Stock Code：1762

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

2021 Annual Report



Annual Report available on:
Market Observation Post System website,http://mops.twse.com.tw
The Company' s website, http://www.ccsb.com.tw
Printed on April 21, 2022

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.

I. Spokesperson, Deputy Spokesperson:

Item	Name	Title	Tel	Email
Spokesperson	Kuan-Chieh Wang	Manager, Treasury Dept.	(02)8684-3318	eason@ccsb.com.tw
Deputy Spokesperson	Ying-Chi Chen	Vice President of the Business Department	(02)8684-3318	josephchen@ccsb.com.tw

II. Addresses and Tel. of the Head office and factory sites

Address: No.1, Dongxing St., Shulin Dist., New Taipei City

Tel: (02)8684-3318

III. Stock transfer agency:

Name: Share Administration Department, Yuanta Securities Co., Ltd.

Address: B1F., No.210, Sec. 3, Chengde Rd., Datong Dist., Taipei City

Website: http://www.yuanta.com.tw

Tel: (02) 25865859

IV. Certified public accountants (CPAs) who audited the company's annual financial report for the most recent fiscal year:

CPA name: Po-Chuan Lin, Jun-Yao Lin

Auditor's firm: PwC Taiwan

Address: 27F, No.333, Keelung Road Section I, Hsin Yi District, Taipei

Website: http://www.pwc.com/tw

Tel: (02)2729-6666

V. Name of overseas exchange where securities are listed, and the methods for inquiring the foreign-listed securities: none.

VI. The Company's website http://www.ccsb.com.tw

Table of Contents

Page

One. Report to Shareholders ····· 1

Two. Company Profile ····· 7

Three. Corporate Governance ····· 13

I. Organizational structure ····· 13

II. Background information of the Director, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches ····· 15

III. Remuneration paid to Directors, the President, and the Vice President in the latest year ····· 26

IV. Corporate governance ····· 32

V. Disclosure of CPAs' remuneration ····· 89

VI. Change of CPA ····· 90

VII. The Company' Chairman, President, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent one year ····· 90

VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, managers and shareholders with more than 10% ownership interest ····· 90

IX. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer ····· 91

X. Investments jointly held by The Company, The Company's directors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties ····· 92

Four. Funding Status ····· 93

I. Capital and outstanding shares ····· 93

II. Disclosure relating to corporate bonds ····· 97

III. Disclosure relating to preference shares ····· 97

IV. Disclosure relating to depository receipts ····· 97

V. Employee stock warrants ····· 97

VI. Disclosure regarding the management of new restricted employee stock ····· 97

VII. Disclosure on new shares issued for the acquisition or transfer of other shares ····· 97

VIII. Progress on the use of funds ····· 97

Five. Business performance ····· 98

I. Content of business ····· 98

II. Market and sales overview ····· 107

III. Employees ····· 114

IV. Contribution to Environmental Protection ····· 115

V. Employer and employee relationships ····· 115

VI. Information and communication security management ····· 120
VII. Major contracts ····· 122
Six. Financial summary ····· 123
I. Concise balance sheet, comprehensive income statement, and CPA names and audit opinions for the last five years ····· 123
II. Financial analysis for the latest 5 years ····· 127
III. Audit report on the latest year financial statements by the audit committee ····· 130
IV. Latest financial reports ····· 131
V. Most recent year individual financial report inspected and certified by a CPA. ····· 188
VI. How financial turnover difficulties faced by this company or its affiliates in the most recent fiscal year as of the printing date of this annual report have impacted the company's financial status ····· 244
Seven. Review of financial status, business performance, and risk management issues ····· 244
I. Financial status ····· 244
II. Financial Performance ····· 245
III. Cash flow ····· 246
IV. Material capital expenditures in the latest year and impacts on business performance ····· 246
V. The major causes for profits or losses incurred by investments during the latest year; rectifications and investment plans for the next year ····· 247
VI. Risk matter items that occurred in the most recent fiscal year as of the printing date of this annual report should analyzed and evaluated ····· 247
VII. Other Material Issues ····· 251
Eight. Special remarks ····· 252
I. Affiliated companies ····· 252
II. Private placement of securities during the latest year up till the publication date of this annual report ····· 254
III. The disposal of the Company’s shares by its subsidiaries during the latest financial year, up to the publication date of this annual report ····· 255
IV. Other necessary supplementary information ····· 255
Nine. Occurrences of events defined under Article 36-3-2 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices ····· 255

One. Report to Shareholders

Ladies and gentlemen, our cherished shareholders:

The summary of the company's 2021 business dynamics will be presented to all shareholders, and we look forward to your review and feedback.

I. The 2021 Business Report:

(I) Implementation results of the business plan

The consolidated operating income of 2021 is NTD 1,934,702 thousand; the consolidated operating gross profit is 49%; and consolidated operating profit margin is 22%. Revenue and profitability for the current term show a year-on-year growth because of the increase in the sales of mainstream products of the Company and the constant optimization of processes and adjustment of portfolios; as a result, the overall gross margin is increased. As far as the analysis of income from primary products of the Company is concerned, products contributing to the growths in revenue for the current term are primarily biotech products known for their relatively high gross profit, such as Everolimus, Tacrolimus, Rapamycin, and the anti-triglyceride drug Ethyl Icosapentate (EPAE).

For the immunosuppressant and anti-cancer drug Everolimus, which is known for its relatively high gross profit, after the FDA approval obtained by the US customer in June 2020 for its exclusive sale on the market for 180 days, in 2021, besides the existing low-dose generic drug Afinitor (2.5 mg, 5.0 mg, and 7.5 mg), the customer also marketed the high-dose (10 mg) product in 2021. Multiple customers in the US had their preparations containing the active pharmaceutical ingredient of the Company, Everolimus, marketed. The Company also continued to devote itself to supporting customers in the US in increasing their market share. This product will become a main contributor to the revenue and profitability in the coming years.

To address the increase in the demand for purchase orders of Tacrolimus from multiple international customers, with the fermentation lines augmented and new fermenters and purification equipment added, the throughput for additional production lines will gradually suffice, contributing significantly to the growths of revenues in the future. Besides existing customers in Japan and Europe, the sales to India will be maximized. Currently, this API, Tacrolimus, is on the Top 3 list of market share in the US. In addition, as the throughput for new production lines gradually suffices, the Company will have more Tacrolimus products available for new customers, including pharmaceutical companies developing new drugs/new formulations and potential new customers on emerging markets such as China and Brazil.

The anti-triglyceride - fish oil API Ethyl Icosapentate (EPAE) was made extensively available on the US market by the Company’s customers in 2021 due to market factors, driving growths in the revenue of the Company. In 2022, the throughput of the product will continue to be enhanced and the unit cost be reduced by optimizing the EPAE process and the continuous process (MCFE). It will hopefully become a mainstream product in the future for the growth in revenue with its competitive advantages.

Despite the impact of the COVID-19 pandemic in 2020 that made it impossible for customers and government representatives in other countries to come to Taiwan for establishment inspections, through documentation and remote establishment inspections, the Company successfully completed inspections by customers in Europe, the US, and Japan and by the TFDA in 2021. The Company continues to adhere to the cGMP regulations in terms of enforceability and production/manufacturing practices and strictly follows cGMP systems recognized and approved in the US, the EU, and Japan. All of these contribute to continuous developments of the global market with Europe, the US, and Japan as the mainstream.

2021 Consolidated Sales Analysis Table Unit: NTD thousand

Sales \ Product	Biotechnology products	Non-biotechnology products	Labor revenue	Total	Ratio of Turnover Accounted
Domestic sales	82,372	85,621	4,516	172,509	8.92%
Exports	770,269	991,924	-	1,762,193	91.08%
Total	852,641	1,077,545	4,516	1,934,702	100%
Ratio of Turnover Accounted	44.07%	55.70%	0.23%	100%	-

(II) Consolidated budget implementation status: This is not applicable as the Company does not disclose to the public its financial forecast.

(III) Consolidated financial revenue/expenditure and profitability analysis:

1. Consolidated financial balance:

Unit: NTD thousand

Item	Amount
Operating revenues	1,934,702
Operating gross profit	949,388
Operating gains and losses	438,475
Interest income	181
Interest expenses	3,321
Capitalized interest	-
Net profit before tax	497,613
After tax net profit	401,050
Earnings per share	NTD 5.17

2. Consolidated profitability analysis:

Unit: %

Item	Ratio
ROA	10.72
Return on equity	14.87
Ratio of pre-tax net income to paid-in capital	64.15
Net profit margin	20.72
Earnings per share	NTD 5.17
Earnings per share-retrospective adjustment	NTD 5.17

(IV) R&D progress:

1. Synthesis Research Institute:
   (1) Completion of the experiment in the development of the process for the multiple myeloma API Ixazomib Citrate
   (2) Completion of the experiment in the development and maximization of the process for the JAK kinase inhibitor API Tofacitinib Citrate
   (3) Completion of the experiment in the development of the process for the anti-epileptic API Eslicarbazepine Acetate
   (4) Completion of development of the process for the inherited obesity API Setmelanotide laboratory
   (5) Completion of the development of the process for the laboratory of API Difelikefalin, which is used to treat moderate to severe pruritus

2. Biotech Research Institute:
   (1) Completion of maximization of the new process for the immunosuppressant API Tacrolimus, which will effectively contribute to the fermentation throughput and bring down the cost
   (2) Completion of validation of the process for the oral anti-breast cancer API Ribociclib whose new crystal formulation has been patented in Taiwan and the US
   (3) Completion of validation of the process for the blood cancer API Midostaurin
   (4) Completion of maximization of the process for the oral anti-breast cancer API Palbociclib
   (5) Completion of development of the maximization process for the multiple sclerosis API Ozanimod laboratory
   (6) Completion of development of the process for the anti-epilepsy API Brivaracetam laboratory

II. Summary of business plan 2022:

(I) Operating principles and important production and marketing policies:

1. Developing international market and new customers
   (1) There are efforts to boost immunosuppressive productivity and simultaneous process optimization, increase production and reduce production costs and enhance competitiveness. Following the US launch by means of Paragraph IV listing, we are promising the listing in Paragraph III and Paragraph II to be available in Europe, Japan and the emerging markets. We firmly grasp the opportunities of governments of various countries to encourage the development of generic drugs to dominate the opportunity to minimize medical expenses, jump into and seize the markets of generic drugs in advanced countries such as Japan and Europe.
   (2) We will continue to strengthen the development of the US, actively develop new customers of Paragraph IV, and deploy the Paragraph II and Paragraph III markets in Japan and Europe through new customers, independently developed by ourselves and agents with good relationships.
   (3) On Everolimus, we have obtained the FDA inspection and registration license (ANDA approval) from our American customer. The currently existing Paragraph IV customers have been listed in the US market one after another, driving the growth of orders in 2021. Under the blessing of the expansion effect, the revenue of this product will continue to increase in 2022.
   (4) Tacrolimus from multiple international customers, with the fermentation lines augmented in 2022, contributing significantly to the growths of revenues.
   (5) With regard to the fish oil raw materials drug EPAE, given the market factors, the time to market EPAE in the United States has been advanced ahead of schedule from the original 2030 to 2020 to 2021, so the order has increased. In a situation where the supply is unable to satisfy the demand, we are vigorously mapping out the expansion and negotiating supply contracts with customers. The American market size of the original EPAE manufacturer is at least 470 metric tons. To follow up potential orders, we have successively invested in EPAE process optimization into the continuous process (MCFE) in the short term to increase annual output and minimize unit cost and in turn boost product competitiveness. In the long-term, we shall expand the EPAE capacity in an attempt to respond to competitor price and production offensives.
   (6) The company will enhance the production capacity of existing niche products such as Rapamycin, Tacrolimus and anti-fungal infection product Caspofungin to meet with growing market demand.

2. Domestic & foreign OEM business and technology development contracts
   (1) Increase CDMO/CMO revenue, increase the production rate of existing production lines, and upgrade the technical levels.
   (2) Actively seek additional processing (OEM) work opportunities from international drug companies as well as domestic and foreign biotech drug development companies, gradually upgrade the relevant technologies, and prepare to participate in the new drug R&D with international pharmaceutical companies in the future.
3. Product Development Strategies
   (1) Potential new product topics and R&D
   - Enhance the R&D and mass production technology for peptide APIs and enter the small molecule protein drug market.
   - Develop a high-active drug technology platform and supply new APIs that challenge Paragraph IV.
   - Develop customer-oriented and core technology-based products and vigorously explore cooperation with international pharmaceutical counterparts in the development of products to boost the chances of success in the new products.
   - Develop Paragraph III products with definite market demand and firm customer base. Such efforts would be helpful to improve the opportunities for the early entry of R&D products ahead of schedule.

   (2) Optimize the current product process, reduce the manufacturing costs, and increase the product competitiveness and market share in the global generic drug market.
   - The research & development of innovative production technology, the introduction toward continuous production (MCFE) processes through cross-industry cooperation to enhance production efficiency, minimize manufacturing costs and eventually help soften the cutthroat competition in prices in the market.
   - Continuously monitor of the manufacturing costs to eliminate the potential process bottlenecks and enhance production technology. Through process amplification, expansion of production lines and new equipment investment, the Company would provide high-quality and competitively priced products and would, in turn, help boost market share.
4. Maintain the International Competitiveness and Advantages of the API Industry
   (1) The company will continue to strengthen and implement cGMP execution and pass the official cGMP inspection of domestic and foreign customers and products from importing countries.
   (2) Towards efforts to enhance trustworthiness and satisfaction to customers at home and abroad, set up the CCSB brand name into the international community and in turn set up a solid foundation.

(II) Sales Volume Forecast and Supporting Basis

The company's sales forecast for 2022 is based on the marketing layout, the internationalization of biotechnology products, and the sales forecast plan to actively develop the CDMO/CMO revenue growth.

Unit: Kilogram

Product / Sales	Biotechnology products	Non-biotechnology products	Total
Sales	7,904	195,485	203,389

III. Future development strategies:

(I) We continuously enhance our research and development energy and adjust research and development strategies to develop high-price, high-tech threshold with few competitors and high-margin products to boost the production efficiency and revenue efficiency at the current venues.

(II) Differentiate from counterparts that also specialize in synthesized chemicals or fermented products taking advantage of unique fermentation and chemical synthesis technologies of the Company to multiply new products developed and enhance competitive advantages on the global market and to strengthen niche products of the Company, Everolimus, Tacrolimus, Ethyl Icosapentate, and Caspofungin. Optimize processes to increase the throughput and bring down the cost and accordingly boost the Company's presence on the global market.

(III) The company will develop unique key technologies to develop special products, such as high-growth products such as anti-cancer, high potency and peptide drugs, to support the development of new customers and enhance the niche and appeal of product differentiation.

(IV) To develop CDMO/CMO business, by rallying to participate in domestic, foreign major drug makers' new drug R&D plans, through which to enter into early stage joint R&D relation, such as pre-clinical and various clinical stages' intermediary, products' trial, manufacturing process development and related work, in anticipation to form a strategic alliance with major pharmaceutical plants, for joint growth.

(V) Ensure regulatory compliance, enhance the factory inspection of ingredients and API intermediate suppliers, ensure the compliance by upstream suppliers, compliance with the latest requirements by other countries' pharmaceutical supervision authorities and sufficient supply of ingredients, and sustain the quality of our products.

(VI) To continue developing solvent recall technology amid environmental protection demands becoming ever stringent, by inducting various management systems and mechanism, voluntarily executing waste reduction, reduced discharge process, lowering the operating cost, and exerting the company's environmentally friendly social stewardship.

(VII) The demand for generic drugs on the emerging markets is increasing each day; the market is flourishing. The Company proactively works with distributors in China, the Asia Pacific Region, and East Europe to explore potential customers for niche products and to seek more distribution opportunities.

IV. Impacts from the External Competition, Legal Environment, and Overall Business Environment:

The company's APIs are mainly exported, and they are more sensitive to the US dollar exchange rate, and the stability of the exchange rate affects the company's revenue and profits; The economic performance of the whole year of 2021 is a year of economic recovery, even if the special infectious pneumonia (COVID-19) that has caused an unprecedented impact on the global economy since the first half of 2020 has developed into a more threatening variant virus in 2021, but the gradual popularization of international vaccines, the gradual recovery of economic activity, and the financial relief policies of various countries, the economies of major countries and regions in 2021 have grown significantly compared with 2020.Looking forward to the global economic boom in 2022 Compared with 2021, the International Monetary Fund (IMF), IHS Markit, the Organization for Economic Cooperation and Development (OECD) and other institutions believe that the momentum of global economic recovery is expected to continue, but under the influence of base period factors, the global economic growth rate in 2022 is slightly lower than that in 2021.On the other hand, the new Omicron virus and rising inflation may tighten monetary policy and raise interest rates.Under the multiple shocks, the forecast value of the economic growth rate in 2022 is in the range of about 4.1% to 4.9%.

IQVIa estimates that the global pharmaceutical market will grow significantly in 2025 due to patent expiration and increased supply of generic drugs, with the global pharmaceutical market reaching US$1.5 trillion, especially the generic drug market growing to US$64 billion, and the emerging drug market growing to US$140 billion.Among them, the United States, Canada, and Japan have enacted legislation to reward more generic drugs, using pharmacoeconomics to control drug prices to evaluate the efficacy of drugs, and the big data used by drugs to regulate drug prices to improve insurance plans to reduce government health insurance expenditure and ensure the rationality of drug prices.For example, in the United States in 2020, the scientific drug accounted for 90% of the U.S. prescription sign market, the generic drug with price advantage became the mainstream of the U.S. market, and the official also actively promoted the marketing license of the generic drug, approved the listing of 948 scientific drugs, and 72 drugs obtained the first scientific drug listing qualification.

In addition, at present, countries are actively developing Biosamilars industries to enhance relevant analytical technologies and improve health insurance mechanisms, but the regulatory system, investment costs and technical thresholds of the biosimilar industry are relatively high, resulting in a slower development of the biosimilar industry.On the contrary, small molecule scientific drugs have the advantages of mass production process, mature regulations and high acceptance of patient medication, high penetration rate and low price... and other characteristics.Therefore, the chemical raw materials (APIs) of small molecules and peptide Peptide, which we focus on, have a place in the generic drug market.

The company’s cGMP system has been officially inspected by the United States, Europe and Japan many times. We have been one of the major suppliers of high-tech companies in the United States, Europe and Japan, although we face low-cost competition in the market from Chinese and Indian API manufacturers. With the increasingly strict inspection of the US and EU pharmaceutical authorities and the increasingly stringent requirements for cGMP requirements, the quality requirements of APIs have established a new milestone. The company faced with the improvement of pharmaceutical quality thresholds in advanced countries, it is also an opportunity for Chunghwa Chemical Synthesis & Biotech Co. Ltd who has a strong cGMP foundation. We will strive to enhance our competitiveness, deepen our research and development technology, and develop high-tech raw materials with market potential. In the harsh competition environment of the internal and external markets, we strive to break through and grow steadily.

We wish you all shareholders

May I wish you all good health and good luck.

Chairman Yi-Zhen Xie Wang

Two. Company Profile

I. Company founding date: May 19, 1964.

II. Company history:

(I) Mergers and acquisitions of banks, direct investment or reorganization of affiliates in the latest year to the date this report was printed: none.

(II) Large equity transfer or replacement by the Chairman or major shareholders holding over 10% of the company shares during the most recent year and as of the printing date of this annual report: None.

(III) Major changes in operating rights, operating methods, or operating contents during the most recent year and as of the printing date of this annual report as well as other important matters that may affect the shareholders' equity and the company: None.

(IV) The significant impacts to the company's development due the historical information:

This company was founded by National Assembly Representative Mr. Ming-Ning Wang in 1964, which primarily focused on the production of the antibiotics based western medicine APIs and intermediates as well as the manufacturing and sales of chemical raw materials. The company has actively promoted product exports since 1997, and has completed construction for cGMP biotech, cBPM synthetic API, and other relevant pioneering plants. The company has successively passed the plant inspections by the U.S. FDA and German drug certification units; and received numerous pharmaceutical inspection approvals from the E.U., U.S., and India. Its products have met the international standards, and a number of products have been successfully exported to Europe and the U.S. The company's development history is described as follows:

1963	• Preparing and building a plant in Shulin City of Taipei County with the capital of NTD10 million, which was divided into 100 thousand shares with NTD10 per share.
1965	• Plant expansion and equipment increase, increased the number of products to 10, and purchased the Shanjia plant site.
1979	• Entered into technical cooperation with the Japan Far East Fatty Acid Co., Ltd. to build a new plant; and added equipment for the production and sales of reinforced corrugated boards, cardboards, and cardboard boxes.
1984	• The analgesic and antipyretic drug Acetaminophen began to be exported to the United States through a factory inspection by the US FDA
1990	• The company has completed its research institute named "Shulin Research Center."
1997	• Undertaken the capital increase of NTD155 million in October, with NTD700 million as the amount of paid-in capital after the capital increase. • In October, the analgesic and antipyretic Drug Acetaminophen once again passed the US FDA inspection. • New cGMP API Shulin Plant groundbreaking ceremony on November 12.
1999	• December trial run completion after the January groundbreaking for the new cGMP biotech API plant. • The new cGMP API plant completed mass production of Glyburide, Methocarbamol, and Guaifenesin. • Established Pharmaports, LLC subsidiary in New Jersy, USA. • December: Undertaken the capital increase of NTD220 million with NTD920 million as the amount of paid-in capital after the capital increase.

2002	• April: The cGMP plant passed the U.S. FDA plant inspection, and passed the inspection by the domestic drug inspection bureau on November 22.
2003	• April: the Methocarbamol based synthesis plant passed the cGMP plant inspection by the U.S. FDA. 210 tons of the Methocarbamol were exported and sold to the U.S., which ranked No. 1 in the U.S. market. • June: In response to the company's product production type, the company officially changed its name to "Chunghwa Chemical Synthesis & Biotech Co. Ltd." • September: To make up for the cumulative losses and improve the financial structure, the company has undertaken the capital reduction of NTD518 million and the capital replenishment of NTD250 million. After the reduction and replenishment, the capital amount is NTD652 million. • December: The Pravastatin product process passed the original manufacturer SANKYO's inspection in Japan, verified to have no process infringement, and the product officially entered the Japanese market.
2004	• The R&D for biotech Tacrolimus immunosuppressive agent product was successful, and pilot industry trial production was completed. • The immunosuppressant Rapamycin passed plant inspection by the U.S. customers and began shipment.
2005	• The quality and delivery deadline for the new immunosuppression product Rapamycin were confirmed by the U.S. customers, and the company was able to provide a stable supply for human trials. • The production of Fosinopril intermediate ZP-3 commissioned by the European Swiss pharmaceutical company was extended to ZP-7. • Thirty tons of yeast batch tanks were installed, completed the trial runs, and put into mass production. • December: Passed the Pravastatin based biotech plant full cGMP plant inspection by the U.S. FDA.
2006	• The quality and delivery of Tacrolimus, a new product for immunosuppression, was confirmed by U.S. customers. • Pravastatin, a hypolipidemic drug, successfully entered the U.S. market. • The muscle relaxant Methocarbamol sold 269 tons and made a new turnover record. • To strengthen the integration of R&D resources for biotech and non-biotech products as well as accelerate the pace of R&D, the company appointed Dr. Dai-Rui from the U.S. as the President's special assistant to take charge of the research center.
2007	• The biotech plant invested into the production of 30-ton tanks as dedicated fermenters for immunosuppressive products Rapamycin, Tacrolimus, and Mycophenolate Mofetil. • Immunosuppressant Mycophenolate Mofetil completed the validation batch. • Developed OEM products, and completed the trial productions for Olopatadine and Perindopril.
2008	• Completed the laboratory process R&D for Everolimus,

	Temsirolimus, and Zotarolimus (downstream Rapamycin series products). Develop second-generation immunosuppressant drug products. • Jointly completed the Tacrolimus SD upstream and downstream R&D integration with CCPC. The two parties simultaneously conducted the BE test and applied for ANDA. • The immunosuppressant Mycophenolate Mofetil completed the validation batch, passed cGMP plant inspection by three U.S. pharmaceutical companies, and became a key supplier for the North American market.
2009	• February: Passed the cGMP plant inspection by the German drug certification unit. • August: Increased the amount of capital by NTD50 million in order to strengthen the financial structure, and the capital amount reached NTD702 million after the capital increase. • Jointly developed Tacrolimus SD and its formulation products with CCPC, and the BE test has been completed by a well-known pharmaceutical company in the United States and passed the ANDA application. • December: Listed as an emerging stock company by the Taipei Exchange.
2010	•December 16: Replenished NTD73.6 million in capital, and the capital amount was NTD775.6 million after replenishment. •December 20: The stock was traded in the stock market.
2011	• January: Obtained the U.S. Bayer Mose production patent. • April: 3 products passed the U.S. FDA official plant inspection: Mycophenolate Mofetil, Dexbrompheniramine Maleate, and Tacrolimus. •Began to supply the immunosuppressant products Tacrolimus & Sirolimus to the Japanese market. • Fungins product entered the European market.
2012	•March: Obtained the Taiwanese patent for improving the synthetic methods of Tacrolimus and its analogues, the synthesis of Biolimus A9 analogues, and their stability improvement method. • April: Purchased land in Guanyin Township, Taoyuan County, to expand the production base. • April: Added a new analysis institute with President special assistance Dr. Hong-Yuan Chen serving as the director. • April: Successfully completed R&D for new product Everolimus. • April: Successfully completed R&D for new product Ethyl Icosapentate. • May: Pravastatin passed the second German official cGMP plant inspection. •September: Obtained the U.S. patent for the preparation process of Temsirolimus. • October: Obtained the Taiwanese patent for the preparation of nitrogen-containing heterocyclic hexapeptides for high conversion rate caspofungin.
2013	• January: Obtained a Taiwanese patent for the preparation of MPA Sodium. • March: Completed the U.S. FDA API drug master file (DMF) registration.

- May: OLO & Rapa passed the Taiwan TFDA plant inspection.
- June: Tacrolimus passed the Japanese PMDA plant inspection.
- July: Singed the R&D contract with China Jinan Wuhuan Pharmaceutical Technology Company and China Suzhou Pengxu Pharmaceutical Technology Co., Ltd., respectively, to establish strategic alliances.
- August: Tacrolimus passed the South Korea official plant inspection.
- August: Everolimus Pre-Mix completed the U.S. FDA API drug master file (DMF) registration.
- September: Metaxalone completed the U.S. FDA API drug master file (DMF) registration.
- October: Everolimus & Caspofungin passed the Taiwan TFDA plant inspection certification.
- November: Caspofungin completed the U.S. FDA API drug master file (DMF) registration.

2014
- March: The Board of Directors passed a resolution to promote the special assistant of President Dr. Hong-Yuan Chen as the Vice President of the R&D Department.
- May: The biotech plant and the synthesis plant passed the official plant inspection by the U.S. FDA.
- June: Obtained the U.S. patent for the preparation method of Ridaforolimus.
- July: Obtained the Taiwanese patent for the preparation method of Ridaforolimus.

2015
- January: Sold part of the land in Taoyuan Science Park.
- March: Pravastatin Sodium and Tacrolimus passed the German official inspection.
- March: Passed the Taiwan TFDA plant inspection.
- May: Original President Dr. Xiang-Han Zhang retired, and Dr. Chih-Ping Yang took over as the President.
- May: Passed the Mexico official plant inspection.

2016
- March: The Board of Director passed the resolution for Dr. Hong-Yuan Cheng to retire from the R&D Department.
- May: Due to organizational adjustments, the original Vice President of the Business Department was transferred to the position of President of the Administrative Center. The company appointed Mr. Quan-Wen Chen as the Vice President of the Business Department.
- December: Obtained the ISO50001 certification.
- December: Won the 2016 Annual Pharmaceutical Science and Technology R&D Award from the Ministry of Health and Welfare with Mycophenolate Mofetil and Everolimus as the award-winning products.

2017

- February: Obtained the Taiwanese patent for anticoagulant drug Edoxaban API's "Diamine Derivative Production Method."
- March: Passed the U.S. FDA plant inspection.
- July: Passed the Japanese PMDA plant inspection.
- July: Obtained the Taiwanese patent for the treatment of short bowel syndrome and the production method of Teduglutide.
- July: Purchased land in Guanyin Township, Taoyuan County, to expand the production base.
- In August, the board of directors appointed Dr. Wei Qingpeng to take over as deputy general manager of the R&D department.
- September: Obtained the Taiwanese patent for the innovative production method of lxazomib citrate for the treatment of multiple myeloma.
- October: Passed the Taiwan TFDA plant inspection.
- November: Obtained the U.S. patent for anticoagulant drug Edoxaban API's "Diamine Derivative Production Method."

2018

- In March, the company obtained the Taiwan patent for “CRYSTAL FORM D OF BARICITINIB PHOSPHATE AND COMPOSITION THEREOF”.
- In April, the former General Manager Dr. Yang Zhiping resigned and the new General Manager was replaced by Huang, Chung-Hsin.
- May: Sold part of the land in Taoyuan Science Park.
- In June, Zeng Guoxian, the Plant Deputy Director was promoted to Vice President of Manufacturing Division by the board of directors.
- In July, was awarded the Gold Medal Prize for Manufacturing Technology Award by the Ministry of Economic Affairs and the Ministry of Economics. The winning product is Caspofungin Acetate.
- In September, the company granted the Taiwan patent for “METHOD FOR PREPARING AMORPHOUS CARFILZOMIB (I)”.
- November: Passed the U.S. FDA plant inspection.
- In December, the company obtained US patent for “Method for preparing glucagon peptide-2 (GLA-2) analogue”.

2019

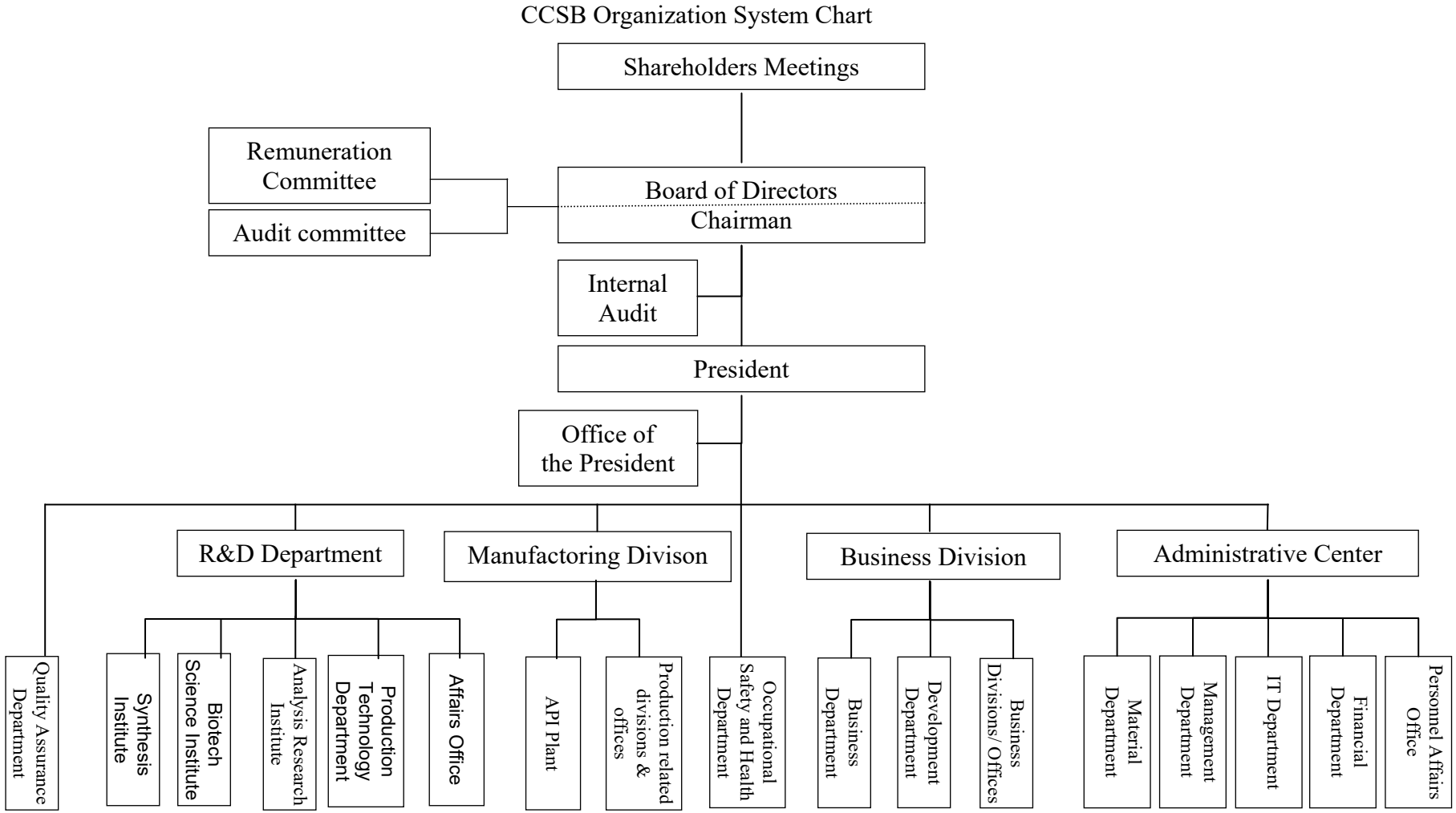
- In July, the Company successfully obtained a US patent for a new crystalline form of breast cancer raw material Ribociclib succinate and its preparation method.
- Vice General Manager Chen Chuan-Wen, the former business head, resigned from the post in July and the vacancy was succeeded by Assistant General Manager Chen Ying-Chi as the new business head in August.
- The Company was successfully granted an official pass ANSM of France in September.
- In December, the American customer Par successfully obtained the anti-breast cancer drug Everolimus ANDA and was granted a 180-day market exclusive right of monopoly in the markets.

2020	• In May that year, we obtained the patent for the preparation method and application of Sacubitril Sodium. • In May that year, the board of directors resolved a decision to sell the land in the Guanyin District Industrial Zone in Taoyuan City and expand the fermentation production line project. • In July that year, the board of directors approved the promotion of Ying-Chi Chen from associate manager of the Business Department to Deputy General Manager of the Business Department. • In July that year, the Company was awarded as a constituent stock of "Taiwan Stock Exchange Corporation Governance 100 Index" • In August that year, the Company satisfactorily passed the factory inspection by the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare. • In November that year, the board of directors approved the election of the new chairwoman, Miss Yi-Zhen Xie Wang (representative of China Chemical & Pharmaceutical Co., Ltd.).
2021	• In March, it obtained a U.S. patent for a secondary parathyroid hyperthyroid API for the synthesis of Etelcalcetide or its salts. • In March, July and November that year, the Company satisfactorily passed the factory inspection by the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare. • In May that year, the board of directors resolved a decision EPAE production capacity expansion. • In July that year, the Company was awarded as a constituent stock of "Taiwan Stock Exchange Corporation Governance 100 Index" • In October, it obtained the U.S. patent for triglycerides and fats, fish oil (ethyl eicosapentaenoate) Ethyl Icosapentate.

Three. Corporate Governance

I. Organizational structure:

(I) Table of Organizational structure:



(II) The responsibilities of various divisions:

Units	Main responsibilities
Office of the President	Manage the company's business development, document management, and other relevant operations.
Internal Audit	Responsible for the inspection and evaluation of internal control systems, determine whether the internal audit system and internal control self-assessment procedures are sound, perform audits and supervise follow-up improvements for all departments, and issue analysis evaluations and recommendations.
Financial Department	Responsible for cashier, fund planning, accounting, taxation, financial statements, budget reviews, stock management and planning, credit control, as well as fund collection and demand related operations.
Management Department	Manage the affairs for the entire plant, safeguard the company seals, and procurement of production parts and consumables.
Material Department	1. Responsible for the raw material procurement strategy planning and implementation of R&D. 2. Responsible for searching for new materials and intermediates.
IT Department	1. Responsible for the company's computerized operations as well as system analysis and management. 2. The planning, monitoring and execution of the information and communication security system
Personnel Affairs Office	Responsible for recruiting appointments, compensation and benefits, performance appraisal, training and development, and other human resources related businesses.
Business Department	1. Responsible for the development of domestic and foreign customers and product sales, promotion and provision of customer post-sales defective products replacement, and other related issues. 2. Responsible for the introduction of new product planning, market research and analysis, as well as pricing and distribution.
Development Department	Responsible for global market information gathering and analysis as well as new product development screening.
Business Divisions/ Offices	Taking overall charge of the execution of various projects in the Offices concerned and the assignment of tasks by the division level supervisors.
Occupational Safety and Health Department	1. Wastewater, air pollution, waste handling, and other relevant operations. 2. Handling of the occupational safety and health related matters.
API Plant	Responsible for the production of chemical APIs, chemical products, and fermented raw materials.
Production related divisions & offices	Taking overall charge of the execution of various projects in the Offices concerned and the assignment of tasks by the division level supervisors.
Production Technology Department	He is responsible for coordinating CMO/CDMO and technology transfer planning and execution, process improvement and cost reduction related business.
Synthesis Institute	Chemical synthesis of new product development.
Biotech Science Institute	Fermentation new product development and strain optimization.
Analysis Research Institute	Responsible for the analysis of R&D, and the transfer of analytical methods to the quality control unit.
Affairs Office	Responsible for coordinating research on the process related project operations.
Quality Assurance Department	Quality assurance, control, and validation, etc., related GMP related plant inspections, drug license applications, and other regulatory operations.

II. Background information of the Director, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches:

(I) Director:

1. Directors Information:

March 27, 2022 Unit: Shares

Title (Note 1)	Nationality and Registry	Name	Gender, age	Date elected	Term	Date first elected	Shareholding as of elected date		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Chairman	Republic of China	China Chemical & Pharmaceutical Co., Ltd.	-	2019.05.31	3 years	1998.05.12	17,331,064	22.35%	21,575,064	27.82%	0	0%	0	0%	-	The Company: none Other companies: Note 2	None	None	None	None
	Republic of China	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang	Female 51~60	2020.11.09	3 years	2020.11.09	0	0%	347	0%	2,456,179	3.17%	512,000	0.66%	Department of Philosophy and Department of Business Management, Fu Jen Catholic University Chairman of China Chemical & Pharmaceutical Co., Ltd.	The Company: Chairman Other companies: Note 3	None	None	None	None
Director	Republic of China	China Chemical & Pharmaceutical Co., Ltd.	-	2019.05.31	3 years	1998.05.12	17,331,064	22.35%	21,575,064	27.82%	0	0%	0	0%	-	The Company: none Other companies: Note 2	None	None	None	None
	Republic of China	China Chemical & Pharmaceutical Co., Ltd. representative: Yin-Nan Sun	Male 61~70	2019.05.31	3 years	2010.06.08	0	0%	6,636	0.01%	0	0%	0	0%	Graduated from the Department of Labor Relations, China Culture University Vice President of China Chemical & Pharmaceutical Co., Ltd.	The Company: none Other companies: Note 4	None	None	None	None
Director	Republic of China	Wang Ming-Ning Memorial Foundation	-	2019.05.31	3 years	2016.05.31	1,691,982	2.18%	1,691,982	2.18%	0	0%	0	0%	-	The Company: none Other companies: Note 5	None	None	None	None
	Republic of China	Wang Ming-Ning Memorial Foundation representative: Chung-Hsin Huang	Male 71~80	2019.05.31	3 years	2018.04.01	0	0%	69,411	0.09%	0	0%	0	0%	Chemical Engineering Department of Chung Yuan University China CCSB Pharmaceuticals president Vice President of Business Department, CCSB Biotech Administrative Center	The Company: President Other companies: Note 6	None	None	None	None
Director	Republic of China	Wang Ming-Ning Memorial Foundation	-	2019.05.31	3 years	2016.05.31	1,691,982	2.18%	1,691,982	2.18%	0	0%	0	0%	-	The Company: none Other companies: Note 5	None	None	None	None
	Republic of China	Wang Ming-Ning Memorial Foundation representative: Hou-Jie Wang	Male 21~30	2020.01.17	3 years	2020.01.17	0	0%	1,006,600	1.30%	0	0%	0	0%	Department of Psychology, University of Southern California Director of China Chemical & Pharmaceutical Co., Ltd.	The Company: none Other companies: Note 7	None	None	None	None
Independent Director	Republic of China	Kuo-Chiang Wang	Male 51~60	2019.05.31	3 years	2010.06.08	0	0%	0	0%	0	0%	0	0%	Bachelor of Accounting, National Chung Tsing University (Now National Taipei University) Master's Degree from the NCTU Executive Masters of Business Administration Acting President of Dafeng Cable Co., Ltd. President of Taiwan Digital Broadband Cable TV Co., Ltd. Assistant Professor of National Taipei University of	The Company: none Other companies: Note 8	None	None	None	None

Title (Note 1)	Nationality and Registry	Name	Gender, age	Date elected	Term	Date first elected	Shareholding as of elected date		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
															Technology					
Independent Director	Republic of China	Cheng-Hsien Tsai	Male 51~60	2019.05.31	3 years	2012.06.20	0	0%	0	0%	0	0%	0	0%	Department of Chemical Engineering, National Taiwan University Doctorial of U.S. Minnesota University chemical engineering and material science Chairman of BIONET Corp. CEO of GGA Corp. 2003~2005 Asian Cord Blood Bank Alliance/Chair (Asia Pacific Cord Blood Bank Consortium, APCBBC) 2012~2013 Regional Vice President of International Society for Cellular Therapy (ISCT)	The Company: none Other companies: Note 9	None	None	None	None
Independent Director	Republic of China	Chih-Hsien Chang	Female 51~60	2019.05.31	3 years	2016.05.31	0	0%	0	0%	0	0%	0	0%	Department of Agricultural Economics, National Taiwan University Master of Statistics, Stanford University, U.S.A. Special assistant to the hosting architect of Partners Architects Planners Vice President of Chia Hsin Asset Management Development Co., Ltd. (subsidiary of Chia Hsin Cement Corporation) Vice President of Robeco Investment Management Group Asia Investment Management Center (Hong Kong) Greater China Marketing Supervisor of ADLINK Technology Inc.	The Company: none Other companies: Note 10	None	None	None	None

Note 1: Where the Company's chairman and general manager or personnel of the equivalent positions (the highest managerial officers) are the same persons, as spouse or blood relatives within the first degree of kinship to each other, the Company should clarify the reasons, rationale, necessity and countermeasures: not applicable. Such fact is virtually nonexistent.

Note 2: Director of Tairung Development Co., Ltd., Sinochem Yumin Health Co., Ltd., SINO-JAPAN CHEMICAL CO.,LTD.; and supervisor of Chunghwa Yuming Healthcare Co., Ltd.

Note 3: China Chemical & Pharmaceutical Co., Ltd. (Chunghwa Chemical Synthesis & Biotech Co. Ltd legal representative), Sinochem Yumin Health Co., Ltd. (legal representative of China Chemical Pharmaceutical Co., Ltd.), Chunghwa Senior Care Co., Ltd. (China Chemical Pharmaceutical Co., Ltd., legal representative), Tairung Development Co., Ltd., HU-YU Co., Ltd.; Majiade Enterprises Co., Ltd.-Chairman

Note 4: Tairung Development Co., Ltd. (legal representative of China Chemical Pharmaceutical Co., Ltd.), Sinochem Yumin Health Co., Ltd. (legal representative of China Chemical Pharmaceutical Co., Ltd.), Chunghwa Senior Care Co., Ltd. (China Chemical Pharmaceutical Co., Ltd., legal representative); Suzhou Chung-Hwa Chemical Pharmaceutical Industrial Co., Ltd.-Director; President of Chunghwa Yuming Healthcare Co., Ltd.; Vice President of China Chemical & Pharmaceutical Co., Ltd.

Note 5: Director of China Chemical & Pharmaceutical Co., Ltd.

Note 6: Chairman of PPHARMAPORTS,LLC (CSBC incorporated entity representative), General director of Sino-Japan Chemical Co., Ltd. (China Chemical & Pharmaceutical Co., Ltd. legal representative)

Note 7: Director, vice general manager of China Chemical & Pharmaceutical(Suzhou) Co., Ltd.; Director of China Chemical and Pharmaceutical Co., Ltd. (representative of Mr. Wang Min-Ning's Memorial Foundation), Director of Tairung Development Co., Ltd.

Note 8: Lien Chieh Management and Consultation Co., Ltd., responsible person(principal); Partner Tech Corporation, independent director, Remuneration Committee, convenor; Audit Committee, convenor; Xiangming Technology Co., Ltd., independent director; Remuneration Committee, convenor;Audit Committee, convener; Convener of Special Committee on Mergers and Acquisitions; Feng Yuan Group Co., Ltd. (KY Company), independent director; Remuneration Committee, convener; Audit Committee, convener; National Yang Ming Chiao Tung University; Adjunct Assistant Professor.

Note 9: Chairman of Hsun Lian Biotechnology Co., Ltd.; Crown Star Alliance Limited, Star Ford (Samoa) Limited; Chief Executive Officer (CEO) of Chuang Yuan Biotechnology Co., Ltd.; GENETICS GENERATION ASIA SDN. BHD., Director, member of Remuneration Committee of Sheng Lai Company; Sanhe Synthetic Co., Ltd.; Independent Director of Les Enphants Co. Ltd.; Independent Director, Committee of Remuneration Committee of Lien Chang Electronic Co., Ltd.; Director, convener of Remuneration Committee of Kai Mei Mechanical & Electrical Co., Ltd.

Note 10: Chief Executive Officer (CEO) of Prospect Think Tank; Special Assistant to the Head Architect of Hsiao Chia-Fu Architects & Associates; Financial Supervisor of Chia Tang Construction Co., Ltd.

2. List of directors who are also legal person shareholder representatives with the shareholding ratio of exceeding 10% or rank as top ten among the shareholders:
(1) Corporate shareholders' main shareholders:

March 27, 2022

Name of corporate shareholder	Corporate shareholders' main shareholders	Shareholding (donate) percentage
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	14.11%
	Fubon Life Insurance Co. Ltd.	4.28%
	Panshi Holdings Co., Ltd.	3.98%
	Wang Ming-Ning Memorial Foundation	3.50%
	Kuan Enterprise Limited	3.14%
	Hou-Jie Wang	2.14%
	Special Property Trust Account in Far Eastern International Bank as commissioned for Employees of China Chemical and Pharmaceutical Co., Ltd.	2.06%
	Cheng-Ching Xie Wang	1.99%
	Majiade Enterprises Co., Ltd.	1.64%
	Hsun-Sheng Wang	1.59%
Wang Ming-Ning Memorial Foundation (Note 1)	Li-Hui Wang Huang(deceased), Hsun-Sheng Wang, Hsun-Hui Wang(deceased), Hsun-Yu Wang	91.88%
	China Chemical & Pharmaceutical Co., Ltd.	3.63%
	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	2.03%
	Chih-Chuan Wang(deceased)	0.73%
	Hsun-Sheng Wang	0.35%
	Chiung-Ying Wang Sung(deceased)	0.25%
	Hsun-Hui Wang(deceased)	0.18%
	Li-Hui Wang Huang(deceased)	0.12%
	Hsiang-Yu Chen Wang	0.07%
	Fu-Chuan Wei	0.02%

(2) The main shareholders if the main shareholders of the corporate shareholders are the corporation:

March 27, 2022

Name of corporate shareholder	Corporate shareholders' main shareholders	Shareholding (donate) percentage
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	China Chemical & Pharmaceutical Co., Ltd.	27.82%
	Hsun-Sheng Wang	3.17%
	Wang Ming-Ning Memorial Foundation	2.18%
	Hontai Life Insurance Co. Ltd.	1.81%
	Shanshui Biotech Venture Capital Limited Partnership	1.54%
	Hou-Jie Wang	1.30%
	Xun-Wei Wang	1.29%
	Gui-Mei Ling	1.28%
	Ching-Hui Ke	1.08%
	Hou-Che Wang	0.95%
Fubon Life Insurance Co. Ltd.	Fubon Financial Holding Co., Ltd.	100%
Panshi Holdings Co., Ltd.	Hsun-Sheng Wang	83.19%
	Hou-Zhu Wang	5.89%

Name of corporate shareholder	Corporate shareholders' main shareholders	Shareholding (donate) percentage
	Hou-Kai Wang	5.75%
	Yi-Zhen Xie Wang	5.17%

Name of corporate shareholder	Corporate shareholders' main shareholders	Shareholding (donate) percentage
Wang Ming-Ning Memorial Foundation (Note 1)	Li-Hui Wang Huang(deceased), Hsun-Sheng Wang, Hsun-Hui Wang(deceased), Hsun-Yu Wang	91.88%
	China Chemical & Pharmaceutical Co., Ltd.	3.63%
	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	2.03%
	Chih-Chuan Wang(deceased)	0.73%
	Hsun-Sheng Wang	0.35%
	Chiung-Ying Wang Sung(deceased)	0.25%
	Hsun-Hui Wang(deceased)	0.18%
	Li-Hui Wang Huang(deceased)	0.12%
	Hsiang-Yu Chen Wang	0.07%
	Fu-Chuan Wei	0.02%
Kuan Enterprise Limited	Jun-Ping Guan	100%
Special Property Trust Account in Far Eastern International Bank as commissioned for Employees of China Chemical and Pharmaceutical Co., Ltd.	—	—
Majiade Enterprises Co., Ltd.	Yi-Zhen Xie Wang	55.05%
	Hsun-Sheng Wang	24.13%
	Hou-Zhu Wang	10.41%
	Hou-Kai Wang	10.41%

Note 1: Where a juristic person shareholder is not in an organization as a company, the aforementioned shareholder titles and shareholding ratios would be just the names of investors or donors and their investment or donation ratios.

3. Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors

March 27, 2022

Name \ Qualification	Professional qualification and experience	Independenc	Number of positions as an Independent Director in other public listed companies
Chairman: China Chemical & Pharmaceutical Co., Ltd. Representative: Yi-Zhen Xie Wang	●Commercial or other work experiences required to perform the assigned duties ●Current China Chemical & Pharmaceutical Co., Ltd. (Chunghwa Chemical Synthesis & Biotech Co. Ltd legal representative), Sinochem Yumin Health Co., Ltd. (legal representative of China Chemical Pharmaceutical Co., Ltd.), Chunghwa Senior Care Co., Ltd. (China Chemical Pharmaceutical Co., Ltd., legal representative), Tairung Development Co., Ltd., HU-YU Co., Ltd.; Majiade Enterprises Co., Ltd.-Chairman ●Does not meet any descriptions stated in Article 30 of The Company Act.	●Not a director, supervisor or employee of other companies that are controlled by the person who also controls the majority of the Company's director seats or voting shares ●Not an owner, partner, Director, Supervisor, Manager or spouse to the owner, partner, Director, Supervisor, Manager of a professional, sole proprietor, partnership, company or institution providing audit service for the Bank or its affiliates, or who has received remunerations of less than NT$500,000 in accumulation over the last 2 years, ●Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None
Director: China Chemical & Pharmaceutical Co., Ltd. Representative: Yin-Nan Sun	●Commercial or other work experiences required to perform the assigned duties ●Current Tairung Development Co., Ltd. (legal representative of China Chemical Pharmaceutical Co., Ltd.), Sinochem Yumin Health Co., Ltd. (legal representative of China Chemical Pharmaceutical Co., Ltd.), Chunghwa Senior Care Co., Ltd. (China Chemical Pharmaceutical Co., Ltd., legal representative); Suzhou Chung-Hwa Chemical Pharmaceutical Industrial Co., Ltd.-Director; President of Chunghwa Yuming Healthcare Co., Ltd.; Vice President of China Chemical & Pharmaceutical Co., Ltd. ●Does not meet any descriptions stated in Article 30 of The Company	●Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company. ●Not a Director, Supervisor of employee of a third-party company held by the same person who also holds the seats of Directors of the Company or more than half of the voting shares ●Not an owner, partner, Director, Supervisor,	None

Name \ Qualification	Professional qualification and experience	Independenc	Number of positions as an Independent Director in other public listed companies
	Act.	Manager or spouse to the owner, partner, Director, Supervisor, Manager of a professional, sole proprietor, partnership, company or institution providing audit service for the Bank or its affiliates, or who has received remunerations of less than NT$500,000 in accumulation over the last 2 years, ● Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	
Director: Wang Ming-Ning Memorial Foundation Representative: Chung-Hsin Huang	● Commercial or other work experiences required to perform the assigned duties ● Current chairman of China Chemical & Pharmaceutical Co., Ltd. (Chunghwa Chemical Synthesis & Biotech Co. Ltd legal representative), General director of Sino-Japan Chemical Co., Ltd. (China Chemical & Pharmaceutical Co., Ltd. legal representative) ● Does not meet any descriptions stated in Article 30 of The Company Act.	● Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company. ● Not a Director, Supervisor of employee of a third-party company held by the same person who also holds the seats of Directors of the Company or more than half of the voting shares ● Not an owner, partner, Director, Supervisor, Manager or spouse to the owner, partner, Director, Supervisor, Manager of a professional, sole proprietor, partnership, company or institution providing audit service for the Bank or its affiliates, or who has received remunerations of less than NT$500,000 in accumulation over the last 2 years,	None

Name \ Qualification	Professional qualification and experience	Independenc	Number of positions as an Independent Director in other public listed companies
		● Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	
Director: Wang Ming-Ning Memorial Foundation Representative: Hou-Jie Wang	● Commercial or other work experiences required to perform the assigned duties ● Current Director, vice general manager of China Chemical & Pharmaceutical(Suzhou) Co., Ltd.; Director of China Chemical and Pharmaceutical Co., Ltd. (representative of Mr. Wang Min-Ning's Memorial Foundation), Director of Tairung Development Co., Ltd. ● Does not meet any descriptions stated in Article 30 of The Company Act.	● Not a Director, Supervisor of employee of a third-party company held by the same person who also holds the seats of Directors of the Company or more than half of the voting shares ● Not an owner, partner, Director, Supervisor, Manager or spouse to the owner, partner, Director, Supervisor, Manager of a professional, sole proprietor, partnership, company or institution providing audit service for the Bank or its affiliates, or who has received remunerations of less than NT$500,000 in accumulation over the last 2 years, ● Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None

Name \ Qualification	Professional qualification and experience	Independenc	Number of positions as an Independent Director in other public listed companies
Independent Director: Kuo-Chiang Wang	● BA of National Chung Hsing University accounting department, Master's Degree from the NCTU Executive Masters of Business Administration ● With more than 20 years of experience required for commercial, financial, and corporate affairs. ● Current Lien Chieh Management and Consultation Co., Ltd., responsible person(principal); Partner Tech Corporation, independent director, Remuneration Committee, convenor; Audit Committee, convenor; Xiangming Technology Co., Ltd., independent director; Remuneration Committee, convenor; Audit Committee, convener; Convener of Special Committee on Mergers and Acquisitions; Feng Yuan Group Co., Ltd. (KY Company), independent director; Remuneration Committee, convener; Audit Committee, convener; National Yang Ming Chiao Tung University; Adjunct Assistant Professor. Auditor of PWC Certified Public Accountant Firm; the acting general manager and audit supervisor of Dafeng Cable TV (stock) Company; the President of Dafeng Cable Co., Ltd. and Assistant Professor of National Taipei University of Technology ● Holds license of the internal auditor of the Republic of China ● Does not meet any descriptions stated in Article 30 of The Company Act.	● Not employed by the company or any of its affiliated companies. ● Not a director or supervisor of the Company or its affiliates ● Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company. ● Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the managers stated in preceding paragraph (1) or the persons in preceding paragraph (2) and (3). ● Not a Director, Supervisor or employee of the institutional shareholder who directly holds more than 5% of the outstanding shares issued by the Bank, is among the top 5 shareholders, or appoints representatives to assume positions as Directors of Supervisors of the Bank under Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. ● Not a Director, Supervisor of employee of a third-party company held by the same person who also holds the seats of Directors of the Company or more than half of the voting shares ● Not a Director, Supervisor, or employee of a third-party company or institution or the spouse of a Director, Supervisor, or employee of a third-party company or institution who also holds the position of Chairman, General Manger, or similar position ● Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company. ● Not an owner, partner, Director, Supervisor, Manager or spouse to the owner, partner, Director, Supervisor, Manager of a professional, sole proprietor, partnership, company or institution providing audit service for the Bank or its affiliates, or who has received remunerations of less than NT$500,000 in accumulation over the last 2 years, ◦ ● Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. ● Not elected as a government or corporate representative according to Article 27 of The Company Act.	3
Independent Director: Cheng-Hsien Tsai	● Department of Chemical Engineering, National Taiwan University, Doctorial of U.S. Minnesota University chemical engineering and material science. ● With more than 20 years of experience required for commercial, financial, and corporate affairs. ● Current Chairman of Hsun Lian Biotechnology Co., Ltd.; Chief Executive Officer (CEO) of Chuang Yuan Biotechnology Co., Ltd.; Director of Sheng Lai Company; Director of Sanhe Synthetic Co., Ltd.; Independent Director, Committee of Remuneration Committee of Les Enphants Co. Ltd.; Independent Director, Committee of Remuneration Committee of Lien Chang Electronic Co., Ltd.; Director, Convener of Remuneration Committee of Kai Mei Mechanical & Electrical Co., Ltd. ● Does not meet any descriptions stated in Article 30 of The Company Act.		3
Independent Director: Chih-Hsien Chang	● Bachelor of Agricultural Economics, National Taiwan University; Master of Statistics, Stanford University. ● With more than 20 years of experience required for commercial, financial, and corporate affairs. ● Current Chief Executive Officer (CEO) of Prospect Think Tank; Special Assistant to the Head Architect of Hsiao Chia-Fu Architects & Associates; Financial Supervisor of Chia Tang Construction Co., Ltd. Prior Manager at the Division of Appraisal and Pension Fund Service of PricewaterhouseCoopers; Associate Manager at the VIP Wealth Management Center of Taishin International Bank, Manager at the Investment and Wealth Management Department of Fuh Hwa Securities Investment Trust Co., Ltd., Vice General Manager of Chia Hsin Asset Management and Development Co., Ltd. (A subsidiary of Chia Hsin Cement Company), Vice President of Marketing for the Greater China Area, Asia Investment Management Center (Hong Kong) of Robeco Investment Management Group, Supervisor of Adlink Technology Inc. ● Does not meet any descriptions stated in Article 30 of The Company Act.		None

Note: The Company already obtained the Independence Declaration from each independent director according to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and confirmed that all meet the eligibility criterion of independence meet regulatory requirements.

