059	—
Depreciation	28,426	—
Repair and maintenance expense	15,759	—
Others (individually less than 5%)	<u>34,274</u>	—
	<u>\$ 299,089</u>	

SCINOPHARM TAIWAN, LTD.
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Notes 6(22) and 6(23).