

Stock Code : 1762



Chunghwa Chemical Synthesis & Biotech Co., Ltd.

## Agenda of 2021 General Shareholders Meeting



Time: 9:00am on May 24 (Monday), 2021  
Location: 4F, No. 2, Xuzhou Road, Zhongzheng District, Taipei City  
(Room 401, NTUH International Conference Center)

Note to Readers:

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 version shall prevail.

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# **Chunghwa Chemical Synthesis & Biotech Co., Ltd.**

## **2021 Annual General Meeting Procedures**

1. Announcement on attendants holding shares
2. Call the Meeting to Order
3. Chairman's Speech
4. Reporting matters
5. Acknowledgments
6. Discussions
7. Extempore Motion
8. Adjournment

# **Chunghwa Chemical Synthesis & Biotech Co., Ltd.**

## **2021 Annual General Meeting Agenda**

Time: 9:00am on May 24 (Monday), 2021

Location: 4F, No. 2, Xuzhou Road, Zhongzheng District, Taipei City (Room 401, NTUH International Conference Center)

1. Announcement on attendants holding shares
2. Call the Meeting to Order
3. Chairman's Speech
4. Reporting matters
  - (1) The 2020 Business Report.
  - (2) Audit committee's review report on the 2020 financial results.
  - (3) Report on the 2020 employees' compensation and remuneration to directors.
  - (4) Other reports.
5. Acknowledgments
  - (1) 2020 Business Report and Financial Statements.
  - (2) Distribution of 2020 earnings.
6. Discussions
  - (1) Partial amendments to the Company's Corporate Charter.
  - (2) Partial amendments to the Rules for Election of Directors.
  - (3) Partial amendments to the Rules of Procedure for Shareholders Meetings.
7. Extempore Motion
8. Adjournment

# Reporting matters

1. Please refer to Appendix I for the 2020 Business Report (Pages 6~9).
2. For the audit committee's review report on the 2020 financial statements, see Appendix II (Page 10).
3. Report on the 2020 employees' compensation and remuneration to directors.  
Note: (1) The board of directors resolved on March 4, 2021 to pay cash in the amount of NTD39,295,562 as employee compensation and NTD7,481,402 as director compensation.  
(2) The dollar amounts mentioned above are the same as the recognised expenses in 2020.
4. Other reports  
Note: (1) In accordance with the requirement of Article 172-1 of the Company Act, the Company will receive shareholder proposals during the period of 10:00am, March 19 to March 29, 2021.  
(2) There are no shareholder proposals received for the shareholders' meeting this year.

# Acknowledgments

Case 1: (Proposed by the board of directors)

Proposal: Please confirm the 2020 Business Report and Financial Statements.

- Note:
1. The 2020 Consolidated Financial Report and the Individual Financial Statements as well as the Business Report have been reviewed by the Audit Committee and approved by the board of directors. The reports have also been audited by Shuqiong Zhang and Shufen Yu, the certified public accountants in PwC Taiwan.
  2. For details of the 2020 Business Report, Auditor Report, Consolidated Financial Report and Individual Financial Statements, see Appendix I (Pages 6–9) and Appendix III (Pages 11–32).
  3. Please acknowledge.

Resolution:

Case 2: (Proposed by the board of directors)

Proposal: Ratification of the 2020 Earnings Distribution.

- Note:
1. Please check the Company's disposition of net earnings in 2020.
  2. For the earnings distribution table, please see Appendix IV (Page 33).
  3. The cash dividend will be NTD1.5 per share this year. In the future, if the outstanding shares change due to the Company's share buyback, transferring or retiring of treasury shares, changing convertible bonds into ordinary shares, or employees' execution of the call option, and this leads to the fluctuation of dividend distribution rates among shareholders, or if such changes have to be made as instructed by the regulatory authorities, shareholders are requested to authorize the board of directors for the administrative process.
  4. Regarding the earnings distribution, we propose the 2021 Shareholders' Annual Meeting for approving the resolution and authorizing the board of directors to decide on the ex-dividend date and other details.

Resolution:

## **Discussions**

Case 1: (Proposed by the board of directors)

Proposal: Partial amendments to the “Articles of Incorporation”.

Descriptions: In response to the substantial need in the Company’s business operation and in accordance with the Company Act, the Company’s Articles of Incorporation have been partially amended. Please refer to Appendix V annexed hereto for Comparative Table of Contents of the Amended Contents. (pp. 34–35) for details.

Resolution:

Case 2: (Proposed by the board of directors)

Proposal: Partial amendments to the “Rules for Elections of Directors”.

Descriptions: Exactly in accordance with the requirements set forth under the referential prototype of “Procedures for Election of the Chairman and the Supervisors of ○○ Co., Ltd.” in Letter Tai-Zhi-Li-Zi 1090009468 dated June 3, 2020, the Company has duly amended the relevant articles of the “Regulations Governing Election of Directors.” Please refer to Appendix VI annexed hereto for Comparative Table of Contents of the Amended Contents. (pp. 36–38) for details.

Resolution:

Case 3: (Proposed by the Board)

Proposal: Partial amendments to the “Rules of Procedure for Shareholders Meetings”.

Descriptions: Exactly in accordance with the requirements set forth under the referential prototype of “Shareholders’ Meeting Procedure Rules of ○○ Co., Ltd.” in Letter Tai-Zhi-Li-Zi 1100001446 dated January 28, 2021, the Company has duly amended the relevant articles of the “Shareholders’ Meeting Procedure Rules.” Please refer to Appendix VII annexed hereto for Comparative Table of Contents of the Amended Contents. (pp. 39–40) for details.

Resolution:

## **Extempore Motion**

## **Adjournment**

# Appendix

## Appendix I

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

#### Business Report

1. The 2020 Business Report:

(1) Implementation results of the business plan

The Company's consolidated operating income of 2020 is NT\$1,543,589 thousand, increased by 33% from the same period in the last year. The consolidated net sales grew by 44%, mainly because the shipments of our main products had increased and the gross margin was raised by the improvement of production process. As indicated with the analyses on operating revenues of major products, those products with growing revenues are such biotech immunosuppressants, e.g. Tacrolimus, Rapamycin, Everolimus and Ethyl Icosapentate (EPAE).

Among the Company's immunosuppressant and anti-cancer drug Everolimus with higher gross profit, one of our American customers has obtained FDA approval for market monopoly for 180 days and launched the low-dose 2.5 mg, 5.0 mg and 7.5 mg Afinitor generic drug in June 2020. That customer would launch high-dose (10 mg) in 2021. The raw material drug Everolimus used by quite a number of customers has been launched into the market successively one after another under sole supply by our Company in all cases. Our Company shall put forth the maximum possible effort to back up the customers in their marketing. That product shall become the prime momentum in growth of revenues and profitability in 2021.

In terms of anti-triglyceride, the fish oil raw material drug Ethyl Icosapentate (EPAE), as a result of market factors, our Company's customer had already distributed in full in late 2020. Our Company's total annual EPAE shipment volume reached 26 tons, driving very significant growth in revenues. In 2021, the aggregate total of production capacity is believed to be up to as significantly as 100 tons and is believed to become one of the flagship products other than Tacrolimus and Everolimus in 2021.

Amidst the rampant coronavirus pandemic worldwide, our customers and foreign authorities could not come to perform factory inspection in 2020. Our Company, nevertheless, still adheres to the cGMP implementation and manufacturing specifications by strictly implementing the cGMP system operation as officially accredited by and consistent with with the requirements of the the United States, European Union (EU) and Japan. Our implementation under such policy will be helpful to the Company to continually develop the global markets dominated in Europe, the United States and Japan.



(2) Budget execution:

1. Consolidated budget execution:

Unit: NTD thousand; %

Item	Annual budget	Actual amount	Achievement rate
Operating revenues	1,250,399	1,543,589	123.45
Operating cost	749,992	856,836	114.25
Operating gross profit	500,407	686,753	137.24
Operating expenses	365,098	417,833	114.44
Operating profit	135,309	268,920	198.75
Net profit before tax	160,246	650,297	405.81

2. Individual budget execution:

Unit: NTD thousand; %

Item	Annual budget	Actual amount	Achievement rate
Operating revenues	1,231,435	1,515,144	123.04
Operating cost	741,437	853,196	115.07
Operating gross profit	489,998	661,948	135.09
Operating expenses	355,944	407,670	114.53
Operating profit	134,054	254,278	189.68
Net profit before tax	158,990	646,267	406.48

(3) Financial balance and profitability analysis:

1. Consolidated financial balance:

Unit: NTD thousand

Item	Amount
Operating revenues	1,543,589
Operating gross profit	686,753
Operating gains and losses	268,920
Interest income	424
Interest expenses	4,757
Capitalized interest	-
Net profit before tax	650,297
After tax net profit	532,063
Earnings per share	NTD 6.86

2. Parent Company's financial balance:

Unit: NTD thousand

Item	Amount
Operating revenues	1,515,144
Operating gross profit	661,948
Operating gains and losses	254,278
Interest income	402
Interest expenses	4,730
Capitalized interest	-
Net profit before tax	646,267
After tax net profit	531,873
Earnings per share	NTD 6.86

3. Consolidated profitability analysis:

Unit: %

Item	Ratio
ROA	16.27
Return on equity	23.57
Ratio of pre-tax net income to paid-in capital	83.84
Net profit margin	34.46
Earnings per share	NTD 6.86
Earnings per share-retrospective adjustment	NTD 6.86

4. Parent Company profitability analysis:

Unit: %

Item	Ratio
ROA	16.30
Return on equity	23.56
Ratio of pre-tax net income to paid-in capital	83.32
Net profit margin	35.10
Earnings per share	NTD 6.86
Earnings per share-retrospective adjustment	NTD 6.86

(4) R&D progress:

1. Synthesis Research Institute:

- (1) We completed the development experiment and scale-up plan of the manufacturing process of the calcimimetic bulk Etelcalcetide.
- (2) We completed the development experiment and scale-up plan of the Lanreotide raw material drug for carcinoid tumors.
- (3) We completed the scale-up plan and efficacy validation experiment of the manufacturing process in the raw material drug Baricitinib for rheumatoid arthritis.
- (4) We completed the manufacturing process development experiment of Abaloparatide, a sort of raw material for osteoporosis, with the purity up to more than 99.5%.
- (5) We completed the scale-up and efficacy validation experiment of the manufacturing process in the antiviral raw material drug Favipiravir.