4. Diversification and Independence of Board of Directors:
   (1) Diversification of Board of Directors:
      A. Board of Directors Diversification Policy:

         The Company has adopted the “Procedures for Election of Directors and Supervisors” and “Best Practice and Principle for Corporate Governance” and taken diversity into consideration in determining the composition of the board of directors. To implement the diversity of the board of directors of the Company, the directors of the Company are based on professionalism and dedication. As expressly provided for in Article 20 of the Company's “Corporate Governance Best-Practice Principles” (The overall capabilities required for the Board of Directors): The Board of Directors shall be organized in a diversified, comprehensive and multifaceted manner. The directors concurrently serving as the Company's managerial officers shall not exceed one-third of the total number of director seats. Besides, toward the board of directors’ operations, operating style and requirements in development, the Company should work out diversified, comprehensive and multifaceted policies which should include standards/criteria of the two major aspects below:

         1. Basic conditions and values: Gender, age, nationality, and culture.
         2. Professional knowledge and skills: Professional background (such as, law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

         The members of the Board are disciplined with the kinds of knowledge, skills, and education necessary for their performance of professed duties. The Board shall be capable of performing the following for achieving the goal of corporate governance:

         1. Operating judgment.
         2. Accounting and financial analysis.
         3. Management capability.
         4. Crisis management capabilities.
         5. Industry knowledge.
         6. International market viewpoint.
         7. Leadership capability.
         8. Decision-making ability.

      B. Goals of Board of Directors and Their Fulfillment:

         In the current Board of Directors of the Company, the independent directors account for 43% of the total director seats, with 1 director in the ages within 71~80 range, with 1 director in the ages within 61~70 range, 4 directors in 51~60 age range, 1 director in 21~30 age range. The directors concurrently serving as the Company's managerial officers account for 14% (not beyond one-third of the total number of director seats). Among directors, Director Wang Kuo-hiang holds license of the internal auditor of the Republic of China, Director Chang Chih-Hsien is a licensed securities investment analyst, personnel of Taiwan Investment Consultation Co., Ltd., with license(s)/certificate(s) of Life Insurance Managerial Specialist in both Taiwan and the United States; Director Tsai Cheng-Hsien holds the expertise in biotechnology management and operation. All members of the Board of Directors have been experts in finance and banking, commerce, management, mass media,

biotechnology and securities investment fields, with proficient experiences and expertise to boost the diversified development of the Board of Directors.

The Company highly stresses on the diversity of the composition of the board of directors and the gender equality among the composition of the board of directors. The target of the ratio of female directors is 20% or more. At present, the total of 7 directors includes 1 female director, at the ratio of 29% of the total. . The composition diversity of the Board of Directors is as follows:

Diversified core projects / Name of director	Gender,	Republic of China Nationality	Industrial experience						Professional skills				
			Pharmaceutical biotechnology	Mass media.	Technology	Securities	Accounting audit	Asset Management	Financial Accounting	Risk Management	operating strategy	Securities	Banking and insurance
Yi-Zhen Xie Wang	Female	V	V							V	V		
Yin-Nan Sun	Male	V	V							V	V		
Chung-Hsin Huang	Male	V	V							V	V		
Hou-Jie Wang	Male	V	V							V	V		
Kuo-Chiang Wang	Male	V		V	V	V	V		V	V	V	V	
Cheng-Hsien Tsai	Male	V	V		V					V	V		
Chih-Hsien Chang	Female	V				V		V	V	V	V	V	V

(2) Independence of Board of Directors:

The Company's Board of Directors consists of 7 directors, including 3 independent directors. The number of independent directors accounts for 43% of all directors and all of them fulfill the requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the 7 directors are free of the kinship indicated under Article 26-3 Paragraphs 3 and 4 of the Securities and Exchange Act. The Company's Board of Directors has the independence required for performing duties. In addition, the Company abolished its supervisor system through the 2016 General Shareholders' Meeting. Supervisors are replaced by independent directors that form the Audit Committee to exercise their duties independently so as to precisely supervise the effective enforcement of internal control and the independent duties fulfilled by CPAs and to ensure the fairness of financial statements.

(II) Information of the President, Vice President, associated director, and supervisor of the various units and branches

March 27, 2022 Unit: Shares

Title (Note 1)	Nationality	Name	Gender,	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President	Republic of China	Chung-Hsin Huang	Male	2018.04.01	69,411	0.09%	0	0%	0	0%	Chemical Engineering Department of Chung Yuan University China CCSB Pharmaceuticals president Business Division, Administrative Center of Chunghwa Chemical Synthesis & Biotech Co. Ltd. Vice President	PHARMAPORTS,LLC (CSBC incorporated entity representative) chairman General director of Sino-Japan Chemical Co., Ltd. (China Chemical & Pharmaceutical Co., Ltd. legal representative)	None	None	None	None
Vice President of R&D Department	Republic of China	Qing-Peng Wei	Male	2017.08.14	60,000	0.08%	208,000	0.27%	0	0%	National Tsing Hua University, Department of Chemistry Vice President of Formosa Laboratories, Inc.	None	None	None	None	None
Vice President of Manufacturing Division	Republic of China	Guo-Xian Zeng	Male	2018.07.01	2,051	0%	0	0%	0	0%	Department of Chemical Engineering, National Cheng Kung University Director for CCSB	None	None	None	None	None
Vice President of Business Department	Republic of China	Ying-Chi Chen	Male	2019.09.01	12,000	0.02%	0	0%	0	0%	Master of Microbiology and Immunology, Yangming University COO of PHARMAPORTS,LLC	None	None	None	None	None
Assistant President of Biotechnology Institution	Republic of China	Jin-Cheng Mai	Male	2019.07.01	6,000	0.01%	0	0%	0	0%	Master from Department of Chemistry, National Taiwan University Chairman, Synthetic Biotechnology Institution of China Chemical and Pharmaceutical Co., Ltd.	None	None	None	None	None
Assistant Vice President of Quality Assurance Department	Republic of China	Wen-Bing Wang	Male	2019.07.01	6,854	0.01%	0	0%	0	0%	Ph. D. from Institute of Chemical Engineering, University of Massachusetts Manager of Quality Assurance Department, China Chemical and Pharmaceutical Co., Ltd.	None	None	None	None	None
Chief Auditor	Republic of China	Chao-Sheng Hong	Male	1998.12.31	26,330	0.03%	0	0%	0	0%	Master form the Department of business Administration, Chung Yuan Christian University Manager of Information Department, China Chemical and Pharmaceutical Co., Ltd.	None	None	None	None	None
Manager, Treasury Dept.	Republic of China	Kuan-Chieh Wang	Male	2018.11.20	0	0%	0	0%	0	0%	MBA in Accounting of Chinese Culture University Assistant Manager of Management Center, Chieh Hsun Technology Co., Ltd.	None	None	None	None	None

Note 1: Where the Company's chairman and general manager or personnel of the equivalent positions (the highest managerial officers) are the same persons, as spouse or blood relatives within the first degree of kinship to each other, the Company should clarify the reasons, rationale, necessity and countermeasures: not applicable. Such fact is virtually non-existent.

III. Remuneration paid to Directors, the President, and the Vice President in the latest year

(I) Remuneration paid during the most recent fiscal year to Directors, Presidents, and Assistant Presidents

1. Remuneration of directors and independent directors

Unit: NT$ thousand December 31, 2021

Title	Name	Directors' remuneration								The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Remuneration as an employee								The sum of A, B, C, D, E, F and G in proportion to Earnings (%)		Payment received from an investee or parent company beyond a subsidiary
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Fees for services rendered (D) (Note 1)				Salaries, bonuses, special allowances etc (E) (Note 2)		Pension (F)		Remuneration to employees (G)						
																The Company		All companies contained in the financial report				
		The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies contained in the financial report	
Chairman	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang	4,372	4,372	0	0	3,253	3,253	609	609	8,234 2.05%	8,234 2.05%	7,733	7,733	0	0	1,298	0	1,298	0	17,265 4.31%	17,265 4.31%	0
Director	China Chemical & Pharmaceutical Co., Ltd. representative: Yin-Nan Sun																					
Director	Wang Ming-Ning Memorial Foundation representative: Wang, Hou-Jie																					
Director	The Mr. Wang Min-ning Memorial Foundation representative: Huang Chung-hsin																					
Independent Director	Kuo-Chiang Wang	1,296	1,296	0	0	3,360	3,360	72	72	4,728 1.18%	4,728 1.18%	0	0	0	0	0	0	0	0	4,728 1.18%	4,728 1.18%	0
Independent Director	Cheng-Hsien Tsai																					
Independent Director	Chih-Hsien Chang																					

1. Please describe the policy, systems, standards and structure of remuneration of independent directors; also, describe the relationship with the amount of remuneration according to the responsibilities, risks and invested time:
In the Company, the remuneration to the independent directors has been duly granted in accordance with the “Regulations Governing Salaries and Remuneration Granted to the Directors and Functional Committee Members” and Article 32 of the Articles of Incorporation, as duly reviewed by the Remuneration Committee, with consideration of the results of the Company's performance, their participation levels to the Company's business operation and their contribution values to the Company The rationality and impartiality are linked up with the income, with reference to the levels prevalent in the firms and companies in the same industry before the proposals were submitted to and resolved in the board of directors.
2. Besides those disclosed in the above Table, remuneration paid to directors in the most recent year for having provided services to all companies covered in the financial statement (such as working as a consultant who is not an employee at the parent company/all affiliates/reinvested businesses included in the financial statements): None.

Note 1: Include the transportation vehicle lease amount of NTD609,000.

Note 2: Including the NT$417,000 rents paid for the leased vehicles plus NT$962,000 salaries paid for the chauffeurs, not counted into the remuneration.

Table of salaries scale

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report
<NTD1,000,000	China Chemical & Pharmaceutical Co., Ltd. representative: Yin-Nan Sun; Wang Ming-Ning Memorial Foundation representative: Hou-Jie Wang; Wang Ming-Ning Memorial Foundation representative: Chung-Hsin Huang	China Chemical & Pharmaceutical Co., Ltd. representative: Yin-Nan Sun; Wang Ming-Ning Memorial Foundation representative: Hou-Jie Wang; Wang Ming-Ning Memorial Foundation representative: Chung-Hsin Huang	China Chemical & Pharmaceutical Co., Ltd. representative: Yin-Nan Sun, The Mr. Wang Min-ning Memorial Foundation representative: Hou-Jie Wang	China Chemical & Pharmaceutical Co., Ltd. representative: Yin-Nan Sun, The Mr. Wang Min-ning Memorial Foundation representative: Hou-Jie Wang
NTD1,000,000 ~ NTD2,000,000 (exclusive)	Kuo-Chiang Wang, Cheng-Hsieni Tsai, Chih-Hsien Chang	Kuo-Chiang Wang, Cheng-Hsieni Tsai, Chih-Hsien Chang	Kuo-Chiang Wang, Cheng-Hsieni Tsai, Chih-Hsien Chang	Kuo-Chiang Wang, Cheng-Hsieni Tsai, Chih-Hsien Chang
NTD2,000,000 ~ NTD3,500,000 (exclusive)	None	None	None	None
NTD3,500,000 ~ NTD5,000,000 (exclusive)	None	None	None	None
NTD5,000,000 ~ NTD10,000,000 (exclusive)	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang, The Mr. Wang Min-ning Memorial Foundation representative: Chung-Hsin Huang	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang, The Mr. Wang Min-ning Memorial Foundation representative: Chung-Hsin Huang
NTD10,000,000 ~ NTD15,000,000 (exclusive)	None	None	None	None
NTD15,000,000 ~ NTD30,000,000 (exclusive)	None	None	None	None
NTD30,000,000 ~ NTD50,000,000 (exclusive)	None	None	None	None
NTD50,000,000 ~ NTD100,000,000 (exclusive)	None	None	None	None
> NTD100,000,000	None	None	None	None
Total	7 persons	7 persons	7 persons	7 persons

2. Remuneration to the President and Vice President

Unit: NTD thousand December 31, 2021

Title	Name	Salary (A)		Pension (B) (Note 1)		Bonuses and allowances etc (C) (Note 2)		Remuneration to employees (D)				The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Payment received from an investee or parent company beyond a subsidiary
		The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company		All companies contained in the financial report		The Company	All companies contained in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chung-Hsin Huang	13,344	13,344	438	438	7,239	7,239	3,372	0	3,372	0	24,393 6.09%	24,393 6.09%	0
Vice President of Business Department	Ying-Chi Chen													
Vice President of R&D Department	Qing-Peng Wei													
Vice President of Manufacturing Division	Guo-Xian Zeng													

Note 1: The amount of retirement pension allocated in 2021.

Note 2: Including the NT$1,005,000 rents paid for the leased vehicles plus NT$962,000 salaries paid for the chauffeurs, not counted into the remuneration.

Table of salaries scale

Range of Remunerations paid to various Presidents and Vice Presidents	Names of the Presidents and the Vice Presidents	
	The Company	All companies contained in the financial report
<NTD1,000,000	None	None
NTD1,000,000 ~ NTD2,000,000 (exclusive)	None	None
NTD2,000,000 ~ NTD3,500,000 (exclusive)	None	None
NTD3,500,000 ~ NTD5,000,000 (exclusive)	Guo-Xian Zeng, Ying-Chi Chen	Guo-Xian Zeng, Ying-Chi Chen
NTD5,000,000 ~ NTD10,000,000 (exclusive)	Chung-Hsin Huang, Qing-Peng Wei	Chung-Hsin Huang, Qing-Peng Wei
NTD10,000,000 ~ NTD15,000,000 (exclusive)	None	None
NTD15,000,000 ~ NTD30,000,000 (exclusive)	None	None
NTD30,000,000 ~ NTD50,000,000 (exclusive)	None	None
NTD50,000,000 ~ NTD100,000,000 (exclusive)	None	None
> NTD100,000,000	None	None
Total	4 persons	4 persons

(II) Name of the managers received remuneration and the distribution of remuneration:

December 31, 2021; Unit: NT$ in thousand

	Title	Name	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Manager	President	Chung-Hsin Huang	0	5,108	5,108	1.27
	Vice President of R&D Department	Qing-Peng Wei				
	Vice President of Manufacturing Division	Guo-Xian Zeng				
	Vice President of Business Department	Ying-Chi Chen				
	Assistant President of Biotechnology Institution	Jin-Cheng Mai				
	Assistant Vice President of Quality Assurance Department	Wen-Bing Wang				
	Chief Auditor	Chao-Sheng Hong				
	Manager, Treasury Dept.	Kuan-Chieh Wang				

(III) Respectively compare and specify the analysis results for the ratios of the net incomes for all of the company's total renumeration amounts paid to the company directors, Presidents, and Vice Presidents in the last 2 years as listed in the individual or separate financial reports; and specify the relevance between the payment renumeration policies, standards and combinations, renumeration setting procedures, operating performances, and future risks:

1. Ratio analysis for the last two years

Year / Item	2020				2021			
	Total renumeration (thousand dollars)		Post-tax equity ratio (%)		Total renumeration (thousand dollars)		Post-tax equity ratio (%)	
	The Company	Consolidated Statement, all Company	The Company	Consolidated Statement, all Company	The Company	Consolidated Statement, all Company	The Company	Consolidated Statement, all Company
Director	37,725	37,725	7.09	7.09	37,355	37,355	9.32	9.32
Presidents and Vice Presidents								

Clarification: The Company sets aside the remuneration to directors and employees for the current year as required by the Articles of Incorporation. The ratio of the total remuneration paid to the directors, the General Manager, and the Vice General Manager by all companies on the Company's Statements and the Consolidated Statements to after-tax net profit for 2021 increased from 2020 mainly because of the reduction in after-tax net profit for 2021 from 2020.

2. The company's policies, standards, and portfolios for remuneration; procedures for setting remuneration; and business performance and future risks:

(1) Remuneration payment policy, criteria, and combination:

A. The remuneration to directors is based on Article 20 of the Articles of Incorporation. Rewards to directors for duties fulfilled are based on the involvement and devotion of each director and are decided by the Board of Directors with reference to the common practice in the industry. In addition, with profits for the year, the Company will allocate no more than 3% of such profits as required by Article 32 of the Articles of Incorporation to be the remuneration to directors. The Company gives the reasonable remuneration according to the "Board Directors and Functional Committee Member Compensation and Remuneration Payment Regulations", the "Board of Directors Performance Evaluation Guidelines and Procedure", and having taken into consideration the corporate operational accomplishments, the future operational risk and developmental trends of the industry, and based on the extent of involvement and the value of contribution to the corporate operation.

B. Remuneration to managers includes the respective work allowances specified under the "Employee Compensation Payment Regulations". Related bonuses are approved also depending on the Company's annual operational performance, financial status, operational outlook, and personal performance at work. In addition, in cases of profits for the year, 1% to 15% will be set aside to be the remuneration to employees as required by Clause 32 of the Articles of Incorporation. The Company approves the bonuses for managers and the remuneration to employees according to the results of the performance evaluation conducted according to the "Annual Bonus Distribution Regulations" and the "Employee Remuneration Distribution Regulations". Manager performance evaluation items include I. Financial Indicators: based on the operational accomplishments of the Company and with reference to the goal fulfillment rate of managers and II. Non-financial indicators: the practice of core values of the Company and the operational management capabilities; the remuneration for the operational performance is calculated and the remuneration system is adequately reflected upon from time to time reflective of the actual operational condition and applicable laws and regulations.

(2) Procedure for deciding the remuneration:

A. In order to evaluate the compensation and remuneration for directors and managers periodically, the results of evaluations performed under the Company's "Board Directors and Functional Committee Member Compensation and Remuneration Payment Regulations", the "Board of Directors Performance Evaluation Guidelines and Procedure, and applicable "Employee Compensation Payment Regulations", "Annual Bonus Distribution Regulations", and "Employee Remuneration Distribution Regulations" for managers and employees as well as the Company's operational performance are followed and the defined compensation and remuneration are brought forth to the Board of Directors for discussion and approval.

B. Related performance evaluations and the compensation and remuneration legitimacy of directors and managers of the Company have been periodically evaluated and approved by the Compensation and Remuneration Committee and the Board of Directors each year. Besides personal performance fulfillment rate and contribution to the Company, the overall operational performance of the Company, the future risks of the industry, and the developmental trends are referred to and the remuneration system is adequately reflected upon according to the actual operational status and applicable laws and regulations from time to time in order to give reasonable compensation and to seek a balance between sustainable operation and risk control of the Company. The actual amount released to be the remuneration to directors and managers for 2021 is reviewed

by the Compensation and Remuneration Committee and brought forth to the Board of Directors to be finalized.

(3) Correlation with operational performance and future risks:

A. The payment criteria and the system relevant to the Company's remuneration policy are reflected upon primarily taking into consideration the overall operational outlook of the Company and the payment criteria are approved reflective of the performance fulfillment rate and contribution in order to enhance the efficacy of the Board of Directors and the management team. In addition, with reference to the compensation and remuneration criteria in the industry, it is ensured that the compensation and remuneration to the management of the Company are competitive so that outstanding management talent may be retained.

B. All the Company's manager performance goals are combined with risk control in order to ensure that possible risks within the scope of responsibility can be managed and prevented against and respective human resources and related compensation and remuneration policies are combined according to the ratings given on the basis of actual performance. Important decisions are made by the management of the Company after respective risk factors are weighed. The related decision-making performance is reflected in the Company's profitability. The compensation and remuneration of the management has to do with the performance in risk control.

In summation of the aforementioned key points, the Company's policies for remuneration payables to the directors, general manager and vice general manager(s) and the procedures to fix remuneration have been positively linked up with the business performance. The remuneration system has been reassessed pursuant to the business performance and laws and ordinances concerned from time to time to assure a sound balance between the Company's sustainability and risk control.

IV. Company Corporate Governance Operational Status:

(I) Board of Directors Operational Status:

The Board of Directors meetings were held 8 times in the most recent year, and the director attendance records are as follows:

Title	Name	Actual Attendance B	Proxy Attendance	Attendance rate (%) (B/A)	Remarks
Director	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang	8	0	100%	
Director	China Chemical & Pharmaceutical Co., Ltd. representative: Yin-Nan Sun	7	1	88%	
Director	Wang Ming-Ning Memorial Foundation representative: Wang, Hou-Jie	7	1	88%	
Director	The Mr. Wang Min-ning Memorial Foundation representative: Huang Chung-hsin	8	0	100%	
Independent Director	Kuo-Chiang Wang	8	0	100%	
Independent Director	Cheng-Hsien Tsai	8	0	100%	
Independent Director	Chih-Hsien Chang	8	0	100%	

Other remarks:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

(I) On issues stated in Article 14-3 of the Securities and Exchange Act:

Board of Directors	Details of the relevant agendas and the subsequent
2021.03.04 (14th Meeting of the 21st Board of Directors)	1.2020 Management Personnel Remuneration Discussion Case.
	2.Rreplacement of the certified public accountants in response to an adjustment of the internal organization in the CPA firm.
	3.Equipment Investment Case.
	4.Amendment to the internal control system for "Management of the Operation of the Remuneration Committee."
	Independent director opinions: None.
	Independent director opinions handled by the company: None.
	Resolution results: All attending directors passed the resolution without objection.
2021.05.11 (15th Meeting of the 21st	EPAE throughput expansion.
	Independent director opinions: None.

Board of Directors)	Independent director opinions handled by the company: None.
	Resolution results: All attending directors passed the resolution without objection.
2021.07.01 (18th Meeting of the 21st Board of Directors)	Adjustment of remunerations for the Remuneration Committee chairman and managers case was approved.
	Independent director opinions: None.
	Independent director opinions handled by the company: None.
	Resolution results: All attending directors passed the resolution without objection.
2021.08.10 (19th Meeting of the 21st Board of Directors)	Replacement of the certified public accountants in response to an adjustment of the internal organization in the CPA firm.
	Independent director opinions: None.
	Independent director opinions handled by the company: None.
	Resolution results: All attending directors passed the resolution without objection.
2021.11.08 (20th Meeting of the 21st Board of Directors)	1.CPA Independence and Suitability Assessment Case.
	2. Amendment to the internal control system and internal audit implementation rules for "Financial Statement Preparation Process Management Operating Procedure" and "Financial Statement Preparation Process Management."
	3.The donation to the Wang Ming-Ning Memorial Foundation case.
	4. Sign the land trading Letter of Intent.
	5.Equipment expansion plan.
	6.Process enlargement planning
	7.Equipment Investment Case.
	Independent director opinions: None.
	Independent director opinions handled by the company: None.
	Resolution results: All attending directors passed the resolution without objection.
2021.12.23 (21th Meeting of the 21st Board of Directors)	2021 annual chairman and manger performance bonus distribution planning case.
	Independent director opinions: None.
	Independent director opinions handled by the company: None.
	Resolution results: All attending directors passed the resolution without objection.

(II) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

(I) On March 4, 2021 the company held (14th Meeting of the 21st) Board of Directors Meeting:
In the motion to discuss remuneration for managerial officers and employees in the Remuneration Committee for Year 2020, Director Huang Chung-Hsin, the representative of Mr. Wang Min-Ning's Memorial Foundation served as the Company's general manager. As required under the Company Act, he quit from the site at his discretion without participating in the discussion and voting process under with avoidance from conflict of interests. The motion was unanimously resolved by all present directors as proposed without an objection.

(2) On July 01, 2021 the company held (18th Meeting of the 21st) Board of Directors Meeting:
The adjustment of compensation and remuneration paid to the Chairman and the manager by the Compensation and Remuneration Committee is discussed. For this proposal, Chairman Yi-Zhen Wang-Xie and Director Yin-Nan Sun, representatives of the corporate director, China Chemical & Pharmaceutical Co., Ltd. and Director Chong-Xin Huang, representative of Wang Ming-Ning Memorial Foundation excused themselves because of conflicting interests of themselves or the corporation they represent as required by Articles 178 and 206 of the Company Act and did not take part in the discussion and voting; the proposal was approved as is by other attending directors unanimously.

(3) On November 08, 2021 the company held (20th Meeting of the 21st) Board of Directors Meeting:

1. The donation to the Wang Ming-Ning Memorial Foundation is discussed. For this proposal, Chairman Yi-Zhen Wang-Xie and Director Yin-Nan Sun, representatives of the corporate director, China Chemical & Pharmaceutical Co., Ltd. and Director Chong-Xin Huang and Director Hou-Jie Wang, representatives of Wang Ming-Ning Memorial Foundation excused themselves because of conflicting interests of themselves or the corporation they represent as required by Articles 178 and 206 of the Company Act and did not take part in the discussion and voting; the proposal was approved by other attending directors after sufficient discussions.
2. The signing of the land trading letter of intent is discussed. For this proposal, Chairman Yi-Zhen Wang-Xie and Director Yin-Nan Sun, representatives of the corporate director, China Chemical & Pharmaceutical Co., Ltd. and Director Chong-Xin Huang and Director Hou-Jie Wang, representatives of Wang Ming-Ning Memorial Foundation excused themselves because of conflicting interests of themselves or the corporation they represent as required by Articles 178 and 206 of the Company Act and did not take part in the discussion and voting; the proposal was approved by other attending directors after sufficient discussions. Independent Director Kuo-Chiang Wang is particularly authorized to sign the contract according to Article 223 of the Company Act and Article 14-4 of the Securities and Exchange Act.

(4) On December 23, 2021 the company held (21st Meeting of the 21st) Board of Directors Meeting:
The 2021 Chairman and manager evaluation bonus release plan of the Compensation and Remuneration Committee is discussed. For this proposal, Chairman Yi-Zhen Wang-Xie and Director Yin-Nan Sun, representatives of the corporate director, China Chemical & Pharmaceutical Co., Ltd. and Director Chong-Xin Huang, representative of Wang Ming-Ning Memorial Foundation excused themselves because of conflicting interests of themselves or the corporation they represent as required by Articles 178 and 206 of the Company Act and did not take part in the discussion and voting; the proposal was approved as is by other attending directors.

III. The Exchange-listed and/or OTC-listed companies should disclose the information of the intervals, period, scope of evaluation, method and contents of evaluation of self-evaluation (or peer evaluation) and shall fill up the performance of implementation by the Board of Directors in the evaluation.
In the Company in January 2022, the unit assigned to take charge of the board of directors meeting affairs completed the evaluation process of the performance by the Board of Directors in 2021. The results of the evaluation indicate that the Board of Directors scored 98.16 points~100 points. The results of the performance evaluation for the board of directors in 2021, the Company's Board of Directors, Audit Committee, Remuneration Committee were rated as excellent in performance and the performance evaluation results were already reported to the board of directors meeting convened on March 8, 2022 (The 23rd Board of Directors Meeting of Session 21).

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year	January 1 to December 31, 2021	Evaluation of performance by the Board of Directors, individual Board of Directors members, Audit Committee and Remuneration Committee.	Performance evaluation was duly conducted with questionnaire survey sheets on the “Evaluation by Directors about Operation by the Board of Directors,” “Participation and Evaluation by Directors,” “Evaluation by Committee members about Operations by the Audit Committee,” “Evaluation by Committee members about Operation by the Remuneration Committee.”	(1) Evaluation on performance by the board of directors: The level of their participation in the Company's operations, the promotion of the quality of decision-making of the board of directors, the composition and structure of the board of directors, the selection and refresher and higher education program of directors and internal control system. (2) The participation and evaluation of directors: Their mastery of Company goals and tasks, recognition and awareness of directors' responsibilities, participation in the Company’s operations, internal relationship management and communication, professional and refresher and higher education programs for directors and internal control system. (3) Evaluation on the operations by the Audit Committee: participation level in the Company’s operations, awareness of audit committee responsibilities, improvement of audit committee decision-making quality, audit committee composition and selection of members, internal control system. (4) Evaluation on operation by the Remuneration

				Committee: participation level in the Company's operations, awareness of Remuneration Committee responsibilities, improvement of Remuneration Committee decision-making quality, Remuneration Committee composition and selection of members, internal control system.

IV. Assessment of the objectives and implementation status in the area of strengthening the powers of the Board of Directors (such as setting of an audit committee and improvement of information transparency, etc.) for the current and most recent years:

(I) To improve information transparency, the company has published its Corporate Social Responsibility Report every December since December 2014.

(II) Since the 20th annual Board of Directors meeting, the company has increased the number of independent directors to three, established an audit committee to replace the supervisor, and revised the nomination system for full director candidate elections.

(III) In an attempt to implement thoroughly the functions of the Board of Directors, the Company already completed enactment of the Regulations Governing Performance Evaluation of the Board of Directors on June 24, 2019 and would conduct evaluation on an annual basis starting from 2019 and would submit the result to report to the Board of Directors in the first quarter of the ensuing fiscal year.

V. The attendance status of independent directors during the various Board of Directors meetings in 2021. ○: Personal attendance; ＃: Delegation attendance: ＊: Absent

2021	First time	Second time	Third time	Fourth time	Fifth time	Sixth time	Seventh time	Eighth time
Kuo-Chiang Wang	○	○	○	○	○	○	○	○
Cheng-Hsien Tsai	○	○	○	○	○	○	○	○
Chih-Hsien Chang	○	○	○	○	○	○	○	○

(II) The operation of the Auditing Committee:

The Auditing Committee has convened for 4 times in the latest year (A). The attendance of the independent directors is shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A)	Remarks
Independent Director	Kuo-Chiang Wang	4	0	100%	
Independent Director	Cheng-Hsien Tsai	4	0	100%	
Independent Director	Chih-Hsien Chang	4	0	100%	

Other remarks:

I. When the Audit Committee is found with one of the following conditions, the date of the Audit Committee meeting, session No., details of proposals, adverse opinions, qualified opinions, or major suggestions from independent directors, decisions made by the Audit Committee, and how the Company addressed opinions from the Audit Committee shall be specified.

(I) On issues stated in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Details of the relevant agendas and the subsequent
2021.03.04 (9th Meeting of the 2nd Audit Committee)	1.2020 business report and balance sheet draft.
	2.Replacement of the certified public accountants in response to an adjustment of the internal organization in the CPA firm.
	3.Equipment Investment Case.
	4. Amendment to the internal control system over "The Management of the Deliberation and Operation of the Remuneration Committee."
	5."2020 Internal Control System Statement" Submission Case.
	Suggestions or oppositions from independent directors: No independent directors expressed opposing or qualified opinions.
	The resolution reached by the Audit Committee: Approved with the consent of the board directors.
	Acts to be taken by the Company in response to the opinions heard in the Audit Committee: Approved with the consent of all the attending directors.
2021.05.11 (10th Meeting of the 2nd Audit Committee)	EPAE throughput expansion.
	Suggestions or oppositions from independent directors: No independent directors expressed opposing or qualified opinions.
	The resolution reached by the Audit Committee: Approved with the consent of the board directors.
	Acts to be taken by the Company in response to the opinions heard in the Audit Committee: Approved with the consent of all the attending directors.
2021.08.10 (11th Meeting of the 2nd Audit Committee)	Replacement of the certified public accountants in response to an adjustment of the internal organization in the CPA firm.
	Suggestions or oppositions from independent directors: No independent directors expressed opposing or qualified opinions.
	The resolution reached by the Audit Committee: Approved with the consent of the board directors.
	Acts to be taken by the Company in response to the opinions heard in the Audit Committee: Approved with the consent of all the attending directors.
2021.11.08 (12th Meeting of the 2nd Audit Committee)	1.CPA Independence and Suitability Assessment Case.
	2. Amendment to the internal control system and internal audit implementation rules for "Financial Statement Preparation Process Management Operating Procedure" and "Financial Statement Preparation Process Management."
	3.The donation to the Wang Ming-Ning Memorial Foundation case.
	4.Sign the land trading Letter of Intent.

	5.Equipment expansion plan.
	6.Process enlargement planning
	7.Equipment Investment Case.
	Suggestions or oppositions from independent directors: No independent directors expressed opposing or qualified opinions.
	The resolution reached by the Audit Committee: Approved with the consent of the board directors.
	Acts to be taken by the Company in response to the opinions heard in the Audit Committee: Approved with the consent of all the attending directors.

(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors: none.

II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: none.

III. Performance of communications by and between independent directors, internal audit head and Certified Public Accountant(s) (should include the Company's financial, business operation affairs, issued, methods and outcomes of communications among them).

(I) The Company set up the Audit Committee on May 31, 2016 to replace the supervisor system. The Audit Committee consists of all independent directors.

After the Audit Report and Follow-up Report are submitted to the Chairman for approval, the Internal Audit Officer emails them on a monthly basis to each independent director to be reviewed. The Internal Audit Officer also periodically communicates with Audit Committee members (that is, independent directors) the audit operation and internal control status and present the internal audit results and follow up on the implementation status during each quarterly meeting of the Audit Committee. In case of any special circumstance, it will be reported to the Audit Committee members in real time, too. The communications with the company's audit committee and the internal audit supervisor went well.

(II) In normal times, the Audit Officer and the CPA may contact independent directors directly as needed; the communication has been going on well.

(III)Independent directors and the Internal Audit Officer and the CPA shall meet at least once a year; the CPAs are to present the audit or review results of financial statements in the meeting and audit the audit method concerning the internal control system and matters to be communicated as required by other applicable laws and regulations. The Audit Officer is to clarify the implementation status of the Audit Plan and how deficiencies are corrected. Status of communications between the independent directors and the head of internal audit during the most recent year:

Date	Nature of the meeting	Attendee	Topic and Matter Being Communicated	Communication Outcome and Suggestions
2021.12.23	Board of Directors Pre-meeting (Symposiums)	Independent Director Kuo-Chiang Wang Independent Director Tsai, Cheng-Hsien Independent Director Chang, Chih-Hsien CPA, Po-Chuan Lin Chief Internal Auditor Chao-Sheng Hong	1. Description and communication of the overseas audit of the 2021 consolidated and individual financial statements, including the audit program, matters relating to risk assessment, key audit items, and the influence of COVID-19. 2. Description and communication of the audit methods for the internal audit of 2021. 3. Clarification and communication of the	The proposal was approved as in unanimously; no opinions were expressed in the current meeting.

			role and responsibilities and independence of the chief CPA 4. Clarification of regulatory updates 5. Clarification of how the Audit Plan is implemented and how deficiencies are corrected.	

IV. The annual work focus of the Audit Committee:

(I) The Audit Committee of the Company consists of three independent directors. The Audit Committee is to assist the Board of Directors in fulfilling the quality and integrity of the Company in supervising the accounting, auditing, financial reporting process and financial control.

The Audit Committee held 4 meetings in 2021, and the matters under consideration mainly include:

- Financial statement audit and accounting policies and procedures;
- Internal control system and related policies and procedures;
- Material assets or derivative transactions.
- Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies
- Raising, issuing or privately offering securities with the nature of equity shares issued by a company;
- Legal Compliance;
- The independence, appointment, dismissal or remuneration of certifying certified public accountant;
- Appointment and dismissal of financial, accounting or internal audit supervisors.

(II) Review of financial reports

A.Review the consolidated financial report for 1~3 quarters of 2021.

B.Review Annual Financial Report of 2021.

The board of directors submitted the company's 2021 business report, financial statements (consolidated and individual financial statements) and Earnings Distribution. The above business report, financial statements (including individual and consolidated financial statements) and the surplus distribution proposal were checked by the Audit Committee and it is considered that there is no discrepancy.

(III)The company will assess the effectiveness of the internal control system.

The Audit Committee evaluates the effectiveness of the company's internal control system policies and procedures (including financial, operational, risk management, information and communication security, outsourcing, compliance, etc.) and reviews the company's audit department and certifying certified public accountant, as well as management's regular Reports, including risk management and compliance. The Audit Committee believes that the company's risk management and internal control systems are effective and that the company has adopted the necessary controls to monitor and correct violations.

(IV) Appointment of certifying certified public accountant

In order to ensure the independence of the certifying certified public accountant, the Audit Committee regularly establishes an independent evaluation form based on the content of "the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 Integrity, Objectivity and Independence", on the independence, profession and competency assessments to evaluate whether they are related to the company, mutual business or financial interests. On November 08, 2021, in the 12th Meeting of the 2nd Audit Committee and in the 20th Meeting of the 21st Board of Directors, the independence of PWC Certified Public Accountant Firm, Po-Chuan Lin and Jun-Yao Lin, was innocent.

(V) Operation report in the current year

Board of Directors	Details of the relevant agendas and the subsequent
2021.03.04 (14th Meeting of the 21st Board of Directors)	1. 2020 business report and balance sheet draft.
	2. The Proposal for Distribution of 2020 Profits
	3. Replacement of the certified public accountants in response to an adjustment of the internal organization in the CPA firm.

	4. Process optimization planning
	5. Amendment to the internal control system over "The Management of the Deliberation and Operation of the Remuneration Committee."
	6. The "2020 Internal Control System Statement" Submission Case.
	The resolution reached by the Audit Committee (March 4, 2021): Approved with the consent of the board directors.
	Acts to be taken by the Company in response to the opinions heard in the Audit Committee: Approved with the consent of all the attending directors.
2021.05.11 (15th Meeting of the 21st Board of Directors)	1. 2021 first quarter consolidated financial report.
	2. EPAE throughput expansion
	The resolution reached by the Audit Committee (May 11, 2021): Approved with the consent of the board directors.
	Acts to be taken by the Company in response to the opinions heard in the Audit Committee: Approved with the consent of all the attending directors.
2021.08.10 (19th Meeting of the 21st Board of Directors)	1. Replacement of the certified public accountants in response to an adjustment of the internal organization in the CPA firm.
	2. 2021 second quarter consolidated financial report.
	The resolution reached by the Audit Committee (August 10, 2021): Approved with the consent of the board directors.
	Acts to be taken by the Company in response to the opinions heard in the Audit Committee: Approved with the consent of all the attending directors.
2021.11.08 (20th Meeting of the 21st Board of Directors)	1. 2021 third quarter consolidated financial report.
	2. The CPA Independence and Suitability Assessment Case.
	3. The 2022 audit plan.
	4. Amendment to the internal control system and internal audit implementation rules for "Financial Statement Preparation Process Management Operating Procedure" and "Financial Statement Preparation Process Management."
	5. Intended donation to the Wang Ming-Ning Memorial Foundation
	6. Intended signing of the land trading letter of intent by the Company
	7. Equipment expansion plan
	8. Process enlargement planning
	9. The equipment investment proposal
	The resolution reached by the Audit Committee (November 08, 2021): Approved with the consent of the board directors.
	Acts to be taken by the Company in response to the opinions heard in the Audit Committee: Approved with the consent of all the attending directors.

(III) How The Company's actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why:

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
1. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?	V		The Company has established its "Best Practice Principles for Corporate Governance", which was adopted by the Board of Directors on November 12, 2014 (the tenth Meeting of the 19th Board of Meeting), and on December 23, 2021 (the 21st Meeting of the 21st Board of Meeting) the board of directors passed the latest revision and it was disclosed on the Market Observation Post System and the Company website.	None
2. Shareholding structure and shareholders' equity				
(1) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		(1) The company has established a spokesperson, acting spokesperson, and stock affairs dedicated personnel to deal with the shareholder proposal related issues. If the case involved a legal question or dispute, an attorney will be retained to handle the case.	None
(2) Will the Company possess the list of the Company's main shareholders and the list of the ultimate controllers of the major shareholders?	V		(2) The company has established a stock undertaker responsible for handling and mastering the major shareholders and ultimate controllers based on the shareholders registration provided by the stock agency, and regularly report to the directors, managers, and major shareholders holding over 10% of company shares regarding any share related anomalies.	
(3) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		(3) All company affiliates operate independently. The company has established the "Affiliate Transaction Management Operation Procedure" to standardize matters involving inbound and outbound goods, property transactions, fund lending, and endorsements between company affiliates. In terms of management for subsidiaries, the internal control system has also established the "Subsidiary Supervision Method" in order to include the subsidiaries within the scope of internal audit and provide relevant control.	
(4) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V		(4) The company has established the "Major Internal Information Processing Operations Procedures," which provided that the directors, managers, and employees shall implement tasks as good managers under the principle of good faith. The directors, managers, and employees shall not disclose any major internal information to any third parties; and shall not seek or collect major unpublished company information that is not related to his/her tasks. The same shall apply to major unpublished company information that was not obtained due to the execution of job duties. From time to time, the company conducts educational propaganda for directors and managers on the "Management Procedures for the Prevention of Insider Trading" and related laws and regulations, and educates new servants on pre-service training. As of December 31, 2021, a total of 26 sessions of pre-service training were held for newly hired staff and were attended by a total of 58 people. They consisted of 162 hours	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			in total. Meanwhile, related education and communication were done with current directors and managers on January 18, April 12, July 15, and October 20, 2021, respectively. The communication covers the major message confidentiality process, related precautions against insider trading and scope of major internal information, the confidentiality process, the disclosure process, and management of violations. In addition, related regulations such as the "Operating Procedure for Handling Major Internal Information" are already released on the Intranet and the Company's website for the reference of the employees and outsiders at any time.	
3. The constitution and obligations of the board of directors (1) Has the Board of Directors developed diversification policies, substantial management goals and enforced them?	V		(1) Refer to related contents of 4. Diversification and Independence of Board of Directors on Pages 21-22.	
(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily? (3) Has the Company formulated "The Procedures for the Company's Board Performance Evaluation" and evaluation method, conducted a performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied it for reference in determining individual director's remuneration and nomination for renewal?	V	V	(2) So far the Company has duly set up the Remuneration Committee and Audit Committee. As the actual requirements may justify in the future through prudential appraisal, the Company will set up other functional committees. (3) The Company's Board of Directors approved the "Board of Directors Self-evaluation or Peer Review Regulations and Procedure" on June 24, 2019. Meanwhile, the Board of Directors approved on November 9, 2020 the name change to the "Board of Directors Performance Evaluation Guidelines and Procedure." The scope of evaluation includes the performance evaluations of the overall Board of Directors, individual directors and functional committee members. The methods of evaluation include internal self-evaluation by the Board of Directors, self-evaluation by directors themselves, peer evaluation, performance evaluation through outsourced professional institutions, experts and other means as appropriate. The evaluation intervals are: Routine evaluation internally in the Board of Directors. The results of the performance evaluation would be reported in the board of directors meeting before closure of the first quarter of the ensuing fiscal year. The results of the performance evaluation for the Board of Directors would function as the reference grounds for selection and nomination of directors. The results of the performance evaluation for the individual directors would function as the reference grounds for their salaries and remuneration. The items for measurements among the performance evaluation for the Company's Board of Directors include five major aspects as enumerated below: 1. Level of their participation in the Company's business operation. 2. Performance in upgrading the Board of Directors' quality in policymaking process.	Except for Paragraph II, which is to be set up reflective of the operational demand in the future, there are no major differences in the remainder.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			3. Composition and structure of the Board of Directors. 4. Election and refresher and higher education program for directors. 5. Internal control. The items for measurements among the performance evaluation for the Board of Directors members include five major aspects as enumerated below: 1. Mastery of the Company's targets and missions. 2. Awareness of the directors' responsibilities and powers. 3. Level of their participation in the Company's business operation. 4. Management and communications of internal relationship. 5. The directors' expertise and continued refresher and higher education programs 6. Internal control. The items for measurements among the performance evaluation for the functional committees include five major aspects as enumerated below as the minimum: 1. Level of their participation in the Company's business operation. 2. Awareness of the responsibilities and powers of the functional committees. 3. Performance in upgrading the policymaking quality of the functional committees. 4. Composition of the functional committees and selection of the members 5. Internal control. In the Company, the unit assigned to take charge of the meeting affairs in the Board of Directors completed the performance evaluation for the breakdown for 2021 in January 2022. In 2021, the performance evaluation was conducted by means of internal questionnaires through four major aspects, *i.e.,* business operation of the Board of Directors, level of participation by directors, business operation by the Audit Committee and Remuneration Committee, through evaluation by directors about performance by the Board of Directors, evaluation by directors about their level of participation, evaluation by Audit Committee about the committee performance and evaluation by the Remuneration Committee about the committee performance.	
(4) Will the Company have the independence of the public accountant evaluated regularly?	V		The results of the evaluation indicate that the Board of Directors scored 98.16 points~100 points. The results of the performance evaluation for the board of directors in 2021, the Company's Board of Directors, Audit Committee, Remuneration Committee were rated as excellent in performance and the performance evaluation results were already reported to the board of directors meeting convened on March 8, 2022 (The 23rd Board of Directors Meeting of Session 21). In an attempt to enhance the level of corporate governance, the Company will continuously strengthen based on the evaluation results of the performance by the Board of Directors in 2021 to augment the	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			effectiveness of corporate governance. (4) The company regularly reviews the independence of the CPAs each year to check whether the CPAs may be a director, a shareholder, or a paid employee of the company; and ensure that the CPAs are not stakeholders. In addition, a CPA must avoid undertaking matters whereby the CPA is directly or indirectly a stakeholder of. The rotation of the CPAs shall also comply with the relevant regulations. The company has also issued annual reports regarding to the independence of the CPAs appointed according to the assessment items stipulated by No. 10 "Integrity, Fairness, Objectiveness, and Independence" provided by the "ROC Certified Public Accountants Code of Ethics" (Note 1) to the Audit Committee and the Board of Directors for review. In Year 2021, in evaluation into attribute of independence conducted by the second Audit Committee meeting on Session 12 and by the Board of Directors in the 20th meeting of Session 21 on November 8, 2021, the results indicate that both have proved satisfactory to the standards/criteria required for independence in certified public accountants.	
4. Have the Exchange-listed and/or OTC-listed companies staffed eligible corporate governance staff in an appropriate number and appointed the corporate governance head to take charge of corporate governance related affairs (including but not limited to the support to provide the supporting data required for the directors and supervisors in the implementation of business affairs to help directors and supervisors in law compliance and in handling issues linked up with the Board of Directors and shareholders' meeting according to law, production of the minutes of the Board of Directors' Meeting and shareholders' meeting)?	V		The Company's board of directors passed a resolution on November 9, 2020 that the incumbent manager of the Department of Finance should concurrently serve as the "Corporate Governance Head." Such manager of the Department of Finance should have accumulated hands-on management experiences accumulated in finance, stock affairs and meeting agenda in a public offering company finance for three (3) years minimum. Such "Corporate Governance Head" shall assume the major responsibilities and powers to take charge of issues related to the board of directors and the shareholders meeting according to law, work out minutes of the board meeting and shareholders' meeting, provide directors with the information required to perform their business and assist the directors in complying with the laws and regulations, office affairs and continued refresher and higher education programs. During year 2021, the "Corporate Governance Head" implemented the duties as enumerated below: 1. Assist all directors in performing their duties, provide them with information required by them and schedule annual continuing education for each and every director: (1) Keep all board of directors members informed on a regular basis of the updates of the latest laws and regulations on corporate governance. (2) Review and provide company information required by directors and maintain communication and exchanges between directors and department heads. (3) Where independent directors are supposed to regularly look into the Company's financial affairs with the internal audit supervisor or certified accountants and assist them and schedule the relevant meetings.	None

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			(4) Assist each and every director to formulate annual refresher plans and arrange courses in accordance with the Company's industry characteristics, directors' academic credentials and hands-on career experiences background, 2. Assist the board of directors, Audit Committee and shareholder meeting in agenda procedures in the compliance issues: (1) Report to the board of directors and the Audit Committee about the Company's corporate governance operation status, check and make sure whether the Company's shareholders meeting and the board of directors meeting are convened in a manner in compliance with relevant laws and regulations and corporate governance rules. (2) Assist and remind all directors about the laws and regulations they are required to abide by when executing their business or making board resolutions. Whenever the board of directors adopts illegal resolutions, put forward advise forthwith. (3) Check and review the key information regarding decisions resolved in the board of directors released to ensure the legality and accuracy of such information to, in turn, ensure the symmetry of investor transaction information.	
			3. Secure sound investor relations: arrange directors to interchange and communicate with key shareholders or institutional investors as necessary so that investors can be kept informed of sufficient information to evaluate and determine the Company's rational capital market value and ensure that shareholders' rights are well safeguarded. 4. Draw up the agenda of the board of directors; serve notices about a board meeting to the directors and provide them with meeting materials seven (7) days prior to the date scheduled for the meeting and further serve advance reminders whenever an issue calls for avoidance of interests and complete the board meeting minutes and serve the minutes within twenty (20) days after the meeting. 5. Draw up the agenda of the Audit Committee; serve notices about a board meeting to the Audit Committee members and provide them with meeting materials seven (7) days prior to the date scheduled for the meeting and further serve advance reminders whenever an issue calls for avoidance of interests and complete the board meeting minutes and serve the minutes within twenty (20) days after the meeting. 6. Take charge of the pre-registration of the date for the shareholders meeting, prepare the notices of the shareholders meeting, the meeting handbook and the minutes of the meeting within the statutory time limit; and take charge of the Company's change registration upon amendment to Articles of Incorporation or reelection of directors. 7. 2021 continuing education of the Corporate Governance Officer is as follows:	

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th colspan="2">Training date</th><th rowspan="2">Organizer</th><th rowspan="2">Course name</th><th rowspan="2">Training hours</th><th rowspan="2">Total continuing education hours of the year</th></tr>
<tr><th>Start</th><th>End</th></tr>
<tr><td>2021.06.10</td><td>2021.06.10</td><td>Accounting Research and Development Foundation of the R.O.C.</td><td>Latest developments on policies concerning “self-preparation of financial statements” and internal control and management practice</td><td>6</td><td rowspan="4">18</td></tr>
<tr><td>2021.08.19</td><td>2021.08.19</td><td>Accounting Research and Development Foundation of the R.O.C.</td><td>ESG Sustainability Practice: How to build culture and report properly</td><td>3</td></tr>
<tr><td>2021.08.20</td><td>2021.08.20</td><td>Accounting Research and Development Foundation of the R.O.C.</td><td>Latest analysis of important policies and measures of “Corporate Governance 3.0 - Sustainable Development Blueprint”</td><td>3</td></tr>
<tr><td>2021.09.01</td><td>2021.09.01</td><td>Financial Supervisory Commission</td><td>The 13th Taipei Corporate Governance Forum</td><td>6</td></tr>
</table>
</td><td></td></tr>
<tr><td>5. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company’s website, and responded appropriately to the important corporate social responsibilities concerned by</td><td>V</td><td></td><td>Inside the company: Establish regular labor-management meetings, employee suggestion boxes, and company website for employees to provide suggestions; and retain dedicated personnel to handle such suggestions.
Outside the company: The company shall establish a spokesperson system, website, etc., and a channel of communicate for the stakeholders.
The Company has set up through its own website the special zone for interested parties and corporate social responsibility (CSR) readily accessible to the interested parties and general</td><td>None</td></tr>
</table>

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
the stakeholders?			public and to disclose the issues which the interested parties would be concerned about and the communications information for interested parties. It is hoped that through such efforts, the transparency, timeliness and interactivity will be strengthened to help the Company better understand the issues of concern to stakeholders and respond appropriately. The company has issued corporate social responsibility reports every year as one of the key efforts to further disclose corporate social responsibility.	
			The key issues within the concern of the interested parties (stakeholders) and methods of communications are shown through Table (Note 2). The performance of communications with interested parties (stakeholders) is reported to the board of directors on a regular basis every year. The performance in communications was reported to the board of directors on August 10, 2021 (The 19th meeting of Session 21) and December 23, 2021 (The 21st meeting of Session 21) for Year 2021.	
6. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		The company has commissioned "Yuanta Securities Financial Services Company Stock Agency" as the professional stock agency to undertake the various stock related matters of the company.	None
7. Disclosure of information (1) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(1) The Company periodically updates its website (http://www.ccsb.com.tw) with the latest financial affairs, business information, including major information, stock affairs information, revenue statistics, financial statements, corporate governance, etc. for the shareholders' and the general public reference.	None
(2) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?	V		(2) In addition to disclosing the financial, business, and other major information in the Market Observation Post System; the company has also commissioned dedicated personnel to collect and disclose the company information and established a spokesperson and acting spokesperson that is responsible for external communication.	
(3) Has the Company announced and declared its financial report within 2 months after the end of the fiscal year, and announced and declared the quarterly financial report of Q1, Q2, and Q3 and the monthly business report before the deadline?		V	(3) The Company currently files the financial statements for the first, second, and third quarters and monthly operational reports in a timely manner as required by the "Professional Duties to Be Fulfilled by Issuers of Listed Securities" yet does not announce and file annual financial statements within two months after the end of a fiscal year.	
8. Are there any other important information	V		1. Employee rights:	None

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?			The company has complied with the Labor Standard Act, Occupational Safety and Health Act, and other relevant regulations to protect the employees' rights as well as establish a good relationship and mutual trust with the employees. The company has also held regular labor-management conferences to facilitate communications and harmonious labor relations. 2. Worker care: The company recognizes contributions from diverse talents, and has conducted a series of technical, professional, and management training courses for different category employees. The company has also promoted the various welfare measures in hopes to fully take care of its employees and enrich the employees' bodies, minds, and spirits. They include: Establish a staff welfare committee and actively promote various employee benefit plans; irregularly organize and invite employees and their family members to participate in the company's sports and family events, employee tourism trips, and other activities; hold end-of-year dinner parties; and provide employee group insurance to protect the employees' interests and labor safety. 3. Investor relations: To firmly safeguard shareholders' equity and enable the public investors to become well aware of the Company's business performance, the Company has duly disclosed relevant information through the Market Observation Post System (MOPS) as required in real time and further set up the "Special Zone for Investors" through the Company's website to update a variety of financial and business information on a regular basis readily accessible to investors. Moreover, through convening shareholders' meeting, juristic person explanation meeting, spokesman and acting spokesperson mechanism, the Company puts forth maximum possible efforts for sound communications with investors. 4. Supplier relations: The Company has maintained very close and sound ties with key suppliers and conducted supplier evaluation on a regular basis.	
			5. The Rights of Stakeholders: The company has established a Stakeholders area in its website and created the handling window for the Investors area. In addition to the spokesperson and the acting spokesperson, the company has also established the Stock Handling Unit to undertake the stock related problems and suggestions from the company's shareholders and stakeholders. If a legal issue is involved, the company will employed attorneys to handle the matter and protect the interests of the stakeholders. 6. Director training status:	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			The company has provided the relevant legal information to the directors and managers as well as the professional knowledge training course information to the relevant units on an irregular basis. The company's directors have completed the advance study hours as required by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" in 2021 and the information is disclosed in the Market Observation Post System. 7. Risk management policies and risk assessment standards: The Company conducts very strict control in terms or risk management. According to law, the Company has duly enacted very stern internal control system. The Company's internal auditors would audit the performance in implementation and submit reports either on a regular basis or from time to time on a nonscheduled basis. In the financial aspect, the Company adopts rational hedging measures against the exchange rate fluctuation to minimize potential risks and check and verify the financial structures in real time to prevent potential too high risks. 8. Customer policy implementation: Through the Quality Assurance Division and Business Department, the Company renders customer complaint and grievance services and after-sales services, rendering relevant services and guarantees toward customers in transactions. 9. Status of director liability insurance purchased by the company: Since August in 2016, the company has continued to ensure all directors have liability insurance to protect shareholders' equity; in 2021 liability insurance has been renewed (including the amount of insurance, coverage and insurance rates) and reported on August 10, 2021 (19th Meeting of the 21st Board of Meeting) to the Board of Directors.	

9. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures.
Corporate governance evaluation results improvement status:

Evaluation Indicator Items	Rectification
Have the Regulations Governing Performance Evaluation by the Board of Directors enacted by the Company been duly resolved in the Board of Directors, with express requirements to conduct an outsourced evaluation every three years and conduct performance evaluation in the intervals as required under the Regulations and further disclosed the implementation and evaluation results into the Company's website or annual report?	The Company's board of directors passed with resolution the "Regulations Governing and Procedures for Self-evaluation or Peer Evaluation by the Board of Directors" on June 24, 2019 which were renamed on November 9, 2020 into "Regulations Governing and Procedures for Performance Evaluation of the Board of Directors" with partial amendments to the contents, expressly providing that an outsourced evaluation shall be conducted once every three years as the minimum. Pursuant to the said Requirements, the board of directors` shall conduct performance evaluation

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			over the board of directors, board of directors' members, Audit Committee and Remuneration Committee at least on an annual basis. In terms of internal evaluation, the Company conducts performance evaluation in accordance with the Regulations at closure of every fiscal year. The result of performance evaluation would be reported to the board of directors meeting convened in the first quarter of the ensuing year. The Company has been evaluating the performance of Board of Directors since 2019 and evaluation results are brought forth in the Board of Directors meeting for the first quarter of the following year.	

The corporate governance evaluation results that have not been improved as well as the top priority items and measures to be improved:

Evaluation Indicator Items	Top priority items and measures to be improved
Has the Company set up a functional committee other than statutory requirements in the number of the Committee members not less than three at the minimum and with one half majority as independent directors and with at least one or more member(s) with the required professional capabilities? The Company should further disclose the composition, responsibilities and powers and performance?	In the future the Company shall set up a functional committee other than statutory requirements to upgrade the functional capabilities of the board of directors to enhance the supervisory functions.

Note 1: CPA independence assessment criteria:

Assessment items	Yes	No	Remarks
Has the CPA ever served as a director, independent director, or manager of the company or its affiliates?	V		
Has the CPA ever been a shareholder of the company or its affiliates?	V		
Has the CPA ever received salary from the company or its affiliates?	V		
Has the CPA provided audit services to the company for seven consecutive years?	V		
Has the CPA verified that his/her accounting firm conforms to the relevant independence specifications.	V		
Has a colleague of the CPA working in the same accounting firm ever served as the company's supervisor, manager, or other positions within one year after discharge; which may have major impacts to audited cases?	V		

Note 2: The key issues within the concern of the interested parties (stakeholders) and methods of communications are shown through Table. The performance of communications with interested parties (stakeholders) is reported to the board of directors on a regular basis every year. The performance in communications was reported to the board of directors on August 10, 2021 (The 19th meeting of Session 21) and December 23, 2021 (The 21st meeting of Session 21) for Year 2021.

