

Stock Code : 1762



Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Agenda of 2022 General Shareholders Meeting

Format: Physical Meeting

Time: 9:00am on May 25 (Wednesday), 2022

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.

Table of Contents

I.	Meeting Procedures	1
II.	Meeting Agenda	2
	(I) Reporting matters	3
	(II) Acknowledgments	4
	(III) Discussions	5
	(IV) Elections	6
	(V) Other Discussions	7
	(VI) Questions and Motions	7
III.	Appendix	
	(I) Business Report	8
	(II) Audit Committees' Review Report	12
	(III) Auditor's Report, Consolidated Financial Report and Individual Financial Statements	13
	(IV) Statement of Retained Earnings	35
	(V) Comparison Table for Amendments to Articles of Incorporation	36
	(VI) Comparison Table for Amendments to Regulations Governing the Acquisition or Disposal of Assets	37
	(VII) Information on Intended Private Placement for Issuance of Common Stock Shares or Domestic Convertible Corporate Bonds (Including Secured or Unsecured Convertible Corporate Bonds)	44
	(VIII) Nomination of candidates for directors (including independent directors)	46
	(IX) Statement of Directors and Their Representatives Lifted of Business Strife Limitation	50
	(X) Regulations Governing the Acquisition or Disposal of Assets (Before amendments)	52
	(XI) Articles of Incorporation (Before amendments)	66
	(XII) Rules for Elections of Directors	71
	(XIII) Rules of Procedure for Shareholders Meetings	73
	(XIV) Shares held by directors	78
	(XV) Impacts on business performance and earnings per share if the stock dividend proposal is approved during the annual general meeting	79

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

2022 General Shareholders' Meeting Procedure

- I. Announcement on attendants holding shares
- II. Call the Meeting to Order
- III. Chairman's Speech
- IV. Reporting matters
- V. Acknowledgments
- VI. Discussions
- VII. Election Matters
- VIII. Other Discussions
- IX. Extempore Motion
- X. Adjournment

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

2022 General Shareholders' Meeting Agenda

Format: Physical Meeting

Time: 9:00am on May 25 (Wednesday), 2022

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

- I. Announcement on attendants holding shares
- II. Call the Meeting to Order
- III. Chairman's Speech
- IV. Reporting matters
 - (I) 2021 Business Report.
 - (II) Audit committee's review report on the 2021 financial results.
 - (III) Report on the compensation of employees and board directors in 2021.
 - (IV) Other reports.
- V. Acknowledgments
 - (I) 2021 Business Report and Financial Statements.
 - (II) Distribution of 2021 earnings.
- VI. Discussions
 - (I) Partial amendments to the "Articles of Incorporation".
 - (II) Partial amendments to the "Regulations Governing the Acquisition or Disposal of Assets".
 - (III) Intended Private Placement for Issuance of Common Stock Shares or Domestic Convertible Corporate Bonds (Including Secured or Unsecured Convertible Corporate Bonds).
- VII. Election Matters

The director (including the independent director) re-election case.
- VIII. Other Discussions

Proposal for canceling the non-compete restriction for new directors and their representatives.
- IX. Extempore Motion
- X. Adjournment

Reporting matters

1. Please refer to Appendix I for the 2021 Business Report (Pages 8~11).
2. For the audit committee's review report on the 2021 financial statements, see Appendix II (Page 12).
3. Report on the compensation of employees and board directors in 2021
Note: (1) The Board of Directors resolved on March 8, 2022 to pay cash in the amount of NTD45,777,247 as employee compensation and NTD6,613,043 as director compensation.
(2) The dollar amounts mentioned above are the same as the recognized expenses in 2021.
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, January 29 to February 8, 2022.
(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 2021 Business Report and Financial Statements.

- Note:
1. The 2021 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 Po-Chuan Lin and Jun-Yao Lin, the certified public accountants in PwC Taiwan.
 2. For details of the 2021 Business Report, Auditor Report, Consolidated Financial Report and individual Financial Statements, see Appendix I (Pages 8–11) and Appendix III (Pages 13–34).
 3. Please acknowledge.

Resolution:

Case 2: (Proposed by the Board of Directors)

Proposal: Please confirm the 2021 annual profit distribution.

- Note:
1. For Distribution of 2021 Earnings, refer to Appendix IV (Page 35)
 2. The cash dividend will be NTD1.3 per share this year. It is intended to authorize the Board of Directors through the general shareholders' meeting to define the ex-dividend date and to address the change in the cash dividend ratio for shareholders as a result of change in the number of outstanding shares of the Company later.

Resolution:

Discussions

Case 1: (Proposed by the Board of Directors)

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

Note: To go with the practical operation of the Company and to diversify ways where shareholders’ meetings may be held by the Company, revisions to some of the Company’s Articles of Incorporation according to the Company Act are intended. For the Comparison Table of Revisions Made to the Articles of Incorporation, refer to Appendix V (Page 36).

Resolution:

Case 2: (Proposed by the Board of Directors)

Subject: Partial amendments to the “Regulations Governing the Acquisition or Disposal of Assets”.