2. Biotech Research Institute:

- (1) We completed the optimization of the third-generation strain of the immunosuppressive raw material drug Tacrolimus and development of

related processes, effectively relieving the fermentation capacity of the factories and minimizing costs.

- (2) We completed the on-the-spot process scale-up of the oral breast cancer bulk raw material drug Ribociclib with a purity more than 99.5%. Furthermore, its new critical form has been officially patented in both Taiwan and the United States.
- (3) We completed the development of the laboratory scale-up process of the blood cancer raw material medicine Midostaurin with purity virtually in excess of 99%.
- (4) We completed the laboratory scale-up process development of Palbociclib-a sort of raw material for oral breast cancer-with a purity in excess of 99%.
- (5) Completed multiple sclerosis API Ozanimod laboratory process development, with purity able to reach 99% or higher.

2. The Company's future development strategy:

- (1) 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.
- (2) We shall continuously upgrade the Company's unique fermentation and chemical synthesis technology to distinguish ourselves from other industries that only engage in chemical synthesis or fermentation technology items to increase the multiple choices of new product development and enhance our competitiveness in the entire global market. We shall, meanwhile, further strengthen our five dominant products, *i.e.*, Everolimus, Tacrolimus, Ethyl Icosapentate and Caspofungin to optimize the manufacturing process, increase production capacity to minimize costs to boost the Company's market share in the markets throughout the world.
- (3) 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.
- (4) Expand CDMO/CMO business, ask to participate in the new drug development projects of local and foreign pharmaceutical companies and enter into a research and development cooperation at an early stage, the intermediate requirements before and during each stage of the clinical trial, pilot production and process development, for example. We expect to form a strategic alliance with and grow with other major pharmaceutical companies.
- (5) 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.
- (6) 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.

## Appendix II

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

### Audit Committees' Review Report

The board of directors submitted the company's 2020 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 2021 Annual General Meeting of Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Audit Committee Convener, Kuo-Chiang Wang

March 4, 2021

## Appendix III

### Auditor's Report

(2021) Cai-Shen-Bao-Zi No. 20002837

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, 2020 and 2019 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, 2020 and 2019, 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 2020 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 2020 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

See Note 4 (26) in the consolidated financial report for the accounting policy on income recognition. 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 2020 and 2019 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 2020 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.

PricewaterhouseCoopers, Taiwan

March 29, 2021

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Assets	Additional notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 148,625	5	\$ 101,220	3
1140	Contract assets - Current	6 (16)	21	-	452	-
1150	Notes receivable-net	6(3)	344	-	345	-
1170	Net accounts receivable	6(3)	315,610	10	125,268	4
1180	Account receivables-Related Parties-	7				
	net		41,952	2	24,293	1
1200	Other receivable	4(3)	9,653	-	20,908	-
1220	Current income tax assets		21	-	431	-
130X	Inventory	6 (4)	481,244	15	412,184	12
1410	Prepayments		4,132	-	2,480	-
11XX	<b>Total of Current Assets</b>		<u>1,001,602</u>	<u>32</u>	<u>687,581</u>	<u>20</u>
<b>Non-Current assets</b>						
1510	Financial assets that are measured at	6 (2)				
	fair value through profit or					
	loss-non-current		32,456	1	28,160	1
1550	Investments accounted for by the	6 (5)				
	equity method		511,434	16	478,894	14
1600	property , plant, and equipment	6 (6) and 8	1,539,251	49	2,180,308	63
1755	Right-of-use assets		3,110	-	5,418	-
1760	Real property for investment- net	6 (7)	10,700	-	10,700	-
1780	Intangible assets		1,293	-	1,250	-
1840	Deferred income tax assets	6 (22)	16,758	1	19,075	1
1900	Other current non-assets	6 (12)	30,536	1	27,461	1
15XX	<b>Total of Non-Current Assets</b>		<u>2,145,538</u>	<u>68</u>	<u>2,751,266</u>	<u>80</u>
1XXX	<b>Total assets</b>		<u>\$ 3,147,140</u>	<u>100</u>	<u>\$ 3,438,847</u>	<u>100</u>

(Continued next page)

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Liabilities and equity	Additional notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Shot-term borrowings	6 (8)	\$ -	-	\$ 70,000	2
2110	Short-term bills payable	6 (9)	-	-	219,740	6
2130	Contract liabilities - Current	6 (16)	3,657	-	61,640	2
2150	Payable notes		1,215	-	1,192	-
2170	Accounts payable		96,495	3	77,226	2
2200	Other payable	6 (10)	187,686	6	125,399	4
2230	Current Income Tax Liability		106,544	4	15,948	1
2280	Lease liabilities – Current		2,252	-	2,657	-
2399	Other current liabilities- other		2,310	-	2,620	-
21XX	<b>Total of current liabilities</b>		<u>400,159</u>	<u>13</u>	<u>576,422</u>	<u>17</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6 (11) and 8	-	-	600,000	17
2570	Deferred income tax liabilities	6 (22)	247,499	8	244,584	7
2580	Lease liabilities – Non-current		819	-	2,709	-
25XX	<b>Total of non-current liabilities</b>		<u>248,318</u>	<u>8</u>	<u>847,293</u>	<u>24</u>
2XXX	<b>Total liabilities</b>		<u>648,477</u>	<u>21</u>	<u>1,423,715</u>	<u>41</u>
<b>Attributable to owners of the parent company</b>						
Share capital						
3110	Ordinary shares capital	6 (13)	775,600	25	775,600	23
Capital reserve						
3200	Capital reserve	6 (14)	334,323	10	334,323	10
Retained earnings						
3310	Legal earnings reserve	6 (15)	171,229	5	159,344	5
3320	Special earnings reserve		183,296	6	183,296	5
3350	Undistributed earnings		1,030,235	33	556,306	16
Other equity						
3400	Other equity		3,719	-	6,031	-
31XX	<b>Equity attributable to owners of the parent Company</b>		<u>2,498,402</u>	<u>79</u>	<u>2,014,900</u>	<u>59</u>
36XX	<b>non-controlling interests</b>		<u>261</u>	<u>-</u>	<u>232</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>2,498,663</u>	<u>79</u>	<u>2,015,132</u>	<u>59</u>
Significant contingent liabilities and unrecognized contractual commitments						
Major post-balance sheet events						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,147,140</u>	<u>100</u>	<u>\$ 3,438,847</u>	<u>100</u>

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, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

	Item	Additional notes	2020		2019	
			Amount	%	Amount	%
4000	Operating revenues	6(16) and 7	\$ 1,543,589	100	\$ 1,156,642	100
5000	Operating cost	6(4)(21)	( 856,836)	( 56)	( 688,013)	( 60)
5900	Operating gross profit		<u>686,753</u>	<u>44</u>	<u>468,629</u>	<u>40</u>
	Operating expenses	6 (21)				
6100	Marketing expenses		( 109,696)	( 7)	( 75,614)	( 6)
6200	Administrative expenses		( 92,408)	( 6)	( 76,446)	( 7)
6300	Research and development expenses		( 215,729)	( 14)	( 195,461)	( 17)
6000	Total operating expenses		( 417,833)	( 27)	( 347,521)	( 30)
6900	Operating profit		<u>268,920</u>	<u>17</u>	<u>121,108</u>	<u>10</u>
	Non-operating revenues and expenses					
7100	Interest income	6 (17)	424	-	808	-
7010	Other revenue	6 (7) (18)	10,834	1	8,422	1
7020	Other profits and losses	6 (2)(19)	336,980	22	( 4,199)	-
7050	Financial costs	6 (20)	( 4,757)	-	( 10,617)	( 1)
7060	Shareholding in the affiliated companies and joint ventures under the equity method	6 (5)	<u>37,896</u>	<u>2</u>	<u>28,221</u>	<u>2</u>
7000	Total non-operating revenues and expenses		<u>381,377</u>	<u>25</u>	<u>22,635</u>	<u>2</u>
7900	<b>Earnings before tax</b>		<u>650,297</u>	<u>42</u>	<u>143,743</u>	<u>12</u>
7950	Income tax expense	6 (22)	( 118,234)	( 8)	( 26,619)	( 2)
8200	<b>Current period net profit</b>		<u>\$ 532,063</u>	<u>34</u>	<u>\$ 117,124</u>	<u>10</u>

(Continued next page)

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated comprehensive income statements  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2020		2019		
		Amount	%	Amount	%	
<b>Other comprehensive income (net)</b>						
<b>Items not re-classified under profit or loss</b>						
8311	Defined benefit plan revaluation amount and volume	6 (12)	(\$ 244)	-	\$ 2,542	-
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		13,848	1	8,193	1
8349	Income tax related to accounts not being reclassified	6 (22)	49	-	(508)	-
8310	Total amount of items not reclassified to profit or income		<u>13,653</u>	<u>1</u>	<u>10,227</u>	<u>1</u>
<b>Items that may be re-classified subsequently under profit or loss</b>						
8361	Exchange differences arising from translating the financial statements of foreign operations		(1,028)	-	(451)	-
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.		1,031	-	(2,473)	-
8360	Total amount of items probably reclassified to profit or loss subsequently		<u>3</u>	<u>-</u>	<u>(2,924)</u>	<u>-</u>
8300	<b>Other comprehensive income (net)</b>		<u>\$ 13,656</u>	<u>1</u>	<u>\$ 7,303</u>	<u>1</u>
8500	<b>Total comprehensive income for the period</b>		<u>\$ 545,719</u>	<u>35</u>	<u>\$ 124,427</u>	<u>11</u>
Profit attributable to:						
8610	Owners of parent		<u>\$ 531,873</u>	<u>34</u>	<u>\$ 117,003</u>	<u>10</u>
8620	non-controlling interests		<u>\$ 190</u>	<u>-</u>	<u>\$ 121</u>	<u>-</u>
Total comprehensive income attributable to:						
8710	Owners of parent		<u>\$ 545,550</u>	<u>35</u>	<u>\$ 124,315</u>	<u>11</u>
8720	non-controlling interests		<u>\$ 169</u>	<u>-</u>	<u>\$ 112</u>	<u>-</u>
Earnings per share						
9750	Base earnings per share	6 (23)	<u>\$ 6.86</u>		<u>\$ 1.51</u>	
9850	Diluted earnings per share		<u>\$ 6.79</u>		<u>\$ 1.50</u>	