The interested party	Communication Channel/Format	Communication Frequency	Concerned Topics	Performance in communications
Investors	1. Annual Shareholders Meeting 2. Company website and Market Observation Post System 3. Investor Hotline 4. Juristic person explanation meetings	1. Once a Year 2 Irregularly, Anytime 3 Irregularly, Anytime 4. Two Times a Year	Business performance Legal Compliance Risk Management R&D Innovation Emergency Response Mechanism	1. Through the shareholders' meetings, juristic person explanation meetings and Market Observation Post System (MOPS), the Company pro-actively reports to the shareholders and investors about the updates regarding the Company's business performance and financial condition. 2. The Company keeps shareholders and investors closely informed through the methods of communications with the Company via the Special Zone of Investors and Special Zone for Interested Parties (Stakeholders) who may inquire with the Company all the time. 3. The Company convened the shareholders' regular meeting on July 1, 2021 to report to investors about the Company's business performance. 4. The Company convened the juristic person explanation meetings on March 19 and August 27, 2021, respectively.
Employee	1. Labor Conference 2. Employee Welfare Committee 3. President Mailbox 4. Company Bulletin Board 5. Company Website	1. Four Times a Year 2. At Least Once a Quarter 3. Irregularly 4. Irregularly 5. Irregularly	Legal Compliance Industrial Safety Occupational Health and Hygiene	1. In 2021, the Company convened four labor-management conferences on March 30, June 28, September 30 and December 16, respectively. 2. The Company convened twice new recruit symposiums in Year 2021, on November 11 and November 12, respectively. 3. In order to reinforce health service in the workplace and improve the quality of staff health, one full-time nurse and contract physician, respectively, were set up according to Article 3 of the "Worker Health Protection Rules" in 2021 and the medical room was added to provide professional medical care services. 4. During Year 2021, the Company, through Lian'an Clinic and Boren General Hospital, conducted employee health checkups and health examinations for special operations. 5. For the entire year 2021, no employee grievance case was ever recorded.
Supplier	1. Supplier Visits and Certification Audits 2. Supplier Satisfaction Survey 3. Telephone or Email Communication	1. Irregularly 2. Irregularly 3. Irregularly	Supply Chain Management Risk Management Business performance Raw material management	1. The efforts to support suppliers in verification through quality management system to firmly control the use of raw materials and materiel to, in turn, assure that the provided products would satisfy the required standards/criteria. 2. On a regular basis every year, we'd visit key suppliers. In 2021, we conducted on-the-spot surveys and visits to 5 suppliers.
Customer	1. Customer Visits and Certification Audits	1. Irregularly 2. Irregularly	Legal Compliance Supply Chain	1. In 2021, the Food and Drug Administration, Ministry of Health and Welfare (TFDA) inspected the facility a total of 4

The interested party	Communication Channel/Format	Communication Frequency	Concerned Topics	Performance in communications
	2. Corporate Website, Telephone, and Email Communication		Management Risk Management	times; all were completed successfully. 2. In 2021, successful completion of factory verification for 9 customers without any significant faults. 3. Amidst the coronavirus pandemic (COVID-19) impact, the plans scheduled to participate in exhibitions within 2021 were cancelled in full. 4. We collected customer feedbacks, resolved problems and replied to them in real time.
Government Agencies	1. Participation in the Various Policy and Regulation Related Seminars, Forums, Advocacies, and Training Courses 2. Market Observation Post System 3. On-site Plant Audit 4. Official Document and Telephone Communications	1. Irregularly 2. Released According to Regulations 3. Irregularly 4. Irregularly	Legal Compliance Risk Management Pollution Prevention and Discharge Industrial Safety Occupational Safety	1. We declared a variety of information in real time as required by law. 2. From time to time on a non-scheduled basis, we participated in the forums, publicity and dissemination programs and seminars under the auspices of competent authority(ies).
Bank	1. Document Exchanges and Telephone Communications 2. Personal Visits 3. Company Website	1. Irregularly 2. Irregularly 3. Irregularly	Business performance Risk Management Legal Compliance	The Company carried out business visits and information exchanges with correspondent banks frequently.
Nearby Communities and Social Welfare Groups	1. Visit the neighborhood or township chief nearby the plant, care for the community residents, and implement the community affinity work. 2. Charitable Events	1. Irregularly 2. Irregularly	Pollution Prevention and Discharge Legal Compliance Industrial Safety Occupational Health and Hygiene Emergency Response Mechanism	1. We adopted the Shuolin Longevity Parent-Child Park, and donated NT$500,000. 2. NTD 2 million was donated to the Wang Ming-Ning Memorial Foundation. 3. NTD 100 thousand was donated to the Chunghwa Care Club. 4. Alcoholic hand sanitizers, anti-septic hand soap, and other anti-pandemic supplies were donated to the Shulin Township Office and Shulin Squad of New Taipei City Fire Department, totaling 155 boxes (worth about NTD 650 thousand) to help fight against the COVID-19 pandemic. 5. NTD 30 thousand was provided to sponsor events in the Dongshan Neighborhood. 6. Firefighting and toxic chemical disaster prevention drills are performed each year. Firefighting, toxic chemical disaster, and unexpected air condition drills were held on December 17, 2021.

(IV) Composition, Duties, and Operation of the Compensation Committee:

1. Information of the Remuneration Committee members:

March 27, 2022

Identity \ Qualification / Name		Professional qualification and experience	Independence	Number of other public companies where the members are also the members of the remuneration committee of these companies.
Independent Director (Convener)	Cheng-Hsien Tsai	Refer to related contents of 3. Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors on Pages 18-20.		3
Independent Director	Kuo-Chiang Wang			3
Independent Director	Chih-Hsien Chang			None

2. Compensation Committee Operating Status Information:
   (1) The Remuneration Committee of the Company is consisted of 3 persons.
   (2) Current term of office: May 31, 2019 to May 30, 2022. The most recent Compensation Committee has held 3 meetings (A), and the member qualifications and attendance records are as follows:

Title	Name	Actual attendance (B)	Proxy Attendance	Attendance rate (%) (B/A)	Remarks
Convener	Cheng-Hsien Tsai	3	0	100%	
Members	Kuo-Chiang Wang	3	0	100%	
Members	Chih-Hsien Chang	3	0	100%	

Other remarks:

I. Situation where the Board of Directors does not adopt or amend the salary compensation committee's recommendation: None.

II. A member has objected or showed reservations against the resolution passed by the Compensation Committee in the record: None.

III. Matters in connection with the official powers of the Remuneration Committee:

1. The Remuneration Committee faithfully exercises due diligence as a *bona fide* administrator to perform the following functions and powers and submits its suggestions to the board of directors for discussion:
   (1) The Committee will establish and periodically review the annual and long-term performance goals for the directors, and managerial officers of this Corporation and the policies, systems, standards, and structure for their compensation.
   (2) Periodically evaluate and prescribe the remuneration of directors, and managerial officers.
2. Where performing the aforementioned functions and powers, the Remuneration Committee faithfully complies with the following principles:
   (1) On the performance evaluation and remuneration toward the directors and managers, the Remuneration Committee shall refer to the general level of payment in the counterpart firms in the same industry, taking into account the relevant rationality in connection with personal performance, the Company's operating conditions as well as future risks.
   (2) The Committee shall not lure directors and managers to engage in behavior that exceed the Company's risk tolerance in pursuit of remuneration.
   (3) Regarding the ratio of the short-term performance of directors and ranking managers and the payment

time of partial variable salary compensation, the Committee shall take into account the characteristics of the industry and the attribute of the Company's business.

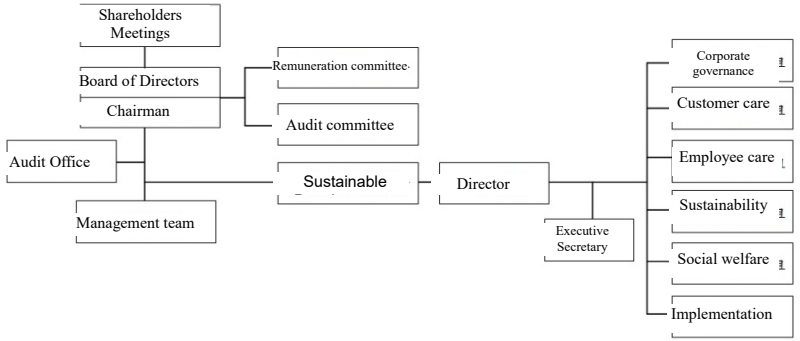
IV. The operation of the remuneration committee:

Date	Agenda	Resolution
2021.03.04	1. Proposal for the remuneration of managers and employees in 2020.	As unanimously resolved for a pass by all members of the Committee in the 14th Board Meeting of Session 21. The Company has implemented in a manner exactly as resolved and already completed the declaration to the competent authority within the specified timeframe.
	2. Proposal on the remuneration of directors in 2020.	As unanimously resolved for a pass by all members of the Committee in the 14th Board Meeting of Session 21. The Company has implemented in a manner exactly as resolved and already completed the declaration to the competent authority within the specified timeframe.
2021.07.01	Adjustment of compensation and remuneration for the Chairman and managers	As unanimously resolved for a pass by all members of the Committee in the 18th Board Meeting of Session 21. The Company has implemented it in a manner exactly as resolved.
2021.12.23	1. Some provisions of the "Employee Compensation Payment Regulations" and the title and some provisions of the "Year-end Bonus Issuance Rules" were revised and the "Employee Remuneration Distribution Regulations" were prepared.	All members of the Committee approved the revised contents after discussion: They were approved, with records on file, through the 21st meeting of the 21 intake of Board of Directors and implemented according to the decision made.
	2. The Regular Review for the Director and Manager Remuneration Methods and Payment Standards.	As unanimously resolved for a pass by all members of the Committee in the 21st Board Meeting of Session 21. The Company has implemented it in a manner exactly as resolved.
	3. The Proposal for 2021 Chairman and Manager year-end performance review bonus.	As unanimously resolved for a pass by all members of the Committee in the 21st Board Meeting of Session 21. The Company has implemented it in a manner exactly as resolved.

3.Information of members of the Nomination Committee and its operational status: The Company has not set up the Nomination Committee and hence it is not applicable.

(V) Promotion of sustainable development and its implementation status and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons:

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
1. Does the Company have the governance framework in place to help promote sustainable developments and have a unit that specializes (or is involved) in promoting sustainable developments and have the Board of Directors to empower high-ranking management to take care of it and report the progress to the Board of Directors?	ˇ		(1) The Company formed the CSR Committee in 2014. To go with regulatory revisions in December 2021, the name was changed to Sustainable Development Committee. It is the highest-ranking Sustainable Development Decision-making Center inside the Company. The Chairman of the Board of Directors serves as the chairman of the Committee that consists of the Corporate Governance Group, the Customer Care Group, the Employee Care Group, the Sustainable Environment Group, the Public Interest Group, and the Implementation Group by the function. Inter-departmental members include staff of the General Manager' Office, the Finance/Accounting Department, the Human Resources Department, the Management Department, the Sales Department, the Purchase Department, the Quality Assurance Department, the Manufacturing Department, the Safety and Health Department, and the Audit Department. Response strategies are prepared combining corporate resources at the corporate governance, product liability, sustainable environment, employee care, and public interest levels, their implementation is planned, and the implementation efficacy is examined. The implementation status is reported to the Board of Directors periodically each year. The Board of Directors heeds the report and reviews the implementation status and urges the management team to make adjustments when needed. The sustainable development status was reported to the Board of Directors on August 10, 2021 (during the 19th meeting of the 21st intake) and December 23, 2021 (during the 21st meeting of the 21st intake). (2) The Company's sustainable development and corporate governance structure:	No significant difference

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			 1. Description of duties of each task team: (1) Corporate governance Responsible for promoting corporate governance and providing suggestions for improvement including governance structure, code of conduct, board of directors, remuneration committee, audit committee, internal control system, risk management and continuous management. (2) Customer care Responsible for marketing communication, maintaining customer privacy, product and service labeling and health and safety of customers. (3) Employee care Responsible for building a friendly work environment, hiring, training and caring of employees and physical and mental wellbeing of foreign workers. (4) Sustainability Responsible for promoting sustainability initiatives and environmental protection measures and providing suggestions for improvement, including environmental management system, green products and processes, energy and resources management, water resources management and wastewater management, greenhouse gas inventory, inventory of other air pollutants, waste management, supplier management and violations of environmental laws. (5) Social welfare	

<table>
<tr><th rowspan="2">Action Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>Responsible for promoting social welfare programs and providing suggestions for improvement, community participation and social welfare.
(6) Implementation
Responsible for the coordination of internal project teams and publication of sustainable reports.</td><td></td></tr>
<tr><td>2. Has the Company conducted risk evaluation based on significant principles toward the environments, society linked up with the Company's business operations and corporate governance issues and, in turn, enacted relevant risk management policies or strategies? (Note 2)</td><td>ˇ</td><td></td><td>1. The information disclosed covers the Company’s performance in sustainable development from January to December 2021. Based on the relevance of its own businesses and the impact level of major topics, the boundary of risk assessment is within the Company, excluding re-investment enterprises.
2. In accordance with the materiality principles and materiality analysis process in the sustainability report, the Company’s Sustainable Development Committee members shall identify corporate governance (including legal compliance and economics), environment and social aspects, and other major issues through the portals of communication and exchange with interested parties. According to the evaluated risks, the risk management policies and strategies are as follows:
<table>
<tr><th>Significant issues</th><th>Items for risk assessment</th><th>Risk management policies or strategies</th></tr>
<tr><td>Corporate Governance</td><td>Law compliance and economy</td><td>1. The Company’s Department of Finance Manager takes the part-time position of corporate governance supervisor responsible for handling corporate governance related matters. The Audit Office under the board of directors has been established to implement internal control mechanisms and ensure all company staff and operations are in compliance with relevant laws and regulations.
2. To collect information on laws and regulations prevalent at home and abroad and changes thereof to work out the right countermeasures in real time.
3. Here at the Company, greenhouse gas emissions have not been included in the regulated implementation and thus there is no need to disclose relevant information on a regular basis. The Company, nevertheless, still pro-actively conducts its own</td></tr>
</table></td><td>No significant difference</td></tr>
</table>

Action Item	Implementation Status					Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description			
					greenhouse gas inventory each year and continues to pay attention to changes in domestic and foreign laws and regulations to make sure of the trends and respond accordingly before it becomes too late. The Company, as an excellent API manufacturer, has successively passed cGMP API Plant, cGMP biotechnology factory, cGMP pilot factory and has further passed official inspections verification in Taiwan, the United States, the European Union and Japan and the Company's cGMP plant equipment has been checked and approved by many manufacturer audit processes. The Company's products well satisfy standards/criteria prevalent in the international community. As of December 31, 110, 25 products have completed the API master file DMF for registration by the U.S. Food and Drug Administration. 5. Strategies to diversify procurement risks. The Company mainly maintains two or more suppliers for the key raw materials in order to diversify procurement risks. On a regular basis, we assess the best inventory plan, evaluate raw materials inventory all the time and avoid supply being affected by extreme climate conditions to carry out process safety management and ensure safety operation. 6. All properties of the Company have been well insured to prevent a potential impairment in case of larceny or disaster to assure absolute asset safety.	
			Environment	1. Stringent water resources. 2. Inadequate power supply.	1. To strengthen water resources management and reuse and further strengthen water supply system management. 2. To replace and renew outdated equipment, improve operating efficiency and promote various	

Action Item	Implementation Status					Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description			
				3. Rising greenhouse gas emission	energy-saving projects, *e.g.,* replace old equipment, install inverters to replace water-saving, low-power consumption and energy-saving equipment and the like. 3. To continuously promote energy conservation and carbon reduction, switch to low-pollution fuels and replace heavy oil boilers with natural gas boilers. The energy conservation measures implemented in 2021 were reducing energy consumption by 390,530 points, and reduce the total carbon emission by 199,170 kg.	
			Society	1. Industrial security and emergency countermeasures mechanism 2. Negative response from interested parties (stakeholders) 3. Employee health	1. The efforts to strengthen the education of work safety awareness. On a regular basis, the Company holds fire drills and poisonous substance disaster prevention drills every year to cultivate the employees' emergency response capacity and minimize occurrence of disasters. 2. Efforts to set up methods for sound communications with interested parties (stakeholders). 3. The Company is committed to providing employees with a safe and healthy workplace. The Department of Safety and Health shall be responsible for regularly holding safety education training and related workshops every year. They include: fire protection, public safety facilities, general review of public safety, etc. A general health examination and a health examination for special operations shall be regularly held. In accordance with Article 3 of the “Rules for Labor Health Protection”, a nurse and contract physician dedicated to in-factory services shall be appointed.	

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
3. Environmental Issues (1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	ˇ		1. In order to effectively reduce energy costs, the Company has set up the goal of reducing power consumption by more than 1% every year in reference to the energy management system. The company also carries out cleaning and recycling of waste according to the “business waste disposal cleaning plan” and follows the environmental regulations of the competent authority to handle all related matters. 2. The Company shall perform independent greenhouse gas inventory every year, track discharge reduction effectiveness and disclose them in the sustainability report of the Company’s website.(http://www.ccsb.com.tw/chinese/10_csr/02_report.aspx)	No significant difference
(2) Is the Company committed to enhancing energy utilization efficiency and using recycled materials that pose low environmental impacts?	ˇ		1. Adhering the by the goal of resource efficiency and in reference to the energy management system, the goal is to reduce power consumption by more than 1% every year. Energy saving and carbon reduction related work has been promoted. The energy saving measures promoted in 2021 have led to a decrease in electricity use by 390,530KWh and a decrease in carbon emissions by 199.170kg. 2. The Company implemented waste sorting and set up the recycling area. The Company continues to focus on saving energy and is committed to resource utilization efficiency. Air-conditioning temperature control in summer, double-sided paper printing, reduced paper use, unplugging unused electrical appliances or equipment, recovery of carbon cartridges for photocopies and printers, use of environmentally-friendly carbon, etc. are some examples that aid in waste reduce and recycling.	No significant difference

<table>
<tr><th rowspan="2">Action Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(3) Has the Company evaluated the potential risks and opportunities of climate change on the enterprise’s present and future. Have related coping measures been adopted?</td><td>ˇ</td><td></td><td>The Company’s Sustainable Development Committee is the highest organization of climate change management. The Company chairman as the committee chairman shall review the climate change strategies and objectives, manage climate change risk and opportunity related actions, inspect implementation status, and discuss future plans. Related risks affecting the sustainable development of the Company shall be identified through daily operations. Relevant management strategies and coping measures shall be formulated in order to reduce possible risks of operation interruptions. It strives to continue to create economic, environmental, and social sustainability values for its clients, shareholders, employees, and communities, and other interested parties. The Company's risk management in response to climate change is as enumerated below:

<table>
<tr><th>Aspect of consideration</th><th>Climate related risks</th><th>Climate related opportunities</th><th>Substantial performance in 2021</th></tr>
<tr><td>Laws and regulations</td><td>1. Carbon tax collection

2. Mandatory requirements in emission report</td><td>1. The Company collects environmental protection related information and information of changes in laws at home and abroad and, in turn, work out countermeasures accordingly.

2. To investigate into the facts linked up with greenhouse gas emission and energy consumption.</td><td>1. To carry out a variety of energy conservation plans, with implementation of energy conservation measures in 2021, conserving a total of 390,530 KW power consumption and reducing 199,170 kg in total carbon emission in total.
2. Here at the Company, greenhouse gas emissions have not been included in the regulated implementation and</td></tr>
</table></td><td>No significant difference</td></tr>
</table>

Action Item	Implementation Status						Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description				
						thus there is no need to disclose relevant information on a regular basis. The Company, nevertheless, still pro-actively conducts its own greenhouse gas inventory each year and continues to pay attention to changes in domestic and foreign laws and regulations to make sure of the trends and respond accordingly before it becomes too late.	
			Economies	1. Interruption in business operations 2. Pecuniary loss	1. Strategies to diversify procurement risks and regularly review the optimal inventory plan. 2. Security for assets	1. For key raw materials and materiel, the Company maintains two or more suppliers in most cases to diversify potential risks. We watch and estimate inventory volume of raw materials and materiel all the time to prevent a potential impact upon the supply by extreme climate and further carry out	

Action Item	Implementation Status						Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description				
						manufacturing process safe management to assure sound and secured business operation. 2. The Company's properties are insured in order to avoid losses due to disasters and maintain the security of assets.	
			Environment	1. Stringent water resources. 2. Inadequate power supply. 3. Rising greenhouse gas emission	1. To strengthen water resources management and reuse and further strengthen water supply system management. 2. The efforts to phase out outdated equipment to maximize operating efficiency. 3. To continually carry out energy savings and carbon reduction.	1. To launch publicity on water consumption conservation: With use of water-conserved toilets. 2. To carry out a variety of energy conservation plans, *e.g.*, the efforts to phase out and renew outdated equipment, install converters (frequency changers), replace into energy conserving equipment with low heat consumption and such devices. 3. To continuously promote energy conservation and	

<table>
<tr><th rowspan="2">Action Item</th><th colspan="2">Implementation Status</th><th rowspan="2">Summary description</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td></td><td>carbon reduction, switch to low-pollution fuels and replace heavy oil boilers with natural gas boilers. The energy conservation measures implemented in 2021 were reducing energy consumption by 390,530 points, and reduce the total carbon emission by 199,170 kg.</td></tr>
<tr><td>Society</td><td>Industrial goodwill</td><td>To set up very intimate and close communications ties with interested parties (stakeholders).</td><td>To actively respond to the needs from interested parties (stakeholders).</td></tr>
</table></td><td></td></tr>
<tr><td>(4) Does the Company count greenhouse gas emissions, water consumption, and total weight of waste over the last two years, and formulate policies for greenhouse gas reduction, water consumption reduction, or other waste management?</td><td>ˇ</td><td></td><td>1. Starting from 2013, the Company issues corporate social responsibility (CSR) reports in each and every year, disclosing the facts and performance of China Chemical and Pharmaceutical Co., Ltd. in environmental protection, corporate governance and public interests in the society with sustainable contribution. The contents of such reports would include greenhouse gases emission volume, water consumption and aggregate total weight of waste and garbage over the past five years. The reports would be further disclosed through the Company's website in the special zone (http://www.ccsb.com.tw/chinese/10_csr/02_report.aspx) of corporate social responsibility (CSR) and the Market Observation Post System (MOPS). The Company’s 2021 greenhouse gas emission, water usage, and total weight of waste are tallied blow (the information disclosure is company based, excluding re-investment enterprises).
(1) Greenhouse gas emissions in the recent two years:</td><td>No significant difference</td></tr>
</table>

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	

Unit: tons

Year	Category 1	Category 2	Total	Emissions per unit product (tons/kg)
2020	2,850	9,087	11,937	0.11
2021	3,630	10,455	14,085	0.08

(2) Water usage in the recent two years

Unit: tons

Year	Water consumption volume	Water usage per unit product (tons/kg)
2020	31,673	0.29
2021	36,103	0.20

(3) Waste output in the recent two years:

Unit: tons

Year	Harmful waste	Harmless waste	Output per unit product (tons/kg)
2020	1,341	301	0.015
2021	1,368	386	0.009

2. The Company formulates the following management policies in line with enterprise management and taking into consideration the friendly environment with love for the earth:

(1) Energy savings and carbon reduction and reduction of greenhouse gas emission volume

The Company adopts low-polluting fuels and uses natural gas boilers in place of heavy oil boilers, and actively promotes various energy saving plans. In 2021, exactly in accordance with the established energy management system, the Company, as always, continually promoted energy-saving and carbon-reduction policies and a variety of energy-saving plans. We set the energy goal of reducing electricity consumption by more than 1% year by year. The company's 2021

<table>
<tr><th rowspan="2">Action Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>energy conservation implementation results and 2022 energy conservation plans are as follows:
A. The results of the annual energy-saving plan implementation 2021:
The energy conservation measures implemented in 2021 were as follows: Reduce energy consumption by 390,530 points, and reduce the total carbon emission by 199,170 kg.
<table><tr><th>Item</th><th>Energy-conservation Projects</th></tr><tr><td>1</td><td>The renewal of airless adsorption dryers in Area 07 saves 222,750KWh.</td></tr><tr><td>2</td><td>40HP exhaust windmills have been installed with an inverter that saves 138,550KWh.</td></tr><tr><td>3</td><td>The renewal of the 300RT ice water machine and cooling towers in the institute saves 29,230KWh.</td></tr></table>B. Energy conservation plan 2022:
Energy-conservation target: Reduce electricity consumption by over 1%.
Energy saving measures: Renewal 15HP energy-saving inverter compressors used in fermentation production in The Area 07.
b. 60HP exhaust windmills frequency adjustment by the Department of Safety and Health to save energy.
(2) Water consumption and waste reduction:
A. Implementation of waste sorting and setting up a resource recycling office with continued efforts to aim at saving energy and committing to the utilization efficiency of various resources, e.g., the use of double-sided printing to minimize the use of paper, the recycling of toner cartridges for photocopiers and printers, use of environmentally friendly toners and the like to achieve waste reduction and resource recovery goals.
B. Publicity promotion of water conservation and use of water-saving toilets.</td><td></td></tr>
<tr><td>4. Social Issues
(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</td><td>ˇ</td><td></td><td>1. The Company has formulated a “Human Rights Policy” to safeguard the basic human rights of employees, shape human rights and fully protect the environment, and recognize and support the UN Universal Declaration of Human Rights, the Global Compact and the International Labor Convention. In response with international human rights conventions, the company requires cooperative manufacturers to</td><td>No significant difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Action Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>operate without any violations of human rights, so that members of the company, both internal and external, can be treated fairly and with dignity.
The Company’s specific management plans for human rights protection are as follows:<table><tr><th>Item</th><th>Concrete measures of implementation</th></tr><tr><td>The policy to provide safe and healthful working ambiance</td><td>1. The Company has set up the Safety and Health Department which is staffed with 1 occupational safety and health administrators responsible for occupational safety and health-related affairs. According to the fire and environmental protection laws, there has been an emergency response group set up in the factory and the necessary emergency rescue equipment is set up with fire protection and poison prevention and emergency drills conducted on a annual basis so that the entire staff of the Company would familiarize themselves with the use of fire protection and escape systems. Conduction on December 17, 2021, with 36 participants.
2. Education and training for new hires: To help new hires learn about the environment, understand the Company's regulations and history, pay attention to work safety and know the work of every department, management of chemicals, professional capabilities and requirements, labor laws, safety and health training and cGMP training so they can understand the environment, safety and policies better. In 2021, a total 6 education and training sessions on general safety and health were held, with a total of 39 participants. A total of 6 education and training sessions on chemical hazards were held, with a total of 39 participants.
Education and training for the existing employees: To enhance employees' professional and technical capabilities and improve work efficiency and product quality, the Company provides an Annual Education and Training Planning Chart. In addition to conducting employee training based on the chart, internal courses on management and professional skills are provided from time to time. Employees are also sent to external</td></tr></table></td><td></td></tr>
</table>

Action Item	Implementation Status				Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No		Summary description	
				organizations to receive training to strengthen their professional capabilities. The Company's professional licenses in the safety and health category include: organic solvent supervisor, specific chemical operation supervisor, anoxic operation supervisor, stacking machine operator, stationary crane operator, boiler operator, specific high-pressure equipment operator, fire protection management personnel, security personnel, first aid personnel, and so on. In 2021, 12 trainees received in-service training, 8 received training for newcomers, 79 received education training on confined space in-service training, 19 received education training on site supervisor safety and health, 65 received education training on general safety and health, 9 received education training on hazard identification and safety and health, and 22 took part in rescue drills for operational accidents in confined spaces. Contractor education training: In conjunction with the provisions in the Occupational Safety and Health Act, the "Contractor Operation Management Guidelines" have been set up. In 2021, education training implemented for contractors entering the factory for operation totaled 68 people. They were also informed of the hazards, prevention of occurrences of work hazards, and maintenance of work environment safety. 3. The existing employees are given a free health check every year, better than what the provisions of the "Occupational Safety and Health Act" require. A total of 253 people took the health examination in 2021, including 62 people who took special health examination (for those who handle specific chemicals). 4. In order to strengthen workplace health services and enhance	

Action Item	Implementation Status				Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description		
				the quality of employee health and in accordance with Article 3 of the “Rules for Labor Health Protection”, a nurse and contract physician to regularly provide in-factory services shall be appointed. The service contents include: health consultation, health care, occupational disease prevention, emergency medical disposal, general wound disposal, exceptional workload, human-induced hazard prevention, work resumption assessment, and other health management and health promotion work. 5. The Company creates a healthy workplace culture through various activities such as club activities, group softball games, sports meets and such diversified, comprehensive events. 6. To provide employees with a safe and comfortable working environment in accordance with the requirements of the “Occupational Safety and Health Act,” specialized testing organizations are invited to perform chemical exposure assessment in the product areas every half a year. The most recent testing was done in August 2021. There were 4 product processes areas and research department, 7 chemicals and 20 testing items. The results were in compliance with the allowable concentration to ensure employees' health. 7. The Company has set up sound fire protection system in accordance with the provisions of the Fire Protection Act, including an alarm system, fire protection water system, escape system, fire extinguisher and the like. In each and every year, the Company invites professional fire technicians to conduct fire safety inspections in the entire Company premises.	
				The policy to eliminate employment discrimination and ensure	The Company has formulated sound "Work Rules" and various regulations and has faithfully abided by labor laws and international norms which are applicable entire staff. In all such aspects as personnel recruitment, assignment, labor conditions, promotion, transfer, rewards and punishments, educational and	

Action Item	Implementation Status				Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description		
			equal job opportunities	training programs, welfare, layoff, retirement, severance, performance appraisal and other relevant regulations and operations, the Company assure impartial performance absolutely free of potential discrimination due to ethnic race, social class, language, thoughts, religions, partisanship, origin, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, physical and mental disabilities, blood type constellations or previous union memberships into a different treatment..	
			Ban on the use of child labor	Strictly in accordance with the Company's "Human Rights Policy," all departments of the Company are banned from hiring any one below sixteen years of age. All successful candidates for employees are strictly checked and verified to prevent a potential fault.	
			Prohibition of forced work	Strictly in accordance with the Company's "Human Rights Policy" and "the "Employee Work Behavior Code," all employees should abide by those rules and regulations. Under no circumstances shall they get involved in illegal or unethical behaviors. Instead, they shall faithfully comply with the work ethics of dedicated work groups thereby all units are prohibited from engaging in forced labor.	
			Personal information protection	The Company has set up an internal control system for the protection and management of personal information which regulates that all departments should implement the inventory and management of personal information. Except for the specific purposes of the law, personal information shall not be collected, processed or used arbitrarily.	
			Freedom of speech and association	1. The Company upholds a sound policy with absolutely no interference with the establishment and participation of trade unions by employees. Where to date there has not been any work union, the Company has not executed any group agreement. Under the policy to establish sound communication channels and promote harmonious	

Action Item	Implementation Status				Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description		
				labor-management ties, the Company holds labor-management meetings on a regular basis every three months. Labor representatives are directly elected by the employees. In addition to protecting their rights to speak and ensuring their original fair working conditions, no deferential treatment has ever been given. The Company has set up a General Manager's Mailbox in the employee restaurant and encourage employees to submit comments and suggestions as much as possible. Employees are also given room to appeal through the special mailbox of the "Stakeholders' Zone" on the corporate website. The Company investigates and handles them in accordance with relevant regulations to assure maximum possible interests for both the Company and employees. 2. The Company's Welfare Committee has formulated the "Employee Association Activities Establishment and Subsidy Regulations" to provide financial subsidies to encourage colleagues to establish associations to promote exchanges.	
				Channels for remedial measures	The Company has stipulated the "Measures for Reporting Cases of Illegal and Unethical or Dishonest Conducts" and "Regulations Governing Prevention and Settlement of Sexual Harassment." Employees are advised to use the suggestion box set up in the employee restaurant and the report box set up on the Company's website (report@ccsb.com.tw) The Company has assigned a special department to accept and implement investigation and also carry out relevant publicity courses to keep the entire staff informed on the use of such sound channels. The Company upholds the policy to keep the whistleblowers and the contents of the report in strict confidence and to protect whistleblowers absolutely from improper treatment due to the report. Where the investigation results verify the reported misconduct, the offender shall be penalized in accordance with the "Working Regulations" and the relevant rules and regulations as the actual situations may justify.	

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			Support to employees to maintain work-life balance and take care of the family: 1. Efforts to promote employee health and balanced life: The Company encourages employees to organize clubs and organize group family days and athletic meets. Through diversified activities, the Company enhances cross-departmental interaction among employees. Such efforts would not only unite employees' emotions and centripetal force, but also effectively helps employees relieve physical and mental stress. 2. Support to employees for optimum care towards their families Provide family care leave, antenatal examination leave, maternity leave, paternity leave and long-term leave without pay for childcare. The Company has set up a breastfeeding room and grants female employees with regular time for breastfeeding every day. Through Employee Welfare Committee, the Company provides childbirth subsidy. With the entire costs borne by the Company, the Company has acquired group insurance for the entire staff. The group insurance policy includes life insurance, inpatient medical insurance, accident insurance and accident medical care and such protection. 2. We established "Working Rules" in accordance with Labor Standards Act and International Bill of Human Rights, and policies on salary, vacation, promotion, awards and insurance have been clearly stated. 3. Complied with the "Employment Service Act" provisions to respect employees with various differences. The salary is based on the principle of equal pay for equal work without gender, race, age, ethnicity, or religion differences. 4. Complied with the "Act of Gender Equality in Employment" to formulate the "Sexual Harassment Control Measures." 5. The Company has included human rights policies in the pre-service education training courses for incoming personnel. The various human rights protection policies shall be actively implemented. All employees shall be treated well and valued. 26	

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			training sessions were conducted in 2021, with 58 participants and 162 hours in total. In addition, the guidelines pertaining to the human rights policies have been put up on the Company's internal network platform and website accessible to all employees and external personnel at any time.	
(2) Has the Company formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?	ˇ		1. The Company recruits newly hired employees by offering wages that are more than the minimum wage level promulgated by the Ministry of Labor and attracts superior talents to join the Company with a competitive overall salary system and very attractive employee welfare measures. Employee remunerations are based on education, job position held, market standards, and personal performance. There shall be no differential treatment with regard to gender, race, religion, political stance, place of birth, the province of family register, disabilities, marital status, etc. Both genders shall be entitled to the remuneration conditions of equal pay for equal work and equal opportunity to job advancement. Due to the industrial characteristics and on-site operational processing requirements, the male employees account for a higher ratio of on-site operators. As of the end of 2021, the female employees accounted for 28%; the female supervisors accounted for 22%. 2. In the Company, the Remuneration Committee has been set up under the Board of Directors. The Remuneration Committee is organized by three independent directors to take major charge of reassessing the performance evaluation by the directors and managerial officers, the policies, systems, standards/criteria and structures of salaries and remuneration. 3. As expressly provided for in Article 32 of the Company's "Articles of Incorporation," with the profit earned in a year, a sum 1%~15% shall be appropriated for remuneration to employees. For employees based on department heads and general staff, the Company has set various performance evaluation systems as the very grounds to conduct year-end performance evaluation by means of setting target performance goals for performance evaluation. Besides, the Company has duly set up Sustainable Development Best Practice Principles and Working Regulations and such relevant rules and specifications to regulate required ethics with rewards and punishment standards/criteria expressly specified to be covered into the contents for performance evaluation. The results of performance evaluation function as the very grounds for promotion, raise, rewards and punishment, incentive awards and remuneration. The bonus design is combined with the company operating performances, net profit for the	No significant difference

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			current year, and employee assessment and is institutionalized. 4. Employees are the most important assets of the company. The company provides a safe and comfortable office environment. It is a 45-minute flexible working time for the understanding of the hard work of the children and the long-distance commuting. In addition to various group insurance plans and proper health examinations, we take care of our colleagues' health and establish a diverse community to encourage employees to participate actively, so that employees can achieve a balance between work and family, family and self. The employees who have served for one year enjoy 100% ESOP (Employee Stock Ownership Plan) awards in the company. The ESOP help the company's colleagues to achieve long-term savings and accumulated wealth through the "ESOP" to ensure the stability of the future life and enhance employees' sense of belonging to the company. Employees could have the ability to hold company stocks and share business profit. The company immediately announced on various occasions that the company would not be classified as race, class, language, thought, religion, partisanship, place of birth, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities or former union members. The company will implement workplace equality, building a happy enterprise, and move towards a society of plural respect. 5. In addition to policies meeting the Labor Standards Act, the Company also provides health examination for employees. An employee welfare committee has also been established to handle benefits and manage benefit payments. The employee benefits are listed as follows: (1) Pay out pension as required by law. (2) In addition to having all employees participate in labor insurance and national health insurance according to law, the Company also provides group insurance and periodic health examination. (3) Paid holidays according to law. (4) Employees receive days off for weddings, deaths in the family and national holidays based on the requirements of Labor Standards Act, as well as benefit payments. (5) Gifts issued to employees in the month of their birthday. (6) Employees receive holiday bonuses or gifts for Lunar New Year, Labor Day, Dragon Boat Festival and Autumn Festival holidays.	

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			(7) Employee trips are held or travel subsidies are given out. (8) Breastfeeding rooms for female employees (9) In order to strengthen workplace health services and improve the quality of employee health, in accordance with Article 3 of the "Rules for Labor Health Protection", a nurse and contract physician dedicated to periodic in-factory services shall be appointed.	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	ˇ		1. The Department of Safety and Health has designated one occupational safety and health manager responsible for occupational safety and health related undertakings. The emergency response team has been set up in accordance with the provisions in the Fire Protection Act and the Environmental Protection Act. Essential emergency rescue gears are also accessible in the factory. Every year, drills on fire protection, prevention of toxic chemical-induced disasters, and unexpected air emergencies are conducted to familiarize employees with fire protection and access to the escape system. On December 17, 2021, a drill on fire protection, prevention of toxic chemical-induced disasters, and unexpected air emergencies was conducted, with 36 participants. 2. Education and training for new hires: To help new hires learn about the environment, understand the Company's regulations and history, pay attention to work safety and know the work of every department, management of chemicals, professional capabilities and requirements, labor laws, safety and health training and cGMP training so they can understand the environment, safety and policies better. In 2021, a total 6 education and training sessions on general safety and health were held, with a total of 39 participants. A total of 6 education and training sessions on chemical hazards were held, with a total of 39 participants. Education and training for the existing employees: To enhance employees' professional and technical capabilities and improve work efficiency and product quality, the Company provides an Annual Education and Training Planning Chart. In addition to conducting employee training based on the chart, internal courses on management and professional skills are provided from time to time. Employees are also sent to external organizations to receive training to strengthen their professional capabilities. The Company's professional licenses in the safety and health	No significant difference

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			category include: organic solvent supervisor, specific chemical operation supervisor, anoxic operation supervisor, stacking machine operator, stationary crane operator, boiler operator, specific high-pressure equipment operator, fire protection management personnel, security personnel, first aid personnel, and so on. In 2021, 12 trainees received in-service training, 8 received training for newcomers, 79 received education training on confined space in-service training, 19 received education training on site supervisor safety and health, 65 received education training on general safety and health, 9 received education training on hazard identification and safety and health, and 22 took part in rescue drills for operational accidents in confined spaces. Contractor education training: In conjunction with the provisions in the Occupational Safety and Health Act, the “Contractor Operation Management Guidelines” have been set up. In 2021, education training was implemented for contractors entering the factory for operation, 68 in total. They were also informed of the hazards, the prevention of work hazard occurrences, and the maintenance of work environment safety. 3. The existing employees are given a free health check every year, better than what the provisions of the “Occupational Safety and Health Act" require. A total of 253 people took the health examination in 2021, including 62 people who took special health examination (for those who handle specific chemicals). 4. In order to strengthen workplace health services and enhance the quality of employee health and in accordance with Article 3 of the “Rules for Labor Health Protection”, a nurse and contract physician dedicated to periodic in-factory services shall be appointed. 5. Clubs of various natures have been established (Yoga Club, Slow Softball Club, Table Tennis Club, Golf club, and Soft Fire Makes Sweet Malt Club). The Company creates a healthy workplace culture through various activities such as club activities, group softball games, sports meets and such diversified, comprehensive events. 6. To provide employees with a safe and comfortable working environment in	

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			accordance with the requirements of the “Occupational Safety and Health Act,” specialized testing organizations are invited to perform chemical exposure assessment in the product areas every half a year. The most recent testing was done in August 2021. There were 4 product processes areas and research department, 7 chemicals and 20 testing items. The results were in compliance with the allowable concentration to ensure employees' health. 7. The Company has set up sound fire protection system in accordance with the provisions of the Fire Protection Act, including an alarm system, fire protection water system, escape system, fire extinguisher and the like. In each and every year, the Company invites professional fire technicians to conduct fire safety inspections in the entire Company premises. 8. There was one employee occupational hazard case in August 2021, which was a traffic accident during commute to work. One person was injured (accounting for 0.3% of the total number of employees in 2021). Traffic safety advocacy has been strengthened to strengthen employees’ daily safety awareness and the importance of driving safety in order to reduce the incidences of occupational accidents.	
(4) Does the Company have an effective career capacity development training program established for the employees?	ˇ		1. The Company has planned comprehensive function training for supervisors of all levels and employees in order to enhance the professional competency of employees serving different functions. The training covers education training for incoming personnel and in-service education training, such as cGMP training, SOP training, professional training, instrument training, new comer training, general training, etc. The Company shall assist employees in achieving continuous growth through multiple learning approaches and cultivating their key competencies. The career training in 2021 totaled 9,252 hours, 28 training hours on average per person every year. 2. The company uses the education, training, and performance assessment mechanisms to enhance the manpower quality and competitiveness of its employees; uses education and training to cultivate professional skills, knowledge, and attitudes of employees; and uses performance assessments to develop the employee potentials, enable the employees to grow together with company performances, increase company performances, and improve the quality of employees.	No significant difference
(5) With product and service related customer health and safety, customer privacy, marketing, labeling, and other issues as the focuses, is the	ˇ		This company is an excellent API plant and has successively passed plant inspections conducted by the cGMP API plants, cGMP biotech plants, and U.S. FDA official plants. The company's cGMP plant equipment has also been recognized by numerous	No significant difference

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
Company abiding by relevant laws and regulations and international standards? Have relevant consumers or customers' rights policies and complaint procedures been formulated?			manufacturers and meets the international standards. The Company is a pharmaceutical company of Active Pharmaceutical Ingredients (API). Its major clients include pharmaceutical companies at home and abroad. Customer complaint handling regulations have been set up to provide customers with effective complaint procedures and protect their rights.	
(6) Has the Company formulated a supplier management policy that required suppliers to follow relevant norms on specific issues, such as, environmental protection, occupational safety and health, or labor rights, and their implementation?	ˇ		1. The Company has stipulated evaluation rules for qualified manufacturers. In the procurement operations, the Company shall first evaluate suppliers in accordance with such regulations. Only those who are granted a pass in the evaluation process can be included in the list of qualified suppliers. In addition to procurement of raw materials, a supplier is required to attach the latest version of the materials safety data sheet. In addition, the materials must also be posted with clearly visible related signs themselves. In addition, in order to meet the requirements for the management of government regulated materials (including toxic chemical substances) and avoid the risk of misuse, the Company shall work with suppliers closely in order to ensure both sides obtain government-approved permits of sales and purchase before material purchases are allowed to be made. At the same time, the Company shall assist suppliers in obtaining quality management system certification and controlling Active Pharmaceutical Ingredients (API) use in order to ensure the product quality in line with the standards. On a regular basis every year, we'd visit key suppliers. In 2021, we conducted on-the-spot surveys and visits to 5 suppliers. 2. Under the Company's "Sustainable Development Best Practice Principles," where the Company executes a contract with a key supplier, the contents of such contract shall expressly contain the requirements that the supplier shall faithfully comply with the sustainable development policies. Whenever the supplier proves to be in contravention of such policies and causes a significant impact on the environment of the supply source and the society, that contract may be terminated or rescinded forthwith, as covered within the contract. The company's procurement is purchased from qualified suppliers according to regulations. In the future, it will continue to work with suppliers to promote sustainable development and reduce the negative impact of the supply chain on the environment.	No significant difference

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
5. Does the Company refer to international criteria or guidelines for the preparation of reports, and compile reports on corporate non-financial information, such as, sustainable reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?	ˇ		In reference to the core items in the GRI Standards issued by the global Reporting Initiative, GRI, the Company shall voluntarily prepare the sustainability report to disclose the situation of sustainability development promotion. Such information shall be disclosed on the Company website and Market Observation Post System (MOPS). For the Report, the opinions of confirmation or guarantee have not been obtained from the third party verification unit.	No significant difference
6. If the Company has formulated the "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please specify the operations and differences with the principles formulated. In reference to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", the Company approved the "Sustainable Development Best Practice Principles" on December 2014. In March 2022, the renaming of "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" was approved by letter of Tai-Cheng-Chi-Li-Zi No. 11000241731 dated December 7, 2021. This amendment is intended to implement corporate governance, develop a sustainable environment, maintain social welfare, and strengthen the disclosure of sustainable development information. The Company shall inspect the implementation situations according to the best practice principles and make improvement accordingly. No major deviations have occurred since implementation.				
7. Other important information that facilitate an understanding of the situation of sustainable development implementation: The situation and effectiveness of sustainable development implementation promoted by respective Sustainable Development Committee teams in 2021 are as follows: 1. Corporate Governance: (1) The company is committed to safeguarding shareholders' rights and interests, and implementing legal compliance, internal control mechanisms, information disclosure and investor communication. (2) In the 2020 (7^{th}) corporate governance appraisal results released by Taiwan Stock Exchange (TSE) in April 2021, the Company ranks top 20% among TWSE/TPEx listed companies. (3) The TWSE [TPEx Corporate Governance 100 Index] is reviewed in July every year. Three processes are involved in the selection of top 100 constituent stocks: liquidity inspection, corporate governance appraisal screening, and three financial indicators. The Company was selected as one of the constituent stocks in the TPEx Corporate Governance 100 Index in July 2020 and was re-selected in the periodic review result in July 2021. 2. Sustainable Environment: (1) Each year, the company has commissioned air pollution and waste water inspection reports according to law, implemented environment protection in accordance with the relevant laws and regulations, and fulfilled its environmental protection responsibility as corporate citizen. (2) The Company has actively promoted various energy saving plans. The goal is to reduce power consumption by more than 1% every year. The energy saving measures promoted in 2021 have led to a decrease in electricity use by 390,530KWh and a decrease in carbon emissions by 199.170kg. 3. Social welfare: (1) Adoption of local parks. Since 2007, the Company has adopted "Chang-Shu Family-Friendly Park" for 15 consecutive years. In 2021, the Company donated NT$500,000 to the park.				

Action Item	Implementation Status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(2) Alcohol-containing hand sanitizers, anti-bacterial hand lotion, and other anti-pandemic materials have been donated to Sulin District Office, New Taipei City and the Fire Department, New Taipei City Government Shulin Branch, 155 boxes in total (worth approx.NT$650,000). These items shall be used for COVID-19 prevention. (3) A donation in the amount of NT$2,000,000 have been made to the Wang Ming-Ning Memorial Foundation. (4) A donation in the amount of NT$100,000 has been made to the New Taipei City Chunghua Charitable Association. (5) A donation in the amount of NT$30,000 has been made to Dongshan Village residents as a contribution to the local society. 4. Employee care: (1) We maintain a friendly work environment in accordance with the requirements of "Labor Standards Act", "Act of Gender Equality in Employment" and "Sexual Harassment Prevention Act". (2) To enhance employees' professional and technical capabilities and improve work efficiency and product quality, the Company provides an Annual Education and Training Planning Chart. In addition to conducting employee training based on the chart, internal courses on management and professional skills are provided from time to time. Employees are also sent to external organizations to receive training to strengthen their professional capabilities. (3) The Company spares no effort to promote health promotion plans, including notably group softball games, group sports games and family days. We set up diversified societies (yoga clubs, slow softball clubs, billiard clubs, golf clubs and slow labor clubs) and the like. (4) In order to maintain the workplace health and safety of all employees, the Company’s Department of Safety and Health shall periodically conduct safety education training and related drills. These drills include: public safety facilities, general review of public safety, etc. Employees are also requested to carry out undertakings according to the Safety and health work rules in order to prevent occurrences of disasters. In accordance with "Fire Services Act" and regulations for environmental protection, the Company assigns emergency response teams, install emergency and rescue equipment and perform fire-fighting, toxin control and emergency exercises every year. The situation of the 2021 drill is as follows: Drills on fire protection, prevention of toxic chemical-induced disasters, and unexpected air emergencies: December 17, 2021. (5) In order to strengthen workplace health services and enhance the health quality of employees, in accordance with Article 3 of the “Rules for Labor Health Protection”, a nurse and contract physician dedicated to periodic in-factory services shall be appointed. A clinic shall also be set up to provide professional medical services. (6) In 2021, Lien An Clinic and Po Ren General Hospital rendered health examinations, specific operations-oriented health examinations, on-the-job health examinations for a total of 253 employees, specific health examinations (oriented to employees as users of specific chemicals) for a total of 62 employees. (7) The Company has formulated a “Human Rights Policy” to safeguard the basic human rights of employees, shape human rights and fully protect the environment, and recognize and support the UN Universal Declaration of Human Rights, the Global Compact and the International Labor Convention. In response with international human rights conventions, the company requires cooperative manufacturers to operate without any violations of human rights, so that members of the company, both internal and external, can be treated fairly and with dignity. 5. Customer care: the cGMP level manufactured by the Company's well lives up to the requirements of various pharmaceutical companies throughout the world.				

(VI) The Company's ethical corporate management performance and its difference from the "Ethical Corporate Management Best-Practices Principles for TWSE/GTSM Listed Companies" and the root causes

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
1. Business Integrity Policy and action plans (I) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?	V		(1) The "Best-Practice Principles on Good Faith Management" were enacted and officially passed in the Board of Directors on December 30, 2014 and further amended and approved by the Board of Directors on August 11, 2020 in line with updated laws and ordinances concerned. Under the aforementioned Principles, the Company's board of directors and management should actively implement the policy of integrity management and implement it in internal management and external business activities. The Company has expressly promulgated such Best-Practice Principles on Good Faith Management through its website and annual report so that all suppliers, customers or other business-related institutions and all personnel thereof definitely understand the Company's integrity management philosophy and concretely regulate the key points for attention amidst implementation of their business performance. When signing external contracts, the company and its subsidiaries shall observe the principle of honesty and mutual benefit to negotiate reasonable contract contents, and actively fulfill the contractual commitments.	None
(2) Has the Company had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?"	V		(2) Here at the Company, the special unit in charge of good faith management policy, exactly in accordance with Article 5 of "Best-Practice Principles on Good Faith Management" enacted by the Company, has established a regular analysis and evaluation of the risk of dishonest behavior within the business scope and accordingly formulated a plan to prevent potential dishonesty and has further stipulated standard operating procedures and behavior guidelines for work operations in each plan. The operating procedures expressly prohibit offering and accepting bribes, offering and accepting of unjust benefits, offering of and commitment to payment to swing a business deal, providing illegal political contributions, engaging in unfair competition, improper charitable donations or sponsorships, disclosure of business secrets and damage to interested parties (stakeholders). The Company has further enacted "Internal Material Information Processing Procedures," "Employee Work Conduct Code" and "Ethical Code of Conduct" to regulate the behavior of directors and employees. The Company has taken preventive measures and organized relevant educational and training programs so that they fully understand the importance of good faith	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(3) Has the Company specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	V		behavior. The concrete specifications have been included in the aforementioned regulations as well as the penalties for violations of the procedures and codes as the very grounds for implementation. (3) The Company has set up "Internal Major Information Processing Operation Procedures," "Employee Work Code of Conducts," "Integrity Management Operation Procedures and Behavior Guidelines" and "Reports On Cases of Illegal And Unethical or Dishonest Behavior" to expressly guide over honest behavioral operating procedures, and procedures to report violations, grievance systems and penalties as the very grounds for implementing honest management and reporting any illegal actions or violations of the Code of Ethical Conducts or Integrity Management Code. In the promotion and implementation of the good faith management policy, in the pre-employment training of newly hired employees, the courses have been arranged to underline the Company's integrity management philosophy, professional ethics and introduce the "integrity management operating procedures and behavioral guidelines," the rules and regulations which should be complied with throughout the Company's business operations. The dedicated department regularly reports the implementation of the integrity management policy to the board of directors and, on a regular basis, reviews and updates the operating procedures. Also through the audit mechanism of the internal audit unit, those dedicated personnel would put forth maximum possible efforts to prevent business activities involving dishonest behavior, including offering and accepting bribes, providing illegal political contributions and other malpractices.	
2. Proper enforcement of business integrity (1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed? (2) Does the Company set up a unit dedicated to promoting ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors its ethical corporate management policies and unethical conduct preventive action and the implementation of supervision?	V V		(1) The company has established a client evaluation mechanism, engaged in fair business activities, and fulfilled and complied with the contracts in a transparent manner in order to provide fair and reasonable results to each customer and vendor. (2) In an attempt to assure sound integrity management, here at the Company, our General Manager Office has coordinated with the Human Resources Department and Department of Finance and such departments concerned to implement the enactment of “Procedures for Ethical Management and Guidelines for Conduct” for which the General Manager Office and the Human Resources Department have assumed the responsibility for enforcement and reported the outcome of	None

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			enforcement to the board of directors on a regular basis every year and further helped the board of directors evaluate whether or not the preventive measures toward the integrity management have been put into efficient implementation. Per reports submitted to the board of directors on December 23, 2021 (the 21st meeting of Session 21), the Company proved that throughout Year 2021, there had not been any staff member in contravention of the integrity management policy. In addition to the efforts to proclaim "integrity and faithfulness" as the very core value to all colleagues of the Company, the Company further announces the key issues as key points for attention in the educational and training programs oriented to newly hired employees. The entire staff of the Company are readily accessible to all management levels and Human Resources Department via multiple channels (including notably the Company's website, internal e-mail and the like) for immediate communications. Meanwhile, the Company provides sound channels through its website toward potential whistleblowers or informants to report on any malpractices. The Company will, in response, handling the cases according to the rules and regulations and keeping the status of whistleblowers or informants reporting malpractice and contents of reports in strict confidence.	
(3) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		(3) The "Rule and Procedure of the Board of Directors" formulated by the company has clearly defined the recusal principle so any Board of Directors with any conflicts of interests can recuse himself/herself from participating or voting in the meeting. The company has also clearly defined the conflicts of interests prevention policy in the "Code of Conduct for Employee Work Practices." Employees can use the employee suggestion box and the company website to reflect their opinions. The company has also established a spokesperson system externally, which is in charge of external communications.	
(4) Does the Company have established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check?	V		(4) To assure a faithful environment of the good faith management policy, the Company has duly set up sound and efficient accounting and internal control systems. The Audit Office, meanwhile, duly audits the compliance with the aforementioned requirements based on the annual audit plans. Moreover, the Company has faithfully complied with the provisions set forth under the “Company Act” and “Securities and Exchange Act.” The retained certified public accountants would audit and authenticate the relevant accounting books.	
(5) Has the Company organized corporate management internal and external education and	V		(5) In order to implement good faith management, the Company has included the	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
training programs on a regular basis?			"Code of Employee Conduct at Work" and the "Operating Procedures for Good Faith Management and Code of Conduct" in the pre-service education training courses for incoming personnel. The corporate culture of emphasis for integrity has also been advocated to incoming employees. As of 2021/12/31, 26 training sessions have been conducted, with 58 participants and 162 hours in total. The contents include: "Operating Procedures for Good Faith Management and Code of Conduct" and related precautions. In order to implement the value of integrity, corporate sustainable development, the Department of Quality Assurance, the Research Institute, and related departments received education training on Good Manufacturing Practice (cGMP) related courses, with 5,435 participants and 5,434.9 hours in total. Moreover, the "Procedures for Ethical Management and Guidelines for Conduct" and other related measures have been placed onto the Company's internal network platforms and Company website readily accessible to employees and external personnel all the time. The Company promotes toward all colleagues with education through the internal network platforms to reach the goals of law compliance. Toward external business counterparties, we would try hard to publicize integrity management specifications before execution of a contract.	
3. The operations of the Company's Report System (1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported? (2) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?	V V		(1) The company has established a reporting and complaint channel in the "Procedure for Handling the Illegal, Unethical, or Dishonest Conduct Complaints" and established a dedicated unit to take charge of the relevant matters. All business integrity violation related matters shall be handled according to the relevant regulations. (2) The Company has duly stipulated "Handling Rules for Cases of Reporting Illegal and Unethical or Dishonest Conduct," established internal and external reporting channels and handling systems for the entire Company and has duly archived records of the acceptance, investigation process and results of the reported cases. The Company keeps the identities of the whistleblowers or informants reporting malpractice and the content of the reports in strict confidentiality. Where a reported malpractice is verified as being against the Company's good faith management policy or laws and ordinances concerned, the offender in the reported malpractice shall be requested to discontinue the malpractice forthwith and shall be penalized as appropriate. As necessary, the Company could claim on such offender for compensation through statutory procedures to firmly safeguard the Company's	None

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			goodwill and interests. Where an accused malpractice is verified through investigation, the relevant unit(s) of the Company shall be requested to assess the case and work out countermeasures so as to eradicate a same or similar malpractice from reoccurrence. The Company's dedicated unit shall report to the Board of Directors about the facts of the informant report, manner of settlement and the subsequent reassessment and corrective action.	
(3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		(3) The company has established the "Procedure for Handling the Illegal, Unethical, or Dishonest Conduct Complaints" and established internal and external reporting channels and processing system. The company is also committed to protect the whistle-blowers from unreasonable treatment for filing a complaint.	
4. Enhanced information disclosure Has the company disclose the contents of the integrity management rules and its implementation effectiveness on its website and the Market Observation Post System?	V		The Company has promulgated into its own website, Market Observation Post System (MOPS) the "Integrity Management Operation Procedures and Behavioral Guide" and relevant messages. Honesty and integrity represent the Company's key core values and corporate philosophy. All employees of the entire Company shall abide by the definite moral standards and character ethics and make the utmost efforts to take into account the rights and interests of all related parties toward manufacturers, customers, employees, shareholders and the entire society.	None
5. Where the Company has faithfully enacted its own good faith management policy in accordance with the "Best-Practice Principles on Good Faith Management for TSEC/GTSM Listed Companies," please elaborate on the differential gap between its hands-on operation and the requirements under the Principles: Exactly in accordance with the "Best-Practice Principles on Good Faith Management for TSEC/GTSM Listed Companies," the Company has duly enacted its own ""Integrity Management Operation Procedures and Behavioral Guide" and has faithfully operated the business exactly in accordance with the said Operating Procedures and Guides. The hands-on implementation by the Company proves to be very satisfactory to the Operating Procedures and Guides enacted by the Company itself.				
6. Additional important information that may assist in the understanding of corporate business integrity operations: The company has fulfilled its obligations of legal compliance to the public sectors, good faith transactions to the customers and suppliers, and business integrity to the shareholders under the principle of honesty, transparency, and responsibility. The company has also prevented the directors, managers, and employees from acts that violate the business integrity so as to avoid reputation damages or legal liabilities caused by dishonest behaviors.				