Note: To meet the operational demand and in accordance with the FSC Issuance No. 1110380465 letter dated January 28, 2022 from the Financial Supervisory Commission where some articles of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” were revised, revisions to related articles of the Company’s Regulations Governing the Acquisition and Disposal of Assets are intended. For the Comparison Table of Revisions Made to the Regulations Governing the Acquisition and Disposal of Assets, refer to Appendix VI (Pages 37 to 43).

Resolution:

No. 3: (Proposed by the Board)

Subject: Intended Private Placement for Issuance of Common Stock Shares or Domestic Convertible Corporate Bonds (Including Secured or Unsecured Convertible Corporate Bonds)

Note:

1. To enrich operating capital, pay off debts borne by the Company, or for other demands for funds to support future developments of the Company, the Company intends to introduce strategic funds raised by investors through private placement reflective of the market situation and the needs of the Company for issuance either common stock shares or domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds) or common stock shares in combination with domestic convertible corporate bonds separately or concurrently. The actual number of shares to be issued or convertible is to be decided by the Board of Directors as authorized through the shareholders’ meeting depending on the situation on the capital market and may not exceed 20% (that is, 15,512,000 shares) of the total number of outstanding shares.
2. Major details of the current plan to issue common stock shares or domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds) through private placement include the actual issue price, number of shares, issuance criteria, value of private placement, capital increase base date, action items, expected progress, and expected possible benefits, among others, as well as all the other matters and mechanisms concerning the issuance plan are intended to be placed at the discretion of the Board of Directors as authorized through the shareholders’ meeting. The Board of Directors may adjust, define, and manage them reflective of the situation on the market and may also revise or change them as instructed by the competent authority or based on the operational evaluation or in response to the objective environment as needed.
3. For related ways of issuance and information on the details, refer to Appendix VI (Pages 44 and 45).

Resolution:

Elections

Subject: The director (including the independent director) re-election case.

(Proposed by the Board)

- Note:
1. With company's 21st term directors' tenure expiring on May 30, 2022, there are plans to vote on an across-board reelection at the current scheduled shareholders' meeting.
 2. In accordance with company articles of incorporation stipulations, 5 to 9 directors shall be elected (including the independent directors, which shall not fall below 3 persons), who are to serve a three-year tenure. The current election plans to elect 7 directors (including 3 independent directors) before the scheduled shareholders' meeting.
 3. The previous term directors' tenure extends up to the completion of the current scheduled shareholder's meeting, and the incumbent directors' (including independent directors) tenure spans from the scheduled shareholders' meeting election date on May 25, 2022 to May 24, 2025, and who are to assume their positions following the reelection at the scheduled shareholders' meeting.
 4. The director (including the independent director) election adopts the candidate nomination system, and for the candidates' relevant data, please refer to Appendix VIII (pp.46~49).
 5. Please vote on the election.

Election results:

Other Discussions

Subject: Proposal for canceling the non-compete restriction for new directors and their representatives. (Proposed by the Board)

- Note:
- I. Pursuant to Article 209 of the Company Act “If a director is engaged in activities which are within the business scope of the company, either for his/her own sake or on behalf of others, the director should explain to the shareholders’ meeting the major contents of such activities and obtain approval accordingly.”
 - II. To reply on company directors’ experience and relevant experiences, there are plans to seek a consent before the shareholders’ meeting to lift the restrictions forbidding to compete within the industry on the newly elected directors and their representatives, please refer to Appendix IX (pp.50~51)

Resolution:

Extempore Motion

Adjournment

Appendix

Appendix I

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Business Report

1. The 2021 Business Report:

(I) Implementation results of the business plan

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

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

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

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

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

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

(III) Financial balance and profitability analysis:

1. Consolidated financial balance:

Unit: NTD thousand

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

2. Parent Company's financial balance:

Unit: NTD thousand

Item	Amount
Operating revenues	1,896,625
Operating gross profit	916,081
Operating gains and losses	416,824
Interest income	181
Interest expenses	3,311
Capitalized interest	-
Net profit before tax	491,228
After tax net profit	400,778
Earnings per share	NTD 5.17

3. Consolidated profitability analysis:

Unit: %

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

4. Parent Company profitability analysis:

Unit: %

Item	Ratio
ROA	10.73
Return on equity	14.86
Ratio of pre-tax net income to paid-in capital	63.33
Net profit margin	21.13
Earnings per share	NTD 5.17
Earnings per share-retrospective adjustment	NTD 5.17

(IV) R&D progress:

1. Synthesis Research Institute:

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

2. Biotech Research Institute:

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

II. The Company's future development strategy:

- (I) We continuously enhance our research and development energy and adjust research and development strategies to develop high-price, high-tech threshold with few competitors and high-margin products to boost the production efficiency and revenue efficiency at the current venues.
- (II) Differentiate from counterparts that also specialize in synthesized chemicals or fermented products taking advantage of unique fermentation and chemical synthesis technologies of the Company to multiply new products developed and enhance competitive advantages on the global market and to strengthen niche products of the Company, Everolimus, Tacrolimus, Ethyl Icosapentate, and Caspofungin. Optimize processes to increase the throughput and bring down the cost and accordingly boost the Company's presence on the global market.
- (II) The company will develop unique key technologies to develop special products, such as high-growth products such as anti-cancer, high potency and peptide drugs, to support the development of new customers and enhance the niche and appeal of product differentiation.