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, 2020 and 2019

Unit: NTD thousand

	Attributable to owners of the parent company										Total	non-controlling interests	Total equity
	Capital reserve			Retained earnings			Other equity						
	Additional notes	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				
<b>2019</b>													
Balance as of January 1, 2019		\$ 775,600	\$ 333,746	\$ 577	\$ 135,919	\$ 183,296	\$ 553,954	\$ 224	\$ 341	\$ 1,983,657	\$ 246	\$ 1,983,903	
Current period net profit		-	-	-	-	-	117,003	-	-	117,003	121	117,124	
Current other comprehensive income		-	-	-	-	-	1,846	( 2,915 )	8,381	7,312	( 9 )	7,303	
Total comprehensive income for the period		-	-	-	-	-	118,849	( 2,915 )	8,381	124,315	112	124,427	
The 2018 appropriation and distribution of earnings:	6 (15)												
Legal earnings reserve		-	-	-	23,425	-	( 23,425 )	-	-	-	-	-	
Cash dividend		-	-	-	-	-	( 93,072 )	-	-	( 93,072 )	-	( 93,072 )	
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	( 126 )	( 126 )	
Balance at December 31, 2019		<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$ 159,344</u>	<u>\$ 183,296</u>	<u>\$ 556,306</u>	<u>( \$ 2,691 )</u>	<u>\$ 8,722</u>	<u>\$ 2,014,900</u>	<u>\$ 232</u>	<u>\$ 2,015,132</u>	
<b>2020</b>													
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 (15)												
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		<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$ 171,229</u>	<u>\$ 183,296</u>	<u>\$ 1,030,235</u>	<u>( \$ 2,667 )</u>	<u>\$ 6,386</u>	<u>\$ 2,498,402</u>	<u>\$ 261</u>	<u>\$ 2,498,663</u>	

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, 2020 and 2019

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		650,297	143,743
Adjustments			
Income, expense, and loss			
Depreciation	6 (21)	129,545	127,761
Amortization	6 (21)	1,609	1,881
Interest expenses	6 (20)	4,757	10,617
Net loss (profit) from financial assets and liabilities at fair value through profit and loss	6 (2)(19)	4,296	1,818
Interest income	6 (17)	424	808
Shareholding in the affiliated companies and joint ventures under the equity method	6 (5)	37,896	28,221
Gain in disposal of property, plant and equipment	6 (19)	346,826	69
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contract assets - Current		431	-
Notes receivable-net		1	321
Net accounts receivable		190,342	19,864
Accounts receivable-related parties (net)		17,659	2,156
Other receivable		11,247	270
Inventory		69,060	49,786
Prepayments		1,652	2,507
Net defined benefit assets		1,428	1,063
Net changes in liabilities relating to operating activities			
Contract liabilities - Current		57,982	59,609
Payable notes		23	-
Accounts payable		19,269	16,631
Other payable		54,988	10,903
Other current liabilities-others		311	1,245
Net cash provided by operating activities		144,291	279,111
Interest received		432	810
Dividends received		20,235	19,478
Income tax refund		-	1,459
Interest paid		4,864	11,065
Income tax paid		21,859	21,665
Net cash inflow from operating activities		<u>138,235</u>	<u>268,128</u>

(Continued next page)

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated cash flow statement  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash flow from investing activities</u>			
Acquisition of investment under the equity method	6 (5)	\$ -	(\$ 139,048 )
Costs of property, plant and equipment acquired	6 (6) (24)	( 191,612 )	( 113,857 )
Proceeds from disposal of property, plant and equipment	6 (6) (24)	1,059,906	357
Acquisition of Intangible assets		( 1,371 )	( 938 )
Lost control in subsidiary effects		-	( 15,193 )
Increase in guarantee deposits paid		( 1,895 )	( 591 )
Net cash inflow (outflow) from investing activities		<u>865,028</u>	<u>( 269,270 )</u>
<u>Cash flow from financing activities</u>			
Decrease in short-term loans	6 (25)	( 70,000 )	( 80,000 )
Increase (decrease) in short-term payable notes	6 (25)	( 219,740 )	139,784
Proceeds from long-term loan	6 (25)	600,000	700,000
Re-payments of long-term borrowings	6 (25)	( 1,200,000 )	( 667,440 )
Lease principal repayment	6 (25)	( 2,918 )	( 2,646 )
Cash dividend distribution	6 (15)	( 62,048 )	( 93,072 )
Cash dividends paid by subsidiaries - Changes in non-controlling interests		( 140 )	( 126 )
Net cash outflow from financing activities		<u>( 954,846 )</u>	<u>( 3,500 )</u>
Effects of exchange rate fluctuation on cash		( 1,012 )	( 505 )
Increase (decrease) in cash and cash equivalents for the current period		47,405	( 5,147 )
Opening balance of cash and cash equivalents		<u>101,220</u>	<u>106,367</u>
Closing balance of cash and cash equivalents		<u>\$ 148,625</u>	<u>\$ 101,220</u>

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



## Auditor's Report

(2021) Cai-Shen-Bao-Zi No. 20002836

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, 2020 and 2019 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, 2020 and 2019, 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 2020 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 2020 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 hypothetical 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

See Note 4 (25) in the individual financial report for details of the accounting policy on income recognition. 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 2020 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.

PricewaterhouseCoopers, Taiwan

March 29, 2021

Chunghwa Chemical Synthesis & Biotech Co., Ltd.  
Individual Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Assets	Additional notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 138,151	5	\$ 81,342	2
1140	Contract assets - Current	6 (16)	21	-	452	-
1150	Notes receivable-net	6(3)	344	-	345	-
1170	Net accounts receivable	6(3)	63,413	2	49,640	2
1180	Account receivables-Related Parties- net	7	286,695	9	97,662	3
1200	Other receivable	6 (5) and 7	12,712	-	6,335	-
130X	Inventory	6 (4)	481,244	15	401,100	12
1410	Prepayments		4,132	-	1,557	-
1481	Right to goods return-Current		-	-	11,084	-
11XX	<b>Total of Current Assets</b>		<u>986,712</u>	<u>31</u>	<u>649,517</u>	<u>19</u>
<b>Non-Current assets</b>						
1510	Financial assets that are measured at fair value through profit or loss-non-current	6 (2)	32,456	1	28,160	1
1550	Investments accounted for by the equity method	6 (5)	524,205	17	506,939	15
1600	property , plant, and equipment	6 (6) and 8	1,539,133	49	2,180,291	64
1755	Right-of-use assets		1,620	-	2,672	-
1760	Real property for investment- net	6 (7)	10,700	-	10,700	-
1780	Intangible assets		1,293	-	1,250	-
1840	Deferred income tax assets	6 (22)	16,758	1	18,796	-
1900	Other current non-assets	6 (12)	30,450	1	27,370	1
15XX	<b>Total of Non-Current Assets</b>		<u>2,156,615</u>	<u>69</u>	<u>2,776,178</u>	<u>81</u>
1XXX	<b>Total assets</b>		<u>\$ 3,143,327</u>	<u>100</u>	<u>\$ 3,425,695</u>	<u>100</u>

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Chunghwa Chemical Synthesis & Biotech Co., Ltd.  
Individual Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Liabilities and equity	Additional notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Shot-term borrowings	6 (8)	\$ -	-	\$ 70,000	2
2110	Short-term bills payable	6 (9)	-	-	219,740	6
2130	Contract liabilities - Current	6 (16)	3,062	-	56,783	2
2150	Payable notes		1,215	-	1,192	-
2170	Accounts payable		96,495	3	77,226	2
2200	Other payable	6 (10)	186,235	6	124,062	4
2230	Current Income Tax Liability		106,487	4	11,912	-
2280	Lease liabilities – Current		1,203	-	1,591	-
2399	Other current liabilities- other		2,298	-	2,608	-
21XX	<b>Total of current liabilities</b>		<u>396,995</u>	<u>13</u>	<u>565,114</u>	<u>16</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6 (11) and 8	-	-	600,000	18
2570	Deferred income tax liabilities	6 (22)	247,499	8	244,584	7
2580	Lease liabilities – Non-current		431	-	1,097	-
25XX	<b>Total of non-current liabilities</b>		<u>247,930</u>	<u>8</u>	<u>845,681</u>	<u>25</u>
2XXX	<b>Total liabilities</b>		<u>644,925</u>	<u>21</u>	<u>1,410,795</u>	<u>41</u>
<b>Equity</b>						
	Share capital	6 (13)				
3110	Ordinary shares capital		775,600	25	775,600	23
	Capital reserve	6 (14)				
3200	Capital reserve		334,323	10	334,323	10
	Retained earnings	6 (15)				
3310	Legal earnings reserve		171,229	5	159,344	5
3320	Special earnings reserve		183,296	6	183,296	5
3350	Undistributed earnings		1,030,235	33	556,306	16
	Other equity					
3400	Other equity		3,719	-	6,031	-
3XXX	<b>Total equity</b>		<u>2,498,402</u>	<u>79</u>	<u>2,014,900</u>	<u>59</u>
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Major post-balance sheet events	6 (15) and 11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,143,327</u>	<u>100</u>	<u>\$ 3,425,695</u>	<u>100</u>