(VII) Inquiry method for the Code of Corporate Governance and relevant provisions: The corporate governance related chapters are disclosed in the company website - Investor area (http://www.ccsb.com.tw).

(VIII) Other important information that can enhance the understanding of the corporate governance operation status:

2021 Director training status:

Title	Name	Training date	Organizer	Course name	Training hours
Chairman	China Chemical & Pharmaceutical Co., Ltd. Representative: Yi-Zhen Xie Wang	2021.11.08	Corporate Governance Association in Taiwan	Corporate legal compliance and the supervisory obligations of the board of directors	3
		2021.12.23	Corporate Governance Association in Taiwan	The impact of the latest tax law changes on business operations	3
Director	China Chemical & Pharmaceutical Co., Ltd. Representative: Yin-Nan Sun	2021.11.08	Corporate Governance Association in Taiwan	Corporate legal compliance and the supervisory obligations of the board of directors	3
		2021.12.23	Corporate Governance Association in Taiwan	The impact of the latest tax law changes on business operations	3
Director	The Mr. Wang Min-ning Memorial Foundation representative: Huang Chung-hsin	2021.11.08	Corporate Governance Association in Taiwan	Corporate legal compliance and the supervisory obligations of the board of directors	3
		2021.12.23	Corporate Governance Association in Taiwan	The impact of the latest tax law changes on business operations	3
Director	Wang Ming-Ning Memorial Foundation representative: Wang, Hou-Jie	2021.12.21	Accounting Research and Development Foundation	"Sustainable development" related new policies, climate governance, and low-carbon management viewed from every aspect.	6
Independent Director	Kuo-Chiang Wang	2021.03.18	Corporate Governance Association in Taiwan	How can the Company and board of directors avoid being mistakenly involved in insider trading?	3
		2021.03.19	Corporate Governance Association in Taiwan	Corporate governance and securities regulation	3
		2021.03.19	Corporate Governance Association in Taiwan	The directors and supervisor shall note the legal liability of false financial reports.	3
		2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
		2021.11.08	Corporate Governance Association in Taiwan	Corporate legal compliance and the supervisory obligations of the board of directors	3
		2021.12.23	Corporate Governance Association in Taiwan	The impact of the latest tax law changes on business operations	3
Independent Director	Cheng-Hsien Tsai	2021.04.26	National Innovation and Entrepreneurship Association ,R.O.C.(Taiwan)	Corporate digital transformation strategies and new mindsets toward corporate risk management in the digital era.	6
Independent Director	Chih-Hsien Chang	2021.11.08	Corporate Governance Association in Taiwan	Corporate legal compliance and the supervisory obligations of the board of directors	3
		2021.12.23	Corporate Governance Association in Taiwan	The impact of the latest tax law changes on business operations	3

(IX) Internal Control System Implementation Status:

1. Declaration of internal control:

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Declaration of Internal Control Policies

Date: March 8, 2021

The following declaration is based on the 2021 self-audit over the Company's internal control policies:

I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.

II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. Regarding the internal control system criteria in the "Regulations," the internal control system is divided into five composing elements in accordance with the management and control process: 1. environment control, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervise operation. Each element further contains several items. Please refer to "The Governing Principles" for details.

IV. The Company has adopted the internal control system criteria in the preceding paragraph to assess the effectiveness of the internal control system design and implementation.

V. Based on the results of the previous evaluation, the company considers its internal control system (including the supervision and management of its subsidiaries) on December 31, 2021 as effective and can reasonably ensure the achievement of the goals mentioned above. They include the company's understanding of the operation effectiveness and the extent to which the efficiency goals have been achieved as well as the validity, timeliness, transparency, and relevance to the relevant laws, regulations, and rules as intended by the design and implementation of the internal system.

VI. The "Internal Control System Declaration" will be the main content of the Company' annual report and prospectus for the reference of the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities Exchange Act.

VII. This declaration was approved by the Board of Directors meeting on March 8, 2022 without objection where seven directors attended the meeting. It is hereby declared that all of the directors have agreed to the contents of the declaration.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Chairman Yi-Zhen Xie WangSignature and Seal

Manager: Chung-Hsin Huang Signature and Seal

2. Internal control system review report commissioned to an CPA: None.

(X) In the latest fiscal year and as of the publication date of the annual report, the Company and internal personnel had been punished according to law or the Company had imposed penalties on internal personnel for violation of the internal control system where the results of the penalties may have a significant impact on the rights and interests of shareholders or the price of securities. For that, the Company should explain the content of the punishment, the main defects and corrective action: None.

(XI) Important Resolution of the Board of Directors as of the Publication Date of the Annual Report:

1. Important resolution of the 2021 Board of Directors meeting

Year	Date	Important Resolution Items	Resolution and Implementation Status
Shareholders' meeting 2021	2021.07.01	1. Recognized the 2020 Business Report Final Accounts 2. Recognized the 2020 Earnings Distribution. 3. Passed the partial amendments to the "Articles of Incorporation". 4. Passed the partial amendments to the "Rules for Elections of Directors". 5. Partial amendments to the "Regulations Governing Procedure for shareholders' Meetings".	Passed without objection. Passed the resolution for the shareholders' cash dividend of NTD116,340,000 (NTD1.5 per share), set July 30, 2021 as the dividend benchmark date, and distribution was completed on August 18, 2021. The registration was approved by the Ministry of Economic Affairs (MOEA) on July 16, 2021, which was announced on the Company website. The Company has promulgated through the Company's website and, accordingly, duly handled in accordance with the post-amendment "Rules for Elections of Directors" The Company has promulgated through the Company's website and, accordingly, duly handled in accordance with the post-amendment "Rules of Procedure for Shareholders Meetings"

2. Important Resolution of the Board of Directors for 2021 and as of the Publication Date of the Annual Report

Year	Date	Important Resolution Items
1st Board of Directors Meeting in 2021	2021.03.04	1. Passed the 2020 Management Personnel Remuneration Discussion Case. 2. Passed the 2020 Director Remuneration Discussion Case. 3. Passed the 2020 Employee and Director Remuneration Discussion Case. 4. Passed the 2020 Business Report and Balance Sheet Draft Case. 5. Passed the 2020 Surplus Distribution Case. 6. Passed the 2021 Business Plan Case. 7. Passed the partial amendments to the "Articles of Incorporation". ◦ 8. Passed the partial amendments to the "Regulations Governing Procedure for shareholders' Meetings". 9. Passed the Formulation of the Company's 2021 Shareholders Meeting Date, Location, Share Transfer Cessation Date Case. 10. Passed with resolution replacement of the certified public accountants in response to an adjustment of the internal organization in the CPA firm. 11. Passed the Equipment Investment Case. 12. Passed with resolution amendment to the internal control system over "Management of Remuneration Committee Operations." 13. Passed the "2020 Internal Control System Statement" Submission Case.

Year	Date	Important Resolution Items
		14. The Company's application for loan limit increase from banks and contract renewal case.
2nd Board of Directors Meeting in 2021	2021.05.11	1. The EPAE production capacity expansion case was approved. 2. The Company's application for loan limit contract renewal and loan increase case was approved.
3rd Board of Directors Meeting in 2021	2021.05.17	The change in the 2021 shareholders meeting venue was approved.
4th Board of Directors Meeting in 2021	2021.06.03	The 2021 postponed shareholders meeting date and venue case was approved.
5th Board of Directors Meeting in 2021	2021.07.01	1. The discussion on the adjustment of remunerations for the Remuneration Committee chairman and managers case was approved. 2. The discussion on the dividend base date and cash dividend distribution date case was approved.
6th Board of Directors Meeting in 2021	2021.08.10	1. Passed with resolution replacement of the certified public accountants in response to an adjustment of the internal organization in the CPA firm. 2. Passed the 2021 second quarter consolidated financial report. 3. The Company's application for loan limit contract renewal and loan increase case was approved.
7th Board of Directors Meeting in 2021	2021.11.08	1. Passed the 2021 third quarter consolidated financial report. 2. Passed the CPA Independence and Suitability Assessment Case. 3. Passed the 2022 Audit Plan Case. 4. Passed with resolution the internal control system and internal audit implementation rules toward "Financial Statement Preparation Process Management Operation Procedure" and "Financial Statement Preparation Process Management." 5. The donation to the Wang Ming-Ning Memorial Foundation case was approved. 6. The signing of the Letter of Intent for Land Sale was approved. 7. Equipment expansion plan 8. Process enlargement planning 9. Passed the Equipment Investment Case. 10. The Company's application for loan limit contract renewal and loan increase case was approved.
8th Board of Directors Meeting in 2021	2021.12.23	1. The partial amendment to the "Regulations for Employee Salary Payment", the name of and the partial amendment to the "Rules for End-of-Year Bonus Distribution", the "Regulations for Employee Remuneration Distribution" cases were approved. 2. Passed the Regular Review for the Director and Manager Remuneration Methods and Payment Standards. 3. The 2021 annual chairman and manger performance bonus distribution planning case 4. Passed the amendment proposal of some of the provisions of the Company's "Corporate Governance Best Practice Principles".
1st Board of Directors Meeting in 2022	2022.01.27	1. Adoption proposal of election of the directors of the company (including independent directors). 2. Adoption proposal of election details such as a period of receiving nominations of directors (independent director) candidates, the number of independent directors to be elected, the place for receiving such nominations, and other necessary matters. 3. Passed the Formulation of the Company's 2022 Shareholders Meeting

Year	Date	Important Resolution Items
		Date, Location, Share Transfer Cessation Date Case.
2nd Board of Directors Meeting in 2022	2022.03.08	1. Passed the 2021 Management Personnel Remuneration Discussion Case. 2. Passed the 2021 Director Remuneration Discussion Case. 3. Passed the 2021 Employee and Director Remuneration Discussion Case. 4. Passed the 2021 Business Report and Balance Sheet Draft Case. 5. Passed the 2021 Surplus Distribution Case. 6. Passed the 2022 Business Plan Case. 7. Adoption proposal of the nomination of candidates for directors (including independent directors). 8. Passed the canceling the non-compete restriction for new directors and their representatives. 9. Passed the Formulation of the Company's 2021 Shareholders Meeting Date, Location, Share Transfer Cessation Date Case. 10. Passed the partial amendments to the “Regulations Governing the Acquisition or Disposal of Assets”. 11. The handling of the “private placement and issue of common stocks or the issue of convertible bonds (including convertible bonds with or without collateral)” case was approved. 12. The revision of the “reason for 2022 shareholders meeting convention” case was approved. 13. Passed the "2021 Internal Control System Statement" Submission Case. 14. Passed the name and amending partial provisions “Best Practices in Corporate Social Responsibility” 15. The “application for loan limit increase from banks and contract renewal” case was approved.
3rd Board of Directors Meeting in 2022	2022.04.20	The revision and handling of the “private placement and issue of common stocks or the issue of convertible bonds (including convertible bonds with or without collateral)” case was approved.

(XII) In the most recent year and as of the publication of the annual report, did a director have different opinions regarding to an import resolution passed by the Board of Directors that was recorded or written down: None.

(XIII) Summary of resignation by company chairman, President, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, or R&D director in the most recent year and as of the publication of the annual report: None.

V. Disclosure of CPAs’ remuneration:

(I) The amounts of audit fees and non-audit fees paid to the CPA, the CPA affiliated firms, and the conglomerate and the non-audit service contents:

Unit: NTD thousand

Auditor's firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remarks
PwC Taiwan	Po-Chuan Lin	2021.01.01-2021.12.31	2,371	389	2,760	Non-audit public service content: tax visa
	Jun-Yao Lin					
PwC Taiwan	-	-	0	337	337	Transfer Pricing Report
	-					

(II) Accounting Firm Replacement whereby the Audit Fee of the Year was Reduced Compared to Audit Fee of the Previous Year: None.

(III) Audit Fee that Has Reduced by Over 10% Compared to the Previous Year: None.

VI. Change of CPA:

As a result of the internal organizational adjustment by the CPA's firm, the company's CPAs have changed from CPAs Shu-Qiong Zhang and Jun-Yao Lin to CPAs Po-Chuan Lin and Jun-Yao Lin starting from the second quarter of 2021.

VII. Has there been any Company Chairperson, President, or Managerial Officer in Charge of Finance or Accounting Matters who was Previous Employed by the CPA's Firm or its Affiliates within the Last Year: None.

VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, managers and shareholders with more than 10% ownership interest:

(I) Director, Manager, and Major Shareholder Changes

Unit: shares

Title	Name	2021		As of March 27, 2022	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Chairman, major shareholders	China Chemical & Pharmaceutical Co., Ltd.	4,244,000	0	0	0
	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang	(1,000)	0	0	0
Director	China Chemical & Pharmaceutical Co., Ltd. representative: Yin-Nan Sun	0	0	0	0
Director	Wang Ming-Ning Memorial Foundation	0	0	0	0
	Wang Ming-Ning Memorial Foundation representative: Hou-Jie Wang	900,000	0	0	0
Director	Wang Ming-Ning Memorial Foundation representative: Chung-Hsin Huang	0	0	0	0
Independent Director	Kuo-Chiang Wang	0	0	0	0
Independent Director	Cheng-Hsien Tsai	0	0	0	0
Independent Director	Chih-Hsien Chang	0	0	0	0
President	Chung-Hsin Huang	0	0	0	0
Vice President of R&D Department	Qing-Peng Wei	0	0	0	0
Vice President of Manufacturing Division	Guo-Xian Zeng	0	0	0	0
Vice President of Business Department	Ying-Chi Chen	0	0	0	0
Assistant President of Biotechnology Institution	Jin-Cheng Mai	0	0	0	0
Assistant Vice President of Quality Assurance Department	Wen-Bing Wang	0	0	6,000	0
Chief Auditor	Chao-Sheng Hong	0	0	0	0
Financial Supervisor	Kuan-Chieh Wang	0	0	0	0

(II) Information on the transfer of equity interests by a director, manager, or shareholders holding over 10% of the shares to an affiliate:

Name	Reason for transfer	Date of transaction	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, Manager and shareholders with more than 10% ownership interest	Quantity	Transaction price
Yi-Zhen Xie Wang	Payment of shares in shares.	2021.11.23	Panshi Holdings Co., Ltd.	The representative and the Company chairman's corporate representative are first-degree relatives.	13,000	60

(III) Information on the pledge of equity interests by a director, manager, or shareholders holding over 10% of the shares to an affiliate: None.

IX. Information shareholders holding over 10% of the shares who are related to each other or are spouses or second degree relatives:

March 27, 2022

Name	Own shareholdings		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Title and name of shareholders holding over 10% of the shares who are related to each other or are spouses or second degree relatives.		Remarks
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
China Chemical & Pharmaceutical Co., Ltd.	21,575,064	27.82%	—	—	—	—	—	—	
China Chemical & Pharmaceutical Co., Ltd. Representative: Yi-Zhen Xie Wang	347	0%	2,456,179	3.17%	512,000	0.66%	Hsun-Sheng Wang Chun-Ju Hsieh	Spouse Sister	
Hsun-Sheng Wang	2,456,179	3.17%	347	0%	—	—	Yi-Zhen Xie Wang Chun-Ju Hsieh	Spouse Relatives of second degree	
Wang Ming-Ning Memorial Foundation	1,691,982	2.18%	—	—	—	—	—	—	
Wang Ming-Ning Memorial Foundation representative: Chun-Ju Hsieh	—	—	—	—	—	—	Yi-Zhen Xie Wang Hsun-Sheng Wang	Sister Relatives of second degree	
Hontai Life Insurance Co. Ltd.	1,400,000	1.81%	—	—	—	—	—	—	
Hontai Life Insurance Co. Ltd. Representative: Lu, Huan Yi	—	—	—	—	—	—	—	—	
Shanshui Biotech Venture Capital Limited Partnership	1,196,000	1.54%	—	—	—	—	—	—	
The representative of Shanshui Biotech Venture Capital Limited Partnership: Shing Yung Management Consultant Co., Ltd.	—	—	—	—	—	—	—	—	
Hou-Jie Wang	1,006,600	1.30%	—	—	—	—	Hou-Che Wang	Brother and sister	

Name	Own shareholdings		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Title and name of shareholders holding over 10% of the shares who are related to each other or are spouses or second degree relatives.		Remarks
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Xun-Wei Wang	1,003,066	1.29%	—	—	—	—	—	—	
Gui-Mei Ling	990,000	1.28%	—	—	—	—	—	—	
Ching-Hui Ke	836,000	1.08%	—	—	—	—	—	—	
Hou-Che Wang	739,758	0.95%	—	—	—	—	Hou-Jie Wang	Brother and sister	

X. Investments jointly held by The Company, The Company's directors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties:

Unit: share; December 31, 2021

Reinvestment businesses (Note)	Invested by The Company		Directors, Managers, and the Directly or Indirectly Controlled Business Investments		Aggregate investment	
	Quantity	Shareholding percentage	Quantity	Shareholding percentage	Quantity	Shareholding percentage
China Chemical & Pharmaceutical Co., Ltd.	42,053,137	14.11%	10,432,912	3.50%	52,486,049	17.61%
PHARMAPORTS, LLC	—	98.00%	—	—	—	98.00%

Note: Must be long-term investments according to the equity method adopted by the company.

Four. Funding Status

I. Capital and Shares:

(I) Sources of Capital Share:

1. Capital Share Formation Process:

March 27, 2022; Unit: NTD; share

Year / month	Issue price	Authorized capital		Paid-up capital		Remarks		
		Quantity	Amount	Quantity	Amount	Source of capital	Paid in properties other than cash	Others
1991.11 (Note 1)	10	50,000,000	500,000,000	44,500,000	445,000,000	Surplus to capital increase: NTD45,000,000 Cash capital increased: NTD100,000,000 Total NTD145,000,000	None	—
1997.10 (Note 2)	15	80,000,000	800,000,000	70,000,000	700,000,000	Cash capital increased: NTD255,000,000	None	—
1999.12 (Note 3)	10	120,000,000	1,200,000,000	92,000,000	920,000,000	Cash capital increased: NTD220,000,000	None	—
2003.09 (Note 4)	10	120,000,000	1,200,000,000	40,200,000	402,000,000	Capital reduction NTD518,000,000	None	—
2003.09 (Note 4)	10	120,000,000	1,200,000,000	65,200,000	652,000,000	Cash capital increased: NTD250,000,000	None	—
2009.08 (Note 5)	10	120,000,000	1,200,000,000	70,200,000	702,000,000	Cash capital increased: NTD50,000,000	None	—
2011.01 (Note 6)	10	120,000,000	1,200,000,000	77,560,000	775,600,000	Cash capital increased: NTD73,600,000	None	—
2015.07 (Note 7)	10	160,000,000	1,600,000,000	77,560,000	775,600,000	-	None	—

Note 1: Approved by letter No. (1991)TCZ(1)02602 issued by the Ministry of Finance Securities and Futures Commission on September 12, 1991.

Note 2: Approved by letter No. (1997)TCZ(1)70406 issued by the Ministry of Finance Securities and Futures Commission on September 18, 1997.

Note 3: Approved by letter No. (1999)TCZ(1)107856 issued by the Ministry of Finance Securities and Futures Commission on December 17, 1999.

Note 4: Approved by letter No. (2003)TCZ(1)136955 issued by the Ministry of Finance Securities and Futures Commission on August 15, 2003.

Note 5: Approved by letter JG1Z No. 0980023798 issued by the Executive Yuan Financial Supervisory Commission on May 21, 2009.

Note 6: Approved by letter JG1Z No. 0990059478 issued by the Executive Yuan Financial Supervisory Commission on November 1, 2010.

Not 7: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10401135540 dated July 21, 2015.

2. Type of Shares:

March 27, 2022 Unit: Shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	77,560,000	82,440,000	160,000,000	Listed stocks

(II) Shareholder Structure:

March 27, 2022 Unit: Shares

Shareholders structure / Volume	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Head count	-	1	218	23,088	47	23,354
Number of shares held	-	1,400,000	28,801,146	44,940,759	2,418,095	77,560,000
Shareholding percentage	-	1.81%	37.13%	57.94%	3.12%	100%

(III) Status of Share Dispersion:

1. Regular Shares

Face value per share: NTD10 March 27, 2022 per unit: share

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	18,496	196,045	0.25%
1,000 to 5,000	3,757	7,346,424	9.47%
5,001 to 10,000	492	3,917,471	5.05%
10,001 to 15,000	153	2,004,656	2.58%
15,001 to 20,000	102	1,880,492	2.42%
20,001 to 30,000	105	2,738,663	3.53%
30,001 to 40,000	57	2,042,775	2.63%
40,001 to 50,000	29	1,350,198	1.74%
50,001 to 100,000	81	5,801,676	7.48%
100,001 to 200,000	44	6,201,337	8.00%
200,001 to 400,000	13	3,495,840	4.51%
400,001 to 600,000	14	6,996,774	9.02%
600,001 to 800,000	2	1,432,758	1.85%
800,001 to 1,000,000	2	1,826,000	2.35%
1,000,001 and above	7	30,328,891	39.12%
Total	23,354	77,560,000	100%

2. Special Shares: None.

(IV) Main shareholders list: (shareholders with the shareholding ratio of over 5% or shareholders with the top 10 shareholding ratio)

March 27, 2022 Unit: Shares

Name of main shareholder / Shareholding	Number of shares held	Shareholding percentage
China Chemical & Pharmaceutical Co., Ltd.	21,575,064	27.82%
Hsun-Sheng Wang	2,456,179	3.17%
Wang Ming-Ning Memorial Foundation	1,691,982	2.18%
Hontai Life Insurance Co. Ltd.	1,400,000	1.81%
Shanshui Biotech Venture Capital Limited Partnership	1,196,000	1.54%
Hou-Jie Wang	1,006,600	1.30%
Xun-Wei Wang	1,003,066	1.29%
Gui-Mei Ling	990,000	1.28%
Ching-Hui Ke	836,000	1.08%
Hou-Che Wang	739,758	0.95%

(V) The price, net value, earnings, dividends, and other information per each share for the last two years:

Unit: NTD; Thousand Shares

Item \ Year			2020	2021	The current year as of March 31, 2022 (Note 4)
Market price per share	Highest		78.80	86.80	67.80
	Lowest		26.20	52.50	50.90
	Average		53.54	64.40	58.78
Net worth per share	Before dividend distribution		32.21	37.31	–
	After dividend distribution		30.71	36.01 (Note 5)	–
Earnings per share	Weighted average outstanding shares (Thousand Shares)		77,560	77,560	–
	Earnings per share		6.86	5.17	–
Dividends per share	Cash dividend		1.5	1.3 (Note 5)	–
	Stock dividends	From earnings	–	–	–
		From capital reserves	–	–	–
	Retained Dividends		–	–	–
Analysis of investment returns	P/E ratio (Note 1)		7.80	12.46	–
	Price to dividends ratio (Note 2)		35.69	49.54 (Note 5)	–
	Cash dividend yield (Note 3)		0.03	0.02 (Note 5)	–

Note 1: P/E ratio = Average closing price per share for the year / earnings per share.

Note 2: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 3: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

Note 4: As of the publication date of the annual report, there is no recent financial information to be audited or reviewed by accountants.

Note 5: The 2021 earnings distribution case was approved by the board of directors on March 8, 2022. The case is pending resolution at the 2022 shareholders meeting.
(The board of directors shall be authorized to determine the distribution method. Therefore, whether text revisions are required shall be verified).

(VI) Company's dividend policy and execution status:

1. Dividend policy:

According to the Articles of Association of the Company, the dividend policy of the company must take the company's future capital requirements into consideration and the long-term financial planning must meet the needs of shareholders for cash inflows. If there is a surplus in the annual final accounts, tax should be paid first to make up for losses in previous years, and then 10% shall be set aside for statutory surplus reserve. If there is still surplus after setting aside the statutory surplus reserve, the surplus available for distribution shall include the accumulated undistributed earnings from the previous year. However, part of it shall be retained depending on the business conditions, and the rest shall be distributed as dividends to shareholders. The cash dividends shall not be less than 50% of the shareholders dividends, but stock dividends shall be issued instead if the cash dividend is less than NTD0.1 per share.

2. Dividend distribution proposed by this shareholders meeting:

The 2021 earnings distribution of the company has passed the Board of Directors resolution on March 8, 2022 and is still subject to resolution by the shareholders' meeting. The cash dividend of NTD1.38 per share is proposed, and the cash dividend issuance of NTD100,828,000 is anticipated.

(VII) The effects that the stock grant proposed by the shareholders' meeting have on the company's business performance and earning per share:

Not applicable because the company's 2022 shareholders meeting did not propose any stock grant.

(VIII) Remuneration to employees and directors:

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation:

According to the Articles of Association for the company, if the company has earned annual profits, it shall allocate 1% to 15% as employee remuneration and no more than 3% for director renumeration. However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The remunerations of the employees and directors are based on the profitability of the current year and the amount determined by the Articles of Association. They are recognized as the operating expenses for the current year. If there is a discrepancy between the actual distribution amount and the estimated amount, said discrepancy shall be treated as a change in the accounting estimates and be listed as a profit or loss for the following year.

3. Remuneration to be distributed as resolved in the board of directors:

(1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors:

The Board of Directors has passed a resolution in 2022 to allocate employee remunerations of NTD11,025,000 and the director remunerations of NTD6,613,000; which is no different than the annual costs estimated. The Board of Directors has passed a resolution on March 8, 2022 to allocate employee remunerations of NTD45,777,000 and the director remunerations of NTD6,613,000; which is no different than the annual costs estimated. The employee and director remunerations mentioned above are all paid in cash.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: not applicable.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

The company's 2020 annual employee remunerations were estimated at NTD39,296,000; and the director remunerations were NTD7,481,000. The Board of Directors has passed a resolution on March 4, 2021 to allocate employee remunerations of NTD39,296,000 and the director remunerations of NTD7,481,000; which is no different than the annual costs estimated.

(IX) Buy-back of the Company's shares by the company: None.

II. Disclosure relating to corporate bonds: none.

III. Disclosure relating to preference shares: none.

IV. Disclosure relating to depository receipts: none.

V. Employee stock warrants: none.

VI. The new shares from restricted employee stock option: none.

VII. Disclosure on new shares issued for the acquisition or transfer of other shares: none.

VIII. Progress on the use of funds: none.

Five. Business performance

I. About Our Business

(I) Scope of business:

1. Core business:

According to the Company license, the scope of business includes:

(1) Manufacturing of Western medicine

(2) Wholesaling of Western medicine

(3) Non-prohibited or non-restricted businesses, in addition to the permitted businesses.

2. Proportions of overall business:

Biotechnological products: 44%; chemically synthesized products: 56%

3. Current products:

(1) Biotechnology products: Mycophenolate Mofetil (MMF; immunosuppressant),
Mycophenolate Mofetil HCl (MMF-HCl; immunosuppressant),
Mycophenolate Sodium (MPA-NA; immunosuppressant),
Midostaurin (MID); the drug for treating acute myeloid leukemia.
Rapamycin (Sirolimus) (RAPA; immunosuppressant),
Everolimus (EVE; immunosuppressant, anticancer drug),
Tacrolimus (FK506; immunosuppressant),
Caspofungin Acetate (CAS; antifungal medication),
Pneumocandin B0 (PNB0; antifungal intermediate).

(2) Non-biotech products: Methocarbamol (MCB; muscle relaxant)
Metaxalone (MTAX; muscle relaxant),
Guaifenesin (GGE; antitussive),
Trandolapril (TDP; antihypertensive medication),
Fluconazole (FCZ; antifungal medication),
Ethyl Icosapentate: (EPAE; Lower triglyceride),
Omega-3 Carboxylic Acids: (OMA; Lower triglyceride);
Carfilzomib (CFZM; Ixazomib Citrate),
Sugammadex (SGM; anesthesia recovery medication),
Baricitinib (BA; rheumatoid arthritis medication),
Favipiravir (FVP; influenza antiviral medication),
Ribociclib (RI; breast cancer medication),
Ribociclib (RIB; breast cancer medication),
Tofacitinib (TOF; rheumatoid arthritis medication).

4. New products to be developed:

(1) New product development: The Company's main core business is to supply high-quality new APIs required by global development that challenges for patented new products and generic manufacturers whose patents are about to expire or have expired. The Company, as well, uses the core advantages of chemical synthesis and microbial fermentation technology process development to continuously develop new products such as immune preparations, anti-cancer drugs, cardiovascular drugs and rheumatoid arthritis medication.

(2) Contract manufacturing business: The Company also provides research and development and contract manufacturing (CDMO/CMO) services to new drug developers and generic drug companies at home and abroad, striving to become the provider of active pharmaceutical ingredients to those new drug developers

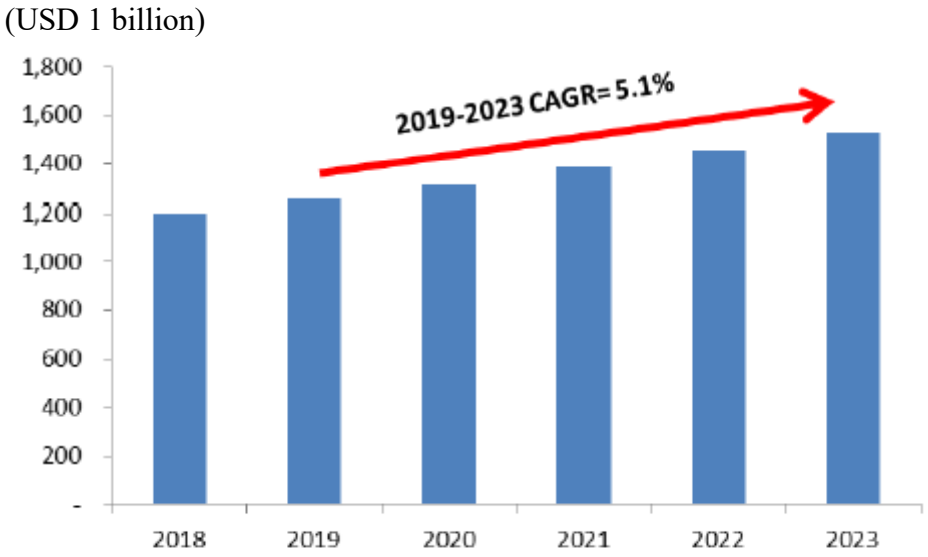
when they successfully launch their drugs.

(II) Industry overview:

1. Status and development of the industry:

Active pharmaceutical ingredients are the components that provide medical effects, and their production technology can be divided into extraction and purification, chemical synthesis and fermentation. Drugs can generally be divided into patented brand drugs and generic drugs. According to the most recent report of the global market research agency TrendForce, the global drug market boosted by new pharmaceutical products entering the market and increasing usage has the compound annual growth rate (CAGR) of approx. 5.1%. The market size is expected to reach US$1.55 trillion by 2023.

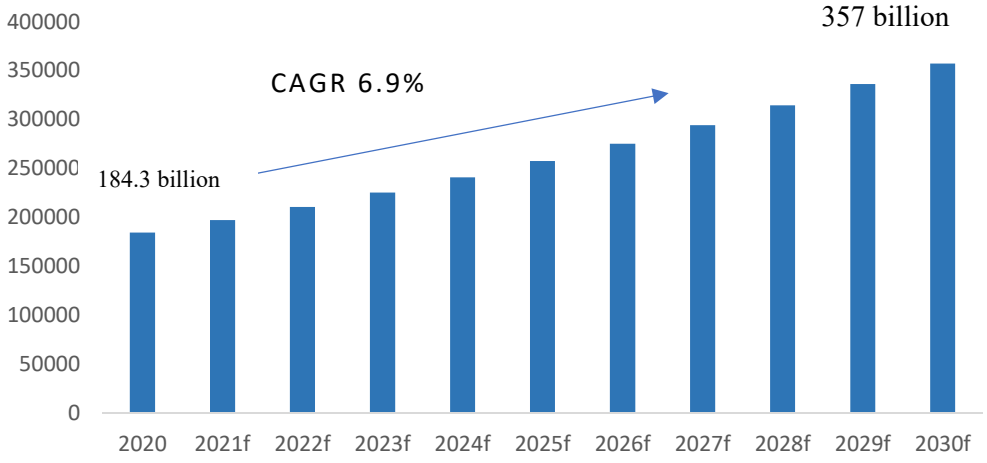
Changes in global pharmaceutical market size 2018-2023



Data source: Tendforce

According to the P&S Intelligence report, the increased life expectancy of the global population and the decline in mortality rates have led to an increase in the aging population, Moreover, elders with decline in immune system function require longer time for recovery and critical care monitoring. Furthermore, with chronic diseases and incidences of cancer on the rise, the demand for High Potency Active Pharmaceutical Ingredients (HPAPIs) has also increased. The API market size of US$184.3 billion in 2021 is expected to achieve 6.9% compound annual growth rate (CAGR). The market size is expected to reach US$357 billion by 2030.

2020-2030 (APIs market size)

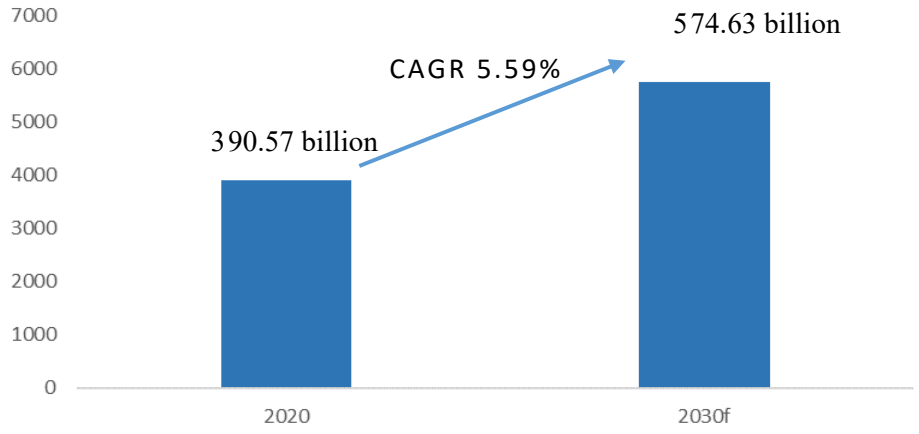


Data source: P&S Intelligence

Generic drugs are brand drug alternatives. The dosage forms and actions identical with the brand drugs are provided in order to adopt low-cost medical approaches for coping with the patent expiry of many brand drugs, an increase in chronic parents, and the incentive measures of governments around the world and other supervision agencies. These approaches will contribute to the generic drug market's annual growth.

According to the Precedence Research report, the global generic drug market's compound annual growth rate (CAGR) is 5.59%. It is estimated that the market size will reach US$574.63 by 2030.

2020-2030 (The market size of the global generic drugs)

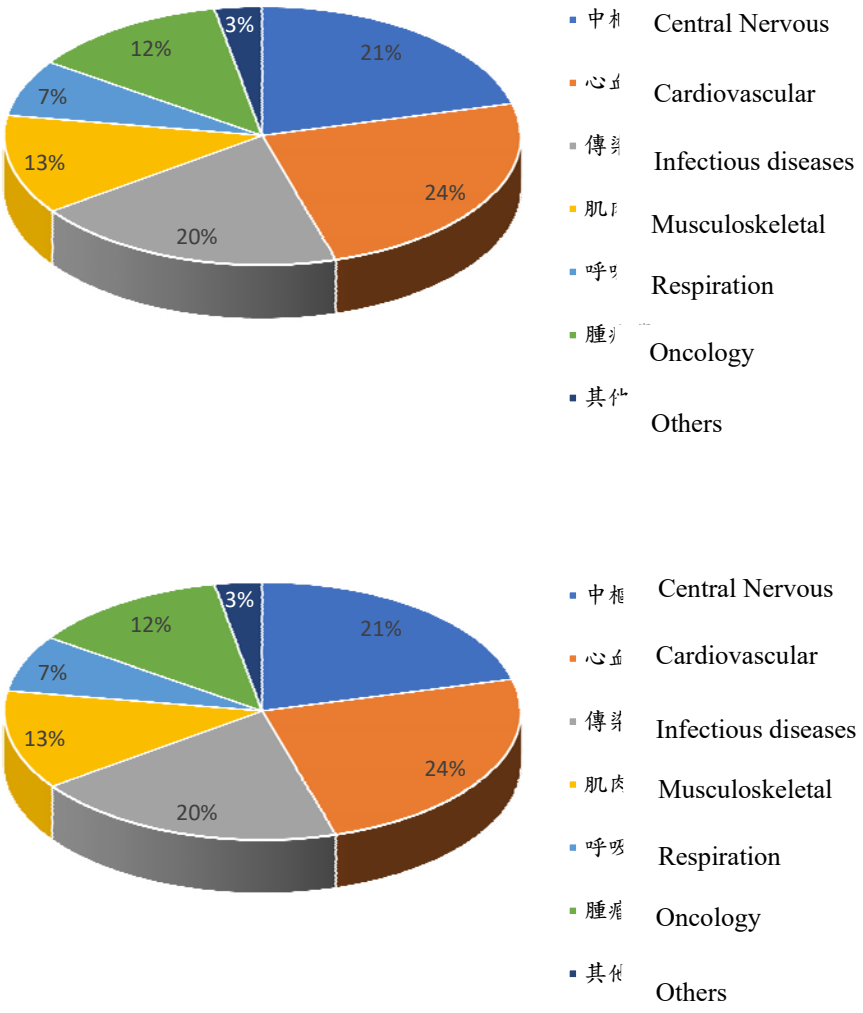


Data source: Precedence Research

In addition, cardiovascular diseases (CVD) account for the highest ratio (24%) of global generic drug indications, followed by central nervous system (CNS) accounting for 21%. Due to the COVID-19 pandemic, the ratio of infectious diseases has also reached 20%. Take the US market for instance, the US FDA report shows that generic drugs account for approx. 90% of prescription drugs. 776 ANDA

applications were approved in the same year.

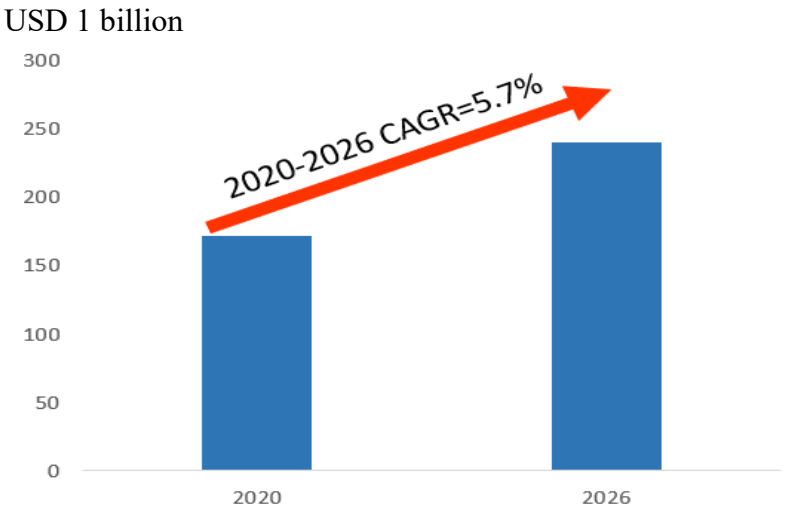
The ratio of global generic drug indications



Data source: Precedence Research

Based on the Renub Research report, it can be found that the US generic drug market will continue to achieve growth at 5.7% compound annual growth rate (CAGR). The market is expected to reach US$239.5 billion by 2026.

Changes in 2020-2026 U.S. generic drug market size



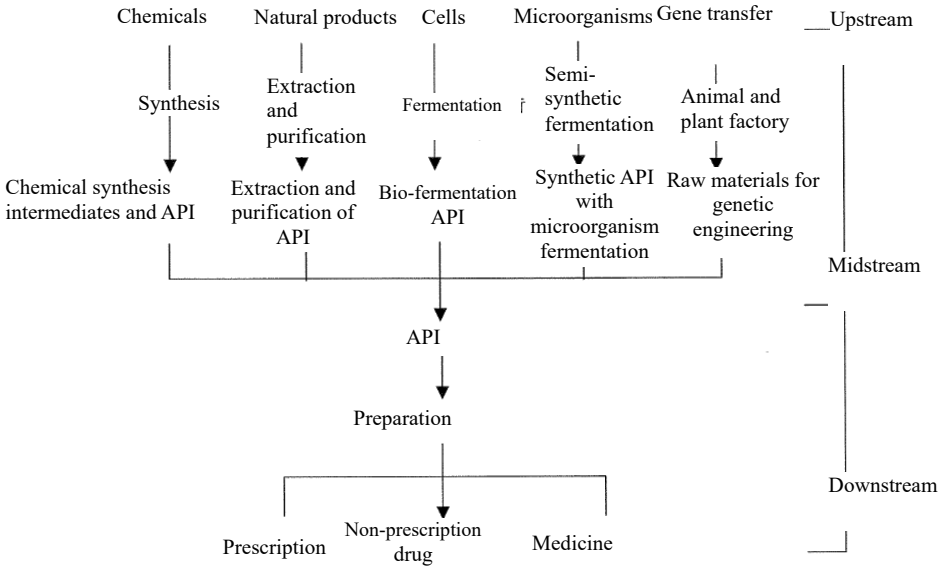
Data source: Renub Research

2. Relations between upstream, midstream and downstream of the industry:

There are more than 3,000 API manufacturers in the world, but only about 542 API manufacturers have the ability to meet the cGMP requirements of the US, Europe and Japan in terms of quality and regulations. According to the NEWPORT database, these 542 companies Most of the API manufacturers are located in the United States, Europe, Japan, China and India. The company's cGMP system has been officially inspected by the United States, Europe and Japan many times. We have been one of the major suppliers of high-tech companies in the United States, Europe and Japan, although we face low-cost competition in the market from Chinese and Indian API manufacturers. With the increasingly strict inspection of the US and EU pharmaceutical authorities and the increasingly stringent requirements for cGMP requirements, the quality requirements of APIs have established a new milestone. In the face of the increased threshold of pharmaceutical quality in advanced countries, the Company that places emphasis on cGMP sees opportunity. We are committed to enhancing product competitiveness, laying down roots in R&D technology, and developing APIs with market potential and a high technology threshold. In the fiercely competitive domestic and foreign environment, we strive to achieve breakthroughs and steady growth.

The Company is an API manufacturer in the midstream of the industry. Different drug characteristics require different manufacturing methods, which include biological fermentation, chemical synthesis and extraction and purification or a mixture of these processes. Based on product requirements, the Company purchases raw chemical materials or intermediates from upstream suppliers and manufactures APIs to be sold to downstream drugmakers who add in the related excipients to manufacture convenient dosage forms. As APIs possess curative effects, they directly impact the health and safety of medicine users. To ensure the effectiveness and safety of drugs, drug manufacturers in all aspects of the pharmaceutical industry (APIs and formulation) demand strict requirements on the quality of raw materials. Government agencies in all countries also provide regulations for the major intermediates of APIs. To comply with the cGMP of the FDA and maintain stability of quality, companies from upstream to downstream are usually long-term strategic partners.

Supply chain structure showing the upstream, midstream and downstream of the API industry:



Source: Provided by the Company

3. Various product trends:

The Company is one of the few API pharmaceutical companies in the country that manufacture microbial biotechnology products. The rest of the companies are mostly engaged in organically synthesized products. Unlike general chemical synthesis processes, we have stepped into chemical synthesis processes of key technologies, such as heavy metal reactions, bromination reactions, grignard reactions, sodium azide reactions, etc., thus achieving product diversification. For the Company's non-biotechnological products, in addition to gradually developing chemically synthesized products through key technologies, such as nib product series for treating arthritis, contract production of non-technological products is also one of the directions of focus. The ACE Inhibitor drug Trandolapril and anesthesia recovery drug Sugmmadex will continue to achieve growth through the entrusting party's gradual market expansion.

Peptide Peptide symbolizes a unique class of synthetic drugs located at the boundary between traditional small molecules and large proteins. Peptide drugs are structurally imitating and are responsible for regulating the endogenous properties of target proteins peptides. These target proteins can cause important effects in the human body, including notably hormones, neurotransmitters, growth factors and antibacterial agents and the like. Nevertheless, the peptide Peptide is in high potency, high specificity, low toxicity and high binding. As a result, peptide Peptide is a sort of new drug developed for treatment of various diseases. In recent years, the FDA's approval rate for peptides has increased very promptly, including notably: Abaloparatide, Difelikefalin Acetae, Etelcalcetide HCl and Setmelanotide Acetate. These drums have come into being as a result of research & development efforts by our Company. The new synthetic technology of peptide Peptide, through amino acids or structural changes as well as the increase of non-natural amino acids would at the same time improve the half-life extension or improve the solubility of the part which will provide stability of physical properties as the very fact behind our research & development efforts toward long-acting efficacy peptides or reduce the cost into the

long-acting formulation of drug frequency. Here at our Company, we shall, as always, continuously improve the research and development, purification, analytical method development and mass production technology of peptide APIs to enter the small molecule protein drug market.

4. Competition

Medicines are used to treat diseases and injuries and help your body to recover health, and it remains a difficult task to find any other alternatives or services to replace the effectiveness of medicines. Toward the treatment of the same disease, nevertheless, there could be a great variety of drugs with different therapeutic effects available. Among those different drugs with the same therapeutic effect, there would inevitably be harsh competition. In our Company, our flagship product would be the raw material of immunosuppressive drugs. We would, therefore, explain more specifically aimed at the competition of immunosuppressive drugs.

Currently, the main immunosuppressants in the market are Tacrolimus, Mycophenolate Mofetil and Rapamycin(Sirolimus) derivatives. The Company has successfully developed APIs for these three products, and commercial shipments have commenced. In particular, Tacrolimus is the Company's product of the year. The Company is also a major supplier in the U.S. market, currently ranking top three in U.S. market share. In addition, for Everolimus developed by Novartis and Sirolimus developed by Pfizer, the generic drugs have entered commercial supply. The Company has obtained Everolimus ANDA with 180-day market exclusive sales rights. We obtained the 10mg dosage form certification approved by the FDA was obtained at the end of 2021.

The Company has successfully boosted productivity and satisfied customers needs in line with customer requirements. Although in addition to the company, there are other peers who want to cut into such product market, but the company's products are of high quality, and cGMP inspection records are excellent, and trusted by customers. By taking these competitive advantages, the company continues to grow with mass production and shipment.

In the Company, the very competitive edge lies upon immunosuppressants which has been mass-produced and shipped. Amidst strain optimization, process improvement, improved purity, reduced and lowered amount in residuals and impurities, the quality already significantly excels equivalents available from other international suppliers. Where the Company puts forth maximum possible efforts to continually cut its costs, this is the very flagship product highly competitive in the markets.

(III) Overview of technology and R&D

1. R&D expenses spent in the most recent year as of the publication date of the annual report:

Unit: NTD thousand

Item \ Year	2021	March 31, 2022 (Note)
Research and development expenses	252,674	58,898
Net operating income	1,934,702	529,532
Percentage of net operating income	13%	11%

Note: Not yet audited by the certified public accountant.

2. Technologies and products successfully developed:
   Synthesis research institute:
   (1) Completion of the experiment in the development of the process for the multiple myeloma API Ixazomib Citrate
   (2) Completion of the experiment in the development and maximization of the process for the JAK kinase inhibitor API Tofacitinib Citrate
   (3) Completion of the experiment in the development of the process for the anti-epileptic API Eslicarbazepine Acetate
   (4) Completion of development of the process for the inherited obesity API Setmelanotide laboratory
   (5) Completion of the development of the process for the laboratory of API Difelikefalin, which is used to treat moderate to severe pruritus

   Biotechnology research institute:
   (1) Completion of maximization of the new process for the immunosuppressant API Tacrolimus, which will effectively contribute to the fermentation throughput and bring down the cost
   (2) Completion of validation of the process for the oral anti-breast cancer API Ribociclib whose new crystal formulation has been patented in Taiwan and the US
   (3) Completion of validation of the process for the blood cancer API Midostaurin
   (4) Completion of maximization of the process for the oral anti-breast cancer API Palbociclib
   (5) Completion of development of the maximization process for the multiple sclerosis API Ozanimod laboratory
   (6) Completion of development of the process for the anti-epilepsy API Brivaracetam laboratory

3. Future R&D projects and projected R&D expenses:
   (1) Synthesis research institute:

Name of research project	Projected R&D expenses in 2022
Tofacitinib Citrate	Excluding the commercialization programs, our Company estimates to additionally invest about NT$52,000,000.
Eslicarbazepine Acetate	
Setmelanotide	
Difelikefalin Acetate	
Eltrombopag olamine	

   (2) Biotechnology research institute:

Name of research project	Projected R&D expenses in 2022
Trilaciclib	Excluding the commercialization programs, our Company estimates to additionally invest about NT$33,000,000.
Brivaracetam	
Palbociclib	
Tacrolimus	
Ozanimod	

(IV) Long- and short-term business development plans:
1. Long-term business development plan:
   (1) We shall continually boost our research & development momentum, adjust research & development strategies to further develop products in high pricing, high technical threshold with few competitor but highly profitable. Through such efforts we could successfully enhance the productivity and operating benefits at the current business premises.
   (2) The company will develop unique key technologies to develop special products, such as high-growth products such as anti-cancer, high potency and peptide drugs, to support the development of new customers and enhance the niche and appeal of product differentiation.
   (3) Develop key technologies such as hydrogenation, optical splitting, asymmetric synthesis and organometallic reactions.
   (4) The company will integrate chemical synthesis and microbial fermentation technology to develop biotechnology and semi-synthetic products in the fields of cancer, immunosuppression and anti-fungals, and strengthen product features to facilitate market competition.
   (5) By increasing our long-term investment into China Chemical and Pharmaceutical Co., Ltd., we shall incessantly strengthen the strategic alliance between the businesses undertakings of both parties. Taking Tacrolimus SD20 as the very blueprint, we shall to expand to cover other new products on the existent grounds to lay out the market over the entire world.
2. Short-term business development plan:
   (1) With our incessant efforts, we shall continuously enhance the Company's unique

fermentation and chemical synthesis technology to distinguish ourselves from other peers that have only chemical synthesis or fermentation technology-related products, to boost our multiple choices of new product development items, enhance competitive edge in the global market; and strengthen our Company's niche products including notably Everolimus, Tacrolimus, Ethyl Icosapentate (EPAE) and Caspofungin. Through process optimization to surge production capacity amidst our advantageous position to minimize costs, we shall significantly increase our Company's market share in the entire world market.

(2) The company will ensure compliance with regulations, strengthen the inspection of raw materials and API intermediate supply plants, ensure compliance with the upstream supply plants, raw materials comply with the latest requirements of the official drug regulatory authorities of all countries and the supply is intact, and ensure the quality of the products of the company and the domestic verification of the cGMP factory is continuously passed through the inspection of the US FDA, Japan PMDA and EU EMA.

(3) To develop CDMO/CMO business, by rallying to participate in domestic, foreign major drug makers' new drug R&D plans, through which to enter into early stage joint R&D relation, such as pre-clinical and various clinical stages' intermediary, products' trial, manufacturing process development and related work, in anticipation to form a strategic alliance with major pharmaceutical plants, for joint growth.

(4) For purchase of major raw materials, we have duly establishes a second supplier mechanism and tried hard to promote the outsourcing of fermented intermediates, release the production capacity of fermented intermediates to increase the production of fermented raw materials and, in turn, reduce unit costs and increase market share.

(5) Develop solvent recovery technology, continue to incorporate the various management systems and mechanisms, autonomously implement waste reduction and emission reduction operations, reduce operating costs, and fulfill the social obligations of environmental friendliness in response to the increasingly strict environmental protection requirements.

II. Overview of the market and marketing:

(I) Market analysis:

1. Major market of the Company's products

Unit: NTD thousand; %

Year / Region		2020		2021	
		Amount	%	Amount	%
Exports	Asia	280,492	18.17	291,275	15.05
	America	740,913	48.00	1,254,494	64.84
	Europe	344,321	22.31	216,120	11.17
	Others	1,571	0.10	304	0.02
	Subtotal	1,367,297	88.58	1,762,193	91.08
Domestic sales		176,292	11.42	172,509	8.92
Total		1,543,589	100.00	1,934,702	100.00

2. Market share

Taiwan's API manufacturing industry is export oriented. Owing to the development of key APIs and the effective control of product costs and quality, many domestic API pharmaceutical companies have become important suppliers of generic drugs at home and abroad. These companies have also entered the supply

chain of multinational pharmaceutical companies, becoming a sub-sector in the pharmaceutical industry with a higher ratio of exports. APIs account for about 30% of the pharmaceutical industry. Under the pandemic impact in 2020, countries around the world have adopted high control and lockdown measures, resulting in deferred handling of non-emergency or non-urgent medical practices This has resulted in a steep reduction in global consumption energy. With the easing of the pandemic in 2021, the medical energy and clinical trials have gradually got back on track According to the IDB data of the Ministry of Economic Affairs, the pharmaceutical industry achieved NT$89 billion sales, an increase by 4.09% compared to 2019. In particular. The API export value amounted to NT$4,487 billion, an increase by 10.75% compared to 2019. The number of export countries increased to 69. The top five expert countries include: Japan, the United States, India, Germany, and Greece. Among them, exports to Germany in 2020 showed 101.79% growth, reaching NT$301 million; exports to the United States showed 19% growth in 2020, amounting to NT$519 million, possibly the result of the short supply leading to the worldwide order-transfer effect. In response to global API market competition, the API companies in Taiwan have launched diverse layout planning and have actively assisted clients in meeting their needs. New API shall be developed to expand scale of Taiwan's API industry. Meanwhile, those countries the world over are facing an excessive concentration of some pharmaceutical raw materials in a single country, resulting in a potential drug shortage crisis which has naturally prompted such involved countries to start thinking about an adjustment toward the drug supply chain system. Here in Taiwan, we may make prudent use of the technology development energy of domestic manufacturers in APIs to endeavor for opportunities to participate in the adjustment process of such supply chain of the pharmaceutical industry in a variety of countries. In turn, we may further expand the API industry in Taiwan to go all-out for the opportunities to participate in the process of supply chain adjustment to further expand Taiwan’s API industry.

In 2021, our export values grew by approximately 29% to reach NT$1.76 billion. Where the market scale of generic drugs continues to expand, our Company would continually develop new products and vigorously improve production efficiency to gradually gain added market share.

3. Future supply and demand and growth of the market

(1) Global demand

With large international pharmaceutical companies continuing to outsource API and waves of patent drug expiring, the domestic API drugmakers are receiving more orders. The global demand for API continues to growth and there are 10 to 15% growth every year, higher than the 2 to 5% growth experienced by generic drugs. According to the statistics of the Technology Department of the Ministry of Economic Affairs, the API market has been affected by the expiry of generic drug patents for the best-selling Active Pharmaceutical Ingredient (API), the market reached US$75 billion in the past three years. The huge business opportunities of generic drugs drive the growth of the API market. To put it in more understandable terms, the global demand for APIs will also reach its peak within three years and directly drive the growth momentum of the domestic API market to take orders.

(2) Global supply

Due to production efficiency and cost of environmental protection, many US-based pharmaceutical companies have reduced and withdrawn from the manufacturing of API and started to source from API manufacturers in the developing companies that meet cGMP requirements and have passed plant

inspection. As for Western Europe, the drugmakers there are equipped with more advanced technologies due to their earlier start in the pharmaceutical industry and are still the main exporters of API. However, the competition of lower pricing from China and India has led to excessive production from European drugmakers. They actively look for transformations in order to enter the supply chain of the generic drug industry. With cheap production costs and lower requirements in environmental protection, as well as the support from their governments' long-term policies, both China and India have established good industry API foundations, gradually becoming one of the world's production bases for API. Overall, the emergence of China and India has moved the center of API development from Europe to Asia. Taiwan's API manufacturers may be small in terms of production scale, but their excellent product quality, management of the manufacturing process and cGMP implementation are all better than China and India's. They focus on developing high-priced niche API and are starting to play an important role in the global niche market.

(3) Growth

The global pharmaceutical industry has maintained a steady growth over the past hundred years. In recent years, the industry has started to experience changes due to population aging, the governments of many countries promoting the use of generic drugs, waves of brand-name drugs experiencing patent expiration and being replaced by generic drugs, and the FDA approving fewer new drugs. With industry players changing their business strategies and conducting industrial restructuring to improve production efficiency, the industry manages to maintain a steady growth. According to the data from TrendForce, the global pharmaceutical industry expects to keep its annual growth between 5-6%, and the global market value in 2023 may reach US$ 1.54 trillion. The global pharmaceutical industry expects to continue its steady growth.

4. Competitive niche

(1) The Company has passed the US FDA and European PIC/S regulations and their requirements for plant inspection

After obtaining Europe-France Methocarbamol after factory inspection certification, the Company's factory passed subsequent factory inspection by the Taiwan Food and Drug Administration (TFDA). The U.S. Food and Drug Administration (FDA) presented the cGMP system certification in September 2021. In addition to the official factory inspections verification in Taiwan, the United States and Japan, our Company has further successfully passed the factory inspection certification for the biotechnological plants based on Pravastatin by the Japanese Competent Authority (PMDA) and the most strict pharmaceutical certification unit in Europe, the Cologne Pharmaceutical License Management Office.

We have met the cGMP standards of various global pharmaceutical companies. Being listed on the certification platforms will encourage global drugmakers from Europe, the US and Japan to work with us.