- (IV) To develop CDMO/CMO business, by rallying to participate in domestic, foreign major drug makers' new drug R&D plans, through which to enter into early stage joint R&D relation, such as pre-clinical and various clinical stages' intermediary, products' trial, manufacturing process development and related work, in anticipation to form a strategic alliance with major pharmaceutical plants, for joint growth.
- (V) Ensure regulatory compliance, enhance the factory inspection of ingredients and API intermediate suppliers, ensure the compliance by upstream suppliers, compliance with the latest requirements by other countries' pharmaceutical supervision authorities and sufficient supply of ingredients, and sustain the quality of our products.
- (VI) To continue developing solvent recall technology amid environmental protection demands becoming ever stringent, by inducting various management systems and mechanism, voluntarily executing waste reduction, reduced discharge process, lowering the operating cost, and exerting the company's environmentally friendly social stewardship.
- (VII) The demand for generic drugs on the emerging markets is increasing each day; the market is flourishing. The Company proactively works with distributors in China, the Asia Pacific Region, and East Europe to explore potential customers for niche products and to seek more distribution opportunities for products with expanded throughput.

Appendix II

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Audit Committees' Review Report

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

Best regards

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

Audit Committee Convener, Kuo-Chiang Wang

March 8, 2022

Appendix III

Auditor's Report

(2022) Cai-Shen-Bao-Zi No. 21004240

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

Audit opinion

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

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

Basis of an audit opinion

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

Key Audit Matters

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

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

Accounting assessment of inventory valuation

Description of the matter

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

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

The responsive auditing process

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

1. Assessing the policy on allowance to reduce inventory to market in accordance with our understanding of the Company's operations and the nature of the business.
2. Performing sampling tests to examine if the market price of net realized value is consistent with the Company's policy, and randomly examining the accuracy of the selling price of individual inventory parts and the way net realized value is calculated.
3. Obtain out-of-date inventory details that are identified by the management, check the related information and verify the account records.

Checking whether the time point of sales income recognition is appropriate

Description of the matter

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

The responsive auditing process

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

1. The group's operating procedure for and internal control on income recognition time points were examined and assessed, while the Company's internal control on sales deadlines was tested to verify the correctness of the income recognition time points.
2. The execution of sales and income over a certain period before and after the time periods covered in the financial report were examined with the packing lists, customer orders and declaration forms in order to confirm that income was recognized at appropriate periods.

Other matters - individual financial report

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

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

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

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

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

The responsibilities of the independent auditor to the consolidated financial statements

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

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

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the consolidated financial statements; design and implement proper responsive measures to the risk assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused by errors.
2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Chunghwa Group.
3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
4. Base on the audit evidence obtained to make conclusions on the suitability of the accounting base for continuing operation base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of Chunghwa Group are with significant uncertainties. If the independent auditor believes that such events or circumstances are with significant uncertainties, it is necessary to remind the users of the consolidated financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditor is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Chunghwa Group to continue operating.
5. Assess the overall expression, structure, and content of the consolidated financial statements (including the relevant notes) and whether or not the relevant transactions and events in the consolidated financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

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

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

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

PricewaterhouseCoopers, Taiwan

March 29, 2022

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

Unit: NTD thousand

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

(Continued next page)

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

Unit: NTD thousand

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

Unit: NTD thousand
(except EPS in NTD)

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

(Continued next page)

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

Unit: NTD thousand
(except EPS in NTD)

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

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

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

Unit: NTD thousand

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

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

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

Unit: NTD thousand

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

(Continued next page)

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

Unit: NTD thousand

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

(2022) Cai-Shen-Bao-Zi No. 21003452

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

Audit opinion

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

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Chunghwa Chemical Synthesis & Biotech Co., Ltd. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis of an audit opinion

We conducted our audit in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Chunghwa Chemical Synthesis & Biotech Co., Ltd. in accordance with the Code of Ethics and with other responsibilities of the Code of Ethics performed. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The "key audit matters" means that the independent auditor has used their professional judgment to audit the most important matters on the 2021 individual financial statements of Chunghwa Chemical Synthesis & Biotech Co., Ltd.. The key audit matters have been responded to in the process of auditing the individual financial statements as a whole with an audit opinion formed; therefore, the independent auditor does not express an opinion on these matters separately.