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, 2020 and 2019**

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2020		2019	
		Amount	%	Amount	%
4000 Operating revenues	6 (16) and 7	\$ 1,515,144	100	\$ 1,135,207	100
5000 Operating cost	6 (4)(21)	( 853,196)	( 56)	( 686,650)	( 61)
5900 Operating gross profit		<u>661,948</u>	<u>44</u>	<u>448,557</u>	<u>39</u>
Operating expenses	6 (21)				
6100 Marketing expenses		( 99,533)	( 7)	( 63,205)	( 5)
6200 Administrative expenses		( 92,408)	( 6)	( 76,030)	( 7)
6300 Research and development expenses		( 215,729)	( 14)	( 195,461)	( 17)
6000 Total operating expenses		<u>( 407,670)</u>	<u>( 27)</u>	<u>( 334,696)</u>	<u>( 29)</u>
6900 Operating profit		<u>254,278</u>	<u>17</u>	<u>113,861</u>	<u>10</u>
Non-operating revenues and expenses					
7100 Interest income	6 (17)	402	-	801	-
7010 Other revenue	6 (7) (18)	9,840	1	6,950	-
7020 Other profits and losses	6 (2)(19)	339,881	22	( 2,879)	-
7050 Financial costs	6 (20)	( 4,730)	-	( 10,574)	( 1)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)	<u>46,596</u>	<u>3</u>	<u>32,844</u>	<u>3</u>
7000 Total non-operating revenues and expenses		<u>391,989</u>	<u>26</u>	<u>27,142</u>	<u>2</u>
7900 <b>Earnings before tax</b>		<u>646,267</u>	<u>43</u>	<u>141,003</u>	<u>12</u>
7950 Income tax expense	6 (22)	( 114,394)	( 8)	( 24,000)	( 2)
8200 <b>Current period net profit</b>		<u>\$ 531,873</u>	<u>35</u>	<u>\$ 117,003</u>	<u>10</u>
<b>Other comprehensive income (net)</b>					
<b>Items not re-classified under profit or loss</b>					
8311 Defined benefit plan revaluation amount and volume	6 (12)	( \$ 244)	-	\$ 2,542	-
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	6 (5)	<u>13,848</u>	<u>1</u>	<u>8,193</u>	<u>1</u>
8349 Income tax related to accounts not being reclassified	6 (22)	<u>49</u>	<u>-</u>	<u>( 508)</u>	<u>-</u>
8310 Total amount of items not reclassified to profit or income		<u>13,653</u>	<u>1</u>	<u>10,227</u>	<u>1</u>
<b>Items that may be re-classified subsequently under profit or loss</b>					
8361 Exchange differences arising from translating the financial statements of foreign operations		( 1,007)	-	( 442)	-
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		<u>1,031</u>	<u>-</u>	<u>( 2,473)</u>	<u>-</u>
8360 Total amount of items probably reclassified to profit or loss subsequently		<u>24</u>	<u>-</u>	<u>( 2,915)</u>	<u>-</u>
8300 <b>Other comprehensive income (net)</b>		<u>\$ 13,677</u>	<u>1</u>	<u>\$ 7,312</u>	<u>1</u>
8500 <b>Total comprehensive income for the period</b>		<u>\$ 545,550</u>	<u>36</u>	<u>\$ 124,315</u>	<u>11</u>
Earnings per share	6 (23)				
9750 Base earnings per share		<u>\$ 6.86</u>		<u>\$ 1.51</u>	
9850 Diluted earnings per share		<u>\$ 6.79</u>		<u>\$ 1.50</u>	

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, 2020 and 2019

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 gain or loss on financial assets at fair value through other comprehensive profit or loss
<b>2019</b>										
Balance as of January 1, 2019		\$ 775,600	\$ 333,746	\$ 577	\$ 135,919	\$ 183,296	\$ 553,954	\$ 224	\$ 341	\$ 1,983,657
Current period net profit		-	-	-	-	-	117,003	-	-	117,003
Current other comprehensive income		-	-	-	-	-	1,846	( 2,915 )	8,381	7,312
Total comprehensive income for the period		-	-	-	-	-	118,849	( 2,915 )	8,381	124,315
The 2018 appropriation and distribution 6 (15) of earnings:										
Legal earnings reserve		-	-	-	23,425	-	( 23,425 )	-	-	-
Cash dividend		-	-	-	-	-	( 93,072 )	-	-	( 93,072 )
Balance at December 31, 2019		\$ 775,600	\$ 333,746	\$ 577	\$ 159,344	\$ 183,296	\$ 556,306	( \$ 2,691 )	\$ 8,722	\$ 2,014,900
<b>2020</b>										
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 6 (15) of earnings:										
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

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, 2020 and 2019**

Unit: NTD thousand

	Additional notes	January 1 to December 31, 2020	January 1 to December 31, 2019
<b>Cash flow from operating activities</b>			
Pre-tax profit for the current period		\$ 646,267	\$ 141,003
Adjustments			
Income, expense, and loss			
Depreciation	6 (21)	128,359	126,666
Amortization	6 (21)	1,609	1,881
Interest expenses	6 (20)	4,730	10,574
Net loss (profit) from financial assets and liabilities at fair value through profit and loss	6 (2)(19)	( 4,296 )	1,818
Interest income	6 (17)	( 402 )	( 801 )
The profit or loss in the subsidiary, affiliated company and joint ventures recognized under the equity method	6 (5)	( 46,596 )	( 32,844 )
Gain in disposal of property, plant and equipment	6 (19)	( 346,826 )	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contract assets		431	-
Notes receivable-net		1	321
Net accounts receivable		( 13,773 )	( 14,150 )
Account receivables-Related Parties- net		( 189,033 )	( 3,476 )
Other receivable		( 4,887 )	( 437 )
Inventory		( 80,144 )	( 38,702 )
Right to goods return-Current		11,084	( 11,084 )
Prepayments		( 2,575 )	2,356
Net defined benefit assets		( 1,428 )	( 1,063 )
Net changes in liabilities relating to operating activities			
Contract liabilities - Current		( 53,721 )	57,235
Payable notes		23	-
Accounts payable		19,269	16,631
Other payable		54,875	18,944
Other current liabilities-others		( 310 )	3,888
Net cash provided by operating activities		122,657	278,760
Interest received		410	802
Dividends received		27,110	25,672
Interest paid		( 4,837 )	( 11,063 )
Income tax paid		( 14,815 )	( 23,014 )
Income tax refund		-	1,445
Net cash inflow from operating activities		130,525	272,602
<b>Cash flow from investing activities</b>			
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)	-	( 139,048 )
Costs of property, plant and equipment acquired	6 (6) (24)	( 191,481 )	( 113,857 )
Proceeds from disposal of property, plant and equipment	6 (6) (24)	1,059,906	-
Acquisition of Intangible assets		( 1,371 )	( 938 )
Increase in guarantee deposits paid		( 1,895 )	( 591 )
Net cash inflow (outflow) from investing activities		879,749	( 254,434 )
<b>Cash flow from financing activities</b>			
Decrease in short-term loans	6 (25)	( 70,000 )	( 80,000 )
Increase (decrease) in short-term payable notes	6 (25)	( 219,740 )	139,784
Proceeds from long-term loan	6 (25)	600,000	700,000
Re-payments of long-term borrowings	6 (25)	( 1,200,000 )	( 667,440 )
Cash dividend distribution	6 (15)	( 62,048 )	( 93,072 )
Lease principal repayment	6 (25)	( 1,677 )	( 1,570 )
Net cash outflow from financing activities		( 953,465 )	( 2,298 )
Increase in cash and cash equivalents for the current period		56,809	15,870
Opening balance of cash and cash equivalents		81,342	65,472
Closing balance of cash and cash equivalents		\$ 138,151	\$ 81,342

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

Appendix 4

**Chunghwa Chemical Synthesis & Biotech Co., Ltd.**  
**Statement of Retained Earnings**  
**2020**

Unit: NTD

Item	Amount
Opening undistributed earnings	482,372,942
Add: Retained earnings adjusted in 2020	15,989,179
Unappropriated adjusted earnings	498,362,121
Add: After-tax net profit in 2020	531,872,465
Less: Statutory earnings reserve	(54,786,164)
Earnings to be allocated	975,448,422
Less: Shareholder bonus (cash dividend of NTD1.5 per share) (see Note 1)	(116,340,000)
Closing undistributed earnings	859,108,422
<p>Note 1: Cash dividends were distributed based on the percentage of shares held by shareholders on the record date. They were rounded to the dollar. Fractions less than one dollar were adjusted based on decimal points and shareholder account numbers from big to small and from front to rear until the total number matched with the cash dividends distributed.</p>	

## Appendix 5

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

#### Articles of Incorporation

#### The provisions before and after amendment

After amendment	Current existing clauses	Description
<p>Article 7: The Company's share certificates are in registered forms in all cases, duly signed or affixed with the seal by <u>the director representing the Company</u> and are duly issued after being <u>duly certified by the bank which is entitled to certify share certificates for issuance</u>. The Company is, as well, entitled to issue shares without printing share certificates or to print share certificates in combination for the aggregate total in each issuance and to request a centralized custody institution for registration and custody of the share certificates.</p>	<p>Article 7: All the shares of the Company are inscribed shares that require the signatures or personal seals of at least three directors before they are certified by the regulatory authority or an issuance of registration institution by the competent authority. Shares may also be issued without printed stocks or printed according to the total shares issued each time, and placed in the custody of centralized securities depository institutions.</p>	<p>Amendment in wording contents in coordination with the requirements under the Company Act.</p>
<p>Article 13: Whenever the Company has a plan to cancel the public offering, it shall submit the decision duly resolved in the shareholders' meeting. Further, this Article shall not be changed during emerging stocks and the period of being listed on Taiwan Stock Exchange Corporation (TWSE) and/or Taipei Exchange (TPEX).</p>	<p>Article 13: The Company shall seek shareholders' approval if it intends to revoke a public issue which may not be altered during the <u>emerging period</u> and <u>after</u> the Company goes public.</p>	<p>Text revision.</p>
<p>Article 17: The Company's board of directors have <u>five</u> to nine members. A candidate nomination system has been adopted for director election. The shareholders can elect the directors from the candidate list. A director shall serve a term of three years and may continue if re-elected. When the term of directors expires and the re-election cannot be conducted in time, the term is extended until the re-election is conducted. The total inscribed shares held by the directors may not be less than the percentage required by the securities authority. The above-mentioned number of directors shall include at least three</p>	<p>Article 17: The Company's board of directors have seven to nine members. A candidate nomination system has been adopted for <u>director election since the 20<sup>th</sup> board of directors</u>. The shareholders can elect the directors from the candidate list. A director shall serve a term of three years and may continue if re-elected. When the term of directors expires and the re-election cannot be conducted in time, the term is extended until the re-election is conducted. The total inscribed shares held by the directors may not be less than the percentage required by the securities authority. The above-mentioned number of directors shall include at least three</p>	<p>Amendment in wording contents in coordination with the substantial requirements in the Company's business operation.</p>

After amendment	Current existing clauses	Description
independent directors and may not be less than one fifth of the total director seats. The profession requirements, restrictions on shareholding and part-time work of independent directors, the definition of independence, nomination, and other requirements to follow are determined in accordance with related laws and regulations.	independent directors and may not be less than one fifth of the total director seats. The profession requirements, restrictions on shareholding and part-time work of independent directors, the definition of independence, nomination, and other requirements to follow are determined in accordance with related laws and regulations.	
Article 18: An audit committee composed of all the independent directors has been formed. The number of members of the audit committee may not be less than three. One of them shall be the convener and at least one of them shall be a professional in accounting or finance.	Article 18: An audit committee composed of all the independent directors has been formed <u>since the 20<sup>th</sup> board of directors</u> . The number of members of the audit committee may not be less than three. One of them shall be the convener and at least one of them shall be a professional in accounting or finance.	Text revision.
Article 21: The Company is entitled to, during the directors' tenure of office, purchase liability insurance for all directors to cover their responsibility for indemnity for the responsibility they are supposed to assume within the scope of their performance of duty. <u>The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has insure or renewed for directors, at the next board meeting.</u>	Article 21: The Company may <u>authorize the board of directors</u> to purchase insurance for the directors' compensation liabilities in discharge of their duties.	Amendment in wording contents in coordination with the requirements under the Company Act.
Article 34: These Articles of Incorporation, duly enacted on October 12, 1963....., duly amended on May 31, 2016 as the 38 <sup>th</sup> amendment and <u>May 24, 2021 as the 39<sup>th</sup> amendment</u> , shall be put into enforcement after being duly resolved in the shareholders' meeting.	Article 34: These Articles of Incorporation were duly enacted on October 12, 1963....., duly amended on May 31, 2016 as the 38 <sup>th</sup> amendment. <u>Except the current contents set forth under Article 23, Article 23-1, Article 23-2, Article 24 and Article 37 prior to amendment and the contents of Article 17, Article 18, Article 25, Article 31 after amendment which shall be put into force starting from the board of directors of the 20<sup>th</sup> session, all other Articles</u> shall be put into force after being duly resolved in the shareholders' meeting.	Addition of date of the present amendment and contents of amendments.