(2) Many products have been certified for DMF and proven competitive in export.

A Drug Master File (DMF) mainly introduces manufacturers' company profiles, organizational charts, chemistry, manufacturing and control (CMC) in quality control and assurance, stability tests, product specifications and impurity profiles. In general, the sales of API in a particular country requires DMF registration with FDA. When downstream drugmakers prepare medicine and apply for certification, the FDA reviews the DMF of the API manufacturers to make sure the API meet the local requirements. Since a DMF requires approval from the

FDA, registering more DMF with the FDA can demonstrate the R&D, production and export capabilities of a company. So far, we have completed the DMF registration with the US FDA for 25 products and received many orders for export. We will continue to develop new products, obtain their DMF registrations and improve our competitiveness in export.

(3) An API manufacturer that is equipped with bio-fermentation and chemical synthesis technologies and equipment.

Currently, most API manufacturers still use the chemical synthesis approach as it offers steady manufacturing processes, short product time and relatively simple equipment requirements. However, as the barriers to entry are lower for this type of manufacturing process, there are more competitors in the market. The concept of bio-fermentation is similar to the production of yogurt in which cell strains, animal and plant tissues, enzymes and bacterial species used in biotransformation, fermentation and purification are used to manufacture API. Since fermentation requires longer processing time, as well as the consideration of humidity, temperature and strain quality, product prices tend to be higher. The process involves many conditions and complex factors, so there are fewer capable manufacturers which offer API based on fermentation.

We are one of the few companies in Asia which possesses both bio-fermentation and chemical synthesis technologies and equipment. To improve our market competitiveness, we develop API medicine using bio-fermentation or a mixture of bio-fermentation and chemical synthesis in anticipation of the future growth in biotechnology medicines.

(4) Enters the part of market in which small-batches of API are used for R&D.

Smaller pharmaceutical companies tend to use smaller batches of API for clinical trials when developing new drugs. These short-term and small-batch orders may not contribute greatly to the revenue, but the collaboration can provide future business opportunities. In other words, once their products enter large-scale clinical trials or obtain commercialization approval, they become an important source of orders for API manufacturers.

We have worked with drugmakers to provide them with API and they are in the third stage of clinical trials. Once they successfully obtain marketing authorization, we will benefit from the increased sales and improve our competitiveness.

5. Favorable and unfavorable factors affecting the future outlook:

(1) Favorable:

①With numerous honors accumulated over the years, notably hands-on cGMP production experience and the approval of the domestic raw materials drug cGMP with factory- inspection records and the US FDA, the European Union German factory inspection and the Japanese PMDA verification, we have firmly secured our successful marketing in the European, American and Japanese markets in our cGMP products. Our Company is primarily export-oriented and has effectively upheld our export volume and values.

②The successful introduction of Rapamycin, Tacrolimus, Mycophenolate Mofetil, Everolimus and Ethyl Icosapentate helps us accumulate experience and facilitates the development of Baricitinib, Midostaurin and Peptide and open up the markets in Europe, the US and Japan.

③We are one of the few Active Pharmaceutical Ingredients (API) pharmaceutical companies in Taiwan engaged in both synthetic processes and biological fermentation processes. We also have a strong synthesis and biotechnology R&D team.

(2) Unfavorable:

①It is true that the American market is large in scale and high in unit prices. On the other hand, nevertheless, it calls for lengthy preparatory work and huge amounts of manpower and material resources where it is virtually hard even if not impossible for us to pass the FDA verification. The extremely time-wasting and time-consuming process which is indispensable in the customer research and development schedule and the ANDA application progress would significantly dampen us from entry into the American markets.

②Every European country has its own GMP requirements and inspection is needed before entering the local market. The review process of drug certification is becoming stricter, making it difficult to control the overall schedule which can impact business opportunities.

③Our biotech product Tacrolimus has been in the market for quite a number of years, we have, nevertheless, not yet reached the pre-determined target as a result of the technical barriers on the preparation terminal. Those European and American patents have expired successively one after another but lots of manufacturers with competitive edge have emerged, leading to a decline in prices and increasingly fierce competition in the market.

④The domestic healthcare policy on drug price-regulation greatly impacts the domestic sales market. The rigorous PIC/S requirements had driven the domestic drugmakers to withdraw from the market. The low-volume and low-price conditions make the market competition even more severe.

⑤The main source of supply to raw materials used in upstream and chemical intermediates is in China. Policy changes, environmental awareness, more strict labor laws and the rise in crude oil prices are driving up the cost.

⑥Taiwan's API manufacturers are all export-oriented and they need to face the risk of exchange rate. At the present time as trade conflicts are lingering, protectionism rises, coronavirus pandemic (COVID-19) remains a threat, the global economy has slowed down the pace of growth and central banks throughout the world continue to uphold a loose monetary policy, leading to an increased risk of fluctuations in the exchange rate of currencies denominated in US dollars.

(3) Countermeasures:

The company put efforts to diversify its supply and seek qualified suppliers in India and other emerging market countries. In the intermediate-term, improve the manufacturing technology and add in hydrogenation and metals reactions to reduce dependence on foreign intermediates.

(II) Main uses and production processes of major products:

1. Main uses:

(1) Biotechnology products:

① Mycophenolate Mofetil: An immunosuppressive drug which inhibits ejection of organ transplant.

② Rapamycin: An immunosuppressive agent which inhibits ejection of organ transplant.

③ Tacrolimus: An immunosuppressive agent which inhibits ejection of organ transplant.

④ Everolimus: An anti-cancer or cardiovascular stent coating drug and also serves as an immunosuppressive agent.

⑤ Caspofungin Acetate: As a sort of antifungal drug to be used for Candida infections and the like.

⑥ Midostaurin is an anticancer drug for treating acute myeloid leukemia.

(2) Non-biotechnology products:

① Methocarbamol: A muscle relaxant for muscle tension and pain and it has a relaxing effect.

② Trandolapril: For prevention and treatment of heart disease and hypertension.

③ Metaxalone: A muscle relaxant for muscle tension and pain and it has a relaxing effect.

④ Ethyl Icosapentate: Lower triglyceride

⑤ Omega-3 Carboxylic Acids: Lower triglyceride

⑥ Ribociclib: breast cancer medication.

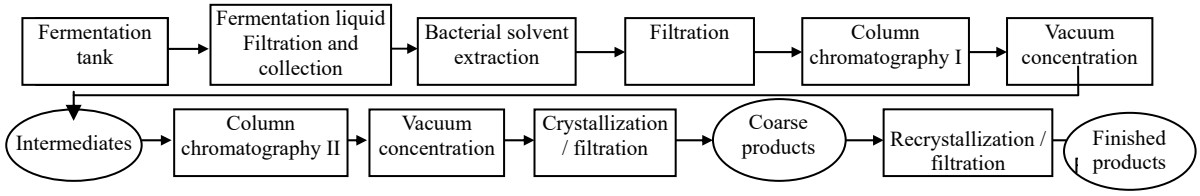
⑦ Tofacitinib: rheumatoid arthritis medication.

⑧ Others: Including Fluconazole, which treats respiratory and digestive tract diseases caused by Candida and Microcystis fungi.

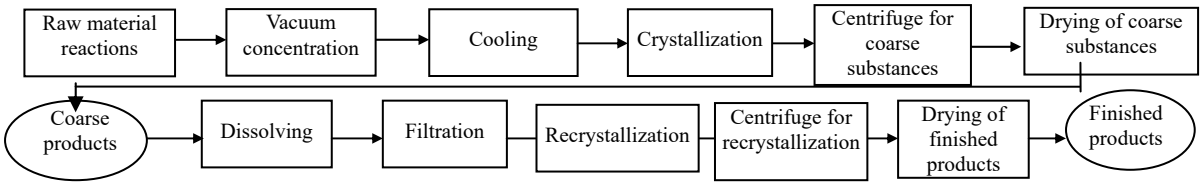
2. Manufacturing processes:

API:

(1) Biotechnology products (fermentation):



(2) Non-biotechnology products (synthetic):



(III) Supply status of main raw materials:

We always purchase raw materials from our long-term contracted suppliers who have no material shortage problems.

Main raw materials	Main suppliers	Supply status
IPE 70	Supplier B	Good
Chemicals	Supplier D	
	Supplier E	
Solvents	Supplier F	
Guaiacol	Supplier G	
FCZ-C	Supplier H	

(IV) Parties who deliver more than 10% of the total raw materials or buy more than 10% of goods sold in any one of the past two years, their amount, proportion and reasons for changes:

1. Suppliers who account for more than 10% of the total purchased amount:

Information about the main suppliers the past two years

Unit: NTD thousand

	2020				2021				As of the end of the previous quarter in 2022 (Note 1)			
Item	Name	Amount	Percentage of the net purchase of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net purchase of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net purchase as of the end of the previous quarter in the year (%)	Relationship with the issuer
1	Supplier A	134,132	24.32	None	Supplier B	349,005	40.51	None	—	—	—	—
2	Supplier B	94,484	17.13	None	Supplier C	116,434	13.52	None	—	—	—	—
3	Supplier C	55,568	10.07	None	Supplier D	108,726	12.62	None	—	—	—	—
4	Others	267,398	48.48	—	Others	287,285	33.35	—	—	—	—	—
	Net purchase	551,582	100.00	—	Net purchase	861,450	100.00	—	—	—	—	—

Note 1: As of the publication date of the annual report, there is no recent financial information to be audited or reviewed by accountants.

Reasons for fluctuations: A decrease in Active Pharmaceutical Ingredients (API) provided by Supplier A in 2021 was mainly due to the Company's even distribution of supply sources. Active Pharmaceutical Ingredients (API) purchased from Supplier B in 2021 were mainly to meet the product manufacturing needs. In cooperation with product manufacture, Active Pharmaceutical Ingredients (API) purchased from Supplier C and Supplier C in 2021 led to an increase in procurement amount.

2. Clients who account for more than 10% of the total sales amount:

Information about the main clients the past two years

Unit: NTD thousand

	2020				2021				As of the end of the previous quarter in 2022 (Note 1)			
Item	Name	Amount	Percentage of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net sales as of the end of the previous quarter in the year (%)	Relationship with the issuer
1	Client A	659,098	42.70	None	Client A	968,881	50.08	None	—	—	—	—
2	—	—	—	—	—	—	—	—	—	—	—	—
3	Others	884,491	57.30	—	Others	965,821	49.92	—	—	—	—	—
	Net sales	1,543,589	100.00	—	Net sales	1,934,702	100.00	—	—	—	—	—

Note 1: As of the publication date of the annual report, there is no recent financial information to be audited or reviewed by accountants.

Reasons for fluctuations: The increase in the 2022 net sales compared to the same period of the previous year is mainly to an increase in demand for the Company main products. the Company's revenue growth was boosted by Client A's market -driven shipment increase.

(V) Production volume the most recent two years:

Unit: amount (kg), value (NTD in thousands)

Year / Main products	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Biotechnology products	50,339	38,151	622,373	10,795	6,223	605,832
Non-biotechnology products	128,355	70,785	327,885	268,600	178,751	642,611
Total	178,694	108,936	950,258	279,395	184,974	1,248,443

Description: The Table above shows the Company's production and value of finished products.

(VI) Sales volume in the most recent two years:

Unit: amount (kg), value (NTD in thousands)

Year / Sales revenue / Main products	2020				2021			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Biotechnology products	195	70,206	35,923	975,473	84	82,372	1,855	770,269
Non-biotechnology products	32,512	96,130	79,875	391,824	36,066	85,621	157,490	991,924
Labor revenue	-	9,956	-	-	-	4,516	-	-
Total	32,707	176,292	115,798	1,367,297	36,150	172,509	159,345	1,762,193

III. Employees:

Year		2020	2021	The current year as of April 21, 2022
Number of employees	Administrative department	30	30	30
	Quality control	36	40	41
	Production (Note)	155	176	182
	R&D	75	73	73
	Marketing	11	11	11
	Total	307	330	337
Average age		37.94	38.01	37.85
Average years of service		8.27	8.19	8.01
Academic qualification	Doctoral Degree	5.6%	4.85%	5.04%
	Master's Degree	25.7%	24.55%	23.74%
	Bachelor's Degree	43.3%	46.36%	48.37%
	High school	23.8%	22.73%	21.36%
	Below high school	1.6%	1.52%	1.48%

Note: The numbers of production workers (including foreign workers) were 51, 50, and 50 for 2020/12/31, 2021/12/31, and 2022/4/21 respectively.

IV. Environmental protection expenditure:

In the latest fiscal year and as of the publication date of the annual report, losses resulting from pollution to the environment (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of punishment, the file number of the punishment, the provisions of the statute, the content of the violation of the statute, and the content of the punishment) should be listed, and the current and future estimates should be disclosed as well. If the amount and the corresponding measures cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: no fact ever existed.

V. Employer and employee relationships:

(I) The availability of employee welfare, training, ongoing education, and retirement policies. Elaborate on the agreements between employers and employees, and the protection of employees' rights:

1. Employee benefits and implementation status:

Employees are the most important assets of the company. The company provides a safe and comfortable office environment. It is a 45-minute flexible working time for the understanding of the hard work of the children and the long-distance commuting.

In addition to various group insurance plans and proper health examinations, we take care of our colleagues' health and establish a diverse community to encourage employees to participate actively, so that employees can achieve a balance between work and family, family and self.

The employees who have served for one year enjoy 100% ESOP (Employee Stock Ownership Plan) awards in the company. The ESOP help the company's colleagues to achieve long-term savings and accumulated wealth through the "ESOP" to ensure the stability of the future life and enhance employees' sense of belonging to the company. Employees could have the ability to hold company stocks and share business profit.

The company immediately announced on various occasions that the company would not be classified as race, class, language, thought, religion, partisanship, place of birth, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities or former union members. The company will implement workplace equality, building a happy enterprise, and move towards a society of plural respect.

In addition to policies meeting the Labor Standards Act, the Company also provides health examination for employees. An employee welfare committee has also been established to handle benefits and manage benefit payments. The employee benefits are listed as follows:

(1) Pay out pension as required by law.

(2) In addition to having all employees participate in labor insurance and national health insurance according to law, the Company also provides group insurance and periodic health examination.

(3) Paid holidays according to law.

(4) Employees in the company, who are married, mourned, happy, and celebrated are entitled to a vacation and receive a subsidy for benefits, in addition to the provisions of the Law on Labor. In 2021, there were 26 applicants.

(5) A monthly birthday gift is issued to employees in the company; a total of 319 persons were issued them in 2021.

(6) Employees can receive annual bonuses or prizes during festivals such as Spring Festival, Labor Day, Dragon Boat Festival and Mid-Autumn Festival; a total of 1,275 people were issued them in 2021.

(7) The Company sponsors employee tours or provides travel subsidies from time to

time.

(8) Staff dormitories for employees living far from work

(9) All employees got 100% subsidy for shareholding trust for their secured retired life.

2. Self-improvement, training and implementation status:

To enhance employees' professional and technical capabilities and to improve work efficiency and product quality, the Company provides an Annual Education and Training Planning Chart. In addition to conducting employee training based on the chart, internal courses on management and professional skills are provided from time to time. Employees are also sent to external organizations to receive training to strengthen their professional capabilities.

(1) Education and training of new hires:

To help new hires learn about the environment, understand the Company's regulations and history, pay attention to work safety, know the work of every department, and learn about the Company's approach to environmental management, professional capabilities and requirements, labor laws and safety and health training so they can become the talent that the Company really needs.

(2) Education and training of the existing employees:

Conduct training based on the education and training program every year. Provide education on the existing task and position and knowledge and skills needed for additional specialty so they can perform better in their positions.

Implementation progress of education and training in 2021:

Types of training	Man-hours	Total cost (NTD in thousands)
cGMP	5,435	224
SOP	875	
Specialized training	1,343	
Instrument	664	
New-hires	162	
Others	791	
Total training hours	9,270	
Average training hours / per person per year	28.09	

3. Retirement system and implementation progress

The Company has set up the "Regulations for Employee Retirement (hereinafter the Old Fund) in accordance with the Labor Standards Act. In accordance with the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds" of the Ministry of the Interior. Retirement reserve funds in sufficient amounts shall be provisioned and deposited into the Bank of Taiwan (account designated for retirement reserve funds) for safekeeping and utilization.

With "Labor Pension Act" (referred to as "the new system") becoming effective on July 1, 2005, incumbent employees under the "old system" who have qualified service tenure under the "new system" and new hires after the effective date of Labor Pension Act" who select the contribution plan with the "new system" have no less than 6% of their monthly pay deposited into the account of employee reserve fund by the Company. With regard to the contribution plan, we contribute 6% of the monthly payroll, in accordance with Labor Pension Act, to Bureau of Labor Insurance and the amount contributed is recognized as part of the annual expense.

The company adheres to the Labor Pension Act's applicable regulations as follows:

(1) Voluntary retirement:

Workers encountering one of the following circumstances may apply for retirement: (those choosing the Labor Pension Act are processed per the same act's regulations).）

A. Having been employed for more than fifteen years and more than 55 years of age.
B. Having been employed for more than twenty-five years
C. Having been employed for more than ten years and more than 60 years of age.

(2) Mandatory retirement:

Of employees other than those meeting one of the circumstances below, the company may not force them to retire:

A. More than 65 years of age.
B. Having lost mental capacity or having been physically disabled and thus incompetent to work

The preceding section article 1 specified age for those rendering work with a hazardous, strong stamina and related special nature, the company may declare with competent central government authorities for approval to adjust it. However, it may not fall below fifty-five years of age.

(3) Pension payout standard:

A. Of employees eligible to the working seniorities before and after the Employment Standards Act and choosing to stay on "Employment Standards Act" pension regulations per the Employment Standards Act or retain their working seniority prior to the applicable Employment Standards Act, their pension payout and the standard are calculated and paid out per Employment Standards Act article 84-2 and article 55.
B. Of employees commanding the preceding section's working seniorities and are subject to a mandatory retirement per article 35 par I subpar II stipulations, whose mental loss or physical disability has been a result of rendering their duties, their payout is made per Employment Standards Act article 55 par I subpar II regulations plus an additional twenty percent.
C. Of employees eligible to the Labor Pension Act regulations, the company allocates a 6% of whose working wages to a worker's individual pension account.

(4) Pension payout:

The company shall pay to its employees when the retirement pension is paid out, within thirty days from an employee's retirement date.

(5) Fact in appropriation of pension fund:

The Old Fund: As of December 31, 2021, the Labor Retirement Reserve Fund cumulatively amounted to NT$139,113.

New pension mechanism: In 2021, the total amount amortized came to NT$9.681 million.

4. Agreement between the employers and employees

We respect employees' opinions and are committed to build a work environment that offers open communication. Employer-employee meetings are held periodically to encourage colleagues to voice their opinions in an open and transparent manner. Supervisors and the related work departments are required to provide prompt responses in order to achieve the goal of having two-way communication.

5. Protection measures for employee benefits

We have a well-established management system which specifies employees' rights, obligations and welfare. The content is reviewed regularly to protect employees' interests.

6. Protection measures for work environment and employees' personal safety:

Item	Content
Entrance Security	The Company maintains strict access control day and night and is in contract with a security firm to provide office and factory plant security.
Equipment maintenance and inspection	1. In accordance with the requirements of Fire Services Act, the Company commissions professional fire inspectors to conduct inspection. 2. In accordance with the occupational safety and health guidelines, the Company invites professional inspection agency to check industrial lifts and elevators every half a year (completed as of January 2021, July 2021) and issue certificates. Boiler (completed as of March 22 2021, May 21 2021 and November 3 2021), high-pressure equipment (completed as of July 12, 2021) and Class 1 pressure vessel (completed as of May 21, 2021, November 22, 2021) inspections are conducted once a year to obtain necessary certificates. 3. In accordance with the occupational safety and health guidelines, all the responsible departments conduct daily, monthly, quarterly, semi-annual or annual inspection of forklifts, lifts, ventilation system, storage tanks, high- and low-voltage electrical equipment, fire fighting equipment and others and perform maintenance and repair based on the inspection plan. Industrial lift vendors are hired to perform professional inspections and maintenance of lifts on a monthly basis.
Disaster prevention and response actions	1. In order to maintain the safety and health of employees, the Department of Safety and Health is established, and one occupational safety and health administrators are prepared to handle occupational safety and health affair related business. 2. "Response Measures for Emergencies," "Occupational Safety and Health Rules" and "Occupational Safety and Health Management Plan" are established to clearly define the responsibilities and tasks of personnel at all levels before and after incidents, and employees and contractors are required to follow the rules to prevent any occupational disasters. 3. Employees are given personal protective gears which include goggles, protective clothing and gloves, work safety shoes, respiratory protection equipment and others, and they are required to wear the gears in their daily work. 4. In accordance with "Fire Services Act" and regulations for environmental protection, the Company assigns emergency response teams, install emergency and rescue equipment and perform fire-fighting, toxin control and emergency exercises every half a year. One session was conducted on 2021/12/17, with 36 participants in total.
Physical and mental health and work environment hygiene	1. Health examination: The existing employees are given a free health check every year, better than what the provisions of the "Occupational Safety and Health Act" require. A total of 253 people took the health examination in 2021, including 62 people who took special health examination (for those who handle specific chemicals). 2. Work environment hygiene: Smoking is prohibited within the factory floor. Full-time cleaners are hired to clean office space, factory and warehouses. 3. In accordance with the requirements of the "Occupational Safety and Health Act," specialized testing organizations are invited to perform chemical exposure assessment in the product areas every half a year.

Item	Content
	The most recent testing was done in August 2021. There were 4 product processes areas and research department, 7 chemicals and 20 testing items. The results were in compliance with the allowable concentration to ensure employees' health. 4. Expressing opinions: A "General Manager's Mailbox" is set up in the cafeteria to welcome employees' inputs regarding the Company's operations and current status. Suggestions for improvement are also welcomed. The input can be anonymous or with employees' name attached and the president office will personally handle the cases. 5. Online communication channels: A "CCSB Employee Discussion Forum" is established in the Company's system which serves as a platform for announcements and for employees to voice their opinions and concerns. In addition, employees can file complaints via "Stakeholders' Area" of the Company's website. The management will conduct investigation and handle issues in accordance with the relevant regulations to protect the interests of the Company and employees.
Education and training	1. Education and training for new hires: To help new hires learn about the environment, understand the Company's regulations and history, pay attention to work safety and know the work of every department, management of chemicals, professional capabilities and requirements, labor laws, safety and health training and cGMP training so they can understand the environment, safety and policies better. In 2021, a total 6 education and training sessions on general safety and health were held, with a total of 39 participants. A total of 6 education and training sessions on chemical hazards were held, with a total of 39 participants. 2. Education and training for the existing employees: To enhance employees' professional and technical capabilities and improve work efficiency and product quality, the Company provides an Annual Education and Training Planning Chart. In addition to conducting employee training based on the chart, internal courses on management and professional skills are provided from time to time. Employees are also sent to external organizations to receive training to strengthen their professional capabilities. The Company’s professional licenses in the safety and health category include: organic solvent supervisor, specific chemical operation supervisor, anoxic operation supervisor, stacking machine operator, stationary crane operator, boiler operator, specific high-pressure equipment operator, fire protection management personnel, security personnel, first aid personnel, and so on. In 2021, 12 trainees received in-service training, 8 received training for newcomers, 79 received education training on confined space in-service training, 19 received education training on site supervisor safety and health, 65 received education training on general safety and health, 9 received education training on hazard identification and safety and health, and 22 took part in rescue drills for operational accidents in confined spaces. 3. Contractor education training: In conjunction with the provisions in the Occupational Safety and Health Act, the “Contractor Operation Management Guidelines” have been set up. In 2021, education training implemented for contractors entering the factory for operation totaled 68 people. They were also informed of the hazards, prevention of occurrences of work hazards, and maintenance of work environment

Item	Content
	safety.

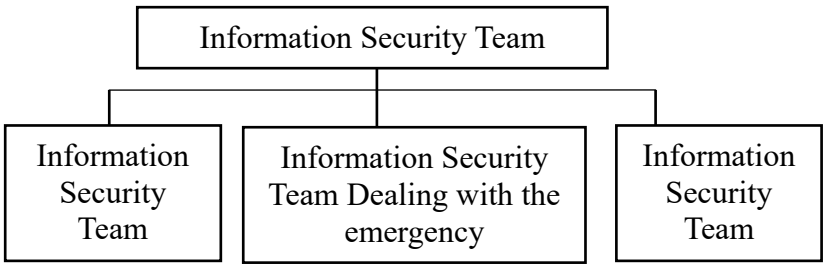
(II) In the latest fiscal year and as of the publication date of the annual report, the loss incurred by a labor dispute (including an event where the result of labor examination proves in contravention of Labor Standards Act which should be expressly enumerated with the date, file number of penalties, contents of violated laws, contents of offense and contents of penalty) with disclosure of the estimated amounts at the moment and in the future as well as countermeasures thereof: no such fact ever existed.

VI. Information and communication security management:

(I) Framework information and communication security management, information and communication security policies, specific management plans, and resourced inputted into information and communication security management:

The Company has established a computerized information system, management procedures to implement internal control and information and communication security policies. Ensure its appropriateness and effectiveness through annual internal inspections and external assessments of its safety regulations and procedures. The company will explain the details in the following sub-items:

(1) Framework of information and communication security risk management



The Company has established the information security team under the Department of Information. The organization is as shown in the diagram above. The team shall be responsible for formulating information and communication security policies and conducting periodic reviews and amendments. The internal audit and external audit are carried out regularly by the auditing office and the accounting firm every year. In March 2021, the auditing office performed the internal audit of the safety inspection and control operations, and issued an internal audit report, which was reported to the audit committee and the board of directors. The external audit of the “Information System Environmental Auditing” was carried out by PWC Certified Public Accountant Firm in December 2021. The server host used by the system is located in the internal virtual network. The internal host is protected by a firewall. The external network is isolated and cannot be directly accessed. It has adopted multiple network security defense systems. The firewall and intrusion detection at the front end of the network. Test system and anti-virus are used as the basis for enterprise security protection. It can also strengthen the detection of malicious programs for traffic, web pages and emails. Through the correlation analysis of different security mechanisms, it can play the role of defense in depth and immediately block the latest malware, harmful website links, defense against external network attacks, mail content security control system is responsible for filtering the contents of incoming and outgoing links, and can further block files with zero-day malware, APT attack tools, and vulnerabilities. Attack files... threats such as threatening emails, spam emails, etc. The internal host and endpoints of the company are deployed by the central control unit to provide anti-virus software, which can

update the virus code and instantly identify malicious behaviors. It can instantly intercept virus Trojan worms, ransomware, malicious files in folders, etc. The risk of damage from the hacker attack could be effectively reduced.

(2) Information and Communication Security Policy:

A. Regularly implement information and communication security education and training, promote information and communication security policies and related implementation regulations, promote employee awareness of information security and strengthen their awareness of related responsibilities.

B. Implement an internal audit system for information and communication security to ensure the implementation of information and communication security management.

C. Protect the company's business activities, avoid unauthorized modifications, ensure its correct integrity, protect the company's data, systems, equipment and network communications security, and prevent external invasion and destruction.

D. Protect the company's business activities, avoid unauthorized access, system information account access rights and system changes, all must be controlled by rights.

E. Protect the integrity of the company's data and implement the destruction procedures. The computer storage media that have been scrapped should be destroyed to avoid accidental exposure.

F. The company will monitor the security status and activity records of the information system to effectively grasp and deal with information security incidents.

G. The execution of the company's business activities must comply with the requirements of relevant laws or regulations.

At present, the company's information and communication security maintenance measures are complete, and the consideration of security insurance is still an emerging insurance, and it involves supporting the grading of security and claims, so it is still evaluating the stage of future applicability.

(3) Specific management plans for information and communication security:

A. System account and permission management

The computerized system of the company should have sufficient authority to prevent unauthorized intrusion or unauthorized changes to the data. The content includes information and communication security rights, information access rights and information access control. The company will determine the degree of security control, according to the importance of the computerized system. The scope of business and the rights and responsibilities are set by the user's account and authority. The access to the data must be applied and approved by the competent authority. Retired personnel (including those who remain in office) should immediately lock, stop or remove accounts and permissions in accordance with the procedures to prevent unauthorized use.

B. Data access records should be audited and kept properly.

In order to ensure the integrity of the data, the computerized system should be able to record the transaction history, that is, any data change/deletion, who should perform it, record the track record of the system file access, and historical data such as incoming and outgoing mail, archive and save. Computers of the company that have completed the retirement process perform hard disk disassembly and destruction to comply with the regulatory system and the security policy.

C. Information system continues to operate

The company ensures its data, systems, equipment and network communications security, establishes data/backup methods and backup operating standards, the

system and documents are taken daily, weekly and quarterly local backup, daily, weekly, quarterly backup. The data is transmitted to a different machine or stored in a different place as a remote location, and the machine is backed up. The simulation tests and emergency response of the computer room are strengthened to ensure the normal operation and data preservation of the information system, and the system data recovery test drill is performed regularly every year. With the proper operation and data preservation of the maintenance information system, the risk of data loss caused by unwarranted natural disasters and artificiality disaster disasters can be reduced. The IT Disaster Recovery (ITDR) drill test was conducted in May of the 2021.

(4) Resources input into information and communication security management:

The Company shall occasionally conduct advocacy on information and communication security to the Company's employees through news and events cases and the Company's internal network. In order to strengthen the Company's information and security technology and safety protection, security protection related fees in 221 amounted to NT$287,000. The information and communication security management and implementation shall be periodically reported to the board of directors every year.

(II) Losses caused by major information and communication security events in the most recent year and on the day of annual report printing may affect the coping measures. In the event a reasonable estimation fails to be made, explain the facts for failure to make a reasonable estimation: Not applicable.

VII. Major contracts:

The following shows the Company's effective renewed and expiring vendors and order contracts, technical collaboration contracts, engineering contracts, long-term loans and other important contracts that can affect shareholders' equity as of the publication date of the annual report:

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Sales cooperation	Company A	2017/11/27~ 2027/11/26	Sales cooperation contract for immunosuppressant	Privacy Policy
Sales cooperation	Company B	2019/02/18~ 2024/02/17	Sales contract for painkillers	Privacy Policy
Commission contract	Company C	2021/06/03~ 2022/06/02	Sales commission contract	Privacy Policy
Commission contract	Company D	2021/01/01~ 2024/12/31	Sales commission contract	Privacy Policy
Commission contract	Company E	2022/01/01~ 2022/12/31	Sales commission contract	Privacy Policy
Sales cooperation	Company F	2022/01/01~ 2022/12/31	Sales cooperation contract for immunosuppressant	Privacy Policy
Commission contract	Company G	2021/06/01~ 2023/05/30	Sales commission contract	Privacy Policy
Commission contract	Company H	2021/01/01~ 2022/12/31	Sales commission contract	Privacy Policy

Six. Financial summary

I. Condensed balance sheet, comprehensive income statement and accountants' signatures and their auditing recommendations for the past five years:

(I) Condensed balance sheet for the past five years

1. Condensed and consolidated balance sheet - International Financial Reporting Standards

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years (Note 1)					Financial results for the year ended March 31, 2022 (Note 3)
		2017	2018	2019	2020	2021	
Current assets		1,027,116	613,794	687,581	1,001,602	1,357,078	—
Available-for-sale financial assets - non-current		93,775	—	—	—	—	—
Financial assets carried at cost – non-current		30,000	—	—	—	—	—
Financial assets that are measured at fair value through profit or loss-non-current		—	29,978	28,160	32,456	26,726	—
Investments accounted for by the equity method		—	325,381	478,894	511,434	1,032,860	—
property , plant, and equipment		2,242,930	2,195,594	2,180,308	1,539,251	1,866,152	—
Right-of-use assets		—	—	5,418	3,110	2,313	—
Real property for investment-net		10,700	10,700	10,700	10,700	10,700	—
Intangible assets		3,185	2,193	1,250	1,293	1,803	—
Deferred income tax assets		14,787	20,511	19,075	16,758	24,480	—
Other current non-assets		25,432	23,267	27,461	30,536	58,649	—
Total assets		3,447,925	3,221,418	3,438,847	3,147,140	4,380,761	—
Current liabilities	Before dividend distribution	808,308	425,690	576,422	400,159	635,170	—
	After dividend distribution	847,088	518,762	638,470	516,499	735,998 (Note 2)	—
Non-current liabilities		818,396	811,825	847,293	248,318	851,317	—
Total liabilities	Before dividend distribution	1,626,704	1,237,515	1,423,715	648,477	1,486,487	—
	After dividend distribution	1,665,484	1,330,587	1,485,763	764,817	1,587,315 (Note 2)	—
Attributable to owners of the parent company		1,820,828	1,983,657	2,014,900	2,498,402	2,894,084	—
Share capital		775,600	775,600	775,600	775,600	775,600	—
Capital reserve		334,323	334,323	334,323	334,323	334,323	—
Retained earnings	Before dividend distribution	720,928	873,169	898,946	1,384,760	1,744,399	—
	After dividend distribution	682,148	780,097	836,898	1,268,420	1,643,571 (Note 2)	—
Other equity		(10,023)	565	6,031	3,719	39,762	—
Treasury stock		—	—	—	—	—	—
non-controlling interests		393	246	232	261	190	—
Total equity	Before dividend distribution	1,821,221	1,983,903	2,015,132	2,498,663	2,894,274	—
	After dividend distribution	1,782,441	1,890,831	1,953,084	2,382,323	2,793,446 (Note 2)	—

Note 1: The above financial information for each year was audited by the CPAs.

Note 2: The Company's 2021 profit distribution case was resolved by the board of directors on March 8, 2022. The case is pending resolution at the shareholders meeting in 2022.

Note 3: As of the publication date of the annual report, there is no recent financial information to be audited or reviewed by accountants.

2. Condensed individual balance sheet - International Financial Reporting Standards

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		953,224	573,219	649,517	986,712	1,342,252
Available-for-sale financial assets - non-current		93,775	—	—	—	—
Financial assets carried at cost – non-current		30,000	—	—	—	—
Financial assets that are measured at fair value through profit or loss-non-current		—	29,978	28,160	32,456	26,726
Investments accounted for by the equity method		61,542	355,439	506,939	524,205	1,042,149
property , plant, and equipment		2,242,419	2,195,207	2,180,291	1,539,133	1,866,067
Right-of-use assets		—	—	2,672	1,620	1,951
Real property for investment-net		10,700	10,700	10,700	10,700	10,700
Intangible assets		3,185	2,193	1,250	1,293	1,803
Deferred income tax assets		14,787	20,285	18,796	16,758	24,480
Other current non-assets		25,341	23,174	27,370	30,450	58,564
Total assets		3,434,973	3,210,195	3,425,695	3,143,327	4,374,692
Current liabilities	Before dividend distribution	795,749	414,713	565,114	396,995	629,291
	After dividend distribution	834,529	507,785	627,162	513,335	730,119 (Note 2)
Non-current liabilities		818,396	811,825	845,681	247,930	851,317
Total liabilities	Before dividend distribution	1,614,145	1,226,538	1,410,795	644,925	1,480,608
	After dividend distribution	1,652,925	1,319,610	1,472,843	761,265	1,581,436 (Note 2)
Attributable to owners of the parent company		1,820,828	1,983,657	2,014,900	2,498,402	2,894,084
Share capital		775,600	775,600	775,600	775,600	775,600
Capital reserve		334,323	334,323	334,323	334,323	334,323
Retained earnings	Before dividend distribution	720,928	873,169	898,946	1,384,760	1,744,399
	After dividend distribution	682,148	780,097	836,898	1,268,420	1,643,571 (Note 2)
Other equity		(10,023)	565	6,031	3,719	39,762
Treasury stock		—	—	—	—	—
non-controlling interests		—	—	—	—	—
Total equity	Before dividend distribution	1,820,828	1,983,657	2,014,900	2,498,402	2,894,084
	After dividend distribution	1,782,048	1,890,585	1,952,852	2,382,062	2,793,256 (Note 2)

Note 1: The above financial information for each year was audited by the CPAs.

Note 2: The Company's 2021 profit distribution case was resolved by the board of directors on March 8, 2022. The case is pending resolution at the shareholders meeting in 2022.

(II) Condensed and comprehensive income statement for the past five years

1. Condensed and comprehensive income statement - International Financial Reporting Standards

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years (Note 1)					Financial results for the year ended March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenues	1,168,248	1,019,452	1,156,642	1,543,589	1,934,702	—
Operating gross profit	407,866	351,510	468,629	686,753	949,388	—
Operating gains and losses	78,135	30,976	121,108	268,920	438,475	—
Non-operating revenues and expenses	31,402	209,270	22,635	381,377	59,138	—
Earnings before tax	109,537	240,246	143,743	650,297	497,613	—
Current net profits from continuing operations	85,891	234,288	117,124	532,063	401,050	—
Gain(loss) from discontinued operations	—	—	—	—	—	—
Current period net profit (loss)	85,891	234,288	117,124	532,063	401,050	—
Other comprehensive income for the period (post-tax profit or loss)	2,943	(32,585)	7,303	13,656	111,234	—
Total comprehensive income for the period	88,834	201,703	124,427	545,719	512,284	—
Net income attributable to owners of the parent company	85,766	234,251	117,003	531,873	400,778	—
Net income attributable to non-controlling interests	125	37	121	190	272	—
Total comprehensive income attributable to owners of the parent company	88,735	201,666	124,315	545,550	512,022	—
Total comprehensive income attributable to non-controlling interests	99	37	112	169	262	—
Earnings per share ($)	1.11	3.02	1.51	6.86	5.17	—

Note 1: The above financial information for each year was audited by the CPAs.

Note 2: As of the publication date of the annual report, there is no recent financial information to be audited or reviewed by accountants.

2. Condensed individual income statement - International Financial Reporting Standards

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenues	1,141,506	994,632	1,135,207	1,515,144	1,896,625
Operating gross profit	383,369	336,106	448,557	661,948	916,081
Operating gains and losses	69,219	28,971	113,861	254,278	416,824
Non-operating revenues and expenses	28,902	208,108	27,142	391,989	74,404
Earnings before tax	98,121	237,079	141,003	646,267	491,228
Current net profits from continuing operations	85,766	234,251	117,003	531,873	400,778
Gain(loss) from discontinued operations	—	—	—	—	—
Current period net profit (loss)	85,766	234,251	117,003	531,873	400,778
Other comprehensive income for the period (post-tax profit or loss)	2,969	(32,585)	7,312	13,677	111,244
Total comprehensive income for the period	88,735	201,666	124,315	545,550	512,022
Net income attributable to owners of the parent company	85,766	234,251	117,003	531,873	400,778
Net income attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to owners of the parent company	88,735	201,666	124,315	545,550	512,022
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share ($)	1.11	3.02	1.51	6.86	5.17

Note 1: The above financial information for each year was audited by the CPAs.

(III) Names of financial statement auditors in the last 5 years, and their audit opinions:

Year	Name of auditor	Audit opinion
2017	Shufen Yu, Shu-Qiong Zhang	Unqualified opinion
2018	Shufen Yu, Shu-Qiong Zhang	Unqualified opinion
2019	Shu-Qiong, ZhangShufen Yu	Unqualified opinion
2020	Shu-Qiong, ZhangShufen Yu	Unqualified opinion
2021	Po-Chuan Lin, Jun-Yao Lin	Unqualified opinion

II. Financial analysis for the past five years:

(I) Consolidated financial analysis- IFRS

Items of analysis \ Year		Financial analysis for the latest 5 years (Note 1)					The current year as of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt to assets ratio	47.17	38.41	41.40	20.60	33.93	—
	Ratio of long-term capital to property, plant and equipment	117.68	127.33	131.28	178.46	200.71	—
Solvency (%)	Current ratio	127.06	144.18	119.28	250.30	213.65	—
	Liquid ratio	52.29	57.39	47.27	128.99	93.08	—
	Interest coverage ratio	14.11	23.10	14.53	137.7	150.83	—
Management capacity	Receivable turnover ratio (times)	5.65	5.47	8.17	6.07	5.11	—
	Average collection days	64.60	66.72	44.67	60.13	71.42	—
	Average inventory turnover (times)	1.72	1.55	1.47	1.65	1.42	—
	Average payables turnover (times)	12.01	11.38	9.81	9.72	11.16	—
	Average inventory turnover days	212.20	235.48	248.29	221.21	257.04	—
	Fixed asset turnover (times)	0.57	0.43	0.52	0.82	1.13	—
	Total asset turnover (times)	0.37	0.30	0.34	0.46	0.51	—
Profitability	Return on assets (%)	3.00	7.28	3.77	16.27	10.72	—
	Return on equity (%)	4.78	12.31	5.85	23.57	14.87	—
	Ratio of pre-tax net income to paid-in capital (%)	14.12	30.97	18.53	83.84	64.15	—
	Net profit margin (%)	7.35	22.98	10.12	34.46	20.72	—
	Earnings per share ($)	1.11	3.02	1.51	6.86	5.17	—
Cash flow	Cash flow ratio (%)	19.71	55.12	46.51	34.54	34.50	—
	Cash flow adequacy ratio (%)	37.45	44.11	61.72	57.78	42.74	—
	Cash flow reinvestment ratio (%)	3.01	4.60	4.64	0.49	2.13	—
Leverage	Operating leverage	6.13	14.11	4.54	2.86	2.20	—
	Financial leverage	1.11	1.54	1.09	1.01	1.00	—

Please describe the reasons for the changes in the financial ratios over the last two years. (Changes less than 20% can be exempted from analysis)

1. An increase in debt-asset ratio: Mainly due to an increase in long-term and short-term loans.
2. A decrease in quick ratio: Mainly due to an increase in short-term loans in the current period.
3. The fixed asset turnover ratio increased, which was due to the increase in the sales during the period compared with that of the same period last year.
4. Return on assets, return on equity, ratio of net profit before tax/paid-in capital, net profit ratio, and earnings per share: Mainly due to profit from disposal of land in Guanyin Industrial Zone in the same period of the previous year and the inapplicability of such circumstances in the current period.
5. A decrease in the fair ratio of cash flow: Mainly due to an increase in capital expenditure and inventory in the current period.
6. An increase in cash reinvestment ratio: Mainly due to an increase in operating income in the current period, leading to an increase cash inflow from operating activities compared to the same period of the previous year.
7. A decrease in operating leverage: Mainly due to process optimization and product combination adjustment in the current period, leading to an increase in operating profit compared to the same period of the previous year.

(II) Individual financial analysis- IFRS

Items of analysis \ Year		Financial analysis for the latest 5 years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to assets ratio	46.99	38.20	41.18	20.51	33.84
	Ratio of long-term capital to property, plant and equipment	117.69	127.34	131.2	178.43	200.71
Solvency (%)	Current ratio	119.78	138.22	114.93	248.54	213.29
	Liquid ratio	44.70	49.48	41.72	126.28	91.65
	Interest coverage ratio	12.74	22.81	14.33	137.63	149.36
Management capacity	Receivable turnover ratio (times)	5.05	5.34	8.15	6.07	5.04
	Average collection days	72.27	68.35	44.78	60.13	72.42
	Average inventory turnover (times)	1.74	1.54	1.49	1.66	1.41
	Average payables turnover (times)	11.98	11.22	9.79	9.68	11.11
	Average inventory turnover days	209.77	237.01	244.96	219.87	258.86
	Fixed asset turnover (times)	0.55	0.42	0.51	0.81	1.11
	Total asset turnover (times)	0.37	0.29	0.34	0.46	0.50
Profitability	Return on assets (%)	3.01	7.31	3.78	16.30	10.73
	Return on equity (%)	4.77	12.31	5.85	23.56	14.86
	Ratio of pre-tax net income to paid-in capital (%)	12.65	30.56	18.17	83.32	63.33
	Net profit margin (%)	7.51	23.55	10.30	35.10	21.13
	Earnings per share ($)	1.11	3.02	1.51	6.86	5.17
Cash flow	Cash flow ratio (%)	23.00	63.64	48.23	32.87	32.98
	Cash flow adequacy ratio (%)	37.52	44.79	64.20	59.77	44.26
	Cash flow reinvestment ratio (%)	3.60	5.29	4.74	0.32	1.92
Leverage	Operating leverage	6.66	14.75	4.69	2.94	2.25
	Financial leverage	1.13	1.60	1.10	1.01	1.00

Please describe the reasons for the changes in the financial ratios over the last two years. (Changes less than 20% can be exempted from analysis)

1. An increase in debt-asset ratio: Mainly due to an increase in long-term and short-term loans.
2. A decrease in quick ratio: Mainly due to an increase in short-term loans in the current period.
3. The fixed asset turnover ratio increased, which was due to the increase in the sales during the period compared with that of the same period last year.
4. Return on assets, return on equity, ratio of net profit before tax/paid-in capital, net profit ratio, and earnings per share: Mainly due to profit from disposal of land in Guanyin Industrial Zone in the same period of the previous year and the inapplicability of such circumstances in the current period.
5. A decrease in the fair ratio of cash flow: Mainly due to an increase in capital expenditure and inventory in the current period.
6. An increase in cash reinvestment ratio: Mainly due to an increase in operating income in the current period, leading to an increase cash inflow from operating activities compared to the same period of the previous year.
7. A decrease in operating leverage: Mainly due to process optimization and product combination adjustment in the current period, leading to an increase in operating profit compared to the same period of the previous year.

Note 1: The above annual financial reports have been verified by certified public accountants.

Note 2: As of the publication date of the annual report, there is no recent financial information to be audited or reviewed by accountants.

Note 3: Formulas are shown as follows:

1. Financial structure
   (1) The ratio of total liabilities to total assets ＝total liabilities/total assets
   (2) Ratio of long-term capital to property, plant and equipment＝(Total equities＋noncurrent liabilities) /property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio＝(current assets－inventories－prepaid expense) /current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Management capacity
   (1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / Balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation)
   (2) Average collection days = 365 / Receivable turnover ratio
   (3) Average inventory turnover = Cost of goods sold / Average inventory
   (4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / Balance of average payables of different periods (including accounts payables and notes payable due to business operation)
   (5) Average inventory turnover days = 365 / Inventory turnover
   (6) Fixed asset turnover = Net sales / Average net value of fixed asset
   (7) Total asset turnover = Net sales/ Average total asset
4. Profitability
   (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
   (2) Return on shareholders' equity = after tax net profit/ total average equity.
   (3) Profit ratio＝net income/net sales
   (4) Earnings per share＝(profits or loss attributable to owners of the parent company－preferred stock dividend) /weighted average stock shares issued (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio＝net cash flow from operating activities within five years/(capital expenditure＋inventory increase ＋cash dividend) within five years
   (3) Cash re-investment ratio＝(net cash flow from operating activity－cash dividend) /(gross property , plant, and equipment＋long-term investment＋other noncurrent assets＋working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit (Note 6)
   (2) Financial leverage = Operating profit / (Operating profit - Interest expense)

III. Audit committee review of the most recent annual financial report:

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Audit Committees' Review Report

The board of directors submitted the company's 2021 business report, financial statements (consolidated and individual financial statements) and Earnings Distribution. The audit committee has also reviewed all of the reports and statements mentioned above and found no inconsistencies. Therefore, the audit committee has acted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and clarified as above.

Best regards

The 2022 Annual General Meeting of Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Audit Committee Convener, Kuo-Chiang Wang

March 8, 2022

IV.Latest financial reports：

Auditor's Report
(2022) Cai-Shen-Bao-Zi No. 21004240

To Chunghwa Chemical Synthesis & Biotech Co., Ltd.,

Audit opinion

We have audited the accompanying proprietary consolidated balance sheet of Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries (hereinafter referred to as Chunghwa Group) as of December 31, 2021 and 2020 and the related consolidated statements of income, of changes in shareholders' equity and of cash flows and Notes to consolidated financial statement (including significant accounting policies) for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chunghwa Group as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretative Announcement (SIC).

Basis of an audit opinion

We conducted our audit in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards. The responsibilities of the independent auditor under these standards will be further explained in the paragraph of "independent auditor's responsibility for consolidated financial statements." The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Chunghwa Group in accordance with the Code of Ethics and with other responsibilities of the Code of Ethics performed. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The "key audit matters" means that the independent auditor has used their professional judgment to audit the most important matters on the 2021 consolidated financial statements of Chunghwa Group. The key audit matters have been responded to in the process of auditing the consolidated financial statements as a whole and forming an audit opinion; therefore, the independent auditor does not express an opinion on these matters separately.

The key audit items from the 2021 consolidated financial statement of Chunghwa Chemical Synthesis and Biotech Co., Ltd. are presented below:

Accounting assessment of inventory valuation

Description of the matter

See Note 4 (12) in the consolidated financial report regarding the accounting policy on inventory valuation, Note 5 (2) for the accounting assessment and hypothetical uncertainty on inventory valuation, and Note 6 (4) for the description of the inventory account.

Chunghwa Chemical Synthesis & Biotech Ltd. is engaged mainly in the production and sale of active pharmaceutical ingredients. Since drug tests are now stricter and it takes a longer time to obtain drug certificates, the risk of inventory loss or obsolescence becomes higher. Since the inventories involve large amounts of money and large numbers of items that require laborious work by human beings to identify expired or damaged goods, we regard the assessment of allowance to reduce inventory to market as a key audit item.

The responsive auditing process

Our key audit procedures performed in respect of the above area included the following:

1. Assessing the policy on allowance to reduce inventory to market in accordance with our understanding of the Company's operations and the nature of the business.

2. Performing sampling tests to examine if the market price of net realized value is consistent with the Company's policy, and randomly examining the accuracy of the selling price of individual inventory parts and the way net realized value is calculated.

3. Obtain out-of-date inventory details that are identified by the management, check the related information and verify the account records.

Checking whether the time point of sales income recognition is appropriate

Description of the matter

For the accounting policy on the recognition of income, please refer to Note 4 (26) of the consolidated financial statement. For information on income accounts, please refer to Note 6 (15) of the consolidated financial statement. As stated in the accounting policies, the sales revenue is recognized when products are delivered to customers who have discretionary power in channels and prices of products sold and Chunghwa Chemical Synthesis and Biotech has no outstanding performance obligations which may affect customers' acceptance of products. As exports are the main source of income for Chunghwa Chemical Synthesis & Biotech Co., Ltd., the terms of business agreed upon between the Company and its customers are the basis of income assessment. However, such a process often involves a lot of manpower for verification and may lead to inappropriate income recognition time points. Therefore, we regard the sales income recognition time points as a key audit item.

The responsive auditing process

Our key audit procedures performed in respect of the above area included the following:

1. The group's operating procedure for and internal control on income recognition time points were examined and assessed, while the Company's internal control on sales deadlines was tested to verify the correctness of the income recognition time points.

2. The execution of sales and income over a certain period before and after the time periods covered in the financial report were examined with the packing lists, customer orders and declaration forms in order to confirm that income was recognized at appropriate periods.

Other matters - individual financial report

Chunghwa Group has compiled its 2021 and 2020 individual financial statements, for which we issued unqualified opinion.

The responsibility of the management and management units to the consolidated financial statements

The responsibility of the management is to have the consolidated financial statements presented fairly, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretative Announcement (SIC); also, maintain the necessary internal controls related to the consolidated financial statements in order to ensure that the consolidated financial statements are free of any material misstatement arising from fraud or errors.

While preparing the consolidated financial statements, the management’s responsibility also includes assessing the continuing operation of Chunghwa Group, the disclosure of the relevant matters, and the adoption of the accounting base for continuing operation, unless the management intends to liquidate Chunghwa Group or cease the business operation, or there is lack of any alternative except for liquidation or suspension.

The governance units (including the Audit Committee) of Chunghwa Group are responsible for supervising the financial reporting process.

The responsibilities of the independent auditor to the consolidated financial statements

The purpose of the independent auditor’s auditing the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement arising from fraud or errors and with an audit report issued. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with generally accepted auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Material misstatement could arise from fraud or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the users of the consolidated financial statements, it is considered significant.

The independent auditor when conducting the audit in accordance with generally accepted auditing standards of the R.O.C. exercises professional judgment and maintains professional skepticism. The independent auditor also performs the following tasks:

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the consolidated financial statements; design and implement proper responsive measures to the risk assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused by errors.

2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Chunghwa Group.

3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.

4. Base on the audit evidence obtained to make conclusions on the suitability of the accounting base for continuing operation base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of Chunghwa Group are with significant uncertainties. If the independent auditor believes that such events or circumstances are with significant uncertainties, it is necessary to remind the users of the consolidated financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditor is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Chunghwa Group to continue operating.

5. Assess the overall expression, structure, and content of the consolidated financial statements (including the relevant notes) and whether or not the relevant transactions and events in the consolidated financial statements are presented fairly.

6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

The matters communicated by the independent auditor to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditor has provided the declaration of independence of the CPA Firm personnel subject to the Code of Ethics to the governing unit; also, it has communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditor.