The key audit items of the 2021 individual financial report of Chunghwa Chemical Synthesis & Biotech Co., Ltd. are presented below:

Accounting assessment of inventory valuation

Description of the matter

See Note 4 (11) in the individual financial report for details about the accounting policy on inventory valuation, Note 5 (2) for accounting assessment of inventory valuation and 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

For the accounting policy on the recognition of income, please refer to Note 4 (25) of the individual financial statement. For information on income accounts, please refer to Note 6 (15) of the individual financial statement. As stated in the accounting policies, the sales revenue is recognized when products are delivered to customers who have discretionary power in channels and prices of products sold and Chunghwa Chemical Synthesis and Biotech has no outstanding performance obligations which may affect customers' acceptance of products. As exports are the main source of income for Chunghwa Chemical Synthesis & Biotech Co., Ltd., the terms of business agreed upon between the Company and its customers are the basis of income assessment. However, such a process often involves a lot of manpower for verification and may lead to inappropriate income recognition time points. Therefore, we regard the sales income recognition time points as a key audit item.

The responsive auditing process

The corresponding auditing procedures are as follows:

1. The Company's internal control on income recognition time points were examined and assessed, while the Company's internal control on sales deadlines was tested to verify the correctness of the income recognition time points.
2. The execution of sales and income over a certain period before and after the time periods covered in the financial report were examined with the packing lists, customer orders and declaration forms in order to confirm that income was recognized at appropriate periods.

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

The management team is responsible for preparing individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to present the Company's financial status in an objective way and for necessary internal controls, ensuring that the statements do not contain any false content due to fraudulence or mistakes.

While preparing the individual financial statements, the management's responsibility also includes assessing the continuing operation of Chunghwa Chemical Synthesis & Biotech Co., Ltd., the disclosure of the relevant matters, and the adoption of the accounting base for continuing operations, unless the management intends to liquidate Chunghwa Chemical Synthesis & Biotech Co., Ltd. or cease business operation, or there is lack of any alternative except for liquidation or suspension.

The governance units (including the Audit Committee) of Chunghwa Chemical Synthesis & Biotech Co., Ltd. are responsible for supervising the financial reporting process.

The responsibilities of the independent auditor to the individual financial statements

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

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

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the individual financial statements; design and implement proper responsive measures to the risk assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused by errors.
2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Chungghwa 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 Chungghwa 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 Chungghwa Chemical Synthesis & Biotech Co., Ltd. to continue operating.
5. Assess the overall expression, structure, and content of the individual financial statements (including the relevant notes) and whether or not the relevant transactions and events in the individual financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the business entity; also, it is responsible for forming an opinion on the audit of the individual financial statements.

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

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

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

PricewaterhouseCoopers, Taiwan

March 29, 2022

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

Unit: NTD thousand

Assets	Additional notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 175,073	4	\$ 138,151	5
1140	Contract assets - Current	6 (15)	-	-	21	-
1150	Notes receivable-net	6(3)	480	-	344	-
1170	Net accounts receivable	6(3)	92,213	2	63,413	2
1180	Account receivables-Related Parties-	7				
	net		289,204	7	286,695	9
1200	Other receivable	6 (5) and 7	19,806	1	12,712	-
130X	Inventory	6 (4)	753,850	17	481,244	15
1410	Prepayments		11,626	-	4,132	-
11XX	Total of Current Assets		<u>1,342,252</u>	<u>31</u>	<u>986,712</u>	<u>31</u>
Non-Current assets						
1510	Financial assets that are measured at	6 (2)				
	fair value through profit or					
	loss-non-current		26,726	1	32,456	1
1550	Investments accounted for by the	6 (5)				
	equity method		1,042,149	24	524,205	17
1600	property , plant, and equipment	6 (6)	1,866,067	43	1,539,133	49
1755	Right-of-use assets		1,951	-	1,620	-
1760	Real property for investment- net	6 (7)	10,700	-	10,700	-
1780	Intangible assets		1,803	-	1,293	-
1840	Deferred income tax assets	6 (21)	24,480	-	16,758	1
1990	Other current non-assets- other	6 (11) and 8	58,564	1	30,450	1
15XX	Total of Non-Current Assets		<u>3,032,440</u>	<u>69</u>	<u>2,156,615</u>	<u>69</u>
1XXX	Total assets		<u>\$ 4,374,692</u>	<u>100</u>	<u>\$ 3,143,327</u>	<u>100</u>

(Continued next page)