## Appendix 6

### Chunghwa Chemical Synthesis & Biotech Co., Ltd. Rules for Elections of Directors The provisions before and after amendment

After amendment	Current existing clauses	Description
<p>Article 5: The election of the company's directors shall be conducted in accordance with the candidate nomination system procedures set out in Article 192-1 of the Company Act.</p> <p>If the dismissal of any director for any reason causes the board with less than five directors in service, an election of directors should be held in the most recent shareholders' meeting. However, if the vacancy of board director is one thirds of the chairs designated, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred. When the number of independent directors falls below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When all the independent directors are dismissed, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>Article 5: Election of directors shall proceed according to the nomination system described in Article 192-1 of the Company Act. <u>To facilitate proper review regarding directors' eligibility, academic/career background and conditions described in Article 30 of the Company Act, no documentary proof other than those mentioned in the Act shall be used. The outcome of the review needs to be presented to shareholders, and will be used as reference to choose the suitable directors.</u></p> <p>If the dismissal of any director for any reason causes the board with less than five directors in service, an election of directors should be held in the most recent shareholders' meeting. However, if the vacancy of board director is one thirds of the chairs designated, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.</p> <p>If the number of independent directors does not meet the requirements of the proviso in Article 14-2, Paragraph 1 of Securities Exchange Act, the relevant provisions of Taiwan Stock Exchange "Corporation Rules Governing Review of Listings, or the Standards for Determining Unsuitability for GTSM Listing under Article 10, Subparagraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM" Paragraph 8, an election of directors should be held in the most recent shareholders' meeting. When all independent directors were dismissed, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.</p>	<p>1. Amendment to Paragraph 1 to simplify the operating procedures for directors in coordination with amendment to Article 192-1 of the Company Act.</p> <p>2. Adjustment to Paragraph 3 in coordination with the requirements by the Financial Supervisory Commission under its Letter Jin-Guan-Fa-Zi 1070345233 dated December 19, 2018 that all TWSE/GTSM Listed Companies should set independent directors in all cases.</p>
<p>Article 9: Before the election begins, the chairperson will appoint <u>ballot counter</u></p>	<p>Article 9: Before the election begins, the chairperson will appoint several</p>	Text revision.

After amendment	Current existing clauses	Description
<p><u>and</u> several shareholders to undertake the roles of ballot examiner to assist in the election. The ballot box will be made available by the board of directors, and shall be opened for inspection by the ballot examiner prior to voting.</p>	<p>shareholders to undertake the roles of ballot examiner and <u>ballot counter</u> to assist in the election. The ballot box will be made available by the board of directors, and shall be opened for inspection by the ballot examiner prior to voting.</p>	
<p>This Article is deleted</p>	<p>Article 10:  <u>If the candidate is also a shareholder, voters shall specify both shareholder account name and number in the "candidate" column of the ballot. If the candidate is not a shareholder, the candidate's name and ID card number will have to be specified instead. If the candidate is a government agency or institution shareholder, the candidate column on the ballot must be detailed with the name of the government agency or institution shareholder, or it can be the name of the government agency or institution shareholder and their representatives. If there is more than one representative appointed, the name of all the representatives must be listed separately.</u></p>	<p>In coordination with Decree Jin-Guan-Zheng-Jiao-Zi 1080311451 promulgated by the Financial Supervisory Commission on April 25, 2019 whereunder, starting from fiscal year 2021, all TWSE/GTSM Listed Companies should elect directors and supervisors through the candidates nomination system. All shareholders shall elect directors and supervisors from the candidates on the candidate list. All shareholders should be informed of the names, academic credentials and career experience of the nominated candidates through the candidate list prior to convening the shareholders' meeting. The efforts to identify the candidate status through shareholder account numbers or identity certificate numbers become virtually unnecessary. This Article is, therefore, deleted.</p>
<p>Article 10:  Ballots are invalid in any of the following circumstances:  1. The ballot was not prepared by <u>a person with the right to convene</u>.  2. Casting of blank ballot into the ballot box.  3. Ballots with unrecognizable writing or that are altered.  4. The candidate whose name is entered in the ballot does not conform to the <u>director candidate list</u>.  5. Other words or marks are entered in addition to the number of voting</p>	<p>Article 11:  Ballots are invalid in any of the following circumstances:  1. The ballot was not prepared by the <u>board of directors</u>.  2. Casting of blank ballot into the ballot box.  3. Ballots with unrecognizable writing or that are altered.  4. Where the candidate <u>is a shareholder, the written identity and shareholder account number do not match the shareholder registry; or where the candidate is a</u></p>	<ol style="list-style-type: none"> <li>1. Adjust the order of Articles.</li> <li>2. Under an extraordinary circumstance (e.g. where the board of directors fails to issue the notice to convene the meeting), shareholders are entitled to, in accordance with Article 173, apply the competent authority</li> </ol>

After amendment	Current existing clauses	Description
rights allotted.	<p><u>non-shareholder, the written name and ID card number do not match the candidate's identity proof.</u></p> <p>5. There are other words other than <u>the account name (name) of the candidate, or shareholder account number and</u> the distributed voting weights.</p> <p>6. <u>The candidate's name written in the ballot coincides with another shareholder, but no shareholder account number or ID card number is provided for identification.</u></p>	<p>for permit to convene the shareholders' meeting by themselves. Subparagraph 1 of this Article is adjusted accordingly. In coordination with Decree Jin-Guan-Zheng-Jiao-Zi 1080311451 promulgated by the Financial Supervisory Commission on April 25, 2019, starting from fiscal year 2021, all TWSE/GTSM Listed Companies should elect directors and supervisors through the candidates nomination system. All shareholders shall elect directors and supervisors from the candidates on the candidate list. Accordingly, Subparagraph 4 and Subparagraph 5 of this Article are adjusted and Subparagraph 6 is deleted.</p>
<p>Article 11: Ballots are to be counted openly immediately after voting. The chairperson <u>or the designated personnel</u> will announce the outcome of the vote, including the names of elected directors and the number of votes received. The ballots of the election referred to above should be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.</p>	<p>Article 12: Ballots are to be counted openly immediately after voting. The chairperson will announce the outcome of the vote, including the names of elected directors and the number of votes received. The ballots of the election referred to above should be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.</p>	<ol style="list-style-type: none"> <li>1. Adjust the order of Articles.</li> <li>2. The wording contents are duly amended in coordination with the requirements in substantial business operation.</li> </ol>
<p>Article 12: Omitted</p>	<p>Article 13: Omitted</p>	<p>Adjust the order of Articles.</p>
<p>Article 13: Omitted</p>	<p>Article 14: Omitted</p>	<p>Adjust the order of Articles.</p>



## Appendix 7

### Chunghwa Chemical Synthesis & Biotech Co., Ltd. Rules of Procedure for Shareholders Meetings The provisions before and after amendment

After amendment	Current existing clauses	Description
<p>Article 3: .....(omitted) Such act(s) as to elect or discharge a director, amend the Articles of Incorporation, reduce capital, apply for discontinuity from public offering, permit for director prohibition of business strife, turn earnings into capital increase, turn the reserve into capital increase, dissolve the Company, merger or demerger, or <u>any affairs</u> set forth under all Subparagraphs of Paragraph 1, Article 185 of the <u>Company Act</u>, affairs set forth under <u>Article 26-1</u>, Article 43-6 of Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall have the major contents duly enumerated and explained in the convening agenda and shall not be proposed by means of an extemporaneous (unscheduled) motion. If the shareholders' meeting notice has indicated the re-election of all director seats and the beginning date of the term of office, then after the re-election has been completed, the beginning date of the term of office cannot be changed by an <i>extempore</i> motion or other means in the same shareholders' meeting. Any shareholder holding more than 1% of the outstanding shares may make a proposal in the general meeting. Any proposal that includes more than one motion will not be admitted. The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1, Paragraph 4 of the Company Act included for</p>	<p>Article 3: .....(omitted) The election or removal of directors, amendment of articles of association, <u>capital reduction</u>, <u>application of withdrawing public offering</u>, <u>permission of compete by director</u>, <u>retained earning capitalization</u>, <u>legal reserve capitalization</u>, winding-up, merger, spin-off or any situation described in Article 185, Paragraph 1, Article 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers should be specified in the meeting notice along with <u>the main content</u> and cannot be proposed as an <i>extempore</i> motion. <u>The main content should be published on the website designated by the competent securities authority of or the company. The link should be provided in the meeting notice.</u> If the shareholders' meeting notice has indicated the re-election of all director seats and the beginning date of the term of office, then after the re-election has been completed, the beginning date of the term of office cannot be changed by an <i>extempore</i> motion or other means in the same shareholders' meeting. Any shareholder holding more than 1% of the outstanding shares may make a proposal in the general meeting. Any proposal that includes more than one motion will not be admitted. <u>However, if the shareholder's proposal includes recommendations to the company for improving public welfare or fulfilling social responsibility, the board of directors may still include</u></p>	<p>In accordance with the requirements set forth under the referential prototype of "Shareholders' Meeting Procedure Rules of ○○ Co., Ltd.," the method to promulgate an announcement is adjusted and the relevant wording contents are amended accordingly.</p>