The independent auditor has based on the communications with the governing unit to determine the key audit matters to be performed on the 2021 consolidated financial statements of Chunghwa Group. The independent auditor shall state the key audit matters in the audit report except for the specific matters prohibited by law from being disclosed, or, in rare cases; the independent auditor decides not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

PwC Taiwan

March 29, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

	Assets	Additional notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	$ 195,250	5	$ 148,625	5
1140	Contract assets - Current	6 (15)	-	-	21	-
1150	Notes receivable-net	6(3)	480	-	344	-
1170	Net accounts receivable	6(3)	355,923	8	315,610	10
1180	Account receivables-Related Parties-net	7	23,477	1	41,952	2
1200	Other receivable	4(3)	16,127	-	9,653	-
1220	Current income tax assets		-	-	21	-
130X	Inventory	6 (4)	753,850	17	481,244	15
1410	Prepayments		11,971	-	4,132	-
11XX	**Total of Current Assets**		1,357,078	31	1,001,602	32
	Non-Current assets					
1510	Financial assets that are measured at fair value through profit or loss-non-current	6 (2)	26,726	1	32,456	1
1550	Investments accounted for by the equity method	6 (5)	1,032,860	24	511,434	16
1600	property , plant, and equipment	6 (6)	1,866,152	43	1,539,251	49
1755	Right-of-use assets		2,313	-	3,110	-
1760	Real property for investment- net	6 (7)	10,700	-	10,700	-
1780	Intangible assets		1,803	-	1,293	-
1840	Deferred income tax assets	6 (21)	24,480	-	16,758	1
1900	Other current non-assets	6 (11) and 8	58,649	1	30,536	1
15XX	**Total of Non-Current Assets**		3,023,683	69	2,145,538	68
1XXX	**Total assets**		$ 4,380,761	100	$ 3,147,140	100

(Continued next page)

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

	Liabilities and equity	Additional notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Shot-term borrowings	6 (8)	$ 150,000	3	$ -	-
2130	Contract liabilities - Current	6 (15)	73,988	2	3,657	-
2150	Payable notes		1,215	-	1,215	-
2170	Accounts payable		77,550	2	96,495	3
2200	Other payable	6 (9) and 7	297,541	7	187,686	6
2230	Current Income Tax Liability		31,047	1	106,544	4
2280	Lease liabilities – Current		1,320	-	2,252	-
2399	Other current liabilities- other		2,509	-	2,310	-
21XX	**Total of current liabilities**		635,170	15	400,159	13
	Non-current liabilities					
2540	Long-term borrowings	6 (10)	600,000	13	-	-
2570	Deferred income tax liabilities	6 (21)	250,299	6	247,499	8
2580	Lease liabilities – Non-current		1,018	-	819	-
25XX	**Total of non-current liabilities**		851,317	19	248,318	8
2XXX	**Total liabilities**		1,486,487	34	648,477	21
	Attributable to owners of the parent company					
	Share capital	6 (12)				
3110	Ordinary shares capital		775,600	18	775,600	25
	Capital reserve	6 (13)				
3200	Capital reserve		334,323	8	334,323	10
	Retained earnings	6 (14)				
3310	Legal earnings reserve		226,015	5	171,229	5
3320	Special earnings reserve		183,296	4	183,296	6
3350	Undistributed earnings		1,335,088	30	1,030,235	33
	Other equity					
3400	Other equity		39,762	1	3,719	-
31XX	**Equity attributable to owners of the parent Company**		2,894,084	66	2,498,402	79
36XX	**non-controlling interests**		190	-	261	-
3XXX	**Total equity**		2,894,274	66	2,498,663	79
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Major post-balance sheet events	11				
3X2X	**Total liabilities and equity**		$ 4,380,761	100	$ 3,147,140	100

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries
Consolidated comprehensive income statements
January 1 to December 31, 2021 and 2020

Unit: NTD thousand
(except EPS in NTD)

	Item	Additional notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenues	6 (15) and 7	$ 1,934,702	100	$ 1,543,589	100
5000	Operating cost	6(4)(20) and 7	(985,314)	(51)	(856,836)	(56)
5900	Operating gross profit		949,388	49	686,753	44
	Operating expenses	6 (20) and 7				
6100	Marketing expenses		(144,667)	(8)	(109,696)	(7)
6200	Administrative expenses		(95,227)	(5)	(92,408)	(6)
6300	Research and development expenses		(252,674)	(13)	(215,729)	(14)
6450	Expected loss on credit impairment		(18,345)	(1)	-	-
6000	Total operating expenses		(510,913)	(27)	(417,833)	(27)
6900	Operating profit		438,475	22	268,920	17
	Non-operating revenues and expenses					
7100	Interest income	6 (16)	181	-	424	-
7010	Other revenue	6 (17)	18,500	1	10,834	1
7020	Other profits and losses	6 (18)	(6,322)	-	336,980	22
7050	Financial costs	6 (19)	(3,321)	-	(4,757)	-
7060	Shareholding in the affiliated companies and joint ventures under the equity method	6 (5)	50,100	2	37,896	2
7000	Total non-operating revenues and expenses		59,138	3	381,377	25
7900	**Earnings before tax**		497,613	25	650,297	42
7950	Income tax expense	6 (21)	(96,563)	(5)	(118,234)	(8)
8200	**Current period net profit**		$ 401,050	20	$ 532,063	34

(Continued next page)

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries
Consolidated comprehensive income statements
January 1 to December 31, 2021 and 2020

Unit: NTD thousand
(except EPS in NTD)

	Item	Additional notes	2021 Amount	2021 %	2020 Amount	2020 %
	Other comprehensive income (net)					
	Items not re-classified under profit or loss					
8311	Defined benefit plan revaluation amount and volume	6 (11)	$ 1,750	-	($ 244)	-
8320	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss		111,209	6	13,848	1
8349	Income tax related to accounts not being reclassified	6 (21)	(350)	-	49	-
8310	Total amount of items not reclassified to profit or income		112,609	6	13,653	1
	Items that may be re-classified subsequently under profit or loss					
8361	Exchange differences arising from translating the financial statements of foreign operations		(507)	-	(1,028)	-
8370	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – may be reclassified as profit and loss.		(868)	-	1,031	-
8360	Total amount of items probably reclassified to profit or loss subsequently		(1,375)	-	3	-
8300	**Other comprehensive income (net)**		$ 111,234	6	$ 13,656	1
8500	**Total comprehensive income for the period**		$ 512,284	26	$ 545,719	35
	Profit attributable to:					
8610	Owners of parent		$ 400,778	20	$ 531,873	34
8620	non-controlling interests		$ 272	-	$ 190	-
	Total comprehensive income attributable to:					
8710	Owners of parent		$ 512,022	26	$ 545,550	35
8720	non-controlling interests		$ 262	-	$ 169	-
	Earnings per share	6 (22)				
9750	Base earnings per share		$	5.17	$	6.86
9850	Diluted earnings per share		$	5.12	$	6.79

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries
Consolidated statement of changes in equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Additional notes	Attributable to owners of the parent company										
		Capital reserve			Retained earnings			Other equity				
		Ordinary shares capital	Issuance premium	Others	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Total	non-controlling interests	Total equity
2020												
Balance as of January 1, 2020		$ 775,600	$ 333,746	$ 577	$ 159,344	$ 183,296	$ 556,306	($ 2,691)	$ 8,722	$ 2,014,900	$ 232	$ 2,015,132
Current period net profit		-	-	-	-	-	531,873	-	-	531,873	190	532,063
Current other comprehensive income		-	-	-	-	-	(385)	24	14,038	13,677	(21)	13,656
Total comprehensive income for the period		-	-	-	-	-	531,488	24	14,038	545,550	169	545,719
The 2019 appropriation and distribution of earnings:	6 (14)											
Legal earnings reserve		-	-	-	11,885	-	(11,885)	-	-	-	-	-
Cash dividend		-	-	-	-	-	(62,048)	-	-	(62,048)	-	(62,048)
The reinvested company(ies) disposed of equity instruments measured at the fair value through other comprehensive profits and losses		-	-	-	-	-	16,374	-	(16,374)	-	-	-
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	(140)	(140)
Balance at December 31, 2020		$ 775,600	$ 333,746	$ 577	$ 171,229	$ 183,296	$ 1,030,235	($ 2,667)	$ 6,386	$ 2,498,402	$ 261	$ 2,498,663
January 1 to December 31, 2021												
Balance at January 1, 2021		$ 775,600	$ 333,746	$ 577	$ 171,229	$ 183,296	$ 1,030,235	($ 2,667)	$ 6,386	$ 2,498,402	$ 261	$ 2,498,663
Current period net profit		-	-	-	-	-	400,778	-	-	400,778	272	401,050
Current other comprehensive income		-	-	-	-	-	4,412	(1,365)	108,197	111,244	(10)	111,234
Total comprehensive income for the period		-	-	-	-	-	405,190	(1,365)	108,197	512,022	262	512,284
The 2020 appropriation and distribution of earnings:	6 (14)											
Legal earnings reserve		-	-	-	54,786	-	(54,786)	-	-	-	-	-
Cash dividend		-	-	-	-	-	(116,340)	-	-	(116,340)	-	(116,340)
The reinvested company(ies) disposed of equity instruments measured at the fair value through other comprehensive profits and losses		-	-	-	-	-	70,789	-	(70,789)	-	-	-
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	(333)	(333)
Balance at December 31, 2021		$ 775,600	$ 333,746	$ 577	$ 226,015	$ 183,296	$ 1,335,088	($ 4,032)	$ 43,794	$ 2,894,084	$ 190	$ 2,894,274

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries
Consolidated cash flow statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Additional notes	January 1 to December 31, 2021	January 1 to December 31, 2020
Cash flow from operating activities			
Pre-tax profit for the current period		$ 497,613	$ 650,297
Adjustments			
Income, expense, and loss			
Depreciation	6 (20)	130,414	129,545
Amortization	6 (20)	1,579	1,609
Expected loss on credit impairment		18,345	-
Interest expenses	6 (19)	3,321	4,757
Net profit from financial assets and liabilities at fair value through profit and loss	6 (2) (18)	(3,270)	(4,296)
Interest income	6 (16)	(181)	(424)
Shareholding in the affiliated companies and joint ventures under the equity method	6 (5)	(50,100)	(37,896)
Gain in disposal of property, plant and equipment	6 (18)	-	(346,826)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
De-capitalization refunded monies of financial assets at fair value through profit or loss	6 (2)	9,000	-
Contract assets - Current		21	431
Notes receivable-net		(136)	1
Net accounts receivable		(58,658)	(190,342)
Accounts receivable-related parties (net)		18,475	(17,659)
Other receivable		(6,480)	11,247
Inventory		(272,606)	(69,060)
Prepayments		(7,839)	(1,652)
Net defined benefit assets		1,057	(1,428)
Net changes in liabilities relating to operating activities			
Contract liabilities - Current		70,331	(57,982)
Payable notes		-	23
Accounts payable		(18,945)	19,269
Other payable		28,371	54,988
Other current liabilities-others		199	(311)
Net cash provided by operating activities		360,511	144,291
Interest received		187	432
Dividends received		38,977	20,235
Interest paid		(3,198)	(4,864)
Income tax paid		(177,298)	(21,859)
Net cash inflow from operating activities		219,179	138,235

(Continued next page)

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries
Consolidated cash flow statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Additional notes	January 1 to December 31, 2021	January 1 to December 31, 2020
Cash flow from investing activities			
Acquisition of investment under the equity method	6 (5)	($ 399,961)	$ -
Costs of property, plant and equipment acquired	6 (23)	(403,363)	(191,612)
Proceeds from disposal of property, plant and equipment	6 (23)	-	1,059,906
Acquisition of Intangible assets		(2,090)	(1,371)
Decrease (increase) in deposits paid		2,664	(1,895)
Net cash inflow (outflow) from investing activities		(802,750)	865,028
Cash flow from financing activities			
Increase (decrease) in Shot-term borrowings	6 (24)	150,000	(70,000)
Decrease in short-term bills payable	6 (24)	-	(219,740)
Proceeds from long-term loan	6 (24)	1,200,000	600,000
Re-payments of long-term borrowings	6 (24)	(600,000)	(1,200,000)
Lease principal repayment	6 (24)	(2,712)	(2,918)
Cash dividend distribution	6 (14)	(116,340)	(62,048)
Cash dividends paid by subsidiaries - Changes in non-controlling interests		(333)	(140)
Net cash inflow (outflow) from financing activities		630,615	(954,846)
Effects of exchange rate fluctuation on cash		(419)	(1,012)
Increase in cash and cash equivalents for the current period		46,625	47,405
Opening balance of cash and cash equivalents		148,625	101,220
Closing balance of cash and cash equivalents		$ 195,250	$ 148,625

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Unit: NTD thousand
(Except where otherwise stated)

1. Organization and operations

Chunghwa Chemical Synthesis and Biotech Co., Ltd. (hereinafter referred to as the Company) was established in Taiwan on May 19, 1964. Originally named as China Chemical Synthesis Industry Co., Ltd., the company was renamed to the current name at the shareholder meeting in 2003. The main areas of business of the Company and the subsidiaries (collectively referred to as the Group) include research, development, manufacturing and sales of active pharmaceutical ingredients. The Company was officially listed in the Taiwan Stock Exchange on December 20, 2010.

2. Financial reporting date and procedures

The Board of Directors approved the consolidated financial statements for publication on March 8, 2022.

3. Application of new and revised standards and interpretation

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2021.

New releases / amendments / revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
Amendment to International Financial Reporting Standards (IFRS) #4 "The temporary exemption is equally applicable to the extension under IFRS #9."	January 1, 2021
Phase II amendment to "Revolution to Interest Indicators" in International Financial Reporting Standards (IFRS) #9; IAS#39, IFRS#7, IFRS#4 and IFRS#16.	January 1, 2021
Amendment to International Financial Reporting Standard 16: "Related Lease Concession due to COVID-19 after June 30, 2021"	April 1, 2021 (Note)

Note: The Financial Supervisory Commission permits it to be applied on January 1, 2021 ahead of schedule.

The Group has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Group's financial position and financial performance.

(2) Effect of new issuances of or amendments to IFRS as endorsed by the FSC but not yet adopted by the Company and subsidiaries

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2022.

New releases / amendments / revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
Amendment to International Financial Reporting Standards (IFRS) #3 "Index to Conceptual Framework."	January 1, 2022
Amendment to International Financial Reporting Standards (IFRS) #16 "Real property, factories & equipment: Pricing prior to reach of anticipated state of use."	January 1, 2022
Amendment to International Financial Reporting Standards (IAS) #37 "Onerous contracts—the cost of fulfilling the contracts."	January 1, 2022
Improvements to IFRS 2018-2020	January 1, 2022

The Group has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Group's financial position and financial performance.

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

The newly released, revised and amended IFRS standards and interpretations by the IASB but not yet recognized by the FSC are summarized as follows:

New releases / amendments / revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
Amendment to IFRS 10 and IAS 28 "The Assets Sales or Purchase between Investors and Their Affiliates or Joint Ventures"	To be determined by the "International Accounting Standards Board (IASB).
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to International Financial Reporting Standard 17: "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Current or non-current classification of liabilities (Amendments to IAS 1)	January 1, 2023
Amendment to International Financial Reporting Standards (IAS) #1 "Disclosure of accounting policies."	January 1, 2023
Amendment to International Financial Reporting Standards (IAS) #8 "Definition of accounting estimate."	January 1, 2023
Amendment to International Accounting Standard 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The Group has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Group's financial position and financial performance.

4. Summary of significant accounting policies

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

(1) Compliance Statement

These consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers",

International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs).

(2) Basis of preparation

1. Except for the following items, these consolidated statements have been prepared under the historical cost convention:
   (1) Financial assets at fair value through other comprehensive Income
   (2) The ascertained welfare assets recognized as the net amount of the pension fund assets minus the current value of the ascertained welfare obligations.
2. The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

1. The basis of preparation for consolidated financial statements
   (1) The Group incorporates all subsidiaries for the preparation of the 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. Subsidiaries are incorporated into the consolidated financial statements from the date they are controlled by the Group and cease to be consolidated on the date it is no longer controlled by the Group.
   (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated from the consolidated financial statements. Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Group.
   (3) The components of profit and loss and other comprehensive income are attributable to the owner of the parent company and non-controlling interests. The total comprehensive income is also attributable to the owner of the parent company and non-controlling interests, even if it results in a loss of non-controlling interests.
   (4) 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 recognized directly in equity.
   (5) When the Group loses control of a subsidiary, the Group re-measures 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 recognized in profit or loss. All amounts previously recognized 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 recognized 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.

2. Subsidiaries included in the financial statements:

Investor	Subsidiary name	Nature of the operation	Percentage of shareholdings December 31, 2021	Percentage of shareholdings December 31, 2020	Description
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	Trading of API drugs	98.00%	98.00%	
"	CCSB HOLDING CO., LTD.	Engaged in shareholding and reinvestment	-	-	Note

Note 1: CCSB Holding Co., Ltd. reduced its capital in 2020 and remitted the investment amount NT$14,590 back to our Company on October 6, 2020 and completed the cancellation process on December 31, 2020. Since then, the Company discontinues to count it into the consolidated financial statement and enters it into other receivables instead. As of December 31, 2021, the other receivables amounted to NT$1,500.

3. Subsidiary company not included in the consolidated financial statements are as follows: None
4. Adjustments on subsidiary companies with different accounting periods: None.
5. Significant limitations: None
6. Subsidiaries of the Group with significant non-controlling interests: None.

(4) Foreign-currency translations

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 New Taiwan Dollars, which is the Company's functional currency.

1. Foreign Currency Transactions and Balances
   (1) Transactions denominated in foreign currency are translated into a functional currency at the spot exchange rate on the date of the transaction or measurement. Foreign currency differences arising from translating such transactions are recognized in current profit or loss.
   (2) The foreign currency asset or liability balances are revaluated based on spot exchange rate of the balance sheet date, and any exchange difference arising from the adjustment is included in the profit and loss for the year.
   (3) Non-monetary assets and liabilities denominated in foreign currency 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 recognized in current profit or loss ; Non-monetary assets and liabilities denominated in foreign currency 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 recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currency that are not measured at fair value are translated using the historical exchange rates at the date of the initial transaction.
   (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".
2. Translation of the financial statements of foreign operations
   (1) The operating results and financial position of all the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
      A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
      B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
      C. All resulting exchange differences are recognized in other comprehensive income.
   (2) 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. However, if the Group retains partial interest in the former subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interests in the foreign operation.

(5) Criteria for distinguishing Current or Non-Current on the Balance Sheet

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
   (2) Held mainly for the purpose of trading.
   (3) Assets that are expected to be realized within twelve months from the balance sheet date.
   (4) 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 month after the balance sheet date.

   The Group classifies assets that do not meet any of the above criteria as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be paid off within the normal operating cycle.
   (2) Held mainly for the purpose of trading.
   (3) Expected to be repaid within 12 months of the balance sheet date
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 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.

   The Group classifies liabilities that do not meet any of the above criteria as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

1. Refer to the financial assets that are not measured at amortized cost or are measured at fair value through other comprehensive income.
2. A regular way purchase or sale of financial assets is recognized and derecognized using either trade date or settlement date accounting.
3. The Group measures financial assets at fair value in initial recognition. The related transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. Once the right to receive dividends is confirmed, the Group recognizes the dividend income in profit or loss if the future economic benefits are expected to flow to the entity and the dividend can be measured reliably.

(8) Accounts receivable and notes

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. 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

Financial assets measured at amortized cost, the Group, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measures the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for trade receivables that do not constitute a financing transaction.

(10) The de-recognition of financial assets

A financial asset is derecognized when the Group's rights to receive cash flows from the financial assets have expired.

(11) The lessor's lease transaction/business lease

Income from under an operating lease (net of any incentives given to the lessee) are recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventory

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The costs of finished and work in process goods include raw materials, direct labor, other direct costs and manufacturing-related expenses, excluding borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable costs of completion and selling expenses.

(13) Investments in equity method-associate companies

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognized at cost.
2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss in the current period, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
3. When there is equity change in non-profit and loss and other consolidated profit and loss occurring to the affiliated enterprises that do not affect the shareholding of the affiliated enterprises, the Group will have the equity change recognized as "additional paid-in capital" proportionally to the shareholding ratio.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the polices adopted by the Group.
5. When the Group disposes of its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are accounted for on the same basis as direct disposal of related assets or liabilities, that is, profit or loss previously recognized in other comprehensive income are reclassified to profit or loss when related assets or liabilities are disposed of. When the Group loses significant influence over the associate, the aforesaid profit or loss is

reclassified from retained earnings to profit or loss. If it still retains significant influence over the associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property , plant, and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a spate 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 derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.
3. Land is not depreciated. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. 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 change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 years ~ 60 years
Machinery equipment	1 years ~ 43 years
Transport equipment	2 years ~ 34 years
Other equipment	5 years ~ 18 years

(15) The lessee's lease transaction-right-of-use assets/lease liabilities.

1. Lease assets are recognized on the day of the available for use by the Group as right-of-use assets and lease liabilities. If the lease contract is a short-term lease or a lease of an underlying asset with low-value, lease payment is recognized using the straight-line method as an expense during the period of lease based.
2. The lease liability on the first day of lease is recognized at the present value after unpaid lease payments are converted into cash according to the Group's incremental borrowing interest rate. Lease payments include fixed payments deducted by any lease incentives received. According to the follow-up interest method and measurements by the amortized cost method, interest incurring during the period of lease is provisioned. In case of changes in the period of lease or lease payments not attributed to contract modifications, the lease liability will be re-evaluated, and the remeasurement will be used to readjust the right-of-use asset.
3. The right-of-use asset is recognized by cost on the starting day of lease. The costs include:
   (1) The original measured amount of lease liability;
   (2) Any original direct costs incurred;

The cost model is adopted for subsequent measurements. Either the end of the durability of right-of-use assets or the end of the period of lease incurring earlier will be provisioned as depreciation fees. When re-evaluating lease liability, the right-of-use asset will readjust any remeasurements of lease liability.

(16) Investment property

Investment properties are initially measured at cost and may be subsequently measured using

a cost model.

(17) Intangible assets

Computer software is recognized at cost and is amortized over the estimated useful life of 1 to 3 years according to the straight-line method.

(18) Losses in non-financial asset

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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount refers to an asset's fair value less the cost of disposal or the useful value, whichever is the higher. Except for goodwill, when the impairment of assets recognized in prior period is non-existent or reduced, the impairment loss should be reversed. However, the increased book value of the asset due to the reversed impairment loss may not exceed the book value net of depreciation or amortization before recognizing impairment loss.

(19) Loans

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) De-recognition of financial liabilities

The Group derecognizes a liability when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Financial assets and liabilities written-off against each other

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

(23) Employee benefits

1. Short-term employee benefits

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

2. Pension

   (1) Defined contribution plan
   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized to the extent of a cash refund or a reduction in the future payments.

   (2) Defined benefit plan
   A. 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 recognized 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 rates of government bonds (at the balance sheet date) instead.

B. Re-measurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recoded as retained earnings.

C. The expense associated with prior service cost is recognized immediately as a profit or loss.

3. Remunerations for employees and directors

Remunerations for employees and directors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. If the accrued amounts for employees' compensation and remuneration to directors and supervisors are different from the actual distributed amounts, the differences should be recognized based on the accounting for changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with the applicable tax regulations. 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.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized 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, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income 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 realize the asset and settle the liability simultaneously.

(25) Dividends

Dividends distributed to shareholders of the Company are recognized in the financial statements when the shareholder meeting resolves to distribute dividends, and the cash dividends are recognized as liabilities.

(26) Recognition of revenue

1. Product sales

(1)The Group manufactures and sells API-related products. The sales revenue is recognized when products are delivered to customers who have discretionary power in channels and prices of products sold and the Group has no outstanding performance obligations which may affect customers' acceptance of products. The delivery of products is considered occurs when the products are shipped to the designated locations and the risks of obsolescence and loss have been transferred to customers who accept the products under sales contracts, or when there is objective evidence showing that all acceptance criteria have been met.

(2) Account receivables are recognized when goods are delivered to customers. Since the Group has unconditional rights to the contract price from that point in time, only the passage of time is required before the payment is due.

2. Labor revenue

(1) The Group provides commissioned bio drug testing and other related services. Labor service income is recognized as income during the period of financial reporting on services provided to customers. Revenues from fixed price contracts are recognized based of the proportion of services provided in all services provided as of the balance sheet date. The percentage of service completion is based on the proportion of actual costs incurred in the total costs. The customer shall pay contract prices according to the payment time agreed. When services provided by the company exceed the customer's accounts payable, they are recognized as contract assets; if the customer's accounts payable exceeds the services provided by the company, they are recognized as contract liability.

(2) The Group's estimates of revenues, costs, and degree of work completion are subject to amendments as circumstances change. Any increase or decrease in estimated income or cost due to changes in estimates shall be reflected in profit or loss during the period in which the circumstances leading to the amendments are known to management.

(27) Operating segments

The operating segment information and the internal management reports submitted to the mainly operational decision makers are consistent in the way of reporting. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results, the judgments and estimates 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. Critical accounting judgments, estimates and key sources of assumption uncertainty are explained as follows:

(1) Critical judgments concerning the application of accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventory

The Group measures the normal sales of inventories by the lower of cost and net realizable value. For inventories that have existed longer than a certain period of time and are obsolete and damaged, net realizable value of each inventory is identified to be recognized as a loss. Therefore, the Group must use its best judgments and estimates to determine the net realizable value of inventory at the balance sheet date. Due to the stricter verification of active pharmaceutical ingredients and the lengthening time required to obtain drug licenses, the disposal of inventory is below expectation, resulting in the loss from inventory depreciation or the higher risk of inventory obsolescence. The Group assesses on the balance sheet date the inventory due to normal wear and tear, obsolescence or without market sales value and reduces the inventory cost to net realizable value. The inventory assessment may experience significant changes due to fluctuations in the net realizable value of future products. As of December 31, 2021, the book balance of the Group's inventories is NT$753,850.

6. Summary of significant accounting titles

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 513	$ 418
Checking accounts and demand deposits	194,737	99,791
Cash equivalents- Short-term bills	-	48,416
	$ 195,250	$ 148,625

1. The financial institutions that the Group deals with are with good credit quality; also, the Group deals with a number of financial institutions to diversify credit risk; therefore, the possibility of default is very unlikely.
2. None of the Group's cash and cash equivalents pledged to others as collateral.

(2) Financial assets at fair value through profit and loss

Item	December 31, 2021	December 31, 2020
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
China Development Biomedical Venture Capital (limited company)	$ 21,000	$ 30,000
Evaluation adjustment	5,726	2,456
	$ 26,726	$ 32,456

1. Financial assets at fair value through profit and loss is detailed as follows:

	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 3,270	$ 4,296

2. In March 2021, the share value returned upon capital decrease for financial assets measured at fair value through profits or losses invested in by the Group totaled $9,000.

(3) Note receivable and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 480	$ 344
Less: Allowance for losses	-	-
	$ 480	$ 344
Accounts receivable	$ 374,534	$ 315,876
Less: Allowance for losses	(18,611)	(266)
	$ 355,923	$ 315,610

1. Aging of accounts receivable and notes receivable is as follows:

(1) Notes receivable

	December 31, 2021	December 31, 2020
Not overdue	$ 480	$ 344

(2) Accounts receivable

	December 31, 2021	December 31, 2020
Not overdue	$ 319,258	$ 246,105
Up to 30 days	36,931	69,771
Over 90 days	18,345	-
	$ 374,534	$ 315,876

The aforementioned aging analysis is based on the overdue days.

2. The accounts receivables and bills receivable balance in December 31, 2021 and 2020 were generated from the client contract. The accounts receivables balance and allowance loss in the client contract as of January 1, 2020 amount to NT$125,879 and NT$266 respectively.
3. While not considering the collaterals or other credit enhancements, the notes and accounts receivable held by the Group had the maximum exposure of credit risk at NT$356,403 and NT$315,954, respectively, as of December 31, 2021 and 2020.
4. The Group does not hold any collaterals.
5. Please see Note 12 (2) for the credit quality of the accounts receivable and notes receivable.

(4) Inventory

	December 31, 2021		
	Cost	Price loss allowance	Book value
Raw materials	$ 366,960	($ 33,034)	$ 333,926
Work in process	71,866	(471)	71,395
Finished products	396,099	(47,570)	348,529
	$ 834,925	($ 81,075)	$ 753,850

	December 31, 2020		
	Cost	Price loss allowance	Book value
Raw materials	$ 188,368	($ 21,153)	$ 167,215
Work in process	77,104	(550)	76,554
Finished products	282,773	(45,298)	237,475
	$ 548,245	($ 67,001)	$ 481,244

The Group's current inventory cost recognized as expenses:

	2021	2020
Cost of inventory sold	$ 957,369	$ 839,956
Loss of price decline of inventory and obsolescence loss	28,964	14,899
Proceeds from sale of scraps.	(3,019)	(3,179)
	$ 983,314	$ 851,676

(5) Investments accounted for by the equity method

	December 31, 2021	December 31, 2020
Affiliate business:		
China Chemical & Pharmaceutical Co., Ltd.	$ 1,032,860	$ 511,434

1. Affiliate business

(1) The basic information of the Group's main affiliates is shown as follows:

Company Name	Main places of business operations	Ratio of Shareholding December 31, 2021	Ratio of Shareholding December 31, 2020	Type of affiliation	Measurement
China Chemical & Pharmaceutical Co., Ltd.	Taiwan	14.11%	8.49%	Strategic investment	Equity method

(2) The aggregated information of the Group's main affiliates is shown as follows:

Balance Sheet

	China Chemical & Pharmaceutical Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	$ 3,193,213	$ 3,475,791
Non-Current assets	7,988,514	7,093,226
Current liabilities	(1,512,912)	(1,874,262)
Non-current liabilities	(1,914,705)	(2,103,576)
Total net assets	$ 7,754,110	$ 6,591,179
Book value of affiliates	$ 1,032,860	$ 511,434

Comprehensive income statement

	China Chemical & Pharmaceutical Co., Ltd.	
	2021	2020
Income	$ 3,407,463	$ 3,857,241
Current net profits from continuing operations	$ 517,508	$ 557,232
Other comprehensive income (net after tax)	942,413	366,087
Total comprehensive income for the period	$ 1,459,921	$ 923,319
Stock dividends collected from affiliates	$ 38,977	$ 20,235

2. Profit and loss of associates recognized by using equity method:

	2021	2020
China Chemical & Pharmaceutical Co., Ltd.	$ 50,100	$ 37,896

3. In 2021, the Group obtained NT$399,961 equity from China Chemical & Pharmaceutical Co., Ltd. in the open market.
4. The Group's investment in China Chemical & Pharmaceutical has a public offer of which the fair value were NT$952,504 and NT$508,987 as of December 31, 2021 and 2020, respectively.
5. The Group holds up to 14.11% of the total shares of China Chemical & Pharmaceutical Co., Ltd. as the largest single shareholder. Given the facts that the Group lacks substantial capability to dominate the relevant events as indicated through the participation by other shareholders in that company and the voting powers in major motions, it is judged that the Group does not possess control power but only has influence toward that company.

(6) Property , plant, and equipment

	2021						
	Land	Buildings and structures	Machinery equipment	Transport equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
January 1							
Cost	$ 741,400	$ 674,256	$ 1,172,957	$ 7,448	$ 580,181	$ 112,289	$ 3,288,531
Accumulated depreciation and impairment	-	(445,441)	(888,583)	(5,950)	(409,306)	-	(1,749,280)
	$ 741,400	$ 228,815	$ 284,374	$ 1,498	$ 170,875	$ 112,289	$ 1,539,251
2021							
January 1	$ 741,400	$ 228,815	$ 284,374	$ 1,498	$ 170,875	$ 112,289	$ 1,539,251
Additions	-	17,727	14,160	860	17,622	404,269	454,638
Reclassification	-	134,124	241,528	-	14,463	(390,115)	-
Depreciation	-	(25,253)	(66,750)	(457)	(35,273)	-	(127,733)
Net exchange differences	-	-	-	-	(4)	-	(4)
December 31	$ 741,400	$ 355,413	$ 473,312	$ 1,901	$ 167,683	$ 126,443	$ 1,866,152
December 31							
Cost	$ 741,400	$ 826,107	$ 1,414,963	$ 8,121	$ 608,850	$ 126,443	$ 3,725,884
Accumulated depreciation and impairment	-	(470,694)	(941,651)	(6,220)	(441,167)	-	(1,859,732)
	$ 741,400	$ 355,413	$ 473,312	$ 1,901	$ 167,683	$ 126,443	$ 1,866,152

	2020						
	Land	Buildings and structures	Machinery equipment	Transport equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
January 1							
Cost	$ 1,454,384	$ 662,864	$ 1,128,088	$ 6,899	$ 553,846	$ 17,268	$ 3,823,349
Accumulated depreciation and impairment	-	(421,831)	(833,042)	(6,624)	(381,544)	-	(1,643,041)
	$ 1,454,384	$ 241,033	$ 295,046	$ 275	$ 172,302	$ 17,268	$ 2,180,308
2020							
January 1	$ 1,454,384	$ 241,033	$ 295,046	$ 275	$ 172,302	$ 17,268	$ 2,180,308
Additions	-	5,960	5,222	1,421	30,229	156,186	199,018
Disposition	(712,984)	-	(96)	-	-	-	(713,080)
Reclassification (Note)	-	5,433	50,481	-	4,970	(61,165)	(281)
Depreciation	-	(23,611)	(66,279)	(198)	(36,622)	-	(126,710)
Net exchange differences	-	-	-	-	(4)	-	(4)
December 31	$ 741,400	$ 228,815	$ 284,374	$ 1,498	$ 170,875	$ 112,289	$ 1,539,251
December 31							
Cost	$ 741,400	$ 674,256	$ 1,172,957	$ 7,448	$ 580,181	$ 112,289	$ 3,288,531
Accumulated depreciation and impairment	-	(445,441)	(888,583)	(5,950)	(409,306)	-	(1,749,280)
	$ 741,400	$ 228,815	$ 284,374	$ 1,498	$ 170,875	$ 112,289	$ 1,539,251

Note: The term reclassification is an act to transfer out onto “intangible assets.”

The Group executed a contract on land transaction with Lian Hwa Foods Corporation on May 14, 2020. The aggregate total price under the transaction amounted to NT$1,063,953. After deducting essential transaction cost of NT$4,247, the benefit from the transaction amounted to NT$346,722. The ownership transfer registration was completed in June 2020.

(7) Investment property

	December 31, 2021	December 31, 2020
Land cost	$ 10,700	$ 10,700

1. Rental income and direct operating expenses of investment properties:

	2021	2020
Rental income of investment properties	$ 800	$ 824
Direct operating expenses incurred in investment properties that have rental income in the current period	$ 48	$ 48

2. The fair value of investment properties held by the Group for the years ended December 31, 2021 and 2020 was NT$70,305 and NT$50,239, respectively, based on the transaction prices of the adjacent lands.

(8) Shot-term borrowings

In the Group, short-term loans were nonexistent as of December 31, 2020. As of December 31, 2021, the short-term loan fact was as follows:

Loans nature	December 31, 2021	Interest rate collars	Collateral
Bank loan			
Credit loan	$ 150,000	0.80%~0.83%	None

(9) Other payable

	December 31, 2021	December 31, 2020
Remuneration to employees and directors and supervisors payable	$ 52,390	$ 46,996
Equipment payables	94,544	13,183
Salary and bonus payables	74,224	74,628
Commission payable	11,458	12,184
Repair fees payable	5,643	7,103
Others	59,282	33,592
	$ 297,541	$ 187,686

(10) Long-term borrowings

	December 31, 2021	December 31, 2020
Bank loan		
Credit loan	$ 600,000	$ -
Interest rate collars	1.13%~1.35%	–

The one-time repayment of credit loan is due in 2023.

(11) Pension

1. (1) The Company has a defined benefit pension plan in accordance with the "Labor Standards Act", covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. When an employee meets the requirements of retirement, the payment of pension is based on service years and the average salary of the six months prior to retirement, with services within 15 years accumulating 2 basis points per year, and service years beyond 15 years accumulating 1 basis point per year up to a maximum of 45 basis points. The company provisions 5% of total monthly salary to the pension fund in the name of the Pension Supervisory Committee at the Bank of Taiwan. In addition, the Company has the labor pension reserve account balance referred to in the preceding paragraph estimated at the end of each fiscal year. If the account balance is insufficient to pay pension benefit to the employees who qualify for retirement within next year for the pension benefit calculated in the preceding paragraph, the Company will have the spread amount appropriated in a lump sum before the end of March next year.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	($ 117,792)	($ 115,828)
The fair value of plan assets	141,770	139,113
Net defined benefit assets (Recognized as Other non-current assets)	$ 23,978	$ 23,285

(3) Changes in net defined benefit assets are as follows:

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit assets
2021			
Balance at January 1	($ 115,828)	$ 139,113	$ 23,285
Current service cost	(1,326)	-	(1,326)
Interest (expense) income	(342)	416	74
	(117,496)	139,529	22,033
Revaluation amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,046	2,046
The effect of changes in financial assumptions	3,508	-	3,508
Experience adjustments	(3,804)	-	(3,804)
	(296)	2,046	1,750
The appropriation of pension fund	-	195	195
Balance at December 31	($ 117,792)	$ 141,770	$ 23,978

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit assets
2020			
Balance at January 1	($ 109,160)	$ 131,261	$ 22,101
Current service cost	(1,073)	-	(1,073)
Interest (expense) income	(728)	891	163
	(110,961)	132,152	21,191
Revaluation amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,623	4,623
The effect of changes in financial assumptions	(3,674)	-	(3,674)
Experience adjustments	(1,193)	-	(1,193)
	(4,867)	4,623	(244)
The appropriation of pension fund	-	2,338	2,338
Balance at December 31	($ 115,828)	$ 139,113	$ 23,285

(4) 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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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.). For the use of this fund, the minimum earnings distribution every year shall not be for an amount less than the income calculated in accordance with the local bank's two-year time deposit rate; also, the insufficient fund, if any, should be made up by the National Treasury with the approval of the competent authorities. Since the Company is not entitled to participating in the operation and management of the Fund, the classification of the fair value of plant asset cannot be disclosed in accordance with International Accounting Standards No. 19, paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) Assumptions for the actuation of pension funds are summarized as follows:

	2021	2020
Discounted rate	0.70%	0.30%
Future salary increases rate	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the published statistics and experience in the 6th Taiwan Standard Ordinary Experience Mortality Table.

The present value of the defined benefit obligations affected by the changes in the actuarial assumptions is analyzed as follows:

	Discounted rate		Future salary increases rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2021				
The impact on the present value of the defined benefit obligations	($ 2,132)	$ 2,197	$ 2,163	$ 2,110
December 31, 2020				
The impact on the present value of the defined benefit obligations	($ 2,319)	$ 2,395	$ 2,348	($ 2,286)

The sensitivity analysis above analyzes the impact from changing one of the assumptions while others remain constant. In practice, many changes in assumptions may be mutually interactive. The sensitivity analysis is consistent with the method adopted for calculating the net pension liability on the balance sheet.

(6) The Company applied on December 7, 2020 for suspension from appropriation of labor pension reserve. The Company has been approved for suspension from appropriation starting from fiscal year 2021.

2. (1) The Company has a retirement policy with a defined pension contribution plan regulated in accordance with the "Labor Pension Act" for the employees of Taiwan nationality since July 1, 2005. The Company has established a defined contribution pension plan (the "New Plan") under the "Labor Pension Act" covering all regular employees. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to an employee's individual pension account at the Bureau of Labor Insurance. The payment of pension benefits is based on an employee's individual pension fund account and the cumulative profit in such account, and employees can choose to receive such pension benefits monthly or in one lump sum.

(2) Pharmaports, LLC follows the retirement insurance system in the US and has an internal policy determining the allocation of pensions. Every month, a certain percentage of the local employees' salary is allocated to the pension fund.

(3) The pension costs under the defined contribution pension plans of the Group for the 2021 and 2020 were NT$9,856 and NT$9,102, respectively.

(12) Share capital

1. As of December 31, 2021, the Company's authorized capital was $1,600,000, consisting of 160,000 thousand shares of ordinary stock, and the paid-in capital was NT$775,600 with a par value of $10 (in dollars) per share. All issued capital of the Company were paid up.
2. The number of the Company's outstanding ordinary shares was 77,560 thousand as of 2021 and 2020.
3. The affiliation of the Company held 19,245 thousand shares and 17,331 thousand shares, respectively of the Company as of December 31, 2021 and 2020.

(13) Capital reserve

According to the Company Act, capital reserves from premium income for issuing shares over face values and gift income, not only can offset losses, it can also issue new shares or cash according to the original shareholding when there is no accumulated losses in the company. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. When the retained earnings of a company is not enough to offset capital losses, the capital reserves cannot be applied.

(14) Retained earnings

1. According to the Company's articles of incorporation, the dividend policy considers the Company's future capital needs and long-term financial planning and meets the shareholders' demand for cash inflows. The current year's earning, if any, shall first be used to offset prior years' operating losses and pay all taxes, and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall also be allocated. If there is still surplus, it can be put together with the accumulated undistributed surplus of the previous year as the surplus available this year for distribution. Part of it can be retained, depending on the Company's business needs for the year, before being distributed to

shareholders. Cash dividends shall not be less than 50% of the shareholder dividend given, but when the cash dividend is calculated to be less than $0.1 per share, it can be given in the form of stock dividend.

2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash 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.

3. (1) 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.

   (2) When adopting IFRSs for the first time, refer to Jin-Guan-Zheng-Fa-Zi Document #1010012865 on special reserve. The Company will conduct a reversal of the originally allocated special reserve when using, disposing of or reclassifying assets.

4. (1) The appropriations of 2020 and 2019 earnings had been resolved at the shareholders' meeting on July 1, 2021 and May 29, 2020, respectively. Details are summarized below:

	2020		2019	
	Amount	Dividends per share ($)	Amount	Dividends per share ($)
Legal earnings reserve	$ 54,786		$ 11,885	
Cash dividend	116,340	$ 1.5	62,048	$ 0.8
	$ 171,126		$ 73,933	

   (2) The appropriations of 2021 earnings had been proposed by the Board of Directors on March 8, 2022. Details are summarized below:

	2021	
	Amount	Dividends per share ($)
Legal earnings reserve	$ 47,598	
Cash dividend	100,828	$ 1.3
	$ 148,426	

   The aforementioned distribution of earnings of 2021 has not been passed in the shareholders' meeting.

(15) Operating revenues

	2021	2020
Revenue from Contracts with Customers	$ 1,934,702	$ 1,543,589

1. Segmentation of revenue from contracts with customers

   The Group's revenues are generated from goods and labor services gradually transferred with time and transferred at a specific time. Revenues can be subdivided into the following geographic areas:

2021	Taiwan	United States	Total
Revenue from contracts with external customers	$ 681,900	$ 1,252,802	$ 1,934,702
Time point of sales income recognition			
Revenues recognized at a specific time	$ 677,384	$ 1,252,802	$ 1,930,186
Revenues gradually recognized with time	4,516	-	4,516
	$ 681,900	$ 1,252,802	$ 1,934,702

2020	Taiwan	United States	Total
Revenue from contracts with external customers	$ 745,592	$ 797,997	$ 1,543,589
Time point of sales income recognition			
Revenues recognized at a specific time	$ 735,636	$ 797,997	$ 1,533,633
Revenues gradually recognized with time	9,956	-	9,956
	$ 745,592	$ 797,997	$ 1,543,589

2. Contract assets and contract liabilities

(1) The contract assets and contract liabilities of customer contract revenue recognized by the Group are shown as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets			
-Labor services	$ -	$ 21	$ 452
Contract liabilities:			
-Drug sale contracts	$ 70,299	$ 1,263	$ 59,377
-Labor services	3,689	2,394	2,263
Total	$ 73,988	$ 3,657	$ 61,640

(2) The initial contract liabilities arising from sales and labor contracts recognized as revenues in 2021 and 2020 total NT$972 and NT$56,136 respectively.

(16) Interest income

	2021	2020
Interest from bank deposits	$ 175	$ 354
Other interest incomes	6	70
	$ 181	$ 424

(17) Other revenue

	2021	2020
Rent revenue	$ 12,800	$ 1,296
Other Revenue- other	5,700	9,538
	$ 18,500	$ 10,834

(18) Other profits and losses

	2021	2020
Gain in disposal of property, plant and equipment	$ -	$ 346,826
Net foreign exchange loss	(9,592)	(11,819)
Net profit from financial assets and liabilities at fair value through profit and loss	3,270	4,296
Other losses	-	(2,323)
	($ 6,322)	$ 336,980

(19) Financial costs

	2021	2020
Bank loan	$ 3,273	$ 4,704
Lease liabilities	48	53
	$ 3,321	$ 4,757

(20) Employee benefit expense, depreciation and amortization

1. Employee benefit expense, depreciation and amortization:

Functionality / Characteristics	2021		
	Allocated as operating cost	Employee expenses	Total
Employee benefits expenses			
Salaries and wages	$ 139,452	$ 202,256	$ 341,708
Labor insurance and national health insurance	12,155	13,363	25,518
Pension expenses	4,188	6,920	11,108
Other employee expenses	9,325	8,862	18,187
Depreciation	97,188	33,226	130,414
Amortization	-	1,579	1,579

Functionality / Characteristics	2020		
	Allocated as operating cost	Employee expenses	Total
Employee benefits expenses			
Salaries and wages	$ 124,930	$ 191,556	$ 316,486
Labor insurance and national health insurance	9,748	12,242	21,990
Pension expenses	3,565	6,447	10,012
Other employee expenses	8,177	13,068	21,245
Depreciation	96,564	32,981	129,545
Amortization	-	1,609	1,609

2. Remunerations for employees and directors:

(1) According to the articles of incorporation of the Company, a portion of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The percentage shall be 1% to 15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

(2) A. For the 2021, employees' compensation was accrued at NT$45,777 while directors' remuneration was accrued at NT$6,613. The aforementioned amounts were recognized in salary expenses.

B. For the 2020, employees' compensation was accrued at NT$39,296 while directors' remuneration was accrued at NT$7,481. The aforementioned amounts were recognized in salary expenses.

C. The employees' compensation and directors' remuneration were estimated and accrued based on 8.42% and 1.22% of profit of current year distributable for the 2021, respectively.

D. The employees' compensation and directors' remuneration resolved by the Board of Directors for 2020 were NT$39,296 and NT$7,481, respectively, consistent with the amount recognized in the 2020 financial report.

E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System".

(21) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2021	2020
Current income tax:		
Current income tax	$ 98,794	$ 121,952
Additional levy on undistributed earnings	1,980	112
Underestimate (overestimated) income tax of prior years	1,061	(8,832)
Total Current income tax	101,835	113,232
Deferred income tax:		
Origin and reversal of temporary differences	(5,272)	5,002
Income tax expense	$ 96,563	$ 118,234

(2) Income tax amounts relating to other comprehensive profit and loss:

	2021	2020
Defined benefit obligation revaluation amount and volume	($ 350)	$ 49

2. Reconciliation between income tax expense and accounting profit:

	2021	2020
Income tax derived by applying the statutory tax rate to pre-tax net profit	$ 104,373	$ 133,094
Tax-free income by Income Tax Law	(10,675)	(9,504)
Impact on income tax from items excluded according to the tax law	12	66
Realizable changes from deferred income tax assets	(1,817)	1,546
Additional levy on undistributed earnings	1,980	112
Underestimate (overestimated) income tax of prior years	1,061	(8,832)
Foreign dividend withholding tax rate difference	1,629	686
The land value increment tax payable for land sold	-	1,066
Income tax expense	$ 96,563	$ 118,234

3. Deferred income tax assets or liabilities arising from temporary differences:

	2021			
	January 1	Recognized in the profit or loss	Recognized in other comprehensive net loss	December 31
Temporary differences				
- Deferred income tax assets:				
Falling price of inventory	$ 13,826	$ 2,388	$ -	$ 16,214
Excess losses from bad debts	-	2,868	-	2,868
Unrealized exchange loss	424	(179)	-	245
Impairment loss of fixed assets	1,019	(776)	-	243
Bonus payable for paid leave not taken	1,489	41	-	1,530
Unrealized profit from sales of inventories in transit	-	3,380	-	3,380
Subtotal	16,758	7,722	-	24,480
Deferred income tax liabilities				
Profit and loss recognized by using equity method	(2,678)	(2,661)	-	(5,339)
Determined benefit obligation	(4,657)	211	(350)	(4,796)
Reserve for land revaluation increment tax (“LRIT”)	(240,164)	-	-	(240,164)
Subtotal	(247,499)	(2,450)	(350)	(250,299)
Total	($ 230,741)	$ 5,272	($ 350)	($ 225,819)

	2020			
	January 1	Recognized in the profit or loss	Recognized in other comprehensive net loss	December 31
Temporary differences				
- Deferred income tax assets:				
Falling price of inventory	$ 14,996	($ 1,170)	$ -	$ 13,826
Unrealized exchange loss	264	160	-	424
Impairment loss of fixed assets	1,658	(639)	-	1,019
Bonus payable for paid leave not taken	1,270	219	-	1,489
Profit and loss recognized by using equity method	608	(608)	-	-
Subtotal	18,796	(2,038)	-	16,758
Deferred income tax liabilities				
Profit and loss recognized by using equity method	-	(2,678)	-	(2,678)
Determined benefit obligation	(4,420)	(286)	49	(4,657)
Reserve for land revaluation increment tax (“LRIT”)	(240,164)	-	-	(240,164)
Subtotal	(244,584)	(2,964)	49	(247,499)
Total	($ 225,788)	($ 5,002)	$ 49	($ 230,741)

4. The Company's filings of profit-seeking enterprise business income tax returns had been certified by the tax authority up till 2019.

(22) Earnings per share

	2021		
	After-tax amount	Weighted average outstanding shares (thousand shares).	Earnings per share (NT$)
Base earnings per share			
Net income attributable to the parent company	$ 400,778	77,560	$ 5.17
Diluted earnings per share			
Net income attributable to the parent company	$ 400,778	77,560	
Effect of dilutive potential ordinary shares:			
Employees' compensation	-	758	
Net income attributable to the parent company			
Potential effect on ordinary shares	$ 400,778	78,318	$ 5.12

	2020		
	After-tax amount	Weighted average outstanding shares (thousand shares).	Earnings per share (NT$)
Base earnings per share			
Net income attributable to the parent company	$ 531,873	77,560	$ 6.86
Diluted earnings per share			
Net income attributable to the parent company	$ 531,873	77,560	
Effect of dilutive potential ordinary shares:			
Employees' compensation	-	771	
Net income attributable to the parent company			
Potential effect on ordinary shares	$ 531,873	78,331	$ 6.79

(23) Supplemental cash flow information

1. Investment activities with partial cash payments:

	2021	2020
Purchase of property, plant, and equipment	$ 454,638	$ 199,018
Add: Opening balance of payable on equipment	13,183	5,777
Prepayments for equipment at the end of the period	30,086	-
Less: Ending balance of payable on equipment	(94,544)	(13,183)
Cash Paid for the Period	$ 403,363	$ 191,612

2. Investment activities with partial cash collection:

	2021	2020
Disposal of property, plant, and equipment	$ -	$ 1,064,153
Less: Relevant expenses	-	(4,247)
Cash received during the year	$ -	$ 1,059,906

(24) Changes in liabilities arising from financing activities

	2021				
	Shot-term borrowings	Short-term bills payable	Long-term borrowings	Lease liabilities	Total liabilities arising from financing activities
January 1	$ -	$ -	$ -	$ 3,071	$ 3,071
Addition	1,310,000	50,014	1,200,000	1,913	2,561,927
Repayment	(1,160,000)	(50,014)	(600,000)	(2,712)	(1,812,726)
Other non-cash changes	-	-	-	66	66
December 31	$ 150,000	$ -	$ 600,000	$ 2,338	$ 752,338

	2020				
	Shot-term borrowings	Short-term bills payable	Long-term borrowings	Lease liabilities	Total liabilities arising from financing activities
January 1	$ 70,000	$ 219,740	$ 600,000	$ 5,366	$ 895,106
Borrowing	340,000	190,306	600,000	-	1,130,306
Repayment	(410,000)	(410,046)	(1,200,000)	(2,918)	(2,022,964)
Other non-cash changes	-	-	-	623	623
December 31	$ -	$ -	$ -	$ 3,071	$ 3,071

7. Related party transactions

(1) Name and relationship of related parties

Name	Relationship with the Group
China Chemical & Pharmaceutical Co., Ltd. (CCPC)	The Group's main affiliates
Chunghwa Yuming Healthcare Co., Ltd. (CYH)	The Group's main affiliates
Tairung Development Co., Ltd.	The Group's main affiliates
Sino-Japan Chemical Co., Ltd.	Other related parties

(2) Major transactions with related parties

1. Operating revenues

	2021	2020
Product sales:		
Affiliate business	$ 66,516	$ 95,737

(1) The transaction price of the Group's sales to related parties is based on the price agreed by both parties.

(2) The Group's payment period is 30–120 days (monthly) for non-stakeholders and 120 days (monthly) for stakeholders after shipment.

(3) The Group signed a raw material production and sales contract with China Chemical & Pharmaceutical Co., Ltd. in 2016 and renewed the contract in 2019. The Group sold raw materials to the said party at the net cost +30% profit for processing into goods; the Group is entitled to a differential profit ratio of 50% profit from actual sales (China Chemical & Pharmaceutical Co., Ltd. gross profit and the Group's sales gross profit).

2. Account receivable from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
CCPC	$ 23,523	$ 41,998
Less: Allowance for losses	(46)	(46)
	$ 23,477	$ 41,952

3. Other accounts payable to related parties

	December 31, 2021	December 31, 2020
Other payable:		
Affiliate business	$ 145	$ 20

4. The Group's business supplies purchased in 2021 and 2020 totaled NT$2,770 and NT$2,128, respectively, and are listed as operating cost and miscellaneous fees.

5. On November 8, 2021, the Board of Directors approved that the Group may enter into the Letter of Intent for Land Transaction with Sino-Japan Chemical Co., Ltd. As of March 29, 2022, the parties were still negotiating with each other; the Land Transaction Contract was yet to be officially signed by the Group.

(3) Remuneration to key management

	2021	2020
Salaries and other short-term employee benefits	$ 39,524	$ 40,862
Retirement benefits	532	538
	$ 40,056	$ 41,400

8. Pledged assets

The assets of the Group are offered as collateral as follows:

	Book Value		
Asset Item	December 31, 2021	December 31, 2020	Purpose of guarantee
Deposits paid (Recognized as Other non-current assets)	$ 4,000	$ 4,000	Tariff guarantee bond

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditures that have been signed but not yet incurred

	December 31, 2021	December 31, 2020
property , plant, and equipment	$ 147,601	$ 445,400

10. Significant disaster loss

None.

11. Major post-balance sheet events

1. Please refer to Note 6 (14) 4 for a description on distribution of surplus for 2021.
2. On March 8, 2022, the Board of Directors approved that the Group can issue common stock shares or domestic convertible corporate bonds through private placement (including secured or unsecured convertible corporate bonds). It is brought forth during the shareholders' meeting for authorizing the Board of Directors to select appropriate timing and fund-raising tools reflective of the market situation and the needs of the Company for issuance of either one or the combination of the two separately or concurrently.

12. Others

(1) Capital management

The Group's capital risk management objectives are to ensure that the Group is capable of continuing operations, to maintain the most appropriate capital structure in order to reduce cost of capital and to maximize returns for shareholders. The Group may make adjustments to dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce the level of debts in order to maintain or adjust the Group's capital structure. The Group uses the debt-to-equity ratio to monitor its capital. The ratio is calculated by dividing net debts by total capital. Net debts are calculated as total debts (including "current and non-current borrowings" presented in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" presented in the consolidated balance sheet plus net debts.

The Group maintained the same strategy in 2021 as in 2020. It is committed to keeping the debt-to-capital ratio between 20% and 45%.

(2) Financial instruments

1. Types of financial instrument

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 26,726	$ 32,456
Financial assets based on cost after amortization		
Cash and cash equivalents	195,250	148,625
Notes receivable	480	344
Accounts receivable (including related parties)	379,400	357,562
Other receivable	16,127	9,653
Deposits paid (Recognized as Other non-current assets)	4,585	7,251
	$ 622,568	$ 555,891
Financial liabilities		
Financial liability measured at the amortized cost		
Shot-term borrowings	$ 150,000	$ -
Payable notes	1,215	1,215
Accounts payable	77,550	96,495
Other payable	297,541	187,686
Long-term borrowings	600,000	-
Deposits received (Recognized as other current liabilities-others)	266	266
	$ 1,126,572	$ 285,662
Lease liabilities (including current and non-current)	$ 2,338	$ 3,071

2. Risk management policies

(1) The Group's activities expose it to a variety of financial risks, including market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Group's overall risk management policy focuses on unpredictable events in the financial market, and the Group seeks to mitigate potential adverse effect on the financial position and performance.

(2) The Group's Finance Department identifies and assesses financial risks in close collaboration with the Group's other operating units.

3. The nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. The Group is a multinational operation and therefore is subject to exchange rate risk arising from transactions between the different currencies of the Company and its subsidiaries, mainly in US dollars. The related exchange risk from future operating activities have been recognized in assets and liabilities.

B. The Finance Department of the Group conducts hedging for the overall

exchange rate risk. In order to manage the exchange rate risk from future commercial transactions and recognized assets and liabilities, companies within the Group take on the natural hedging approach for general imports and exports to reduce the foreign exchange risk.

C. The Group's operations involve certain non-functional currencies (the Company's functional currency is the New Taiwan dollar (NTD), and subsidiary's functional currency is the USD), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

	December 31, 2021		
	Foreign currency (thousand dollars)	Exchange rate	Book value (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 15,395	27.68	$ 426,134
Financial liabilities			
Monetary items			
USD: NTD	$ 1,487	27.68	$ 41,160

	December 31, 2020		
	Foreign currency (thousand dollars)	Exchange rate	Book value (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 13,185	28.48	$ 375,509
Financial liabilities			
Monetary items			
USD: NTD	$ 2,700	28.48	$ 76,896

D. Total exchange gain, including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Group amounted to a gain of (NT$9,592) and a loss of (NT$11,819) for the years ended December 31, 2021 and 2010, respectively.

E. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

	2021		
		Sensitivity analysis	
	Magnitude changes	Profit and loss affected	Other comprehensive profit and loss affected
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 4,261	$ -
Financial liabilities			
Monetary items			
USD: NTD	1%	($ 412)	$ -

	2020		
		Sensitivity analysis	
	Magnitude changes	Profit and loss affected	Other comprehensive profit and loss affected
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 3,755	$ -
Financial liabilities			
Monetary items			
USD: NTD	1%	($ 769)	$ -

Price risk

A. The equity instruments of the Group that are exposed to price risks are those financial assets held at fair value through profit and loss. To manage the price risk of equity instruments, the Group diversifies its investment portfolio in a manner that is based on the limits set by the Group.

B. The Group invests primarily in equity instruments issued by domestic companies. The price of such equity instrument is subject to the uncertainty of the future value of investment target. In case the price of the said equity instrument rises or drops by 10% while the other factors remain unchanged, the after-tax net profit for 2021 and 2020 due to the profit or loss of the equity instrument measured from fair value through profit and loss will increase or decrease by NT$2,673 and NT$3,246 respectively.

Cash flow and fair value interest rate risk

A. The Group's interest rate risk mainly comes from short-term borrowings issued at floating rates and long-term borrowing, which exposes the Group to cash flow interest rate risk. As a policy of the Group, a fixed interest rate is maintained for at least 40% of borrowings. For 2021 and 2020, the Group's borrowings issued at floating rates were mainly denominated in New Taiwan dollars.

B. If the interest rates of borrowing NTD and USD increases or decreases by 1%, while all other factors remain constant, the net profit after tax for 2021 and 2020 is an increase of $5,600 and $0, respectively, mainly due to the interest expense changes caused by the floating interest rate.

(2) Credit risk

A. Credit risk refers to the risk of financial loss of the Group arising from default by the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable.

B. The management of credit risk is established with a Group perspective. According to the Company's credit policy, each local entity in the Group is responsible for managing and analyzing 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 Office of the General Manager. The utilization of credit limits is regularly monitored.

C. The Group uses IFRS 9 to provide an assumption that if a contract payment is overdue for more than 90 days in accordance with the agreed payment terms, it is considered a breach of contract.

D. The Group uses IFRS 9 to provide the following assumption as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:

If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.

E. The Group categorizes the accounts receivable from customers based on their nature. The provision matrix and the loss ratio method are adopted as the basis for estimating the expected credit loss.

F. The Group may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Group will still continue the recourse to protect the rights of the claims. For the year ended December 31, 2021 and 2010, the Group has no creditor's rights that have been written off but are involved in recourse.

G. The Group has included the global economic indicators and signals and estimated the loss allowance for notes receivable and accounts (including the interested parties) based on the loss rates built according to historic and current data. The provision matrix and loss rate as of December 31, 2021 and 2020 are show as follows:

December 31, 2021	Expected rate of loss	Total book value	Allowance for losses
Not overdue	0.02%~0.17%	$ 116,465	$ 294
Overdue within 30 days	0.21%~2.08%	-	-
Overdue 31 to 60 days	0.21%~2.12%	-	-
Overdue 61 to 90 days	0.80%~8%	-	-
Overdue 91	10%~100%	18,345	18,345
		$ 134,810	$ 18,639

December 31, 2020	Expected rate of loss	Total book value	Allowance for losses
Not overdue	0.02%~0.20%	$ 105,899	$ 285
Overdue within 30 days	0.25%~2.46%	105	9
Overdue 31 to 60 days	0.25%~2.50%	-	-
Overdue 61 to 90 days	0.68%~6.67%	-	-
Overdue 91	10%~100%	-	-
		$ 106,004	$ 294

The customers of Pharmaports, LLC, one of the Company's subsidiaries, prove very sound in credit standing. The previous experiences show no default record at all. The anticipated loss rate is, therefore, at 0.2%. As of December 31, 2020 and 2020, the total receivable book value and the allowance for loss amounted to

NT$263,727 and NT$18 and NT$252,214 and NT$18.

H. The Group adopts a simplified method in which the loss allowance for the accounts receivable is shown below:

	2021 Notes receivable and accounts (including interested parties)
January 1	$ 312
Impairment loss is recognized	18,345
December 31	$ 18,657

	2020 Notes receivable and accounts (including interested parties)
January 1	$ 312
Impairment loss is recognized	-
December 31	$ 312

The amount recognized above is based on other credit enhancements held, so the unrecognized loss allowance as of December 31, 2021 and 2020 are NT$200 and NT$559. Among the reversed loss in 2021 and 2020, $0 is the impairment loss reversed by payables derived from customer contracts.

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Group and aggregated by the Group's finance department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs and maintain sufficient unencumbered loan commitments at all times. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

B. The Group's unutilized borrowings are shown as follows:

	December 31, 2021	December 31, 2020
Maturing in one year or less	$ 920,000	$ -
Mature beyond one year	-	200,000
	$ 920,000	$ 200,000

C. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2021	Within 1 year	1 to 2 years	2 to 5 years
Payable notes	$ 1,215	$ -	$ -
Accounts payable	77,550	-	-
Other payable	297,541	-	-
Lease liabilities	1,338	772	253
Deposits received (Recognized as other current liabilities-others)	266	-	-

Non-derivative financial liabilities: December 31, 2020	Within 1 year	1 to 2 years	2 to 5 years

Payable notes	$ 1,215	$ -	$ -
Accounts payable	96,495	-	-
Other payable	187,686	-	-
Lease liabilities	2,370	700	123
Deposits received (Recognized as other current liabilities-others)	266	-	-

(3) Fair value information

1. 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: The quotation (unadjusted) of the same assets or liabilities that can be acquired by the company in an active market on the measurement date A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in publicly traded or OTC stocks is included.