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

Unit: NTD thousand

Liabilities and equity	Additional notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current liabilities						
2100	Shot-term borrowings	6 (8)	\$ 150,000	3	\$ -	-
2130	Contract liabilities - Current	6 (15)	71,950	1	3,062	-
2150	Payable notes		1,215	-	1,215	-
2170	Accounts payable		77,550	2	96,495	3
2219	Other payable- other	6 (9)	295,143	7	186,235	6
2230	Current Income Tax Liability		29,981	1	106,487	4
2280	Lease liabilities – Current		943	-	1,203	-
2399	Other current liabilities- other		2,509	-	2,298	-
21XX	Total of current liabilities		<u>629,291</u>	<u>14</u>	<u>396,995</u>	<u>13</u>
Non-current liabilities						
2540	Long-term borrowings	6 (10)	600,000	14	-	-
2570	Deferred income tax liabilities	6 (21)	250,299	6	247,499	8
2580	Lease liabilities – Non-current		1,018	-	431	-
25XX	Total of non-current liabilities		<u>851,317</u>	<u>20</u>	<u>247,930</u>	<u>8</u>
2XXX	Total liabilities		<u>1,480,608</u>	<u>34</u>	<u>644,925</u>	<u>21</u>
Equity						
Share capital						
3110	Ordinary shares capital	6 (12)	775,600	18	775,600	25
Capital reserve						
3200	Capital reserve	6 (13)	334,323	8	334,323	10
Retained earnings						
3310	Legal earnings reserve	6 (14)	226,015	5	171,229	5
3320	Special earnings reserve		183,296	4	183,296	6
3350	Unappropriated earnings (or accumulated deficit)		1,335,088	30	1,030,235	33
Other equity						
3400	Other equity		39,762	1	3,719	-
3XXX	Total equity		<u>2,894,084</u>	<u>66</u>	<u>2,498,402</u>	<u>79</u>
Significant contingent liabilities and unrecognized contractual commitments						
Major post-balance sheet events						
3X2X	Total liabilities and equity		<u>\$ 4,374,692</u>	<u>100</u>	<u>\$ 3,143,327</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, 2021 and 2020

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	2021		2020	
		Amount	%	Amount	%
4000 Operating revenues	6 (15) and 7	\$ 1,896,625	100	\$ 1,515,144	100
5000 Operating cost	6(4)(20) and 7	(980,544)	(52)	(853,196)	(56)
5900 Operating gross profit		916,081	48	661,948	44
Operating expenses	6 (20) and 7				
6100 Marketing expenses		(132,821)	(7)	(99,533)	(7)
6200 Administrative expenses		(95,227)	(5)	(92,408)	(6)
6300 Research and development expenses		(252,864)	(13)	(215,729)	(14)
6450 Expected loss on credit impairment		(18,345)	(1)	-	-
6000 Total operating expenses		(499,257)	(26)	(407,670)	(27)
6900 Operating profit		416,824	22	254,278	17
Non-operating revenues and expenses					
7100 Interest income	6 (16)	181	-	402	-
7010 Other revenue	6(17) and 7	20,448	1	9,840	1
7020 Other profits and losses	6 (18)	(6,322)	-	339,881	22
7050 Financial costs	6 (19)	(3,311)	-	(4,730)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)	63,408	3	46,596	3
7000 Total non-operating revenues and expenses		74,404	4	391,989	26
7900 Earnings before tax		491,228	26	646,267	43
7950 Income tax expense	6 (21)	(90,450)	(5)	(114,394)	(8)
8200 Current period net profit		\$ 400,778	21	\$ 531,873	35
Other comprehensive income					
Items not re-classified under profit or loss					
8311 Defined benefit plan revaluation amount and volume	6 (11)	\$ 1,750	-	(\$ 244)	-
8330 The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss		111,209	6	13,848	1
8349 Income tax related to accounts not being reclassified	6 (21)	(350)	-	49	-
8310 Total amount of items not reclassified to profit or income		112,609	6	13,653	1
Items that may be re-classified subsequently under profit or loss					
8361 Exchange differences arising from translating the financial statements of foreign operations		(497)	-	(1,007)	-
8380 The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – may be reclassified as profit and loss		(868)	-	1,031	-
8360 Total amount of items probably reclassified to profit or loss subsequently		(1,365)	-	24	-
8500 Total comprehensive income for the period		\$ 512,022	27	\$ 545,550	36
Base earnings per share	6 (22)				
9750 Base earnings per share		\$ 5.17		\$ 6.86	
Diluted earnings per share					
9850 Diluted earnings per share		\$ 5.12		\$ 6.79	

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

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

Unit: NTD thousand

	Additional notes	Capital reserve			Retained earnings			Other equity		Total equity
		Ordinary shares capital	Issuance premium	Others	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income	
<u>2020</u>										
Balance as of January 1, 2020		\$ 775,600	\$ 333,746	\$ 577	\$ 159,344	\$ 183,296	\$ 556,306	(\$ 2,691)	\$ 8,722	\$ 2,014,900
Current period net profit		-	-	-	-	-	531,873	-	-	531,873
Current other comprehensive income		-	-	-	-	-	(385)	24	14,038	13,677
Total comprehensive income for the period		-	-	-	-	-	531,488	24	14,038	545,550
The 2019 appropriation and distribution of earnings:	6 (14)									
Legal earnings reserve		-	-	-	11,885	-	(11,885)	-	-	-
Cash dividend		-	-	-	-	-	(62,048)	-	-	(62,048)
The reinvested company(ies) disposed of equity instruments measured at the fair value through other comprehensive profits and losses		-	-	-	-	-	16,374	-	(16,374)	-
Balance at December 31, 2020		\$ 775,600	\$ 333,746	\$ 577	\$ 171,229	\$ 183,296	\$ 1,030,235	(\$ 2,667)	\$ 6,386	\$ 2,498,402
<u>2021</u>										
Balance at January 1, 2021		\$ 775,600	\$ 333,746	\$ 577	\$ 171,229	\$ 183,296	\$ 1,030,235	(\$ 2,667)	\$ 6,386	\$ 2,498,402
Current period net profit		-	-	-	-	-	400,778	-	-	400,778
Current other comprehensive income		-	-	-	-	-	4,412	(1,365)	108,197	111,244
Total comprehensive income for the period		-	-	-	-	-	405,190	(1,365)	108,197	512,022
The 2020 appropriation and distribution of earnings:	6 (14)									
Legal earnings reserve		-	-	-	54,786	-	(54,786)	-	-	-
Cash dividend		-	-	-	-	-	(116,340)	-	-	(116,340)
The reinvested company(ies) disposed of equity instruments measured at the fair value through other comprehensive profits and losses		-	-	-	-	-	70,789	-	(70,789)	-
Balance at December 31, 2021		\$ 775,600	\$ 333,746	\$ 577	\$ 226,015	\$ 183,296	\$ 1,335,088	(\$ 4,032)	\$ 43,794	\$ 2,894,084