After amendment	Current existing clauses	Description
<p>discussion. <u>A shareholder(s) is (are) entitled to submit a proposal to urge the Company to promote public interests or to fulfill corporate social responsibility (CSR). In procedures, such a proposal should be limited to one item in accordance with Article 172-1 of the Company Act. The item(s) in excess of one item in the proposal shall not be covered in the proposal.</u>            .....(omitted)</p>	<p><u>the motion.</u> The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1, Paragraph 4 of the Company Act included for discussion.            .....(omitted)</p>	
<p>Article 7:            .....(omitted)            A shareholders' meeting convened by the board of directors shall be chaired by the chairman in person and shall be attended by a majority of the total director seats in the Board and <u>shall be attended by the minimum of one independent director</u> while each functional committee shall have at least one representative to participate in the meeting. The facts of participation shall be expressly recorded into the minutes of the shareholders' meeting.            .....(omitted)</p>	<p>Article 7:            .....(omitted)            The Chairman shall personally preside the Shareholders' meeting that is convened by the board of directors; also, a majority of the board of directors and at least one member of each functional committee should attend the meeting <u>with the attendance recorded in the minutes of meeting.</u>            .....(omitted)</p>	<p>An amendment to the relevant wording contents to promote corporate governance in accordance with the requirements set forth under the referential prototype of "Shareholders' Meeting Procedure Rules of ○○ Co., Ltd."</p>

## Appendix 8

### **Chunghwa Chemical Synthesis & Biotech Co., Ltd. Articles of Incorporation (Before amendments)**

#### Chapter 1 General Principles

- Article 1: The Company is named Chunghwa Chemical Synthesis & Biotech Co., Ltd. in accordance with the Company Act.
- Article 2: The business activities of the Company are as follows:
1. C802041 Manufacture of Drugs and Medicines
  2. F108021 Wholesale of Western Pharmaceutical
  3. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: When the Company becomes a shareholder with limited responsibility of another company, the total amount to be invested may not be subject to the restriction of Article 13 of the Company Act, which states that such an amount may not exceed 40% of the paid-in capital.
- Article 4: The Company is located in New Taipei City. If necessary, it may establish branches and plants in different regions domestically or overseas. Establishment and revocation of such facilities is decided by the board of directors.
- Article 5: Public announcements of the Company shall be duly made in accordance with Article 28 of The Company Act.

#### Chapter 2 Share capital

- Article 6: The capital of this Company is NTD1.6 billion, and divided into 160 million shares of NTD10 per share. NTD120 million is divided into 12 million shares for the issuance of employee stock options. The board of directors is authorized to issue the unissued shares (including those for issuance of employee stock options) in batches depending on company operational needs.
- Article 7: All the shares of the Company are inscribed shares that require the signatures or personal seals of at least three directors before they are certified by the regulatory authority or an issuance of registration institution by the competent authority. Shares may also be issued without printed stocks or printed according to the total shares issued each time, and placed in the custody of centralized securities depository institutions.
- Article 8: The Company will offer shareholder services in accordance with related laws and regulations mandated by the securities authority.
- Article 9: Within 60 days prior to each shareholders' annual meeting, 30 days before each ad hoc shareholder meeting, or 5 days before the Company decides the base date for dividend and bonus distribution or other profit, share transfer registration will be suspended.

#### Chapter 3 Shareholders Meetings

- Article 10: The shareholder meetings of the Company are of two types, one is the shareholders' annual meeting, and the other is the ad-hoc shareholder meeting.
- A. The annual shareholder meeting is convened by the board of directors

within six months after the fiscal year ends.

B. The ad-hoc meeting may be convened according to laws when necessary.

Article 11: Shareholders shall be notified within 30 days before the shareholders' annual meeting and 15 days before the ad-hoc shareholder meeting.

Article 12: Except otherwise regulated by The Company Act, a shareholders meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting.

Shareholders have one vote for each share, but shareholders specified under Article 179 of the Company Act do not.

Article 13: The Company shall seek shareholders' approval if it intends to revoke a public issue which may not be altered during the emerging period and after the Company goes public.

Article 14: A shareholder who is unable to attend the shareholders' meeting may delegate an agent to attend, but need to provide a power of attorney printed by the Company specifying the nature of authority and carrying the signature or personal seal of the shareholder within five days before the meeting. One shareholder may issue one power of attorney and delegate one agent only. Except for the trust enterprise or the securities brokerages approved by the securities competent authorities, the balloting rights of the representative who is commissioned by two or more shareholders shall not exceed 3% of the balloting rights representing the total outstanding shares and the portion in excess does not count. When the power of attorney is repeated, the first one delivered shall prevail unless it was revoked.

During the shareholders' meeting, voting may be conducted in writing or with electronic measures depending on the regulations set forth in the Company Act and mandated by the regulatory authority.

Article 15: Shareholders meetings that are convened by the board of directors shall be chaired by the Chairmen. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf. When the shareholders' meeting is convened by a convener outside the board of directors, the chairperson shall be the convener. If there are more than two conveners, one of them shall be the representative.

Article 16: The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically.

The minute of the meeting as described above may be distributed through public announcement.

#### Chapter 4. The board of directors and Functional Committees

Article 17: The Company's board of directors have seven to nine members. A candidate nomination system has been adopted for director election since the 20<sup>th</sup> board of directors. The shareholders can elect the directors from the

candidate list. A director shall serve a term of three years and may continue if re-elected. When the term of directors expires and the re-election cannot be conducted in time, the term is extended until the re-election is conducted. The total inscribed shares held by the directors may not be less than the percentage required by the securities authority.

The above-mentioned number of directors shall include at least three independent directors and may not be less than one fifth of the total director seats. The profession requirements, restrictions on shareholding and part-time work of independent directors, the definition of independence, nomination, and other requirements to follow are determined in accordance with related laws and regulations.

Article 18: An audit committee composed of all the independent directors has been formed since the 20<sup>th</sup> board of directors. The number of members of the audit committee may not be less than three. One of them shall be the convener and at least one of them shall be a professional in accounting or finance.

Article 19: The Company shall create a remuneration committee as well as other functional committees. The guidelines for each committee are formulated by the board of directors.

Article 20: The board of directors is authorized to determine the remuneration for the chairperson, independent directors and directors according to the extent of their participation, contribution to the operation of the Company, and the standards normally adopted by the industry.

Article 21: The Company may authorize the board of directors to purchase insurance for the directors' compensation liabilities in discharge of their duties.

Article 22: The responsibilities of the board of directors are as below:

1. Convening shareholders' meetings to make resolutions on related matters;
2. Reviewing business guidelines, research design, production plans and work in progress;
3. Reviewing and ratifying important revisions and curtailment of regulations;
4. Reviewing and ratifying budgets and final accounts, business reports and surplus allocation proposals;
5. Reviewing and ratifying revisions and annulling important contracts;
6. Approving the establishment, personnel increase and decrease, and changes of branch operations;
7. Deciding on important personnel appointments, dismissals and transfers, and approving personnel retirement and pension guidelines;
8. Approving proposals on capital increase or decrease and investment and cooperative projects;
9. Deciding on matters suggested by the chairperson;
10. Reviewing matters proposed by the president;
11. Other responsibilities conferred by law or shareholders.

Article 23: The chairperson shall be elected from the directors at the meeting of the board of directors attended by at least two thirds of the directors and with the approval of the majority of the attending directors. The chairperson

represents the Company to be in charge of all business operations.

Article 24: The chairperson shall be the chair and convener of the board of directors and represent the Company in external matters. When on leave or unable to execute the duties, the chairperson shall designate a director as a representative. If the chairperson fails to designate anyone, the directors shall elect one director among them to be the representative.

A director who is unable to attend the meeting of the board of directors may issue a power of attorney indicating the nature of authority to another director as a representative. The representative may accept the delegation of one director only.

Article 25: A notice of the meeting of the board of directors shall set out the reasons for convening and be issued to all directors within seven days prior to the meeting, except in cases of emergency. The meeting notices may be issued in writing or through email or fax.

Article 26: Unless otherwise stated in the Company Act, resolutions made by the board of directors require the attendance of the majority of the directors and approval by the majority of the attending directors.

#### Chapter 5. Employees

Article 27: The Company may have managers. Their appointment, dismissal and remuneration shall be conducted in accordance with Article 29 of the Company Act.

Article 28: The president shall follow the instructions of the chairperson and act according to the authority conferred by the board of directors to manage all the operations of the Company with the assistance of the vice president.

Article 29: The Company may hire several lawyers, accountants and consultants, and they shall be appointed by the board of directors.

Article 30: The board of directors of the Company will set an administrative procedure and plant administrative regulations.

#### Chapter 6. Surplus Distribution

Article 31: The Company shall recognize Jan. 1 to Dec. 31 as the fiscal year period. The board of directors shall prepare the following reports and statements at each fiscal year end and present it for ratification in the annual shareholders' meeting:

1. Business Report
2. Financial statements.
3. Earnings distribution or deficit compensation proposal;

Article 32: If there is profit at the end of a fiscal year, the Company shall allocate 1% to 15% of the profit as employee remuneration and no more than 3% as directors' remuneration. However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss.

The distribution of the employee remuneration described above may include the employees of affiliates that meet certain conditions and the conditions set out by the board of directors.

Article 32-1: The industrial environment of the Company is changing and its corporate life cycle is in a stage of steady growth. Considering the Company's need for capital in the future, long-term financial planning, and cash inflow for

shareholders, the Company shall distribute the earnings surplus (if any) every year in the following order:

1. Pay the taxes according to law.
2. Offset losses of previous years.
3. Appropriate 10% to be the statutory surplus reserve.
4. Appropriate certain percentages to be the special reserve as required by law.
5. If there are funds left, a portion may be retained for awarding bonuses to the shareholders, along with the accumulated undistributed earnings from the preceding year, if business conditions permit. Cash dividends may not be less than 50% of the shareholder bonus, but stock dividends can be issued instead if the cash dividend per share is less than NTD0.1.

#### Chapter 7. Supplementary Provisions

Article 33: Matters that this charter fails to cover shall be conducted according to the Company Act and related laws and regulations.