   Level 2: It refers to the directly or indirectly observable input value of asset or liability, except for those quotations included in Level 1.

   Level 3: The unobservable inputs of assets or liabilities.

2. Please refer to Note 6 (7) for the fair value of investment property carried at cost.

3. Financial instrument not measured at fair value:

   Include the book value of cash and cash equivalents, notes receivable, accounts receivable (including the interested parties), other receivable, short-term borrowings, long-term borrowings, notes payable, accounts payable, other accounts payable and lease liabilities as reasonable approximation of fair value.

4. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

   (1) The Group classifies them based on the nature of assets and liabilities, and the information is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Repeatable fair value				
Financial assets at fair value through profit and loss				
Equity securities	$ -	$ -	$ 26,726	$ 26,726

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Repeatable fair value				
Financial assets at fair value through profit and loss				
Equity securities	$ -	$ -	$ 32,456	$ 32,456

(2) The methods and assumptions adopted by the Group to measure fair value are as follows:

A. The fair value of other financial instruments is obtained by valuation or reference to quotation from counterparties.

B. When assessing non-standardized and less complex financial instruments, the Group adopts valuation techniques widely used by other market participants. The parameters used in the valuation models for this type of financial instruments are usually observable market information.

C. The output of valuation models are estimates, and the valuation techniques may not reflect all factors affecting the financial instruments and non-financial instruments held by the Group. Therefore, the estimates of valuation models will be adjusted according to additional parameters, such as model risk or liquidity risk. Based on the management policies of the Group's valuation model at fair value and the related control procedures, the management believes that to fairly present the fair value of financial and non-financial instruments in the consolidated balance sheet, adjusting valuation may be appropriate and necessary. Price information and parameters used in valuation are carefully assessed and they are appropriately adjusted according to the current market conditions.

5. There were no transfers between Level 1 and 2 in 2021 and 2020.

6. The following table shows the changes in Level 3 in 2021 and 2020:

	2021	2020
	Equity instruments	Equity instruments
January 1	$ 32,456	$ 28,160
Income recognized in profit or loss (Note)	3,270	4,296
Payment on shares refunded by capital decrease	(9,000)	-
December 31	$ 26,726	$ 32,456

Note: Other gains and losses listed.

7. There were no transfers in and/or out of Level 3 in 2021 and 2020.

8. With respect to the valuation of fair value classified as Level 3, the Finance Department is responsible for the independent verification of fair value of financial instruments. Based on independent information, the valuation results can be closer to the market conditions. The independence and reliability of information and the consistency with other sources, as well as other necessary adjustments to the fair value, can ensure that the results are reasonable.

   In addition, the Finance Department develops valuation policies and procedures for fair value of financial instruments and ensure that they comply with the requirements of the International Financial Reporting Standards.

9. The quantitative and sensitivity analysis of significant and unobservable input of valuation models used for measuring Level 3 fair value is shown as follows:

	Fair value as of December 31, 2021	Valuation technique	Significant unobservable input value	Relationship between input value and fair value
Shares of venture capital	$ 26,726	Net asset value method	Not applicable	Not applicable

	Fair value as of December 31, 2020	Valuation technique	Significant unobservable input value	Relationship between input value and fair value

Shares of venture capital	$ 32,456	Net asset value method	Not applicable	Not applicable

10. The Group conducts careful assessment before determining the valuation model and parameters to be used, and the use of different valuation models or parameters may lead to different valuation results.

(4) Other matters

In response to the COVID-19 pandemic and the multiple preventive measures promoted by the government, the Group has split operations and continued to address related matters; it is determined that there are no major impacts on the financial standing and performance of the Group.

13. Notes of disclosure

(1) Information about important transactions

In accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. the major transactions related to the Group in 2021 are as follows:

1. Loans to others: None
2. Provision of endorsements and guarantees to others: None
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
4. The cumulative purchase or sale of the same security for an amount exceeding NT$300 million or 20% of paid-in capital: Not applicable.
5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
6. Disposition of real estate properties amounting to more than NTD300 million or 20% of paid up capital: Not applicable.
7. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Attached table 2.
8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Table 3.
9. Engaged in derivatives trading: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(2) Information regarding investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Table 5.

(3) Information regarding investment in the territory of mainland china

1. Basic information: None.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in China: None.

(4) Information of major shareholders

Information of major shareholders: Please refer to Table 6.

14. Segment information

(1) General information

Management has determined the reportable operating segments based on reports reviewed by the general manager and used to make strategic decisions. The general manager operates the business from a geographical perspective, with the production and sales of active pharmaceutical ingredients being the main sources of income. Taiwan is mainly responsible for sales and research and development, and the US mainly is involved in sales. The Group provides the operating results of entities in the consolidated statements to the chief operating decision-maker for review and uses the information to evaluate performance of the departments.

(2) Evaluation of department information

The Group presents the chief operating decision-maker with the pre-tax net profit or loss of each region which uses consistent measurement for revenue and expense in the income statements, and the performance of each operating department is evaluated based on the pre-tax net profit or loss.

The Group did not provide the chief operating decision-maker with total assets and liabilities for operational decisions.

(3) Segment profit/loss

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

2021	Taiwan	United States	Adjustment and write-off	Total
Revenue from external clients	$ 681,900	$ 1,252,802	$ -	$ 1,934,702
Revenue from internal transactions	1,214,722	-	(1,214,722)	-
Department income	$ 1,896,622	$ 1,252,802	($ 1,214,722)	$ 1,934,702
Segment profit/loss	$ 477,920	$ 19,693	$ -	$ 497,613
Segment profit and loss include:				
Depreciation and amortization	$ 130,865	$ 1,128	$ -	$ 131,993

2020	Taiwan	United States	Adjustment and write-off	Total
Revenue from external clients	$ 745,592	$ 797,997	$ -	$ 1,543,589
Revenue from internal transactions	769,552	-	(769,552)	-
Department income	$ 1,515,144	$ 797,997	($ 769,552)	$ 1,543,589
Segment profit/loss	$ 636,958	$ 13,339	$ -	$ 650,297
Segment profit and loss include:				
Depreciation and amortization	$ 129,968	$ 1,186	$ -	$ 131,154

(4) Reconciliation of segment profit and loss

The reports provided to the chief operating decision-maker for the segments' operating decision are not different from the segments' profit and loss statement, so no adjustment is required.

(5) Information on types of product and labor service

The income from external customers is mainly in the forms of manufacturing and sales of APIs, and the breakdown of income balance is shown as follows:

	2021	2020
Sales revenue of biotechnology products	$ 852,641	$ 1,045,679
Sales revenue of non-biotech products	1,077,545	487,954
Labor revenue	4,516	9,956
	$ 1,934,702	$ 1,543,589

(6) Information by areas

Information by region for the Group in 2021 and 20120:

	2021		2020	
	Income	Non-Current assets	Income	Non-Current assets
Taiwan	$ 113,905	$ 1,880,520	$ 151,562	$ 1,552,745
U.S.	1,252,802	448	797,997	1,609
Japan	124,206	-	147,931	-
India	148,507	-	124,543	-
Ireland	108,450	-	-	-
Others	186,832	-	321,556	-
Total	$ 1,934,702	$ 1,880,968	$ 1,543,589	$ 1,554,354

(7) Information about important customers

Major clients who accounted for more than 10% of the sales in 2021 and 2020:

	2021		2020	
	Income	Department	Income	Department
Client A	$ 968,881	United States	$ 659,098	United States
Client B	-	Taiwan	93,421	Taiwan

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

January 1 to December 31, 2021

Attached table 1

Unit: NTD thousand

(Except where otherwise stated)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the securities issuer	Account titles in book	At ending				
				Quantity	Book value (Note 2)	Shareholding percentage	Fair value	Remarks
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	Common shares China Development Biomedical Venture Capital (limited company)	None	Financial assets at fair value through profit and loss	2,100,000	$ 26,726	1.71%	$ 26,726	None

Note 1: Securities as stated in this table are the stocks, bonds, beneficiary certificates and the securities deriving from the above items within the scope of IFRS 9, “Financial Instruments”.
Note 2: Book value is determined based on fair value less accumulated impairment for marketable securities measured at fair value. For those not measured at fair value, the book value is determined based on the acquisition cost or amortized cost less accumulated impairment.

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries

Purchase from or sale to

January 1 to December 31, 2021

Attached table 2

Unit: NTD thousand

(Except where otherwise stated)

			Transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		
Purchase (sale) company	Name of counterparty	Relation	Purchase (sale)	Amount	Percentage of total purchase (sale)	The credit period	Unit price	The credit period	Balance	Percentage of total notes, accounts receivable (payable)	Remarks
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	Subsidiaries	Sale	$ 1,214,722	64%	Collection period is 60 to 90 days after delivery.	The agreed amount of the two parties	-	$ 265,727	66%	None

Note: The disclosure is made by the income and corresponding transactions will not be disclosed additionally.

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries

8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more

January 1 to December 31, 2021

Attached table 3

Unit: NTD thousand

(Except where otherwise stated)

The company booked in the receivables	Name of counterparty	Relation	Receivables from related party		Turnover rate	Overdue Receivables from related parties Amount	Disposal Method	Receivables amount collected from related parties subsequently	Provision for loss allowance
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	Subsidiaries	$ 265,727		4.76	$ -	-	$ 265,727	$ -
"	"	"	3,678	(Note)	-	-	-	-	-

Note: As other receivables.

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries

Significant inter-company transactions during the reporting periods

January 1 to December 31, 2021

Attached table 4

Unit: NTD thousand

(Except where otherwise stated)

Code (Note 1)	Trader's name	Counterparty	Relationship (Note 2)	Transactions				Percentage of consolidated total operating revenues or total assets (Note 3)
				Item		Amount	Terms and conditions	
0	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	1	Sales revenue	$	1,214,722	Note 4	63%
0	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	1	Accounts receivable		265,727	Note 4	6%
0	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	1	Other revenue		6,468	Note 4	0%
0	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	1	Other receivable		3,678	Note 4	0%

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:
(1) Fill in "0" for parent company.
(2) Subsidiaries are numbered from number 1.

Note 2: The relationship with the traders is classified into three categories, which should be specified (the transaction conducted between the parent company and its subsidiaries or between two subsidiaries need not be disclosed in duplication). Such as: if the parent company has the transaction with the subsidiaries disclosed, the subsidiaries need not to have it disclosed in duplication. If one of the two subsidiaries has the transaction disclosed, the other subsidiary needs not to have it disclosed in duplication).
(1) Parent company vs. subsidiaries.
(2) Subsidiaries vs. parent company.
(3) Subsidiaries vs. subsidiaries.

Note 3: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 4: Payment collection terms for sales and service provided to related parties are 60 to 90 days after shipment and provision of service, respectively.

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries

Names, locations and other information of investee companies (not including investees in China)

January 1 to December 31, 2021

Attached table 5

Unit: NTD thousand

(Except where otherwise stated)

Investor	Name of investee	Location	Principal business	Sum of initial investment		Ending shareholding			Current period profit / loss of the investee	Recognized investment Income	Remarks
				Current period-end	The end of last year	Quantity	Ratio	Book value			
Chunghwa Chemical Synthesis & Biotech Co. Ltd.	PHARMAPORTS, LLC	U.S.	Trading of API drugs	$ 4,925	$ 4,925	-	98.00%	$ 9,289	$ 13,579	$ 13,308	Subsidiaries
Chunghwa Chemical Synthesis & Biotech Co. Ltd.	China Chemical & Pharmaceutical Co., Ltd.	Taiwan	Manufacturing and sales of pharmaceuticals and health care products and import of the related medical equipment.	863,602	463,641	42,053,137	14.11%	1,032,860	517,508	50,100	Affiliate business

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries

Information of major shareholders

December 31, 2021

Attached table 6

	Shareholding	
Name of main shareholder	Number of shares held	Shareholding percentage
China Chemical & Pharmaceutical Co., Ltd.	21,509,064	27.73

V.Most recent year individual financial report inspected and certified by a CPA：

Auditor's Report

(2022) Cai-Shen-Bao-Zi No. 21003452

To Chunghwa Chemical Synthesis & Biotech Co., Ltd.,

Audit opinion

We have audited the accompanying proprietary individual balance sheet of Chunghwa Chemical Synthesis & Biotech Co., Ltd. as of December 31, 2021 and 2020 and the related individual statements of income, of changes in shareholders' equity and of cash flows and Notes to individual financial statement (including significant accounting policies) for the years then ended.

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Chunghwa Chemical Synthesis & Biotech Co., Ltd. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis of an audit opinion

We conducted our audit in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Chunghwa Chemical Synthesis & Biotech Co., Ltd. in accordance with the Code of Ethics and with other responsibilities of the Code of Ethics performed. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The "key audit matters" means that the independent auditor has used their professional judgment to audit the most important matters on the 2021 individual financial statements of Chunghwa Chemical Synthesis & Biotech Co., Ltd.. The key audit matters have been responded to in the process of auditing the individual financial statements as a whole with an audit opinion formed; therefore, the independent auditor does not express an opinion on these matters separately.

The key audit items of the 2021 individual financial report of Chunghwa Chemical Synthesis & Biotech Co., Ltd. are presented below:

Accounting assessment of inventory valuation

Description of the matter

See Note 4 (11) in the individual financial report for details about the accounting policy on inventory valuation, Note 5 (2) for accounting assessment of inventory valuation and hypothetic uncertainty, and Note 6 (4) for an inventory account description.

Chunghwa Chemical Synthesis & Biotech Ltd. is engaged mainly in the production and sales of active pharmaceutical ingredients. As drug tests grow stricter and drug certificates take longer time to obtain, the risk of inventory loss or obsolescence is higher. Since the inventories involve large amounts of money and large numbers of items that require laborious work by human beings to identify expired or damaged goods, we regard the assessment of allowance to reduce inventory to market as a key audit item.

The responsive auditing process

The corresponding auditing procedures are as follows:

1. Assess the policy for allowing the Company to reduce inventory to market in accordance with our understanding of the Company's operations and the nature of the industry.
2. Conduct sampling tests to see if the basis for market prices of net realized value is consistent with the Company's policy. Randomly check the correctness of the selling prices of individual inventory parts and the way net realized value is calculated.
3. Obtain out-of-date inventory details that are identified by the management, check the related information and verify the account records.

Checking whether the time point of sales income recognition is appropriate

Description of the matter

For the accounting policy on the recognition of income, please refer to Note 4 (25) of the individual financial statement. For information on income accounts, please refer to Note 6 (15) of the individual financial statement. As stated in the accounting policies, the sales revenue is recognized when products are delivered to customers who have discretionary power in channels and prices of products sold and Chunghwa Chemical Synthesis and Biotech has no outstanding performance obligations which may affect customers' acceptance of products. As exports are the main source of income for Chunghwa Chemical Synthesis & Biotech Co., Ltd., the terms of business agreed upon between the Company and its customers are the basis of income assessment. However, such a process often involves a lot of manpower for verification and may lead to inappropriate income recognition time points. Therefore, we regard the sales income recognition time points as a key audit item.

The responsive auditing process

The corresponding auditing procedures are as follows:

1. The Company's internal control on income recognition time points were examined and assessed, while the Company's internal control on sales deadlines was tested to verify the correctness of the income recognition time points.
2. The execution of sales and income over a certain period before and after the time periods covered in the financial report were examined with the packing lists, customer orders and declaration forms in order to confirm that income was recognized at appropriate periods.

The responsibility of the management and management units to the individual financial statements

The management team is responsible for preparing individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to present the Company's financial status in an objective way and for necessary internal controls, ensuring that the statements do not contain any false content due to fraudulence or mistakes.

While preparing the individual financial statements, the management's responsibility also includes assessing the continuing operation of Chunghwa Chemical Synthesis & Biotech Co., Ltd., the disclosure of the relevant matters, and the adoption of the accounting base for continuing operations, unless the management intends to liquidate Chunghwa Chemical Synthesis & Biotech Co., Ltd. or cease business operation, or there is lack of any alternative except for liquidation or suspension.

The governance units (including the Audit Committee) of Chunghwa Chemical Synthesis & Biotech Co., Ltd. are responsible for supervising the financial reporting process.

The responsibilities of the independent auditor to the individual financial statements

The purpose of the independent auditor's auditing of the individual financial statements is to obtain reasonable assurance about whether the individual financial statements are free of material misstatement arising from fraud or errors and with an audit report issued. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with generally accepted auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Material misstatement could arise from fraud or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the users of the individual financial statements, it is considered significant.

The independent auditor when conducting the audit in accordance with generally accepted auditing standards of the R.O.C. exercises professional judgment and maintains professional skepticism. The independent auditor also performs the following tasks:

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the individual financial statements; design and implement proper responsive measures to the risk assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused by errors.
2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Chunghwa Chemical Synthesis & Biotech Co., Ltd..
3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
4. Base on the audit evidence obtained to make conclusions on the suitability of the accounting base for continuing operation base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of Chunghwa Chemical Synthesis & Biotech Co., Ltd. are with significant uncertainties. If the independent auditor believes that such events or circumstances have significant uncertainties, it is necessary to remind the users of the individual financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditor is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Chunghwa Chemical Synthesis & Biotech Co., Ltd. to continue operating.
5. Assess the overall expression, structure, and content of the individual financial statements (including the relevant notes) and whether or not the relevant transactions and events in the individual financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the business entity; also, it is responsible for forming an opinion on the audit of the individual financial statements.

The matters communicated by the independent auditor to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditor has provided the declaration of independence of the CPA Firm personnel subject to the Code of Ethics to the governing unit; also, it has communicated with

the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditor.

The independent auditor has based on the communications with the governing unit to determine the key audit matters to be performed on the 2021 individual financial statements of Chunghwa Chemical Synthesis & Biotech Co., Ltd.. The independent auditor shall state the key audit matters in the audit report except for the specific matters prohibited by law from being disclosed, or, in rare cases; the independent auditor decides not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

PwC Taiwan

March 29, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

	Assets	Additional notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	$ 175,073	4	$ 138,151	5
1140	Contract assets - Current	6 (15)	-	-	21	-
1150	Notes receivable-net	6(3)	480	-	344	-
1170	Net accounts receivable	6(3)	92,213	2	63,413	2
1180	Account receivables-Related Parties-net	7	289,204	7	286,695	9
1200	Other receivable	6 (5) and 7	19,806	1	12,712	-
130X	Inventory	6 (4)	753,850	17	481,244	15
1410	Prepayments		11,626	-	4,132	-
11XX	**Total of Current Assets**		1,342,252	31	986,712	31
	Non-Current assets					
1510	Financial assets that are measured at fair value through profit or loss-non-current	6 (2)	26,726	1	32,456	1
1550	Investments accounted for by the equity method	6 (5)	1,042,149	24	524,205	17
1600	property , plant, and equipment	6 (6)	1,866,067	43	1,539,133	49
1755	Right-of-use assets		1,951	-	1,620	-
1760	Real property for investment- net	6 (7)	10,700	-	10,700	-
1780	Intangible assets		1,803	-	1,293	-
1840	Deferred income tax assets	6 (21)	24,480	-	16,758	1
1990	Other current non-assets- other	6 (11) and 8	58,564	1	30,450	1
15XX	**Total of Non-Current Assets**		3,032,440	69	2,156,615	69
1XXX	**Total assets**		$ 4,374,692	100	$ 3,143,327	100

(Continued next page)

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

	Liabilities and equity	Additional notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Shot-term borrowings	6 (8)	$ 150,000	3	$ -	-
2130	Contract liabilities - Current	6 (15)	71,950	1	3,062	-
2150	Payable notes		1,215	-	1,215	-
2170	Accounts payable		77,550	2	96,495	3
2219	Other payable- other	6 (9)	295,143	7	186,235	6
2230	Current Income Tax Liability		29,981	1	106,487	4
2280	Lease liabilities – Current		943	-	1,203	-
2399	Other current liabilities- other		2,509	-	2,298	-
21XX	**Total of current liabilities**		629,291	14	396,995	13
	Non-current liabilities					
2540	Long-term borrowings	6 (10)	600,000	14	-	-
2570	Deferred income tax liabilities	6 (21)	250,299	6	247,499	8
2580	Lease liabilities – Non-current		1,018	-	431	-
25XX	**Total of non-current liabilities**		851,317	20	247,930	8
2XXX	**Total liabilities**		1,480,608	34	644,925	21
	Equity					
	Share capital	6 (12)				
3110	Ordinary shares capital		775,600	18	775,600	25
	Capital reserve	6 (13)				
3200	Capital reserve		334,323	8	334,323	10
	Retained earnings	6 (14)				
3310	Legal earnings reserve		226,015	5	171,229	5
3320	Special earnings reserve		183,296	4	183,296	6
3350	Unappropriated earnings (or accumulated deficit)		1,335,088	30	1,030,235	33
	Other equity					
3400	Other equity		39,762	1	3,719	-
3XXX	**Total equity**		2,894,084	66	2,498,402	79
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Major post-balance sheet events	11				
3X2X	**Total liabilities and equity**		$ 4,374,692	100	$ 3,143,327	100

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual comprehensive income statements
January 1 to December 31, 2021 and 2020

Unit: NTD thousand
(except EPS in NTD)

	Item	Additional notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenues	6 (15) and 7	$ 1,896,625	100	$ 1,515,144	100
5000	Operating cost	6(4)(20) and 7	(980,544)	(52)	(853,196)	(56)
5900	Operating gross profit		916,081	48	661,948	44
	Operating expenses	6 (20) and 7				
6100	Marketing expenses		(132,821)	(7)	(99,533)	(7)
6200	Administrative expenses		(95,227)	(5)	(92,408)	(6)
6300	Research and development expenses		(252,864)	(13)	(215,729)	(14)
6450	Expected loss on credit impairment		(18,345)	(1)	-	-
6000	Total operating expenses		(499,257)	(26)	(407,670)	(27)
6900	Operating profit		416,824	22	254,278	17
	Non-operating revenues and expenses					
7100	Interest income	6 (16)	181	-	402	-
7010	Other revenue	6(17) and 7	20,448	1	9,840	1
7020	Other profits and losses	6 (18)	(6,322)	-	339,881	22
7050	Financial costs	6 (19)	(3,311)	-	(4,730)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)	63,408	3	46,596	3
7000	Total non-operating revenues and expenses		74,404	4	391,989	26
7900	**Earnings before tax**		491,228	26	646,267	43
7950	Income tax expense	6 (21)	(90,450)	(5)	(114,394)	(8)
8200	**Current period net profit**		$ 400,778	21	$ 531,873	35
	Other comprehensive income (net)					
	Items not re-classified under profit or loss					
8311	Defined benefit plan revaluation amount and volume	6 (11)	$ 1,750	-	($ 244)	-
8330	The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss		111,209	6	13,848	1
8349	Income tax related to accounts not being reclassified	6 (21)	(350)	-	49	-
8310	Total amount of items not reclassified to profit or income		112,609	6	13,653	1
	Items that may be re-classified subsequently under profit or loss					
8361	Exchange differences arising from translating the financial statements of foreign operations		(497)	-	(1,007)	-
8380	The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – may be reclassified as profit and loss		(868)	-	1,031	-
8360	Total amount of items probably reclassified to profit or loss subsequently		(1,365)	-	24	-
8300	**Other comprehensive income (net)**		$ 111,244	6	$ 13,677	1
8500	**Total comprehensive income for the period**		$ 512,022	27	$ 545,550	36
	Earnings per share	6 (22)				
9750	Base earnings per share		$	5.17	$	6.86
9850	Diluted earnings per share		$	5.12	$	6.79

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual statement of changes in equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Additional notes	Capital reserve			Retained earnings			Other equity		Total equity
		Ordinary shares capital	Issuance premium	Others	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income	
2020										
Balance as of January 1, 2020		$ 775,600	$ 333,746	$ 577	$ 159,344	$ 183,296	$ 556,306	($ 2,691)	$ 8,722	$ 2,014,900
Current period net profit		-	-	-	-	-	531,873	-	-	531,873
Current other comprehensive income		-	-	-	-	-	(385)	24	14,038	13,677
Total comprehensive income for the period		-	-	-	-	-	531,488	24	14,038	545,550
The 2019 appropriation and distribution of earnings:	6 (14)									
Legal earnings reserve		-	-	-	11,885	-	(11,885)	-	-	-
Cash dividend		-	-	-	-	-	(62,048)	-	-	(62,048)
The reinvested company(ies) disposed of equity instruments measured at the fair value through other comprehensive profits and losses		-	-	-	-	-	16,374	-	(16,374)	-
Balance at December 31, 2020		$ 775,600	$ 333,746	$ 577	$ 171,229	$ 183,296	$ 1,030,235	($ 2,667)	$ 6,386	$ 2,498,402
2021										
Balance at January 1, 2021		$ 775,600	$ 333,746	$ 577	$ 171,229	$ 183,296	$ 1,030,235	($ 2,667)	$ 6,386	$ 2,498,402
Current period net profit		-	-	-	-	-	400,778	-	-	400,778
Current other comprehensive income		-	-	-	-	-	4,412	(1,365)	108,197	111,244
Total comprehensive income for the period		-	-	-	-	-	405,190	(1,365)	108,197	512,022
The 2020 appropriation and distribution of earnings:	6 (14)									
Legal earnings reserve		-	-	-	54,786	-	(54,786)	-	-	-
Cash dividend		-	-	-	-	-	(116,340)	-	-	(116,340)
The reinvested company(ies) disposed of equity instruments measured at the fair value through other comprehensive profits and losses		-	-	-	-	-	70,789	-	(70,789)	-
Balance at December 31, 2021		$ 775,600	$ 333,746	$ 577	$ 226,015	$ 183,296	$ 1,335,088	($ 4,032)	$ 43,794	$ 2,894,084

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Cash Flow Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Additional notes	January 1 to December 31, 2021	January 1 to December 31, 2020
Cash flow from operating activities			
Pre-tax profit for the current period		$ 491,228	$ 646,267
Adjustments			
Income, expense, and loss			
Depreciation	6 (20)	129,286	128,359
Amortization	6 (20)	1,579	1,609
Expected loss on credit impairment		18,345	-
Interest expenses	6 (19)	3,311	4,730
Net profit from financial assets and liabilities at fair value through profit and loss	6 (2) (18)	(3,270)	(4,296)
Interest income	6 (16)	(181)	(402)
The profit or loss in the subsidiary, affiliated company and joint ventures recognized under the equity method	6 (5)	(63,408)	(46,596)
Gain in disposal of property, plant and equipment	6 (18)	-	(346,826)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
De-capitalization refunded monies of financial assets at fair value through profit or loss	6 (2)	9,000	-
Contract assets		21	431
Notes receivable-net		(136)	1
Net accounts receivable		(47,145)	(13,773)
Account receivables-Related Parties- net		(2,509)	(189,033)
Other receivable		(7,100)	(4,887)
Inventory		(272,606)	(80,144)
Right to goods return-Current		-	11,084
Prepayments		(7,494)	(2,575)
Net defined benefit assets		1,057	(1,428)
Net changes in liabilities relating to operating activities			
Contract liabilities - Current		68,888	(53,721)
Payable notes		-	23
Accounts payable		(18,945)	19,269
Other payable		27,424	54,875
Other current liabilities-others		211	(310)
Net cash provided by operating activities		327,556	122,657
Interest received		187	410
Dividends received		55,271	27,110
Interest paid		(3,188)	(4,837)
Income tax paid		(172,228)	(14,815)
Net cash inflow from operating activities		207,598	130,525
Cash flow from investing activities			
Proceeds from the capital returns on investment accounted for using equity method	6 (5)	-	14,590
Acquisition of investment under the equity method	6 (5)	(399,961)	-
Costs of property, plant and equipment acquired	6 (23)	(403,363)	(191,481)
Proceeds from disposal of property, plant and equipment	6 (23)	-	1,059,906
Acquisition of Intangible assets		(2,090)	(1,371)
Decrease (increase) in deposits paid		2,664	(1,895)
Net cash inflow (outflow) from investing activities		(802,750)	879,749
Cash flow from financing activities			
Increase (decrease) in Shot-term borrowings	6 (24)	150,000	(70,000)
Decrease in short-term bills payable	6 (24)	-	(219,740)
Proceeds from long-term loan	6 (24)	1,200,000	600,000
Re-payments of long-term borrowings	6 (24)	(600,000)	(1,200,000)
Cash dividend distribution	6 (14)	(116,340)	(62,048)
Lease principal repayment	6 (24)	(1,586)	(1,677)
Net cash inflow (outflow) from financing activities		632,074	(953,465)
Increase in cash and cash equivalents for the current period		36,922	56,809
Opening balance of cash and cash equivalents		138,151	81,342
Closing balance of cash and cash equivalents		$ 175,073	$ 138,151

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Notes to financial statements
2021 and 2020

Unit: NTD thousand
(Except where otherwise stated)

1. Organization and operations

Chunghwa Chemical Synthesis and Biotech Co., Ltd. (hereinafter referred to as the Company) was established in Taiwan on May 19, 1964. Originally named as China Chemical Synthesis Industry Co., Ltd., the company was renamed to the current name at the shareholder meeting in 2003. The main areas of business of the Company include research, development, manufacturing and sales of active pharmaceutical ingredients. The Company was officially listed in the Taiwan Stock Exchange on December 20, 2010.

2. Financial reporting date and procedures

The Board of Directors approved the individual financial statements for publication on March 8, 2022.

3. Application of new and revised standards and interpretation

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2021.

New releases / amendments / revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
Amendment to International Financial Reporting Standards (IFRS) #4 "The temporary exemption is equally applicable to the extension under IFRS #9."	January 1, 2021
Phase II amendment to "Revolution to Interest Indicators" in International Financial Reporting Standards (IFRS) #9; IAS#39, IFRS#7, IFRS#4 and IFRS#16.	January 1, 2021
Amendment to International Financial Reporting Standard 16: "Related Lease Concession due to COVID-19 after June 30, 2021"	April 1, 2021 (Note)

Note: The Financial Supervisory Commission permits it to be applied on January 1, 2021 ahead of schedule.

The Company has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Company's financial position and financial performance.

(2) Effect of new issuances of or amendments to IFRS as endorsed by the FSC but not yet adopted by the Company and subsidiaries

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2022.

New releases / amendments / revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
Amendment to International Financial Reporting Standards (IFRS) #3 "Index to Conceptual Framework."	January 1, 2022
Amendment to International Financial Reporting Standards (IFRS) #16 "Real property, factories & equipment: Pricing prior to reach of anticipated state of use."	January 1, 2022
Amendment to International Financial Reporting Standards (IAS) #37 "Onerous contracts—the cost of fulfilling the contracts."	January 1, 2022
Improvements to IFRS 2018-2020	January 1, 2022

The Company has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Company's financial position and financial performance.

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

The newly released, revised and amended IFRS standards and interpretations by the IASB but not yet recognized by the FSC are summarized as follows:

New releases / amendments / revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
Amendment to IFRS 10 and IAS 28 "The Assets Sales or Purchase between Investors and Their Affiliates or Joint Ventures"	To be determined by the "International Accounting Standards Board (IASB).
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to International Financial Reporting Standard 17: "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Current or non-current classification of liabilities (Amendments to IAS 1)	January 1, 2023
Amendment to International Financial Reporting Standards (IAS) #1 "Disclosure of accounting policies."	January 1, 2023
Amendment to International Financial Reporting Standards (IAS) #8 "Definition of accounting estimate."	January 1, 2023
Amendment to International Accounting Standard 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The Company has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Company's financial position and financial performance.

4. Summary of significant accounting policies

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

(1) Compliance Statement

These standalone financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

1. Except for the following items, these individual statements have been prepared under the historical cost convention:
   (1) Financial assets at fair value through other comprehensive Income
   (2) The ascertained welfare assets recognized as the net amount of the pension fund assets minus the current value of the ascertained welfare obligations.
2. The financial statements prepared in accordance with the International Financial Reporting Standards, international accounting standards, interpretation and interpretation notice (referred to as "IFRS" hereinafter) that is recognized and approved by the FSC requires the use of some critical accounting estimates; also, the judgment by the management is required while using the Company's accounting policies. Please refer to Note 5 for the items involving extensive judgment or complexity, or significant assumptions and estimates related to the individual financial statements.

(3) Foreign-currency translations

Items included in the individual financial statements of each of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The individual financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

1. Foreign Currency Transactions and Balances
   (1) Transactions denominated in foreign currency are translated into a functional currency at the spot exchange rate on the date of the transaction or measurement. Foreign currency differences arising from translating such transactions are recognized in current profit or loss.
   (2) The foreign currency asset or liability balances are revaluated based on spot exchange rate of the balance sheet date, and any exchange difference arising from the adjustment is included in the profit and loss for the year.
   (3) Non-monetary assets and liabilities denominated in foreign currency 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 recognized in current profit or loss ; Non-monetary assets and liabilities denominated in foreign currency 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 recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currency that are not measured at fair value are translated using the historical exchange rates at the date of the initial transaction.
   (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".
2. Translation of the financial statements of foreign operations
   (1) The operating results and financial position of all the invested entity that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
      A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
      B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
      C. All resulting exchange differences are recognized in other comprehensive income.

(2) 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. However, if the Company retains partial interest in the former subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interests in the foreign operation.

(4) Criteria for distinguishing Current or Non-Current on the Balance Sheet

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
   (2) Held mainly for the purpose of trading.
   (3) Assets that are expected to be realized within twelve months from the balance sheet date.
   (4) 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 month after the balance sheet date.

   The Company classifies assets that do not meet any of the above criteria as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be paid off within the normal operating cycle.
   (2) Held mainly for the purpose of trading.
   (3) Expected to be repaid within 12 months of the balance sheet date
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 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.

   The Company classifies liabilities that do not meet any of the above criteria as non-current assets.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit and loss

1. Refer to the financial assets that are not measured at amortized cost or are measured at fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. The Company measures financial assets at fair value in initial recognition. The related transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. Once the right to receive dividends is confirmed, the Company recognizes the dividend income in profit or loss if the future economic benefits are expected to flow to the entity and the dividend can be measured reliably.

(7) Accounts receivable and notes

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of Financial Assets

Financial assets measured at amortized cost, the Company, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measures the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for trade receivables that do not constitute a financing transaction.

(9) The de-recognition of financial assets

A financial asset is derecognized when the Company's rights to receive cash flows from the financial assets have expired.

(10) The lessor's lease transaction/business lease

Income from under an operating lease (net of any incentives given to the lessee) are recognized in profit or loss on a straight-line basis over the lease term.

(11) Inventory

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The costs of finished and work in process goods include raw materials, direct labor, other direct costs and manufacturing-related expenses, excluding borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable costs of completion and selling expenses.

(12) Investments using the equity method - Subsidiaries and affiliates

1. Subsidiaries refer to all entities (including structural entities) with the right to direct financial and operational policies. When the company is exposed to changes in rewards with the involvement of the entity or has rights to the said changes in rewards and that the rights of the entity can exert an influence on the rewards, the company is said to have control over the entity.
2. The unrealized gains and losses resulting from the transactions conducted between the Company and its subsidiaries had been written-off. Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Company.
3. The Company recognized the shares of profit and/or loss of subsidiaries after acquisition as the profit and/or loss of the current term, and recognized the shares of profit and/or loss of other consolidated income after acquisition as other consolidated profit and/or loss of the current term. In the event that the shares of losses in a subsidiary recognized by the Company exceed the Company's equity in that subsidiary, the Company would continually recognize the losses *pro rata* to the shareholder percentages.
4. The term "associates" as set forth herein refers to the entities upon which the Company holds significant effect but holds no controlling power, normally as the shares of more than 20% of the voting power held by the Company either directly or indirectly. Over the

investment in associates, the Company adopts equity method, recognizing them at cost at the moment of acquisition.

5. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss in the current period, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
6. When there is equity change in non-profit and loss and other consolidated profit and loss occurring to the affiliated enterprises that do not affect the shareholding of the affiliated enterprises, the Company will have the equity change recognized as "additional paid-in capital" proportionally to the shareholding ratio.
7. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the polices adopted by the Company.
8. When the Company disposes of its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are accounted for on the same basis as direct disposal of related assets or liabilities, that is, profit or loss previously recognized in other comprehensive income are reclassified to profit or loss when related assets or liabilities are disposed of. When the Company loses significant influence over the associate, the aforesaid profit or loss is reclassified from retained earnings to profit or loss. If it still retains significant influence over the associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
9. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in standalone financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(13) Property , plant, and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a spate 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 derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.
3. Land is not depreciated. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. 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 change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 years ~ 60 years
Machinery equipment	1 years ~ 43 years
Transport equipment	2 years ~ 34 years
Other equipment	5 years ~ 18 years

(14) The lessee's lease transaction-right-of-use assets/lease liabilities.

1. Lease assets are recognized on the day of the available for use by the Company as right-of-use assets and lease liabilities. If the lease contract is a short-term lease or a lease of an underlying asset with low-value, lease payment is recognized using the straight-line method as an expense during the period of lease based.
2. The lease liability on the first day of lease is recognized at the present value after unpaid lease payments are converted into cash according to the Company's incremental borrowing interest rate. Lease payments include fixed payments deducted by any lease incentives received. According to the follow-up interest method and measurements by the amortized cost method, interest incurring during the period of lease is provisioned. In case of changes in the period of lease or lease payments not attributed to contract modifications, the lease liability will be re-evaluated, and the remeasurement will be used to readjust the right-of-use asset.
3. The right-of-use asset is recognized by cost on the starting day of lease. The costs include:
   (1) The original measured amount of lease liability;
   (2) Any original direct costs incurred;

The cost model is adopted for subsequent measurements. Either the end of the durability of right-of-use assets or the end of the period of lease incurring earlier will be provisioned as depreciation fees. When re-evaluating lease liability, the right-of-use asset will readjust any remeasurements of lease liability.

(15) Investment property

Investment properties are initially measured at cost and may be subsequently measured using a cost model.

(16) Intangible assets

Computer software is recognized at cost and is amortized over the estimated useful life of 1 to 3 years according to the straight-line method.

(17) Losses in non-financial asset

The company estimates recoverable amounts on assets with signs of losses on the balance sheet date, and when the recoverable amount is lower than the book value, then loss is recognized. Recoverable amount refers to an asset's fair value less the cost of disposal or the useful value, whichever is the higher. Except for goodwill, when the impairment of assets recognized in prior period is non-existent or reduced, the impairment loss should be reversed. However, the increased book value of the asset due to the reversed impairment loss may not exceed the book value net of depreciation or amortization before recognizing impairment loss.

(18) Loans

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) De-recognition of financial liabilities

The Company derecognizes a liability when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Financial assets and liabilities written-off against each other

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

(22) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the discounted amount of the benefits expected to be paid in respect of service rendered by employees and are recognized as expenses in the period when the employees render service.
2. Pension

   (1) Defined contribution plan

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

   (2) Defined benefit plan

   A. 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 recognized 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 rates of government bonds (at the balance sheet date) instead.
   B. Re-measurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recoded as retained earnings.
   C. The expense associated with prior service cost is recognized immediately as a profit or loss.

3. Remunerations for employees and directors

   Remunerations for employees and directors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. If the accrued amounts for employees' compensation and remuneration to directors and supervisors are different from the actual distributed amounts, the differences should be recognized based on the accounting for changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with the applicable tax regulations. 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.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the individual financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized 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, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income 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 realize the asset and settle the liability simultaneously.

(24) Dividends

Dividends distributed to shareholders of the Company are recognized in the financial statements when the shareholder meeting resolves to distribute dividends, and the cash dividends are recognized as liabilities.

(25) Recognition of revenue

1. Product sales

(1) The Company manufactures and sells API-related products. The sales revenue is recognized when products are delivered to customers who have discretionary power in channels and prices of products sold and the Company has no outstanding performance obligations which may affect customers' acceptance of products. The delivery of products is considered occurs when the products are shipped to the designated locations and the risks of obsolescence and loss have been transferred to customers who accept the products under sales contracts, or when there is objective evidence showing that all acceptance criteria have been met.

(2) Account receivables are recognized when goods are delivered to customers. Since the Company has unconditional rights to the contract price from that point in time, only the passage of time is required before the payment is due.

2. Labor revenue

(1) The Company provides commissioned bio drug testing and other related services. Labor service income is recognized as income during the period of financial reporting on services provided to customers. Revenues from fixed price contracts are recognized based of the proportion of services provided in all services provided as of the balance sheet date. The percentage of service completion is based on the proportion of actual costs incurred in the total costs. The customer shall pay contract prices according to the payment time agreed. When services provided by the company exceed the customer's accounts payable, they are recognized as contract assets; if the customer's accounts payable exceeds the services provided by the company, they are recognized as contract liability.

(2) The Company's estimates of revenues, costs, and degree of work completion are subject to amendments as circumstances change. Any increase or decrease in estimated income or cost due to changes in estimates shall be reflected in profit or loss during the period in which the circumstances leading to the amendments are known to management.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

The preparation of these standalone financial statements requires the management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. The resulting accounting estimates might be different from the related actual results, the judgments and estimates 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. Critical accounting judgments, estimates and key sources of assumption uncertainty are explained as follows:

(1) Critical judgments concerning the application of accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventory

The Company measures the normal sales of inventories by the lower of cost and net realizable value. For inventories that have existed longer than a certain period of time and are obsolete and damaged, net realizable value of each inventory is identified to be recognized as a loss. Therefore, the Company must use its best judgments and estimates to determine the net realizable value of inventory at the balance sheet date. Due to the stricter verification of active pharmaceutical ingredients and the lengthening time required to obtain drug licenses, the disposal of inventory is below expectation, resulting in the loss from inventory depreciation or the higher risk of inventory obsolescence. The Company assesses on the balance sheet date the inventory due to normal wear and tear, obsolescence or without market sales value and reduces the inventory cost to net realizable value. The inventory assessment may experience significant changes due to fluctuations in the net realizable value of future products. As of December 31, 2021, the book balance of the Company's inventories is NT$753,850.

6. Summary of significant accounting titles

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 511	$ 416
Checking accounts and demand deposits	174,562	89,319
Cash equivalents- Short-term bills	-	48,416
	$ 175,073	$ 138,151

1. The financial institutions that the Company deals with are with good credit quality; also, the Company deals with a number of financial institutions to diversify credit risk; therefore, the possibility of default is very unlikely.
2. None of the Company's cash and cash equivalents pledged to others as collateral.

(2) Financial assets at fair value through profit and loss

Item	December 31, 2021	December 31, 2020
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
China Development Biomedical Venture Capital (limited company)	$ 21,000	$ 30,000
Evaluation adjustment	5,726	2,456
	$ 26,726	$ 32,456

1. Financial assets at fair value through profit and loss is detailed as follows:

	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 3,270	$ 4,296

2. In March 2021, the share value returned upon capital decrease for financial assets measured at fair value through profits or losses invested in by the Company totaled $9,000.

(3) Note receivable and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 480	$ 344
Less: Allowance for losses	-	-
	$ 480	$ 344
Accounts receivable	$ 110,806	$ 63,661
Less: Allowance for losses	(18,593)	(248)
	$ 92,213	$ 63,413

1. Aging of accounts receivable and notes receivable is as follows:

(1) Notes receivable

	December 31, 2021	December 31, 2020
Not overdue	$ 480	$ 344

(2) Accounts receivable

	December 31, 2021	December 31, 2020
Not overdue	$ 92,461	$ 63,556
Overdue within 30 days	-	105
Over 90 days	18,345	-
	$ 110,806	$ 63,661

The aforementioned aging analysis is based on the overdue days.

2. The accounts receivables and bills receivable balance in December 31, 2021 and 2020 were generated from the client contract. The accounts receivables balance and allowance loss in the client contract as of January 1, 2020 amount to $50,233 and $248 respectively.
3. While not considering the collaterals or other credit enhancements, the notes and accounts receivable held by the Company had the maximum exposure of credit risk at NT$92,693 and NT$63,757, respectively, as of December 31, 2021 and 2020.
4. The Company does not hold any collaterals.
5. Please see Note 12 (2) for the credit risk of the accounts receivable and notes receivable.

(4) Inventory

	December 31, 2021		
	Cost	Price loss allowance	Book value
Raw materials	$ 366,960	($ 33,034)	$ 333,926
Work in process	71,866	(471)	71,395
Finished products	396,099	(47,570)	348,529
	$ 834,925	($ 81,075)	$ 753,850

	December 31, 2020		
	Cost	Price loss allowance	Book value
Raw materials	$ 188,368	($ 21,153)	$ 167,215

Work in process	77,104	(550)	76,554
Finished products	282,773	(45,298)	237,475
	$ 548,245	($ 67,001)	$ 481,244

The Company's current inventory cost recognized as expenses:

	2021	2020
Cost of inventory sold	$ 952,599	$ 836,316
Loss of price decline of inventory and obsolescence loss	28,964	14,899
Proceeds from sale of scraps.	(3,019)	(3,179)
	$ 978,544	$ 848,036

(5) Investments accounted for by the equity method

	December 31, 2021	December 31, 2020
Affiliate business:		
China Chemical & Pharmaceutical Co., Ltd.	$ 1,032,860	$ 511,434
Subsidiaries:		
PHARMAPORTS, LLC	9,289	12,771
	$ 1,042,149	$ 524,205

1. Affiliate business

(1) The basic information of the Company's main affiliates is shown as follows:

Company name	Main places of business operations	Ratio of Shareholding December 31, 2021	Ratio of Shareholding December 31, 2020	Type of affiliation	Measurement
China Chemical & Pharmaceutical Co., Ltd.	Taiwan	14.11%	8.49%	Affiliate business	Equity method

(2) Financial information of the Company's major associates is summarized as follows:

Balance Sheet

	China Chemical & Pharmaceutical Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	$ 3,193,213	$ 3,475,791
Non-Current assets	7,988,514	7,093,226
Current liabilities	(1,512,912)	(1,874,262)
Non-current liabilities	(1,914,705)	(2,103,576)
Total net assets	$ 7,754,110	$ 6,591,179
Book value of affiliates	$ 1,026,277	$ 511,434

Comprehensive income statement

	China Chemical & Pharmaceutical Co., Ltd.	
	2021	2020
Income	$ 3,407,463	$ 3,857,241
Current net profits from continuing operations	$ 517,508	$ 557,232
Other comprehensive income (net after tax)	942,413	366,087
Total comprehensive income for the period	$ 1,459,921	$ 923,319
Stock dividends collected from affiliates	$ 38,977	$ 20,235

2. Profit and loss of subsidiaries and associates recognized by using equity method:

	2021	2020
China Chemical & Pharmaceutical Co., Ltd.	$ 50,100	$ 37,896
PHARMAPORTS, LLC	13,308	9,309
CCSB HOLDING CO., LTD.	-	(609)
	$ 63,408	$ 46,596

3. In 2021, the Company obtained NT$399,961 equity from China Chemical & Pharmaceutical Co., Ltd. in the open market.
4. The Company's investment in China Chemical & Pharmaceutical has a public offer of which the fair value were NT$952,504 and NT$508,987 as of December 31, 2021 and 2020, respectively.
5. The Company holds up to 14.11% of the total shares of China Chemical & Pharmaceutical Co., Ltd. as the largest single shareholder. Given the facts that the Company lacks substantial capability to dominate the relevant events as indicated through the participation by other shareholders in that company and the voting powers in major motions, it is judged that the Company does not possess control power but only has influence toward that company.
6. CCSB Holding Co., Ltd. reduced its capital and remitted back an amount of NT$14,590 for the investment fund in 2020 and completed the corporation write-off procedures on December 31, 2020. Accordingly, starting from that day, the equity-based investment was counted as other receivables instead. As of December 31, 2020, the other receivables amounted to NT$1,500.
7. For information on the Company's subsidiaries, please refer to Note 4 (3) of 2021 consolidated financial statements.

(6) Property , plant, and equipment

	Land	Buildings and structures	Machinery equipment	Transport equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
January 1, 2021							
Cost	$ 741,400	$ 674,256	$ 1,172,957	$ 7,448	$ 579,419	$ 112,289	$ 3,287,769
Accumulated depreciation and impairment	-	(445,441)	(888,583)	(5,950)	(408,662)	-	(1,748,636)
	$ 741,400	$ 228,815	$ 284,374	$ 1,498	$ 170,757	$ 112,289	$ 1,539,133
2021							
January 1	$ 741,400	$ 228,815	$ 284,374	$ 1,498	$ 170,757	$ 112,289	$ 1,539,133
Additions	-	17,727	14,160	860	17,622	404,269	454,638
Reclassification	-	134,124	241,528	-	14,463	(390,115)	-
Depreciation	-	(25,253)	(66,750)	(457)	(35,244)	-	(127,704)
December 31	$ 741,400	$ 355,413	$ 473,312	$ 1,901	$ 167,598	$ 126,443	$ 1,866,067
December 31, 2021							
Cost	$ 741,400	$ 826,107	$ 1,414,963	$ 8,121	$ 608,414	$ 126,443	$ 3,725,448
Accumulated depreciation and impairment	-	(470,694)	(941,651)	(6,220)	(440,816)	-	(1,859,381)
	$ 741,400	$ 355,413	$ 473,312	$ 1,901	$ 167,598	$ 126,443	$ 1,866,067

	Land	Buildings and structures	Machinery equipment	Transport equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
January 1, 2020							
Cost	$ 1,454,384	$ 662,864	$ 1,128,088	$ 6,899	$ 553,177	$ 17,268	$ 3,822,680
Accumulated depreciation and impairment	-	(421,831)	(833,042)	(6,624)	(380,892)	-	(1,642,389)
	$ 1,454,384	$ 241,033	$ 295,046	$ 275	$ 172,285	$ 17,268	$ 2,180,291
2020							
January 1	$ 1,454,384	$ 241,033	$ 295,046	$ 275	$ 172,285	$ 17,268	$ 2,180,291
Additions	-	5,960	5,222	1,421	30,098	156,186	198,887
Reclassification (Note)	-	5,433	50,481	-	4,970	(61,165)	(281)
Depreciation	-	(23,611)	(66,279)	(198)	(36,596)	-	(126,684)
Disposition	(712,984)	-	(96)	-	-	-	(713,080)
December 31	$ 741,400	$ 228,815	$ 284,374	$ 1,498	$ 170,757	$ 112,289	$ 1,539,133
December 31, 2020							
Cost	$ 741,400	$ 674,256	$ 1,172,957	$ 7,448	$ 579,419	$ 112,289	$ 3,287,769
Accumulated depreciation and impairment	-	(445,441)	(888,583)	(5,950)	(408,662)	-	(1,748,636)
	$ 741,400	$ 228,815	$ 284,374	$ 1,498	$ 170,757	$ 112,289	$ 1,539,133

Note: The term reclassification is an act to transfer out onto “intangible assets.”

The Company signed a land purchase agreement, worth NT$1,063,953, with Lian Hwa Foods Corporation on May 14, 2020.

It consists of related necessary costs of $4,247 and income from dispositions of $346,722; transfer was completed in June 2020.

(7) Investment property

	December 31, 2021	December 31, 2020
Land cost	$ 10,700	$ 10,700

1. Rental income and direct operating expenses of investment properties:

	2021	2020
Rental income of investment properties	$ 800	$ 824
Direct operating expenses incurred in investment properties that have rental income in the current period	$ 48	$ 48

2. The fair value of investment properties held by the Company for the years ended December 31, 2021 and 2020 was NT$70,305 and NT$50,239, respectively, based on the transaction prices of the adjacent lands.

(8) Shot-term borrowings

In the Company, short-term loans were nonexistent as of December 31, 2020. As of December 31, 2021, the short-term loan fact was as follows:

Loans nature	December 31, 2021	Interest rate collars	Collateral
Bank loan			
Credit loan	$ 150,000	0.80%～0.83%	None

(9) Other payable

	December 31, 2021	December 31, 2020
Salary and bonus payables	$ 74,224	$ 74,167
Commission payable	11,458	12,184
Remuneration to employees and directors and supervisors payable	52,390	46,996
Equipment payables	94,544	13,183
Repair fees payable	5,643	7,103
Others	56,884	32,602
	$ 295,143	$ 186,235

(10) Long-term borrowings

	December 31, 2021	December 31, 2020
Bank loan		
Credit loan	$ 600,000	$ -
Interest rate collars	1.13%~1.35%	-

The one-time repayment of credit loan is due in 2023.

(11) Pension

1. (1) The Company has a defined benefit pension plan in accordance with the "Labor Standards Act", covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. When an employee meets the requirements of retirement, the payment of pension is based on service years and the average salary of the six months prior to retirement, with services within 15 years accumulating 2 basis points per year, and service years beyond 15 years accumulating 1 basis point per year up to a maximum of 45 basis points. The company provisions 5% of total monthly salary to the pension fund in the name of the Pension Supervisory Committee at the Bank of Taiwan. In addition, the Company has the labor pension reserve account balance referred to in the preceding paragraph estimated at the end of each fiscal year. If the account balance is insufficient to pay pension benefit to the employees who qualify for retirement within next year for the pension benefit calculated in the preceding paragraph, the Company will have the spread amount appropriated in a lump sum before the end of March next year.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	($ 117,792)	($ 115,828)
The fair value of plan assets	141,770	139,113
Net defined benefit assets (Recognized as Other non-current assets)	$ 23,978	$ 23,285

(3) Changes in net defined benefit assets are as follows:

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit assets
2021			
Balance at January 1	($ 115,828)	$ 139,113	$ 23,285
Current service cost	(1,326)	-	(1,326)
Interest (expense) income	(342)	416	74
	(117,496)	139,529	22,033
Revaluation amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,046	2,046
The effect of changes in financial assumptions	3,508	-	3,508
Experience adjustments	(3,804)	-	(3,804)
	(296)	2,046	1,750
The appropriation of pension fund	-	195	195
Balance at December 31	($ 117,792)	$ 141,770	$ 23,978

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit assets
2020			
Balance at January 1	($ 109,160)	$ 131,261	$ 22,101
Current service cost	(1,073)	-	(1,073)
Interest (expense) income	(728)	891	163
	(110,961)	132,152	21,191
Revaluation amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,623	4,623
The effect of changes in financial assumptions	(3,674)	-	(3,674)
Experience adjustments	(1,193)	-	(1,193)
	(4,867)	4,623	(244)
The appropriation of pension fund	-	2,338	2,338
Balance at December 31	($ 115,828)	$ 139,113	$ 23,285

(4) 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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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.). For the use of this fund, the minimum earnings distribution every year shall not be for an amount less than the income calculated in accordance with the local bank's two-year time deposit rate; also, the insufficient fund, if any, should be made up by the National Treasury with the approval of the competent authorities. Since the Company is not entitled to participating in the operation and management of the Fund, the classification of the fair value of plant asset cannot be disclosed in accordance with International Accounting Standards No. 19, paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) Assumptions for the actuation of pension funds are summarized as follows:

	2021	2020
Discounted rate	0.70%	0.30%
Future salary increases rate	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the published statistics and experience in the 6th Taiwan Standard Ordinary Experience Mortality Table.

The present value of the defined benefit obligations affected by the changes in the actuarial assumptions is analyzed as follows:

	Discounted rate		Future salary increases rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2021				
The impact on the present value of the defined benefit obligations	($ 2,132)	$ 2,197	$ 2,163	($ 2,110)

Discounted rate	Future salary increases rate

	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2020				
The impact on the present value of the defined benefit obligations	($ 2,319)	$ 2,395	$ 2,348	($ 2,286)

The sensitivity analysis above analyzes the impact from changing one of the assumptions while others remain constant. In practice, many changes in assumptions may be mutually interactive. The sensitivity analysis is consistent with the method adopted for calculating the net pension liability on the balance sheet.

(6) The Company applied on December 7, 2020 for suspension from appropriation of labor pension reserve. The Company has been approved for suspension from appropriation starting from fiscal year 2021.

2. (1) The Company has a retirement policy with a defined pension contribution plan regulated in accordance with the "Labor Pension Act" for the employees of Taiwan nationality since July 1, 2005. The Company has established a defined contribution pension plan (the "New Plan") under the "Labor Pension Act" covering all regular employees. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to an employee's individual pension account at the Bureau of Labor Insurance. The payment of pension benefits is based on an employee's individual pension fund account and the cumulative profit in such account, and employees can choose to receive such pension benefits monthly or in one lump sum.

(2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020 were NT$9,639 and NT$8,850, respectively.

(12) Share capital

1. As of December 31, 2021, the Company's authorized capital was $1,600,000, consisting of 160,000 thousand shares of ordinary stock, and the paid-in capital was NT$775,600 with a par value of $10 (in dollars) per share. All issued capital of the Company were paid up.
2. The number of the Company's outstanding ordinary shares was 77,560 thousand as of 2021 and 2020.
3. The affiliation of the Company held 19,245 thousand shares and 17,331 thousand shares, respectively of the Company as of December 31, 2021 and 2020.

(13) Capital reserve

According to the Company Act, capital reserves from premium income for issuing shares over face values and gift income, not only can offset losses, it can also issue new shares or cash according to the original shareholding when there is no accumulated losses in the company. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. When the retained earnings of a company is not enough to offset capital losses, the capital reserves cannot be applied.

(14) Retained earnings

1. According to the Company's articles of incorporation, the dividend policy considers the Company's future capital needs and long-term financial planning and meets the shareholders' demand for cash inflows. The current year's earning, if any, shall first be used to offset prior years' operating losses and pay all taxes, and then 10% of the remaining

amount shall be set aside as legal reserve. Special reserve shall also be allocated. If there is still surplus, it can be put together with the accumulated undistributed surplus of the previous year as the surplus available this year for distribution. Part of it can be retained, depending on the Company's business needs for the year, before being distributed to shareholders. Cash dividends shall not be less than 50% of the shareholder dividend given, but when the cash dividend is calculated to be less than $0.1 per share, it can be given in the form of stock dividend.

2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash 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.

3. (1) 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.

(2) When adopting IFRSs for the first time, refer to Jin-Guan-Zheng-Fa-Zi Document #1010012865 on special reserve. The Company will conduct a reversal of the originally allocated special reserve when using, disposing of or reclassifying assets.