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

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Cash Flow Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Additional notes	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		491,228	646,267
Adjustments			
Income, expense, and loss			
Depreciation	6 (20)	129,286	128,359
Amortization	6 (20)	1,579	1,609
Expected loss on credit impairment		18,345	-
Interest expenses	6 (19)	3,311	4,730
Net profit from financial assets and liabilities at fair value through profit and loss	6 (2) (18)	3,270	4,296
Interest income	6 (16)	181	402
The profit or loss in the subsidiary, affiliated company and joint ventures recognized under the equity method	6 (5)	63,408	46,596
Gain in disposal of property, plant and equipment	6 (18)	-	346,826
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
De-capitalization refunded monies of financial assets at fair value through profit or loss	6 (2)	9,000	-
Contract assets		21	431
Notes receivable-net		136	1
Net accounts receivable		47,145	13,773
Account receivables-Related Parties- net		2,509	189,033
Other receivable		7,100	4,887
Inventory		272,606	80,144
Right to goods return-Current		-	11,084
Prepayments		7,494	2,575
Net defined benefit assets		1,057	1,428
Net changes in liabilities relating to operating activities			
Contract liabilities - Current		68,888	53,721
Payable notes		-	23
Accounts payable		18,945	19,269
Other payable		27,424	54,875
Other current liabilities-others		211	310
Net cash provided by operating activities		<u>327,556</u>	<u>122,657</u>
Interest received		187	410
Dividends received		55,271	27,110
Interest paid		3,188	4,837
Income tax paid		<u>172,228</u>	<u>14,815</u>
Net cash inflow from operating activities		<u>207,598</u>	<u>130,525</u>
<u>Cash flow from investing activities</u>			
Proceeds from the capital returns on investment accounted for using equity method	6 (5)	-	14,590
Acquisition of investment under the equity method	6 (5)	399,961	-
Costs of property, plant and equipment acquired	6 (23)	403,363	191,481
Proceeds from disposal of property, plant and equipment	6 (23)	-	1,059,906
Acquisition of Intangible assets		2,090	1,371
Decrease (increase) in deposits paid		2,664	1,895
Net cash inflow (outflow) from investing activities		<u>802,750</u>	<u>879,749</u>
<u>Cash flow from financing activities</u>			
Increase (decrease) in Shot-term borrowings	6 (24)	150,000	70,000
Decrease in short-term bills payable	6 (24)	-	219,740
Proceeds from long-term loan	6 (24)	1,200,000	600,000
Re-payments of long-term borrowings	6 (24)	600,000	1,200,000
Cash dividend distribution	6 (14)	116,340	62,048
Lease principal repayment	6 (24)	1,586	1,677
Net cash inflow (outflow) from financing activities		<u>632,074</u>	<u>953,465</u>
Increase in cash and cash equivalents for the current period		36,922	56,809
Opening balance of cash and cash equivalents		138,151	81,342
Closing balance of cash and cash equivalents		<u>175,073</u>	<u>138,151</u>

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

Appendix IV

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Statement of Retained Earnings

2021

Unit: NTD

Item	Amount
Opening undistributed earnings	859,108,422
Add: Retained earnings adjusted in 2021	75,201,049
Unappropriated adjusted earnings	934,309,471
Add: After-tax net profit in 2021	400,778,295
Less: Statutory earnings reserve	(47,597,934)
Earnings to be allocated	1,287,489,832
Less: Shareholder bonus (cash dividend of NTD1.3 per share) (see Note 1)	(100,828,000)
Closing undistributed earnings	1,186,661,832

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.