Article 34: Established on Oct. 12, 1963, this charter was amended the 1<sup>st</sup> time on Mar. 1, 1964, the 2<sup>nd</sup> time on Apr. 11, 1965, the 3<sup>rd</sup> time on Apr. 11, 1967, the 4<sup>th</sup> time on June 29, 1968, the 5<sup>th</sup> time on May 10, 1969, the 6<sup>th</sup> time on Sept. 15, 1975, the 7<sup>th</sup> time on Apr. 29, 1976, the 8<sup>th</sup> time on Apr. 23, 1977, the 9<sup>th</sup> time on Oct. 7, 1978, the ten<sup>th</sup> time on May 19, 1981, the 11<sup>th</sup> time on Dec. 26, 1981, the 12<sup>th</sup> time on May 29, 1982, the 13<sup>th</sup> time on Apr. 23, 1983, the 14<sup>th</sup> time on May 28, 1986, the 15<sup>th</sup> time on May 9, 1987, the 16<sup>th</sup> time on Apr. 30, 1988, the 17<sup>th</sup> time on Apr. 29, 1989, the 18<sup>th</sup> time on May 12, 1990, the 19<sup>th</sup> time on May 4, 1991, the 20<sup>th</sup> time on Apr. 11, 1992, the 21<sup>st</sup> time on May 29, 1993, the 22<sup>nd</sup> time on May 28, 1994, the 23<sup>rd</sup> time on June 7, 1996, the 24<sup>th</sup> time on June 30, 1997, the 25<sup>th</sup> time on May 12, 1998, the 26<sup>th</sup> time on June 29, 1999, the 27<sup>th</sup> time on June 26, 2002, the 28<sup>th</sup> time on June 20, 2003, the 29<sup>th</sup> time on June 18, 2004, the 30<sup>th</sup> time on June 24, 2005, the 31<sup>st</sup> time on June 16, 2006, the 32<sup>nd</sup> time on June 28, 2007, the 33<sup>rd</sup> time on June 19, 2009, the 34<sup>th</sup> time on June 8, 2010, the 35<sup>th</sup> time on June 20, 2012, the 36<sup>th</sup> time on June 19, 2013, the 37<sup>th</sup> time on June 18, 2015 and the 38<sup>th</sup> time on May 31, 2016. Besides Articles 23, 23-1, 23-2 and 24 prior to the 37<sup>th</sup> amendment and Articles 17, 18, 25 and 31 that were to go into effect when the 20<sup>th</sup> board of directors was formed, the rest of the articles came into force after they were approved during the shareholders' meetings.

## Appendix 9

### **Chunghwa Chemical Synthesis & Biotech Co., Ltd. Rules for Elections of Directors (before amendment)**

- Article 1: In order to elect directors fairly and publicly, the Rules are formulated in accordance with Article 21 and Article 41 of “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.
- Article 2: Unless otherwise specified by law or the Articles of Incorporation, election of the Company's directors shall proceed according to the procedures stated here.
- Article 3: Board composition shall be taken into consideration when electing director members. Board members shall be diversified in a manner that supports the Company's operations, business activities and growth. The diversification shall be based on, but is not limited to, the following two principles:
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.
- Board members should possess the necessary knowledge, skills, and literacy for performing duties, which include:
1. Operating judgment
  2. Accounting and financial analysis
  3. Management capability
  4. Crisis management capabilities
  5. Industry knowledge
  6. International market viewpoint
  7. Leadership
  8. Decision-making ability
- The majority of the board directors may not be with a relationship of spouse or second cousin.
- The board of directors shall base on the results of the performance evaluation to consider the adjustment of the Board members.
- Article 4: Independent directors are subject to the eligibility criteria specified in Articles 2, 3 and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."
- Election of independent directors is subject to comply with Articles 5, 6, 7, 8 and 9 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and Article 24 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
- Article 5: Election of directors shall proceed according to the nomination system described in Article 192-1 of the Company Act. To facilitate proper review regarding directors' eligibility, academic/career background and conditions described in Article 30 of the Company Act, no documentary proof other than those mentioned in the Act shall be used. The outcome of the review needs to be presented to shareholders, and will be used as reference to choose the suitable directors.
- If the dismissal of any director for any reason causes the board with less than five directors in service, an election of directors should be held in the most recent shareholders' meeting. However, if the vacancy of board director is one thirds of the chairs designated, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.
- If the number of independent directors does not meet the requirements of the proviso in Article 14-2, Paragraph 1 of Securities Exchange Act, the relevant provisions of Taiwan Stock Exchange “Corporation Rules Governing Review of Listings, or the Standards for



Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM” Subparagraph 8, an election of directors should be held in the most recent shareholders’ meeting. When all independent directors were dismissed, the Company shall have an extraordinary shareholders’ meeting held within 60 days from the date of the event occurred.

- Article 6: The company director election shall adopt the cumulative voting system, where each share shall carry the same voting right with the directors to be voted, which may be collectively voted for one person, or distributed for voting several individuals.
- Article 7: The board of directors shall produce ballots in quantities that match the number of directors to be elected, and apply weight before distributing them to shareholder meeting participants. Conference pass serial number can be printed on the ballot for identification purpose instead of voter's name.
- Article 8: Votes are distinguished between independent and non-independent directors. Candidates who receive the highest number of votes are assigned the role of director followed by supervisor, until the number of director seats mentioned in the Articles of Incorporation are fully filled. If 2 or more candidates receive the same number of votes, they shall draw for the remaining seats available. The chairperson will draw on behalf of those who are absent during the meeting.
- Article 9: Before the election begins, the chairperson will appoint several shareholders to undertake the roles of ballot examiner and ballot counter to assist in the election. The ballot box will be made available by the board of directors, and shall be opened for inspection by the ballot examiner prior to voting.
- Article 10: If the candidate is also a shareholder, voters shall specify both shareholder account name and number in the "candidate" column of the ballot. If the candidate is not a shareholder, the candidate's name and ID card number will have to be specified instead. If the candidate is a government agency or institution shareholder, the candidate column on the ballot must be detailed with the name of the government agency or institution shareholder, or it can be the name of the government agency or institution shareholder and their representatives. If there is more than one representative appointed, the name of all the representatives must be listed separately.
- Article 11: The ballots with any of the following circumstances are invalid:
1. Voting without using ballots prepared by the board of directors.
  2. Casting of blank ballot into the ballot box.
  3. Ballots with unrecognizable writing or that are altered.
  4. Where the candidate is a shareholder, the written identity and shareholder account number do not match the shareholder registry; or where the candidate is a non-shareholder, the written name and ID card number do not match the candidate's identity proof.
  5. There are other words other than the account name (name) of the candidate, or shareholder account number and the distributed voting weights.
  6. The candidate's name written in the ballot coincides with another shareholder, but no shareholder account number or ID card number is provided for identification.
- Article 12: Ballots are to be counted openly immediately after voting. The chairperson will announce the outcome of the vote, including the names of elected directors and the number of votes received.
- The ballots of the election referred to above should be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.
- Article 13: The Company will send a notice of election to office to elected Directors.
- Article 14: These procedures will be implemented after being approved in the shareholders’ meeting, same as the amendment.

## Appendix 10

### **Chunghwa Chemical Synthesis & Biotech Co., Ltd. Rules of Procedure for Shareholders Meetings (before amendment)**

Article 1: For the purpose of establishing the Company's shareholder's meeting governance system, developing monitoring functions, and enhancing the management mechanism, the Rules are stipulated in accordance with Article 5 of the Company's "Corporate Governance Best-Practice Principles" for compliance.

Article 2: The Company's "Shareholders Meeting Rules' Meetings," unless otherwise provided by the law and regulations or Articles of Incorporation, should be processed in accordance with the Rules.

Article 3: The Company's shareholders' meetings, unless otherwise provided by the law and regulations, should be convened by the board of directors.

The Company shall enter the shareholders' meeting notice, the form of power of attorney, matters to be ratified and discussed, director appointments or dismissals, and related descriptions into the electronic files, and upload them to the Market Observation Post System 30 days before the annual shareholders' meeting or 15 days before the ad hoc shareholder meeting. Also, the *Annual Meeting Handbook* and the supplementary information are compiled into electronic files and uploaded to the MOPS twenty days prior to the Annual Meeting of Shareholders or fifteen days prior to the extraordinary meeting of shareholders. Physical copies of the shareholder meeting manual and supplementary information also need to be prepared at least 15 days before the meeting, and made accessible to shareholders upon request. These documents shall be placed within the Company's premises and at the share administration agency, and distributed on-site during the shareholder meeting.

The notice and announcement of convening the board meeting can be made electronically with the consent of the counterparty.

The election or removal of directors, amendment of articles of association, capital reduction, application of withdrawing public offering, permission of compete by director, retained earning capitalization, legal reserve capitalization, winding-up, merger, spin-off or any situation described in Article 185, Paragraph 1, Article 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers should be specified in the meeting notice along with the main content and cannot be proposed as an *extempore* motion. The main content should be published on the website designated by the competent securities authority of or the company. The link should be provided in the meeting notice.

If the shareholders' meeting notice has indicated the re-election of all director seats and the beginning date of the term of office, then after the re-election has been completed, the beginning date of the term of office cannot be changed by an *extempore* motion or other means in the same shareholders' meeting.

Any shareholder holding more than 1% of the outstanding shares may make a proposal in the general meeting. Any proposal that includes more than one motion will not be admitted. However, if the shareholder's proposal includes recommendations to the company for improving public welfare or fulfilling social responsibility, the board of directors may still include the motion. The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1 Section 4 of the Company Act included for discussion.

The Company should announce the acceptance of a shareholders' proposal, submission by paper or electronic means, submission location and time before the halt date prior to a general meeting. The submission period should be not shorter than 10 days.

The shareholder's proposal is limited to 300 words' otherwise it will not be included for discussion. The proposing shareholders must attend the shareholders' meeting in person or by proxy to participate in the proposal discussion.

The Company shall have the processing result presented in the shareholders' meeting before the meeting convening date and have the proposals in compliance with this clause included in the notice of meeting. The board of directors is to give the reason why the shareholder's proposal is not included for discussion in shareholders' meeting.

Article 4: Shareholders may issue a proxy printed by the Company with the scope of authorization defined to attend the shareholders' meeting.

It is limited to one proxy per shareholder and one proxy only that should be served to the Company five days prior to the meeting of shareholders. When the proxy is issued in duplicate, whichever is served first shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.

If the shareholders wish to exercise the balloting right by attending the meeting in person or voting in writing or by electronic means after the proxy is received by the Company, the shareholders shall have the Company informed in writing two days prior to the shareholders' meeting date to revoke the proxy. The balloting right exercised by the representative shall prevail if the proxy is not revoked before the deadline.

Article 5: The shareholders meeting must be held at a location that is suitable and convenient for shareholders to attend. The meeting must not commence anytime earlier than 9AM or later than 3PM. Independent Directors' opinions must be fully taken into consideration when deciding the time and venue of the meeting.