4. (1) The appropriations of 2020 and 2019 earnings had been resolved at the stockholders' meeting on July 1, 2021 and May 29, 2020, respectively. Details are summarized below:

	2020		2019	
	Amount	Dividends per share ($)	Amount	Dividends per share ($)
Legal earnings reserve	$ 54,786		$ 11,885	
Cash dividend	116,340	$ 1.5	62,048	$ 0.8
	$ 171,126		$ 73,933	

(2) The appropriations of 2021 earnings had been proposed by the Board of Directors on March 8, 2022. Details are summarized below:

	2021	
	Amount	Dividends per share ($)
Legal earnings reserve	$ 47,598	
Cash dividend	100,828	$ 1.3
	$ 148,426	

The aforementioned distribution of earnings of 2021 has not been passed in the shareholders' meeting.

(15) Operating revenues

	2021	2020
Revenue from Contracts with Customers	$ 1,896,625	$ 1,515,144

1. Segmentation of revenue from contracts with customers

The Company's revenues are generated from goods and labor services gradually transferred with time and transferred at a specific time. Revenues can be subdivided into the following geographic areas:

2021	Taiwan	United States	Total
Revenue from contracts with external customers	$ 681,900	$ 1,214,725	$ 1,896,625
Time point of sales income recognition			
Revenues recognized at a specific time	$ 677,384	$ 1,214,725	$ 1,892,109
Revenues gradually recognized with time	4,516	-	4,516
	$ 681,900	$ 1,214,725	$ 1,896,625

2020	Taiwan	United States	Total
Revenue from contracts with external customers	$ 745,592	$ 769,552	$ 1,515,144
Time point of sales income recognition			
Revenues recognized at a specific time	$ 735,636	$ 769,552	$ 1,505,188
Revenues gradually recognized with time	9,956	-	9,956
	$ 745,592	$ 769,552	$ 1,515,144

2. Contract assets and contract liabilities

(1) The contract assets and contract liabilities of customer contract revenue recognized by the Company are shown as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets			
Contract assets -Labor services	$ -	$ 21	$ 452
Contract liabilities:			
Contract liabilities -Drug sale contracts	$ 68,261	$ 667	$ 54,520
-Labor services	3,689	2,395	2,263
	$ 71,950	$ 3,062	$ 56,783

(2) The initial contract liabilities arising from sales contracts recognized as revenues in 2021 and 2020total NT$972 and NT$54,293 respectively.

(16) Interest income

	2021	2020
Interest from bank deposits	$ 175	$ 332
Other interest incomes	6	70
	$ 181	$ 402

(17) Other revenue

	2021	2020
Rent revenue	$ 12,800	$ 1,296
Other Revenue- other	7,648	8,544
	$ 20,448	$ 9,840

(18) Other profits and losses

	2021	2020
Gain in disposal of property, plant and equipment	$ -	$ 346,826
Net foreign exchange loss	(9,592)	(11,241)
Net profit from financial assets and liabilities at fair value through profit and loss	3,270	4,296
	($ 6,322)	$ 339,881

(19) Financial costs

	2021	2020
Interest expenses:		
Bank loan	$ 3,273	$ 4,704
Lease liabilities	38	26
	$ 3,311	$ 4,730

(20) Employee benefit expense, depreciation and amortization

1. Employee benefit expense, depreciation and amortization:

Functionality / Characteristics	2021		
	Allocated as operating cost	Employee expenses	Total
Employee benefits expenses			
Salaries and wages	$ 139,452	$ 186,838	$ 326,290
Labor insurance and national health insurance	12,155	13,245	25,400
Pension expenses	4,188	6,703	10,891
Directors' remuneration	-	12,353	12,353
Other employee expenses	9,325	8,862	18,187
Depreciation	97,188	32,098	129,286
Amortization	-	1,579	1,579

Functionality / Characteristics	2020		
	Allocated as operating cost	Employee expenses	Total
Employee benefits expenses			
Salaries and wages	$ 124,930	$ 174,358	$ 299,288
Labor insurance and national health insurance	9,748	11,418	21,166
Pension expenses	3,565	6,195	9,760
Directors' remuneration	-	13,072	13,072
Other employee expenses	8,177	13,068	21,245
Depreciation	96,564	31,795	128,359
Amortization	-	1,609	1,609

Note 1: The number of employees in 2021 and 2020 were 335 and 313 people respectively. Among them, the number of directors not concurrently employees totaled six people.

Note 2: The company is TAIEX listed. Therefore, the following information should be added:

(1) The average expenditure of employee benefits for 2021 and 2020 were NT$1,157 and NT$1,145 respectively.
(2) The average expenditure of employee salary for 2021 and 2020 were NT$992 and NT$975 respectively.
(3) Changes in the average employee salary expense adjustment are 2%.
(4) Salary remuneration related policies
A. Policy on remuneration toward directors
According to the Articles of Association for the company, if the company has earned annual profits, it shall allocate 1% to 15% as employee remuneration and no more than 3% for director remuneration. However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss. The amount appropriated this time is subject to passing by the Remuneration Committee with a resolution before being submitted to the board of directors for discussion, resolution and enforcement.
B. Policy on remuneration toward employees and managerial officers
(A) Upon final accounting settlement by the Company in each fiscal year, the earnings, if any, shall be first used to pay tax, make up loss, if any, and to appropriate dividend and reserve. To employees who have committed no fault at all in the entire year, in accordance with “Regulations Governing Year-End Bonus Review,” the Company shall grant a year-end bonus which means a gracious grant for encouragement instead of a consideration for services rendered.
(B) In each and every year, the Company will, as well, evaluate whether the salary calls for an adjustment for employees based on the scalar indicators such as the Company’s operating performance, commodity price index, salary level prevalent in the market and whether the salaries paid by the Company to employees are competitive enough in the market.

2. Remunerations for employees and directors:

(1) According to the articles of incorporation of the Company, a portion of distributable

profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The percentage shall be 1% to 15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

(2) A. For the 2021, employees' compensation was accrued at NT$45,777 while directors' remuneration was accrued at NT$6,613. The aforementioned amounts were recognized in salary expenses.

B. For the 2020, employees' compensation was accrued at NT$39,296 while directors' remuneration was accrued at NT$7,481. The aforementioned amounts were recognized in salary expenses.

C. The employees' compensation and directors' remuneration were estimated and accrued based on 8.42% and 1.22% of profit of current year distributable for the 2021, respectively, with the estimated amount in line with the resolution of the board of directors. The abovementioned employee compensation will be paid in cash.

D. The employees' compensation and directors' remuneration resolved by the Board of Directors for 2020 were NT$39,296 and NT$7,481, respectively, consistent with the amount recognized in the 2020 financial report.

E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System".

(21) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2021	2020
Current income tax:		
Current income tax	$ 92,668	$ 118,112
Additional levy on undistributed earnings	1,980	112
Underestimate (overestimated) income tax of prior years	1,074	(8,832)
Total Current income tax	95,722	109,392
Deferred income tax:		
Origin and reversal of temporary differences	(5,272)	5,002
Income tax expense	$ 90,450	$ 114,394

(2) Income tax amounts relating to other comprehensive profit and loss:

	2021	2020
Defined benefit obligation revaluation amount and volume	($ 350)	$ 49

2. Reconciliation between income tax expense and accounting profit:

	2021	2020
Income tax derived by applying the statutory tax rate to pre-tax net profit	$ 98,247	$ 129,254
Tax-free income by Income Tax Law	(10,675)	(9,504)
Impact on income tax from items excluded according to the tax law	12	66
Realizable changes from deferred income tax assets	(1,817)	1,546
Additional levy on undistributed earnings	1,980	112
Underestimate (overestimated) income tax of prior years	1,074	(8,832)
Foreign dividend withholding tax rate difference	1,629	686
The land value increment tax payable for land sold	-	1,066
Income tax expense	$ 90,450	$ 114,394

3. Deferred income tax assets or liabilities arising from temporary differences:

	2021			
	January 1	Recognized in the profit or loss	Recognized in other comprehensive net loss	December 31
Timing difference:				
- Deferred income tax assets:				
Falling price of inventory	$ 13,826	$ 2,388	$ -	$ 16,214
Excess losses from bad debts		$ 2,868		2,868
Unrealized exchange loss	424	(179)	-	245
Impairment loss of fixed assets	1,019	(776)	-	243
Bonus payable for paid leave not taken	1,489	41	-	1,530
Unrealized profit from sales of inventories in transit	-	3,380	-	3,380
Subtotal	16,758	7,722	-	24,480
- Deferred income tax liabilities:				
Profit and loss recognized by using equity method	(2,678)	(2,661)	-	(5,339)
Determined benefit obligation	(4,657)	211	(350)	(4,796)
Reserve for land revaluation increment tax (“LRIT”)	(240,164)	-	-	(240,164)
Subtotal	(247,499)	(2,450)	(350)	(250,299)
Total	($ 230,741)	$ 5,272	($ 350)	($ 225,819)

	2020			
	January 1	Recognized in the profit or loss	Recognized in other comprehensive net loss	December 31
Timing difference:				
- Deferred income tax assets:				
Falling price of inventory	$ 14,996	($ 1,170)	$ -	$ 13,826
Unrealized exchange loss	264	160	-	424
Impairment loss of fixed assets	1,658	(639)	-	1,019
Bonus payable for paid leave not taken	1,270	219	-	1,489
Profit and loss recognized by using equity method	608	(608)	-	-
Subtotal	18,796	(2,038)	-	16,758
- Deferred income tax liabilities:				
Profit and loss recognized by using equity method	-	(2,678)	-	(2,678)
Determined benefit obligation	(4,420)	(286)	49	(4,657)
Reserve for land revaluation increment tax (“LRIT”)	(240,164)	-	-	(240,164)
Subtotal	(244,584)	(2,964)	49	(247,499)
Total	($ 225,788)	($ 5,002)	$ 49	($ 230,741)

4. The Company's filings of profit-seeking enterprise business income tax returns had been certified by the tax authority up till 2019.

(22) Earnings per share

	2021		
	After-tax amount	Weighted average outstanding shares (thousand shares).	Earnings per share (NT$)
Base earnings per share			
Current period net profit	$ 400,778	77,560	$ 5.17
Diluted earnings per share			
Current period net profit	$ 400,778	77,560	
Effect of dilutive potential ordinary shares: Employees’ compensation	-	758	
The effect of net profit in the current period to the potential ordinary shares	$ 400,778	78,318	$ 5.12

	2020		
	After-tax amount	Weighted average outstanding shares (thousand shares).	Earnings per share (NT$)
Base earnings per share			
Current period net profit	$ 531,873	77,560	$ 6.86
Diluted earnings per share			
Current period net profit	$ 531,873	77,560	
Effect of dilutive potential ordinary shares: Employees' compensation	-	771	
The effect of net profit in the current period to the potential ordinary shares	$ 531,873	78,331	$ 6.79

(23) Supplemental cash flow information

Investing activities partially funded with cash:

	2021	2020
Purchase of property, plant, and equipment	$ 454,638	$ 198,887
Add: Opening balance of payable on equipment	13,183	5,777
Prepaid construction equipment amount at the end of the period	30,086	-
Less: Ending balance of payable on equipment	(94,544)	(13,183)
Cash Paid for the Period	$ 403,363	$ 191,481

Investment activities with partial cash collection:

	2021	2020
Disposal of property, plant, and equipment	$ -	$ 1,064,153
Less: Relevant expenses	-	(4,247)
Cash received during the year	$ -	$ 1,059,906

(24) Changes in liabilities arising from financing activities

	2021				
	Shot-term borrowings	Short-term bills payable	Long-term borrowings	Lease liabilities	Total liabilities arising from financing activities
January 1	$ -	$ -	$ -	$ 1,634	$ 1,634
Addition	1,310,000	50,014	1,200,000	1,913	2,561,927
Repayment	(1,160,000)	(50,014)	(600,000)	(1,586)	(1,811,600)
December 31	$ 150,000	$ -	$ 600,000	$ 1,961	$ 751,961

	2020				
	Shot-term borrowings	Short-term bills payable	Long-term borrowings	Lease liabilities	Total liabilities arising from financing activities
January 1	$ 70,000	$ 219,740	$ 600,000	$ 2,688	$ 892,428
Addition	340,000	190,306	600,000	-	1,130,306
Repayment	(410,000)	(410,046)	(1,200,000)	(1,677)	(2,021,723)
Other non-cash changes	-	-	-	623	623
December 31	$ -	$ -	$ -	$ 1,634	$ 1,634

7. Related party transactions

(1) Name and relationship of related parties

Name	Relationship with The Company
PHARMAPORTS, LLC (PPL)	Subsidiaries
China Chemical & Pharmaceutical Co., Ltd. (CCPC)	The Company's main affiliates
Chunghwa Yuming Healthcare Co., Ltd. (CYH)	The Company's main affiliates
Tairung Development Co., Ltd.	The Company's main affiliates
Sino-Japan Chemical Co., Ltd.	Other related parties

(2) Major transactions with related parties

1. Operating revenue

	2021	2020
Product sales:		
PPL	$ 1,214,722	$ 764,003
CCPC	66,516	95,737
	$ 1,281,238	$ 859,740

(1) The transaction price of the Company's sales to related parties is based on the price agreed by both parties.

(2) The Company's payment period is 30–120 days (monthly) for non-stakeholders and 120 days (monthly) for stakeholders after shipment.

(3) The Company signed a raw material production and sales contract with China Chemical & Pharmaceutical Co., Ltd. in 2016 and renewed the contract in 2019. The Company sold raw materials to the said party at the net cost +30% profit for processing into goods; the Company is entitled to a differential profit ratio of 50% profit from actual sales (China Chemical & Pharmaceutical Co., Ltd. gross profit and the Group's sales gross profit).

2. Receivable from related parties

	December 31, 2021	December 31, 2020
Account receivable from related parties:		
PPL	$ 265,727	$ 244,743
CCPC	23,523	41,998
Less: Allowance for losses	(46)	(46)
	$ 289,204	$ 286,695

3. Other receivable

	Nature of main transactions	December 31, 2021	December 31, 2020
PPL	Agency collection and payment	$ 1,280	$ 3,114
	Management services	2,398	-
		$ 3,678	$ 3,114

4. The Company's business supplies purchased in 2021 and 2020 totaled NT$2,959 and NT$2,128, respectively, and are listed as operating cost and miscellaneous fees.
5. The Company provided its subsidiaries with product sub-packaging and shipment and consulting services in 2021 and 2020 worth $6,468 and $4,854, respectively; they are book-kept as other income.
6. On November 8, 2021, the Board of Directors approved that the Company may enter into the Letter of Intent for Land Transaction with Sino-Japan Chemical Co., Ltd. As of March 29, 2022, the parties were still negotiating with each other; the Land Transaction Contract was yet to be officially signed by the Company.

(3) Remuneration to key management

	2021	2020
Salaries and other short-term employee benefits	$ 37,439	$ 37,953
Retirement benefits	438	377
	$ 37,877	$ 38,330

8. Pledged assets

The Company's assets are used as collateral as follows:

	Book Value		
Asset Item	December 31, 2021	December 31, 2020	Purpose of guarantee
Deposits paid (Recognized as Other non-current assets)	$ 4,000	$ 4,000	Tariff guarantee bond

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditures that have been signed but not yet incurred

	December 31, 2021	December 31, 2020
property , plant, and equipment	$ 147,601	$ 445,400

10. Significant disaster loss

None.

11. Major post-balance sheet events

1. Please refer to Note 6 (14) 4 for a description on distribution of surplus for 2021.
2. On March 8, 2022, the Board of Directors approved that the Company can issue common stock shares or domestic convertible corporate bonds through private placement (including secured or unsecured convertible corporate bonds). It is brought forth during the shareholders' meeting for authorizing the Board of Directors to select appropriate timing and fund-raising tools reflective of the market situation and the needs of the Company for issuance of either one or the combination of the two separately or concurrently.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company may make adjustments to dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce the level of debts in order to maintain or adjust the Company's capital structure. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the balance sheet plus net debt.

The Company maintained the same strategy in 2021 as in 2020 and is committed to keeping the debt-to-capital ratio between 20% and 45%.

(2) Financial instruments

1. Types of financial instrument

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 26,726	$ 32,456
Cash and cash equivalents	175,073	138,151
Notes receivable	480	344
Accounts receivable (including related parties)	381,417	350,108
Other receivable	19,806	12,712
Deposits paid (Recognized as Other non-current assets)	4,500	7,164
	$ 608,002	$ 540,935
Financial liabilities		
Financial liability measured at the amortized cost		
Shot-term borrowings	$ 150,000	$ -
Payable notes	1,215	1,215
Accounts payable	77,550	96,495
Other payable	295,143	186,235
Long-term borrowings	600,000	-
Deposits received (Recognized as other non-current liabilities-others and deposits received)	266	266
	$ 1,124,174	$ 284,211
Lease liabilities (including current and non-current)	$ 1,961	$ 1,634

2. Risk management policies
   (1) The Company's activities expose it to a variety of financial risks, including market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable events in the financial market, and the Company seeks to mitigate potential adverse effect on the financial position and performance.
   (2) The Company's Finance Department identifies and assesses financial risks in close collaboration with the Company's other operating units.
3. The nature and extent of significant financial risks
   (1) Market risk
   Exchange rate risk
   A. The Company is a multinational operation and therefore is subject to exchange rate risk arising from transactions between the different currencies, especially in US dollars. The relevant exchange rate risks might come from assets and liabilities that are generated from future operating activities and have been recognized.

B. The Finance Department of the Company conducts hedging for the overall exchange rate risk. Exchange rate risk is measured by highly probable transactions in US dollars. Forward foreign exchange contracts are adopted to reduce the impact of exchange rate fluctuations on expected transactions.

C. The Company's operations involve certain non-functional currencies (the Company's functional currency is the New Taiwan dollar (NTD), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

	December 31, 2021		
(Foreign currency: functional currency)	Foreign currency (thousand dollars)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD: NTD	$ 15,395	27.680	$ 426,134
Investments accounted for by the equity method			
USD: NTD	$ 336	27.680	$ 9,289
Financial liabilities			
Monetary items			
USD: NTD	$ 1,487	27.680	$ 41,160

	December 31, 2020		
(Foreign currency: functional currency)	Foreign currency (thousand dollars)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD: NTD	$ 13,185	28.480	$ 375,509
Investments accounted for by the equity method			
USD: NTD	$ 448	28.480	$ 12,771
Financial liabilities			
Monetary items			
USD: NTD	$ 2,700	28.480	$ 76,896

D. Total exchange gain, including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Company amounted to a gain of NT$9,592 and a loss of NT$$11,241 for the years ended December 31, 2021 and 2020, respectively.

E. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

	2021		
		Sensitivity analysis	
	Magnitude changes	Profit and loss affected	Other comprehensive profit and loss affected
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 4,261	$ -
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 4,116	$ -

	2020		
		Sensitivity analysis	
	Magnitude changes	Profit and loss affected	Other comprehensive profit and loss affected
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 3,755	$ -
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 769	$ -

Price risk

A. The Company's equity instruments exposed to the price risk are such financial assets held at fair value through profit & loss. To manage the price risk of investment in equity instruments, the Company conducts investment exactly within the limit set by the Company.
B. The Company invests primarily in equity instruments issued by domestic companies. The price of such equity instrument is subject to the uncertainty of the future value of investment target. In case the price of the said equity instrument rises or drops by 10% while the other factors remain unchanged, the after-tax net profit for 2021 and 2020 due to the profit or loss of the equity instrument measured from fair value through profit and loss will increase or decrease by NT$2,673 and NT$3,246 respectively.

Cash flow and fair value interest rate risk

A. The Company's interest rate risk mainly comes from short-term borrowings issued at floating rates, short-term bills payable and long-term borrowing, which exposes the Company to cash flow interest rate risk. The Company's policy is to maintain at least 40% of the borrowings at fixed interest rates, which can be achieved through interest rate swap when necessary. For 2021 and 2020, the Company's borrowings issued at floating rates were mainly denominated in New Taiwan dollars.

B. If the interest rates of borrowing NTD increases or decreases by 1%, while all other factors remain constant, the net profit after tax for 2021 and 2020 is an increase of NT$5,600 and NT$0, respectively, mainly due to the interest expense changes caused by the floating interest rate.

(2) Credit risk

A. Credit risk refers to the risk of financial loss of the Company arising from default by the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable.

B. The management of credit risk is established with a Company perspective. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing 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 Office of the General Manager. The utilization of credit limits is regularly monitored.

C. The Company adopts the above assumption provided by the IFRS 9 that if a contract payment is overdue for more than 90 days in accordance with the agreed payment terms, it is considered a breach of contract.

D. The Company adopts the following assumption provided by the IFRS 9 as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:
If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.

E. The Company categorizes the accounts receivable from customers based on their nature. The provision matrix and the loss ratio method are adopted as the basis for estimating the expected credit loss.

F. The Company may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Company will still continue the recourse to protect the rights of the claims. For the year ended December 31, 2021 and 2020, the Company has no creditor's rights that have been written off but are involved in recourse.

G. The Company has included the global economic indicators and signals and estimated the loss allowance for notes receivable and accounts (including the interested parties) based on the loss rates built according to historic and current data. The provision matrix and loss rate as of December 31, 2021 and 2020 are show as follows:

December 31, 2021	Expected rate of loss	Total book value	Allowance for losses
Not overdue	0.02%~0.17%	$ 346,246	$ 294
Overdue within 30 days	0.21%~2.08%	35,945	-
Overdue 31 to 60 days	0.21%~2.12%	-	-
Overdue 61 to 90 days	0.80%~8.00%	-	-
Overdue 91	10%~100%	18,345	18,345
		$ 400,536	$ 18,639

December 31, 2021	Expected rate of loss	Total book value	Allowance for losses
Not overdue	0.02%~0.17%	$ 248,047	$ 287
Overdue within 30 days	0.25%~2.46%	80,690	7
Overdue 31 to 60 days	0.25%~2.50%	22,009	-
Overdue 61 to 90 days	0.68%~6.67%	-	-
Overdue 91	10%~100%	-	-
		$ 350,746	$ 294

H. The Company adopts a simplified method in which the loss allowance for the accounts receivable is shown below:

	2021 Notes receivable and accounts (including interested parties)
January 1	$ 294
Impairment loss is recognized	18,345
December 31	$ 18,639

	2020 Notes receivable and accounts (including interested parties)
January 1	$ 294
Impairment loss is recognized	-
December 31	$ 294

The amount recognized above is based on other credit enhancements held, so the unrecognized loss allowance as of December 31, 2021 and 2020 are $147 and NT$559. Among the reversed loss in 2021 and 2020, $0 is the impairment loss reversed by payables derived from customer contracts.

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Company and aggregated by the Company's Finance Department. It monitors rolling forecasts of liquidity requirements to ensure the Company has sufficient cash to meet operational needs and maintain sufficient unencumbered loan commitments at all times. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

B. The Company's unutilized borrowings are shown as follows:

	December 31, 2021	December 31, 2020
Maturing in one year or less	$ 920,000	$ -
Mature beyond one year	-	200,000
	$ 920,000	$ 200,000

C. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2021	Within 1 year	1 to 2 years	2 to 5 years
Payable notes	$ 1,215	$ -	$ -
Accounts payable	77,550	-	-
Other payable	295,143	-	-
Lease liabilities	961	772	253
Deposits received (Recognized as other current liabilities-others)	266	-	-

Non-derivative financial liabilities:

December 31, 2020	Within 1 year	1 to 2 years	2 to 5 years
Payable notes	$ 1,215	$ -	$ -
Accounts payable	96,495	-	-
Other payable	186,235	-	-
Lease liabilities	1,214	311	123
Deposits received (Recognized as other current liabilities-others)	266	-	-

(3) Fair value information

1. 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: The quotation (unadjusted) of the same assets or liabilities that can be acquired by the company in an active market on the measurement date A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in publicly traded or OTC stocks is included.

   Level 2: It refers to the directly or indirectly observable input value of asset or liability, except for those quotations included in Level 1.

   Level 3: The unobservable inputs of assets or liabilities.

2. Please refer to Note 6 (7) for the fair value of investment property carried at cost.

3. Financial instrument not measured at fair value:

   Include the book value of cash and cash equivalents, notes receivable, accounts receivable (including the interested parties), other receivable, short-term borrowings, short-term notes payable, Notes payable, accounts payable and other accounts payable as reasonable approximation of fair value.

4. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

   (1) The Company classifies them based on the nature of assets and liabilities, and the information is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Repeatable fair value				
Financial assets at fair value through profit and loss				
Equity securities	$ -	$ -	$ 26,726	$ 26,726

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Repeatable fair value				
Financial assets at fair value through profit and loss				
Equity securities	$ -	$ -	$ 32,456	$ 32,456

   (2) The methods and assumptions adopted by the Company to measure fair value are as follows:

      A. The fair value of other financial instruments is obtained by valuation or reference to quotation from counterparties.
      B. When assessing non-standardized and less complex financial instruments, the Company adopts valuation techniques widely used by other market participants. The parameters used in the valuation models for this type of financial instruments are usually observable market information.
      C. The output of valuation models are estimates, and the valuation techniques may not reflect all factors affecting the financial instruments and non-financial instruments held by the Company. Therefore, the estimates of valuation models will be adjusted according to additional parameters, such as model risk or liquidity risk. Based on the management policies of the Company's valuation model at fair value and the related control procedures, the management believes that to fairly present the fair value of financial and non-financial instruments in the individual balance sheet, adjusting valuation may be appropriate and necessary. Price information and parameters used in valuation are carefully assessed and they are appropriately adjusted according to the current market conditions.

5. There were no transfers between Level 1 and 2 in 2021 and 2020.

6. The following table shows the changes in Level 3 in 2021 and 2020:

	2021 Equity instruments
January 1	$ 32,456
Income recognized in profit or loss (Note)	3,270
Payment on shares refunded by capital decrease	(9,000)
December 31	$ 26,726

	2020 Equity instruments
January 1	$ 28,160
Income recognized in profit or loss (Note)	4,296
December 31	$ 32,456

Note: Other gains and losses listed.

7. There were no transfers in and/or out of Level 3 in 2021 and 2020.
8. With respect to the valuation of fair value classified as Level 3, the Finance Department is responsible for the independent verification of fair value of financial instruments. Based on independent information, the valuation results can be closer to the market conditions. The independence and reliability of information and the consistency with other sources, as well as other necessary adjustments to the fair value, can ensure that the results are reasonable.

   In addition, the Finance Department develops valuation policies and procedures for fair value of financial instruments and ensure that they comply with the requirements of the International Financial Reporting Standards.
9. The quantitative and sensitivity analysis of significant and unobservable input of valuation models used for measuring Level 3 fair value is shown as follows:

	Fair value as of December 31, 2021	Valuation technique	Significant unobservable input value	Relationship between input value and fair value
Shares of venture capital	$ 26,726	Net asset value method	Not applicable	Not applicable

	Fair value as of December 31, 2020	Valuation technique	Significant unobservable input value	Relationship between input value and fair value
Shares of venture capital	$ 32,456	Net asset value method	Not applicable	Not applicable

10. The Company conducts careful assessment before determining the valuation model and parameters to be used, and the use of different valuation models or parameters may lead to different valuation results.

13. Notes of disclosure

(1) Information about important transactions

1. Loans to others: None
2. Provision of endorsements and guarantees to others: None
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
4. The cumulative purchase or sale of the same security for an amount exceeding NT$300 million or 20% of paid-in capital: Not applicable.
5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
6. Disposition of real estate properties amounting to more than NTD300 million or 20% of paid up capital: Not applicable.
7. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Attached table 2.
8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Table 3.

9. Engaged in derivatives trading: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(2) Information regarding investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Table 5.

(3) Information regarding investment in the territory of mainland china

1. Basic information: None.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in China: None.

(4) Information of major shareholders

Information of major shareholders: Please refer to Table.

14. Segment information

Based on IAS 8 and is also disclosed in the consolidated financial report.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

January 1 to December 31, 2021

Attached table 1

Unit: NTD thousand

(Except where otherwise stated)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the securities issuer	Account titles in book	At ending				
				Quantity	Book value (Note 2)	Shareholding percentage	Fair value	Remarks
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	Common shares China Development Biomedical Venture Capital (limited company)	None	Financial assets at fair value through profit and loss	2,100,000	$ 26,726	1.71%	$ 26,726	None

Note 1: Securities as stated in this table are the stocks, bonds, beneficiary certificates and the securities deriving from the above items within the scope of IFRS 9, “Financial Instruments”.
Note 2: Book value is determined based on fair value less accumulated impairment for marketable securities measured at fair value. For those not measured at fair value, the book value is determined based on the acquisition cost or amortized cost less accumulated impairment.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Purchase from or sale to

January 1 to December 31, 2021

Attached table 2

Unit: NTD thousand

(Except where otherwise stated)

Purchase (sale) company	Name of counterparty	Relation	Transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)			
			Purchase (sale)	Amount	Percentage of total purchase (sale)	The credit period	Unit price	The credit period	Balance	Percentage of total notes, accounts receivable (payable)	Remarks
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	Subsidiaries	Sale	$ 1,214,722	64%	Collection period is 60 to 90 days after delivery.	The agreed amount of the two parties	-	$ 265,727	66%	None

Note: The disclosure is made by the income and corresponding transactions will not be disclosed additionally.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more

January 1 to December 31, 2021

Attached table 3

Unit: NTD thousand

(Except where otherwise stated)

The company booked in the receivables	Name of counterparty	Relation	Receivables from related party	Turnover rate	Overdue Receivables from related parties		Receivables amount collected from related parties subsequently	Provision for loss allowance
					Amount	Disposal Method		
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	Subsidiaries	$ 265,727	4.76	$ -	-	$ 265,727	$ -
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	Subsidiaries	3,678	-	-	-	-	-

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Significant inter-company transactions during the reporting periods

January 1 to December 31, 2021

Attached table 4

Unit: NTD thousand

(Except where otherwise stated)

Code (Note 1)	Trader's name	Counterparty	Relationship (Note 2)	Transactions				Percentage of consolidated total operating revenues or total assets (Note 3)
				Item		Amount	Terms and conditions	
0	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	1	Sales revenue	$	1,214,722	Note 4	63%
0	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	1	Accounts receivable		265,727	Note 4	6%
0	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	1	Other revenue		6,468	Note 4	0%
0	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	1	Other receivable		3,678	Note 4	0%

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:
(1) Fill in "0" for parent company.
(2) Subsidiaries are numbered from number 1.

Note 2: The relationship with the traders is classified into three categories, which should be specified (the transaction conducted between the parent company and its subsidiaries or between two subsidiaries need not be disclosed in duplication). Such as: if the parent company has the transaction with the subsidiaries disclosed, the subsidiaries need not to have it disclosed in duplication. If one of the two subsidiaries has the transaction disclosed, the other subsidiary needs not to have it disclosed in duplication).
(1) Parent company vs. subsidiaries.
(2) Subsidiaries vs. parent company.
(3) Subsidiaries vs. subsidiaries.

Note 3: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 4: Payment collection terms for sales and service provided to related parties are 60 to 90 days after shipment and provision of service, respectively.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Names, locations and other information of investee companies (not including investees in China)

January 1 to December 31, 2021

Attached table 5

Unit: NTD thousand

(Except where otherwise stated)

Investor	Name of investee	Location	Principal business	Sum of initial investment		Ending shareholding			Current period profit / loss of the investee	Recognized investment Income	Remarks
				Current period-end	The end of last year	Quantity	Ratio	Book value			
Chunghwa Chemical Synthesis & Biotech Co. Ltd.	PHARMAPORTS, LLC	U.S.	Trading of API drugs	$ 4,925	$ 4,925	-	98.00%	$ 9,289	$ 13,579	$ 13,308	Subsidiaries
Chunghwa Chemical Synthesis & Biotech Co. Ltd.	China Chemical & Pharmaceutical Co., Ltd.	Taiwan	Manufacturing and sales of pharmaceuticals and health care products and import of the related medical equipment.	863,602	463,641	42,053,137	14.11%	1,032,860	517,508	50,100	Affiliate business

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Information of major shareholders

December 31, 2021

Attached table 6

Name of main shareholder	Shareholding	
	Number of shares held	Shareholding percentage
China Chemical & Pharmaceutical Co., Ltd.	21,509,064	27.73

VI. The Company and its affiliates have recently experienced the financial turnover difficulties in the Company's recent year and the end of the annual report.
The impact of the company's financial position: None.

Seven. Review of financial status, business performance, and risk management issues

I. Financial status:

Comparison of financial status

Unit: NTD thousand

Item \ Year	2021/12/31	2020/12/31	Difference		Remarks
			Increase (decrease)	Change in percentage (%)	
Current assets	1,357,078	1,001,602	355,476	35.49	Note 1
Financial assets that are measured at fair value through profit or loss-non-current	26,726	32,456	(5,730)	(17.65)	
Investments accounted for by the equity method	1,032,860	511,434	521,426	101.95	Note 2
Property , plant, and equipment	1,866,152	1,539,251	326,901	21.24	Note 3
Right-of-use assets	2,313	3,110	(797)	(25.63)	Note 4
Real property for investment- net	10,700	10,700	—	—	
Intangible assets	1,803	1,293	510	39.44	Note 5
Deferred income tax assets	24,480	16,758	7,722	46.08	Note 6
Other current non-assets	58,649	30,536	28,113	92.07	Note 7
Total assets	4,380,761	3,147,140	1,233,621	39.20	Note 8
Current liabilities	635,170	400,159	235,011	58.73	Note 9
Non-current liabilities	851,317	248,318	602,999	242.83	Note 10
Total liabilities	1,486,487	648,477	838,010	129.23	Note 11
Attributable to owners of the parent company	2,894,084	2,498,402	395,682	15.84	
Share capital	775,600	775,600	—	—	
Capital reserve	334,323	334,323	—	—	
Retained earnings	1,744,399	1,384,760	359,639	25.97	Note 12
Other equity	39,762	3,719	36,043	969.16	Note 13
Treasury stock	—	—	—	—	
Non-controlling interests	190	261	(71)	(27.20)	Note 14
Total equity	2,894,274	2,498,663	395,611	15.83	

Description on changes exceeding 20%

Note 1: An increase in current assets: Mainly due to an increase in inventory in the current period.

Note 2: An increase in investment through the equity method: Mainly due to an increase in investments into China Chemical & Pharmaceutical Co., Ltd. in the current period.

Note 3: An increase in real-state, factory, and equipment: Mainly due to the successive completion of inspection and acceptance of ferment productions line and related equipment in the current period.

Note 4: A decrease in right-of-use assets: Mainly due to a decrease in official vehicle use by senior supervisors in the current period.

Note 5: An increase in intangible assets: mainly due to an increase in computer system software in the current period.

Note 6: An increase in deferred tax assets: Mainly due to an increase in provision made against bad debts and unrealized profits from sales in the current period.

Note 7: An increase in non-current assets: Mainly due to an increase in prepayments for production line expansion in the current period.

Note 8: An increase in total assets: Mainly due to an increase in inventory, investment and real-estate by the equity method, and factory and equipment in the current period.

Note 9: An increase in current liabilities: Mainly due to an increase in short-term loans in the current period.

Note 10: An increase in non-current liabilities: Mainly due to an increase in long-term loans in the current period.

Note 11: An increase in total liabilities: Mainly due to an increase in long-term and short-term loans in the current period.

Note 12: An increase in retained earnings: Mainly due to an increase in profit in the current period.

Note 13: An increase in other equities: Mainly due to an increase in unrealized profit and loss of equity instruments measured through comprehensive income at fair value in the current period.

Note 14: A decrease in non-controlling interests: Mainly due to dividends distributed by the Company in the current period.

II. Financial Performance:

(I) Comparative analysis of financial performance

Unit: NTD thousand

Item \ Year	2021	2020	Increase (decrease)	Variation (%)	Remarks
Operating revenues	1,934,702	1,543,589	391,113	25.34	Note 1
Operating cost	985,314	856,836	128,478	14.99	
Operating gross profit	949,388	686,753	262,635	38.24	Note 2
Operating expenses	510,913	417,833	93,080	22.28	Note 3
Operating profit	438,475	268,920	169,555	63.05	Note 2
Non-operating revenues and expenses	59,138	381,377	(322,239)	(84.49)	Note 4
Earnings before tax	497,613	650,297	(152,684)	(23.48)	Note 4
Income tax expense	96,563	118,234	(21,671)	(18.33)	
Current period net profit	401,050	532,063	(131,013)	(24.62)	Note 4
Other comprehensive income for the period (net)	111,234	13,656	97,578	714.54	Note 5
Total comprehensive income for the period	512,284	545,719	(33,435)	(6.13)	
Net income attributable to owners of the parent company	400,778	531,873	(131,095)	(24.65)	Note 4
Net income attributable to non-controlling interests	272	190	82	43.16	Note 6
Total comprehensive income attributable to owners of the parent company	512,022	545,550	(33,528)	(6.15)	
Total comprehensive income attributable to non-controlling interests	262	169	93	55.03	Note 6

Description on changes exceeding 20%

Note 1: An increase in operating income: Mainly due to an increase in clients' purchase orders of EPAE fish oil and an increase in ferment product sales.

Note 2: An increase in operating gross profit and operating profit: Mainly due to process optimization and product combination adjustments in the current period.

Note 3: An increase in operating expenses: Mainly due to an increase in export freight, commissions, and R&D trial production fees in the current period.

Note 4: Non-operating income and expenses, net profit before tax, net profit in the current period, a decrease in net profit attributable to the parent company owner, and profits from real estate disposal in the same period of the previous year.

Note 5: An increase in other comprehensive profit and loss (net): Mainly due to an increase in comprehensive income allotment for conglomerates recognized in accordance with the "equity method".

Note 6: Net profit attributable to non-controlling interests, total consolidated profit or loss is attributable to the increase in non-controlling interests: mainly due to the increase in profit for subsidiaries in the period compared to the same period of last year.

(II) Expected sales and its basis: Please refer to "Report to Shareholders."

III. Cash flow:

(I) Cash flow analysis of the most recent year:

Item / Year	2021	2020	Percentage increase / decrease (%)
Cash flow ratio (%)	34.50	34.54	-0.11
Cash flow adequacy ratio (%)	42.74	57.78	-26.03
Cash flow reinvestment ratio (%)	2.13	0.49	334.69
Analysis of percentage increase / decrease: 1. A decrease in fair cash flow ratio: Mainly due to capital expenditure on the purchase of ferment and EPAE new production lines in the current period, as well as inventory increase. 2. An increase in cash reinvestment ratio: Mainly due to an increase in operating income in the current period, leading to an increase cash inflow from operating activities compared to the same period of the previous year.			

(II) Plans to improve liquidity: Not applicable.

(III) Liquidity analysis for the next year

Unit: NTD thousand

Opening cash balance	Cash flow from operating activities for the year	Cash outflow for the year	Cash surplus (deficit)	Financing of cash deficits	
				Investment plan	Financial plan
195,250	2,600,126	2,557,428	237,948	—	—
1. Cash flow analysis for the coming year: (1) Business activities: Mainly due to an increase in shipments and operating net profit. (2) Investment activities: Mainly due to an increase in capital expenditure and long-term investment. (3) Financing activities were mainly related to the distribution of cash dividends and the use of bank loan credit lines. 2. Remedial measures and flow analysis into the expected cash shortage: There is no such situation. This part is not applicable.					

IV. Material capital expenditures in the latest year and impacts on business performance:

(I) Major capital expenditures:

Capital expenditures	Board of Directors' approval dates	Amount	Use
EPAE production capacity expansion case	2021.05.11	NTD213.433 Million	Production capacity expansion

(II) Impact of major capital expenditures on financial operations:

The Company's major capital expenditures in 2021 were mainly on the grounds of working capital, supplemented by bank financing. At the Company, we mainly took into account the overall needs of operations and development which was conducive to future capacity expansion and business development to strengthen competitive advantages.

V. The major causes for profits or losses incurred by investments during the latest year; rectifications and investment plans for the next year:

Unit: NTD thousand

Item \ Description	Sum of initial investment	Policies	Investment gains (losses)	Major causes for profits or losses	Corrective plans	Investments planned for the next year
China Chemical & Pharmaceutical Co., Ltd.	863,602	The company will do strategic investment, effective use of company funds, improve the company's capital gains	50,100	CCPC is a downstream medicine preparation plant, and its business operations in recent years is quite stable, being profitable every year.	None	None
PHARMAPORTS,LLC	4,925	Contacting office for the US FDA regulations and the US regional marketing office	13,308	In good operating status.	None	None
China Development Biomedical Venture Capital (limited company) (Note 1)	21,000	Strategic investment	-	-	None	None

Note 1: Financial assets measured at fair value through profit or loss are recorded. Therefore, recognition of profit and loss from investments is not necessary. The capital reduction on June 9, 2021 amounted to NT$9,000.

VI. Risks should be analyzed and assessed for the most recent years and as of the publication date of the annual report:

(I) Impact of changes in interest rates and currency exchange and inflation on the Company's profit and loss and the response measures to be taken in the future:

Item	2020 (NTD thousand; %)	2021 (NTD thousand; %)
Net interest income and expense	(4,333)	(3,140)
Net exchange gains and losses	(11,819)	(9,592)
Net interest income and expense as a percentage of net operating income	(0.28)	(0.16)
Net exchange gains and losses as a percentage of net operating income	(0.77)	(0.50)
Net interest income and expense as a percentage of pre-tax net income	(0.67)	(0.63)
Net exchange gains and losses as a percentage of pre-tax net income	(1.82)	(1.93)

1. Changes in interest rates: Our interest rate risks mainly come from bank borrowings for operations and investment activities. The net interest expenses for 2021 and 2020 were NTD 4,333,000 and 3,140,000, respectively. We always pay attention to the changes in the overall financial environment and assess the impact of interest rate changes on our interest expenses.
2. Changes in exchange rate changes: In the Company. export sales accounted for 90% of its overall revenue. Accordingly, significant changes in the exchange rate would be significantly detrimental to the Company and may adversely affect the Company's financial status. During Years 2021 and 2020, the Company's exchange gains and losses amounted to NT$ (11,819,000) and (NT$9,592,000), respectively. In an attempt to reduce the adverse impact upon the exchange rate changes on operations, the Company primarily adopted U.S. dollar assets to pay U.S. dollar liabilities to reduce the impact of exchange rate risks on the Company's profit and loss.

3. Inflation: In recent years, the shortage of raw materials and energy have caused price increase. The overall economy and industry are still showing steady growth, so the inflation is still within a manageable range. We also maintain good working relationships with suppliers and customers and constantly pay attention to the fluctuation of the market price of raw materials, so inflation has no significant impact on our profit and loss. In the days and years ahead, the Company shall still closely watch the inflation. Whenever the purchase cost increases due to inflation, the Company will also appropriately adjust the sales price and raw material inventory to assure a stable gross profit margin.

(II) Policies on high risk and highly leveraged investments, loans to others, endorsements / guarantees, and the trading of derivative instruments; describe the main causes of profit or loss and responsive measures in the future:

1. We take a safe and steady approach in our operations and are not engaged in high-risk and highly leveraged investment activities.
2. In the latest fiscal year and as of the publication date of the annual report, the Company had not got funds loaned to others, engaged in endorsement guarantees and transaction in derivative financial instruments. Furthermore, the Company had duly enacted “Handling Procedures for Loaning of Funds to Others” and “Procedures for Making of Endorsements/Guarantees” as well as ““Procedures to Engage in Transaction and Disposal of Derivatives” which function as sound basis for business implementation thereafter so as to firmly assure the maximum possible benefits of the Company.

(III) Future research and development plans, and the projected expenses:

We adhere to the principles of having in-house research and development capabilities. Our long-term commitment in developing R&D talent and conducting specialized research projects is the source of our technology. We also maintain close working relationships with upstream suppliers for technical collaboration. In recent years, we also try to recruit outside R&D talent. In the coming year, we will continue devote ourselves to research and development. Having high-quality R&D personnel, mastering key technologies and meeting customer demand are the key factors to successful research and development. We will continue to accumulate our experience and constantly improve product performance to gain competitive advantages in the market.

(IV) The effect of major changes in policies and legal practices, whether domestic or foreign, to the company’s financial and business performance, and the responsive actions:

We handle our operations in accordance with the domestic and foreign laws. We also constantly pay attention to changes in policies and laws. We also have quality assurance department and bioscience, synthesis and analysis institutes which provide response measures. We have not yet experienced major impacts on our financial performance from policy or laws changes at home or abroad as of the most recent year and the date of the publication of annual report.

(V) Effects of technological (including information and communication security risk) and industrial changes to the company's financial and business performance, and the responsive actions:

1. Our main products are APIs. We survey and analyze the applications of chemical synthesis and biotechnology and the changes of technologies and at the same time develop value-added and high-margin products to maintain our profit. We have not yet experience major impacts on our financial condition due to technology or industry changes as of the most recent year and the date of the publication of annual report.
2. Information and communication security risks:

The Company production lines operate independently and are not connected to the Internet. Therefore, they are less prone to the risk of viruses affecting and causing crash events in the factory. Each desktop computer and notebook computer in the office is equipped with anti-virus software. In addition to enabling real-time scanning and periodic scanning of each computer p, the virus code should be updated every day. Mail receiving and sending are filtered via the SPAM SQR Server in order to reduce the risk of social emails and phishing mail. Education training on information security shall be periodically conducted, or information security mail notification shall be occasionally conducted in order to enhance personnel's information security risk awareness. The Company's internal network is connected through self-built VPN, with firewall protection in order to block the risk of cross infections of viruses in the factory. Through internal inspection and external evaluations of the safety regulations and procedures, the Department of Information has implemented the Company's procedures for operations to ensure data completeness and security. The risk assessment results have turned out well. No major Internet attacks or events that have caused or are likely to cause detrimental effects on the Company businesses and operations have been found. The Company is not involved in any related legal cases or regulatory investigations. Technological changes pose no major detrimental impacts on the Company's information and communication security, and there are no major operational risks.

(VI) Impacts of changes in corporate image to the company's crisis management, and the responsive measures:

In the latest fiscal year and as of the publication date of the annual report, the Company proved free of any image change that would cause the Company to face crisis management. This part is, therefore, not applicable.

(VII) The expected benefits from mergers and acquisitions, the potential risks associated, and the responsive measures:

We have not planned any acquisitions as of the most recent year and the date of the publication of annual report, thus the condition does not apply.

(VIII) The expected benefits from plant expansion, the potential risks associated, and the responsive measures:

In response to future business needs, the Company approved the signing of the Letter of Intent for Land Sale on November 8, 2021. An overall consideration of operation growth was made and it can be beneficial to the expansion of future production capacity and business and our competitive advantages. We are one of the major API drugmakers in Taiwan. We will continue adding new products and improve the market share of the existing products, so the approach was not risky.

(IX) Risks of concentrated purchases or sales, and responsive measures to such risks:

We are a specialized API drugmakers. API is a main component of drugs that offers curative effect and directly affects the health and life safety of drug users. In an attempt to ensure the effectiveness and safety of drugs, the pharmaceutical industry has imposed very strict requirements on the quality of raw materials and relevant government authorities of various countries throughout the world have also tried hard to regulate the sources of main intermediates of API manufacturers. To ensure product quality and comply with the requirements of FDA and cGMP, we conduct numerous testing and experiments with the newly sourced materials and only use them after the stability of trial passes requirements. Once they are being used in production, they will not be replaced easily to maintain quality, stability, reliability and safety.

Concentration of purchases may result in a risk of material shortage. The shortage of materials may be attributed to the supplier's product distribution problem, insufficient factory capacity, production accidents, or failure to pass the official agency

check procedures, resulting in a shortage of materials. The company has established a qualified supplier auditing mechanism to certify more than two alternative qualified suppliers. In the event of an out of stock emergency, the supplier will be increased by the alternative qualified supplier.

The key suppliers of the Company's prime purchase in Years 2021 and 2020 accounted for more than 20% of the total purchases. With stable main raw materials supply sources where such supply manufacturers have been verified through hands-on factory examinations from the US FDA, the Company firmly dominates a price advantage. Furthermore, the Company has established very sound mechanisms to analyze and inspect the qualified suppliers of raw materials. Thanks to such advantages, the Company is in a position, step-by-step, to develop more superior suppliers that are satisfactory to the U.S. FDA drug certification regulations. In addition to keeping track of the cost of raw materials at any time, the Company can further effectively minimize the risk in procurement. In 2021 and 2020, the company’s main clients are foreign pharmaceutical manufacturers that have cooperated with us for a long time. They are all global top-ranking university pharmaceutical companies that meet the requirements of the US FDA and European and Japanese pharmaceutical authorities. In addition to the company’s key technologies, the company continues to carry out manufacturing process optimization, capacity enhancement and cost improvement measures to ensure product competitive advantages, plus the excellent official inspection records accumulated over the years, so deeply trusted by customers, the materials sold by the company to foreign pharmaceutical plants are not easily replaced. The Company has set up a good cooperative relationship with the existent customer base. Besides, it has spared no effort to develop more new customers. To date, the Company is free from any risks in concentration of sales.

(X) The risks and impacts of significant shareholding transfers by directors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks:

In the latest fiscal year and as of the publication date of the annual report, the Company's directors or major shareholders holding more than 10% of the shares had not transferred or replaced a large number of shares. This part is, therefore, not applicable.

(XI) The effects, risks and responsive measures associated with changes in management:

In the latest fiscal year and as of the publication date of the annual report, the Company proved free of any fact in changes in the managerial officers’ powers. Further backed up with such facts that the Company's major operation plans have been elaborately designed and proposed by professional managers after evaluation of the industry and market environment and would be put into enforcement only after being resolved by its board of directors. Moreover, the Company has established a very sound and complete organizational structure which has been bestowed with adequate and distinguished powers and responsibilities for the respective departments. Through the Company's internal management system compliance and inter-departmental coordination and communication, the Company has put into implementation thoroughly its business strategies to dominate business efficiency and ensure satisfactory business results.

(XII) Litigation and non-contentious cases:

1. For any material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) in the latest years up till the publishing date of this annual report that may produce material impacts to shareholders' equity or securities prices, information regarding the underlying facts, amounts, starting date, parties involved and the current progress must be disclosed: None.
2. As of the most recent financial year and the date of publication of the annual report, the Company's directors, general manager and actual owners, major shareholders

who control more than 10% of shares and subsidiary companies have no determined or pending litigations, non-litigations or administrative disputes which may present significant impacts on the Company's shareholders' equity or stock price.

(XIII)Other significant risks and responsive measures: Noe.

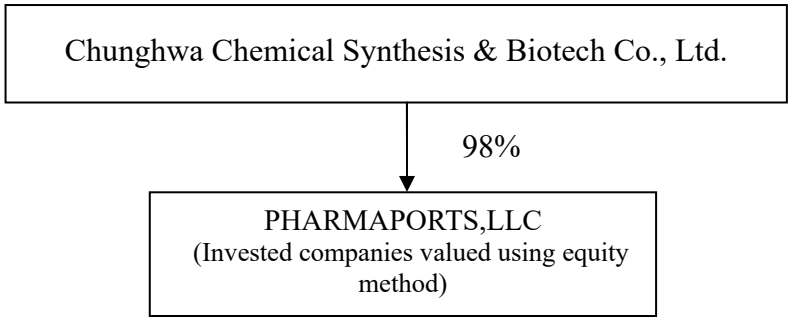
VII. Other important disclosures: none.

Eight. Special remarks

I. Affiliated companies:

(I) Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises:

1. Related Enterprise Chart:



2. Basic information of affiliated enterprises:

Name of enterprise	Date of foundation	Address	Paid-up Capital (Unit: thousand dollars)	Main business activities or products
PHARMAPORTS,LLC	1999.06.01	1E. Uwchlan Avenue, Suite 116, Exton, PA19341, USA	USD225	Trading of API drugs

3. Controlling company and affiliate companies sharing the same shareholders: Not found.

4. Business sectors covered by other affiliates:

(1) Main areas of business

Name of enterprise	Main business
PHARMAPORTS,LLC	Sales of API drugs

(2) Business transactions between various affiliates:

Our company and affiliates are all engaged in the manufacturing and sales of API drugs. We have no particularly favorable targets for purchases or sales. Our affiliates would follow the terms and conditions we have for other regular customers.

5. Information on directors, supervisors, and president of affiliated enterprises:

Unit: share; December 31, 2021

Name of enterprise	Title	Name or the representative person	Shares held	
			Quantity	Shareholding percentage
PHARMAPORTS,LLC	Chairman	Chunghwa Chemical Synthesis & Biotech Co., Ltd. Representative: Chung-Hsin Huang	–	98%

6. Overview of the business operations of each affiliate

Unit: thousand dollars
(NTD for all amounts without specified currency)

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profits (losses)	Net income (After income tax)	Earnings per share ($) (After tax)
PHARMAPORTS,LLC	6,228 (USD225)	284,762	275,284	9,478	1,252,800	21,461	13,580	–

(II) Consolidated operating report of subsidiaries, consolidated financial statement of subsidiaries and affiliation report:

Declaration

In 2021 (from January 1 to December 31, 2021), the companies that should be included in the consolidated financial reports of affiliated companies based on the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the companies that should be included in the consolidated financial reports of subsidiaries based on the "Consolidated and separate financial statements" of Section 10 of International Financial Reporting Standards were the same. The related information that should be disclosed in the consolidated financial statements of affiliated companies are also already disclosed in the consolidated financial reports for subsidiaries, so that the consolidated financial statements of affiliated companies would not be published separately.

Declared by:

Company name: Chunghwa Chemical Synthesis & Biotech Co., Ltd.

March 29, 2022

II. Private placement of securities during the latest year up till the publication date of this annual report:

Item	First private placement in 2011 Date of issue: Not yet issued				
Types of Private Equity Securities	Private placement of ordinary shares or issuance of domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds)				
Date and amount of shareholders meeting (Note1)	Within the common stock quota of not more than 15,512,000 shares, one or both of the common shares will be dealt with in batches or at the same time.				
Basis and rationality of price setting	1. The price per share of private placement common stock may not be below 80% of the reference price. The reference price is the higher of those calculated according to the two criteria below: (1) The price obtained with the simple arithmetic mean of the closing prices of the one, three, or five business days prior to the pricing date from which the free allotment ex-right and cash dividend subtracted and capital decrease reverse ex-right added back up. (2) The price obtained with the simple arithmetic mean of the closing prices of the thirty business days prior to the pricing date from which the free allotment ex-right and cash dividend subtracted and capital decrease reverse ex-right added back up. 2. Private Placement for Issuance of Convertible Corporate Bonds： (1)Face value per bond: NT$100,000 or its multiples.(2)Issuance period:Not more than seven years from the date of issue.(3)Coupon rate: Tentatively set at 0% per annum.(4)The issue price of private placement convertible corporate bonds may not be below 80% of the theoretical price. The theoretical price will be determined with the valuation model selected that covers and takes into consideration at the same time various rights included in the issuance criteria. The convertible price is the higher of either the simple average closing price of the common shares for any of either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, or the simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, and may not be lower than 80% of the reference price as the basis for the determination. 3. The pricing date, actual reference price and theoretical price, and actual issue price (including the conversion price of private placement convertible corporate bonds) are intended to be decided by the Board of Directors according to the requirements mentioned above as authorized through the shareholders' meeting reflective of the market situation, objective criteria, and arrangements with specific persons on a later date. The private placement price (including the conversion price of private placement convertible corporate bonds) is determined according to the laws and regulations set by the competent authority, with reference to the reference price or theoretical price mentioned above in addition to the "three-year transfer restriction" for private placement securities under the Securities and Exchange Act; as such, the price set shall be reasonable.				
Choice of specific persons	Specific persons are limited to strategic investors meeting the eligibility criteria specified under Article 43-6 Paragraph 1 of the Securities and Exchange Act, capable of helping the Company improve its technologies, quality, bring down the cost, boost efficiency, maximize market share, enhance corporate governance, and strengthen risk management, and approving the management philosophy of the Company. Approaching strategic investors meeting the foregoing criteria is meant to meet, required for, and expected to render benefits in terms of the Company's long-term development needs. It is intended to help the Company fulfill the foregoing benefits taking advantage of the experience, knowledge, technical background, distribution channels, or deployment of the said strategic investors. No specific persons have been approached by the Company so far. It is intended to authorize the Board of Directors through the shareholders' meeting to take care of approaching specific persons.				
Necessary reasons for private placement	In light of the situation on the capital market, time-efficiency, feasibility, and issue cost of capital raising, and the actual needs for introducing strategic investors, the requirement that private placement securities may not be transferred freely within three years helps ensure the long-term partnership between the Company and its strategic investors; as such, securities are issued not through public offering but through private placement.				
Payment completion date	N/A				
Applicant Information	Private placement object	Qualifications	Subscription quantity	Relationship with the company	Participate in the operation of the company
	N/A				
Actual subscription (or conversion) price	N/A				
Difference between the actual subscription (or conversion) price and the reference price	N/A				
Handle the impact of private placement on shareholders' rights and interests (such as: causing accumulated losses to increase...)	The Company will organize private placements once or multiple times (3 times at maximum) reflective of the market situation and status of approaching specific persons. All the funds raised through private placements are used to enrich the operating funds. Each private placement is expected to reinforce the competitive advantages of the Company, improve the operating efficacy, and strengthen the financial structure and hence helps with the shareholders' equity positively.				
The use of private equity funds and the progress of plan implementation	N/A				
Private equity benefits appear	N/A				

Note1：On 2022.03.08, as approved by the board of directors, the company will handle the private placement of ordinary shares or the

issuance of domestic convertible shares within the quota of ordinary shares not exceeding 20% of the total number of issued shares (ie not more than 15,512,000 shares). Corporate bonds (including secured or unsecured convertible corporate bonds), on 2022.04.20, the board of directors has revised the issuance conditions for private placement of ordinary shares or the issuance of domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds), The resolution of the 2022 Annual General Meeting of Shareholders is pending.

III. The disposal of the Company’s shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.
IV. Other necessary supplementary information: None.

Nine. Occurrences of events defined under Article 36-3-2 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Chairman: China Chemical & Pharmaceutical Co., Ltd.

Representative: Yi-Zhen Xie Wang