Appendix V

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Articles of Incorporation

The provisions before and after amendment

After amendment	Current existing clauses	Description
<p>Article 11-1: <u>The Company’s shareholders’ meetings may take place in the form of video conferencing or in any other way announced by the Ministry of Economic Affairs.</u></p>	<p>New addition</p>	<p>To diversify the ways where the Company may hold its shareholders’ meetings, related contents are added according to Article 172-2 of the Company Act.</p>
<p>Article 14: (omitted) For shareholders’ meetings called for by the Company, <u>“electronically” will be included as a way to cast a vote and how it is exercised shall be specified in the Shareholders’ Meeting Notice.</u></p>	<p>Article 14: (omitted) During the shareholders’ meeting, <u>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.</u></p>	<p>Related contents are revised reflective of the practice at the Company.</p>
<p>Article 34: These Articles of Incorporation, duly enacted on October 12, 1963....., duly amended on July 1, 2021 as the 39th amendment and <u>May 25, 2022 as the 40th amendment</u>, shall be put into enforcement after being duly resolved in the shareholders’ meeting.</p>	<p>Article 34: These Articles of Incorporation, duly enacted on October 12, 1963....., duly amended on July 1, 2021 as the 39th amendment, shall be put into enforcement after being duly resolved in the shareholders’ meeting.</p>	<p>The date of the current revisions is added.</p>

Appendix VI

Chunghwa Chemical Synthesis & Biotech Co., Ltd. Regulations Governing the Acquisition or Disposal of Assets The provisions before and after amendment

After amendment	Current existing clauses	Reason
<p>Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide this Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements: 1~3(omitted) The said parties in the preceding paragraph, to issue an appraisal report or opinions, shall follow <u>the self-discipline norms of the respective associations they belong to</u> and the requirements below:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate</u> 	<p>Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide this Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements: 1~3(omitted) When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate,</u> and that they have complied with applicable laws and 	<p>Related contents are revised in accordance with the FSC Issuance No. 1110380465 letter dated January 28, 2022 from the Financial Supervisory Commission where some articles of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” were revised.</p>

After amendment	Current existing clauses	Reason
<p><u>and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>regulations.</p>	
<p>Article 5: The total sum of the company and its various subsidiary companies may purchase non-operating use real estate and their operating rights assets or marketable securities, and the cap they may invest individually on marketable securities are as follows: The Company: 1. The total sum of non-operating use real estate and its occupancy rights assets may not exceed twenty percent of the company’s net valuation. 2. The total sum of investing in long-, short-term marketable securities may not exceed <u>ninety</u> percent of the company’s net valuation. 3. The cap for investing in individual marketable securities may not exceed <u>eighty</u> percent of the company’s net valuation. (omitted)</p>	<p>Article 5: The total sum of the company and its various subsidiary companies may purchase non-operating use real estate and their operating rights assets or marketable securities, and the cap they may invest individually on marketable securities are as follows: The Company: 1. The total sum of non-operating use real estate and its occupancy rights assets may not exceed twenty percent of the company’s net valuation. 2. The total sum of long-term, short-term investments held in marketable securities may not exceed <u>seventy</u> percent of the company’s net valuation. 3. The cap for investing in individual marketable securities may not exceed <u>sixty</u> percent of the company’s net valuation. (omitted)</p>	<p>The adjustment is made reflective of the operational demand.</p>
<p>Article 8: The company, when acquiring or disposing assets, shall commission experts to issue a report by asset type per the stipulations below: 1. In the event that the transaction amount for acquiring or disposing of real property, other fixed assets, or its right-of-use assets reaches twenty percent (20%) of the paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of event occurrence from a professional appraiser and comply with the provisions below, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets held for business use. (1)~(2).....(omitted)</p>	<p>Article 8: The company, when acquiring or disposing assets, shall commission experts to issue a report by asset type per the stipulations below: 1. In the event that the transaction amount for acquiring or disposing of real property, other fixed assets, or its right-of-use assets reaches twenty percent (20%) of the paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of event occurrence from a professional appraiser and comply with the provisions below, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets held for business use. (1)~(2).....(omitted)</p>	<p>Related contents are revised and wordings are adequately modified in accordance with the FSC Issuance No. 1110380465 letter dated January 28, 2022 from the Financial Supervisory Commission where some articles of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” were revised.</p>

After amendment	Current existing clauses	Reason
<p>(3) In case of any of the following appraisal results, unless the appraised value of the acquired asset is higher than the transaction amount, or the appraised value of the disposed asset is lower than the transaction value, an accountant should be engaged to express a specific opinion about such differences and the appropriateness of the transaction price.</p> <ol style="list-style-type: none"> 1. The spread between the appraisal result and the transaction amount exceeds 20%. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(4)(omitted)</p> <p>2. When acquiring or disposing of securities, the Company shall obtain the most recent financial statements of benchmark companies audited and certified or reviewed and approved by CPAs prior to the actual date of occurrence for reference. In addition, when the trading value reaches 20% of the Company's paid-in capital size or NTD 300 million and above, CPAs shall be approached for opinions on the adequacy of the transaction price prior to the actual date of occurrence. Except where said marketable securities have an active market's opening quotation or met the stipulated circumstances below, it may be exempt from obtaining the financial statements or contact the CPA for expressing his/her opinion.</p> <p>(1)~(9).....(omitted)</p> <p>3.(omitted)</p> <p>4. When the trading value of intangible assets or their right-of-use assets or membership cards to be acquired or disposed of</p>	<p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be <u>engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</u></p> <ol style="list-style-type: none"> 1. The spread between the appraisal result and the transaction amount exceeds 20%. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(4)(omitted)</p> <p>2. The Company for the acquisition or disposal of securities shall obtain prior to the date of event the underlying company's most recent financial statements audited, attested or reviewed by CPAs as reference in assessing the transaction price. In addition, for a transaction amount exceeding 20% of the paid-in capital or NTD 300 million, a CPA should be contracted prior to the date of the event to express an opinion on the reasonableness of the transaction price. <u>The CPA that needs to adopt the report of an expert shall have it processed in accordance with the Statement of Auditing Standards</u></p>	