Article 6: The Company shall have the admission time, admission place, and other related matters set forth in the notice of meeting.

The shareholders' meeting admission time referred to above should be at least thirty minutes before the meeting in session; it should be clearly indicated at the admission place and with the adequate and qualified personnel to handle it.

The shareholders or their representatives (hereinafter referred to as the "shareholders") shall attend the shareholders' meeting with the evidence of the attendance card, attendance register, or other attendance documents. The Company may not demand the attending shareholders to present any additional identification documents; the proxy solicitors should bring proof of identity with them for examination.

The Company should have the attendance registry ready for the signature of the attending shareholders or the shareholder's representative (hereinafter referred to as the Shareholders), or the attending shareholders may have the signature card submitted as an alternative to the signature.

The Company shall have the Agenda Handbook, annual reports, attendance card, statement slip, ballots, and other meeting materials delivered to the shareholders presented; also, the ballot will be distributed to the directors for the election of directors, if any. The number of representative attending the shareholders' meeting on behalf of the institutional shareholders, both the government and legal person, is not limited to one person. The number of legal person entrusted to attend the shareholders' meeting is limited to one person.

Article 7: If the shareholders' meeting is convened by the board of directors, the chairman of the board is to preside the meeting. If the chairman who is on leave of absence or is unable to perform duty is represented by the Vice Chairman. If there is no Vice Chairman or the Vice Chairman is also on leave of absence or is unable to perform duty, the Chairman is to appoint one general director to perform duty. If there is no general director, the Chairman is to appoint one director to perform duty. If the Chairman does not have a representative appointed to perform duty, one of the general directors or directors is elected to perform duty.

The director who is the representative of the chairman to preside the meeting referred to above must have already served the term for more than six months and understand the Company's finance and business conditions. The rule referred to above does apply if the chairman is a representative of the legal director.

The Chairman shall personally preside the Shareholders' meeting that is convened by the

board of directors; also, a majority of the board of directors and at least one member of each functional committee should attend the meeting with the attendance recorded in the minutes of meeting.

If the shareholders' meeting is convened by any authorized party other than the board of directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders meeting.

Article 8: The Company shall have the admission of the shareholders, the meeting in session, and the voting and vote counting process recorded and filmed uninterruptedly.

The audio and video data referred to above should be reserved for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.

Article 9: The attendance of the shareholders' meeting is counted by the shareholding. The number of shares represented during the meeting is calculated based on the amount registered in the attendance log or the attendance cards collected, plus the amount of shares whose voting rights are exercised through proxy forms or electronic methods.

The chairman should announce the commencement of the meeting as soon as it is due. However, if the attendees represented less than half of all outstanding shares, the meeting chairman may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The Chairman may announce the meeting is adjourned if there remain insufficient shareholders who represent two thirds of shareholding to attend the meeting after two meetings postponed.

If the shareholdings of the attending shareholders are not more than half of the total number of shares issued after two postponements but more than one third of the total number of shares issued, a pseudo-resolution can be resolved in accordance with Article 175 Paragraph 1 of the Company Act; also, shareholders should be informed regarding the pseudo-resolution with another meeting of shareholders to be convened within one month.

If the shareholdings of the attending shareholders are more than one half of the total number of shares issued before the end of the meeting, the Chairman may have the pseudo-resolution presented again in the next meeting of the shareholders for resolution in accordance with Article 174 of the Company Act.

Article 10: If the shareholders' meeting is called by the board of directors, the agenda should be prescribed by the board of directors. Each motion should be subject to independent voting. The meeting should be conducted according to the specified agenda unless the shareholders have resolved to modify the agenda.

The provision referred to above is applicable even when the shareholders' meeting is convened other than by the board of directors.

The Chairman may not announce the meeting is adjourned until a resolution is reached for the two procedures (including motions) referred to above. If the Chairman has announced the meeting adjourned in violation of the procedures, the other board directors shall promptly assist the shareholders presented with a majority of balloting rights to elect a chairman to continue the meeting in accordance with the legal procedures.

The Chairman must give the proposal or the amendment and motion proposed by the shareholders an opportunity to be explained and discussed sufficiently until it is ready for balloting and then stop the discussion for balloting.

Article 11: Shareholders who wish to speak during the meeting must produce a Speak Request Form detailing the topics and the shareholder's name and account number (or the attendance ID serial). The order of shareholders' comments will be determined by the meeting chairman.

Shareholders who submit Speak Request Forms without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the Speak Request Form, the actual comments shall prevail.

Each shareholder may not speak on the same proposal more than twice and not more than 5 minutes each time unless otherwise permitted by the Chairman. However, the Chairman may stop the shareholder from speaking if the speech is in violation of regulations or outside the scope of the proposal.

While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way without the consent of the meeting chairman and the person speaking. The meeting chairman shall restrain any violators.

For corporate shareholders who have appointed two or more representatives to attend the shareholders meeting, only one representative may speak per agenda.

The Chairman may have the speech of the shareholder responded in person or by the designated personnel.

Article 12: The balloting of the shareholders' meeting is counted by the shareholding.

For the resolutions of the shareholders' meeting reached, the shareholding of the shareholders without balloting right is excluded from the count of the outstanding shares. Shareholders cannot vote, or appoint proxies to vote, on any agendas that present conflicting interests, if doing so may compromise The Company's interests.

The shareholding of the shareholders without balloting right referred to above is not included in the balloting rights of the shareholders presented. Except for the trust enterprise or the securities brokerages approved by the securities competent authorities, the balloting rights of the representative who is commissioned by two or more shareholders shall not exceed 3% of the balloting rights representing the total outstanding shares and the portion in excess does not count.

Article 13: Shareholders are entitled to one balloting right per share except for those restricted without any voting right granted or those without any voting according to Article 179 Paragraph 2 of the Company Act.

When holding the shareholders' meeting, the Company should permit the shareholders to exercise their voting rights by electronic means or written correspondence. The Company should specify the methods of voting by electronic means or written correspondence in the shareholders' meeting notice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal.

The uses of written and electronic votes mentioned above must be delivered to The Company at least 2 days before the shareholders meeting. If there are duplicate submissions, the earlier submission shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote.

If, after submitting a written or electronic vote, the shareholder wishes to attend the shareholders meeting in person, then a proper declaration of withdrawal must be issued using the same method as the original vote at least 2 day before the shareholders meeting. If the withdrawal is not received in time, then the written or electronic vote shall prevail. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall prevail.

Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, the proposal is passed in the meeting by the shareholders represented a majority of the balloting rights.

During the voting process, the chair or a designee should announce the total votes represented by the shareholders present at the meeting. Each motion should be voted on by the shareholders independently. The results, agreeing or disagreeing and waived votes,

should be published on the Market Observation Post System after the shareholders' meeting on the same day.

For the proposal with an amendment or alternative put to vote, the Chairman is to have it prioritized for balloting with the original bill enclosed. If any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

The meeting chairman will appoint a ballot examiner and a ballot counter for each agenda. However, the ballot examiner must be a Director.

The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.

Article 14: The election of directors in the shareholders' meeting must be processed in accordance with the Company's election procedures and the election result must be announced immediately, including the list of the elected directors and the election weights.

The ballots of the election referred to above should be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.

Article 15: The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically.

The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.

The minutes must detail the date and venue of the meeting, the meeting chairman's name, the method of resolution, and the summary and the results of the voting (including the statistical tallies of the numbers of votes) of meeting agendas. These minutes must be retained indefinitely.

Article 16: The Company must have the statistics of the number of shares by soliciting and by proxy prepared in the prescribed format and has it disclosed openly at the meeting venue on the meeting date.

If the resolutions reached in the shareholders' meetings involving material information regulated by law and regulations and the Taiwan Stock Exchange Corporation (ROC GTSM), the Company shall within the prescribed time have the material information uploaded to the MOPS.

Article 17: The service personnel for the shareholders' meeting shall wear identification badges or armbands.

The meeting chairman may instruct picketers or security staffs to help maintain order in the meeting. While maintaining order in the meeting, all picketers or security staffs must wear arm badges which identify their roles as "Staff".

If the meeting venue is equipped with speakerphones, the Chairman may stop the shareholders who do not use the device provided by the Company from speaking.

The Chairman may command the marshals or security guards to escort the shareholders to leave the meeting venue if they are in violation of the rules of procedure, disobey the Chairman, and interfere with the meeting proceeding.

Article 18: The Chairman at his/her discretion may announce the meeting in recess; also, may announce to have the meeting suspended due to force majeure and announce the time for the meeting to resume. If the venue of shareholders' meeting is not available before the end of the procedures (including motions), the shareholders' meeting may resolved to find another venue to continue the meeting.

The meeting of shareholders may, in accordance with Article 182 of the Company Act, resolve to have the meeting postponed or resumed in five days.

Article 19: These rules shall become effective once resolved during the shareholders meeting; the same applies to all subsequent revisions.

**Appendix 11**

**Chunghwa Chemical Synthesis & Biotech Co., Ltd.  
Shares held by directors**

Unit: shares

Title	Name	As of the book closure date on March 26, 2021	
		Number of shares held	Shareholding rate
Chairman	China Chemical & Pharmaceutical Co., Ltd. Representative: Wang Hsieh, Yi-Chen	17,550,064	22.63%
Director	China Chemical & Pharmaceutical Co., Ltd. Representative: Yin-Nan Sun		
Director	The Mr. Wang Min-ning Memorial Foundation representative: Huang Chung-hsin	1,691,982	2.18%
Director	Wang Ming-Ning Memorial Foundation representative: Wang, Hou-Jie		
Independent Director	Kuo-Chiang Wang	-	-
Independent Director	Cheng-Hsien Tsai	-	-
Independent Director	Chih-Hsien Chang	-	-
Total number of shares held by directors		19,242,046	24.81%

- Notes: 1. The current paid-in capital of the Company is NTD775,600,000. The face value per share is NTD10 and the number of total shares issued is 77,560,000.
2. According to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," the ratio of shares held by all directors to the total number of shares issued shall be 8%.  
The minimum total number of shares held by all directors shall be 6,204,800 shares.
3. The Company has set up an audit committee. Hence, the regulation on the number of shares held by supervisors is not applicable.
4. Total number of shares held by all directors have reached the statutory limit.

**Appendix 12**

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

**Impacts on business performance and earnings per share if the stock dividend proposal is approved during the annual general meeting.**

It is not applicable for 2021 shareholders' meeting since no stock dividend issuance for proposed distribution.