After amendment	Current existing clauses	Reason
<p>by the Company reaches 20% of the Company’s paid-in capital size or NTD 300 million and above, besides transactions with domestic government agencies, CPAs shall be approached for opinions on the adequacy of the transaction price prior to the actual date of occurrence.</p> <p>5. The transactions amount in the Paragraph 1, 2, 4 of this Article should be calculated in accordance with Article 13 Paragraph 2. Also, the alleged “within one year” meant for the one year prior to the date of occurrence excluding the appraisal report issued by the professional appraiser or the CPA’s opinions acquired in accordance with the <u>procedures</u>.</p>	<p>(SFAS) No. 20 published by the <u>Research and Development Foundation</u>. Except where said marketable securities have an active market’s opening quotation or met the stipulated circumstances below, it may be exempt from obtaining the financial statements or contact the CPA for expressing his/her opinion.</p> <p>(1)~(9).....(omitted)</p> <p>3. (omitted)</p> <p>4. In the event that the transaction amount for acquiring or disposing of intangible assets or its right-of-use assets or memberships reaches twenty percent (20%) of paid-in capital or NT\$300 million or more, except for transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of event occurrence to render an opinion on the fairness of the transaction price. <u>The certified public accountant shall render such an opinion in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>5. The transactions amount in the Paragraph 1, 2, 4 of this Article should be calculated in accordance with Article 13 Paragraph 2. Also, the alleged “within one year” meant for the one year prior to the date of occurrence excluding the appraisal report issued by the professional appraiser or the CPA’s opinions acquired in accordance with the <u>guidelines</u>.</p>	
<p>Article 9: Related party transactions: 1.....(omitted) 2. In acquisition or disposal of real estate of its occupancy right assets with a related party, or in the acquisition or disposal of other assets beyond real estate of its occupancy rights assets, where the transaction amount has also reached twenty percent of the</p>	<p>Article 9: Related party transactions: 1.....(omitted) 2. In acquisition or disposal of real estate of its occupancy right assets with a related party, or in the acquisition or disposal of other assets beyond real estate of its occupancy rights assets, where the transaction amount has also reached twenty percent of the</p>	<p>Related contents are revised and wordings are adequately modified in accordance with the FSC Issuance No. 1110380465 letter dated January 28, 2022 from the Financial Supervisory Commission where</p>

After amendment	Current existing clauses	Reason
<p>company’s paid-in capitalization, ten percent of its total assets, or over three hundred million NTD, except for trading on local government bonds, provisional buyback, sellback termed bonds, pledging or buying back local securities investment trust enterprises issued monetary market funds, the below data shall be presented to the audit committee for the consent by over one-half of the entire members, and also present it to the management board for motioning in favor, before the transaction contract may be signed and the funds paid, and which may also commensurate to the stipulations set forth under Article 14 paragraph 8 and paragraph 9: (1)~(7).....(omitted)</p> <p>When the company and its subsidiaries or if the subsidiaries that the company owns one hundred percent directly or indirectly on issued shares or by a total capitalization engaging in the following transactions, the management board may cite Article 7 paragraph II to authorize the chairman to rule on it first within a certain cap, before declaring it with the most recent period’s audit committee afterwards for the consent by over one-half of the entire members, before it is declared before the most recent period’s board meeting seeking for retro-active recognition:</p> <p>(1)Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2)Acquisition or disposal of real property or right-of-use assets thereof held for business use.</p> <p><u>For transactions engaged in by the Company or its subsidiaries that are not a domestic public offering company, if the trading value reaches 10% of the Company’s total assets and</u></p>	<p>company’s paid-in capitalization, ten percent of its total assets, or over three hundred million NTD, except for trading on local government bonds, provisional buyback, sellback termed bonds, pledging or buying back local securities investment trust enterprises issued monetary market funds, the below data shall be presented to the audit committee for the consent by over one-half of the entire members, and also present it to the management board for motioning in favor, before the transaction contract may be signed and the funds paid, and which may also commensurate to the stipulations set forth under Article 14 paragraph 8 and paragraph 9: (1)~(7).....(omitted)</p> <p>The transaction amount referred to above is calculated in accordance with Article 13 Paragraph 2, and the so-called within one year is the year prior to the date of the event; also, the portion that has been submitted under the <u>Procedures</u> to the Board of Directors and Audit Committee for approval needs not be included for calculation.</p> <p>When the company and its subsidiaries or if the subsidiaries that the company owns one hundred percent directly or indirectly on issued shares or by a total capitalization engaging in the following transactions, the management board may cite Article 7 paragraph II to authorize the chairman to rule on it first within a certain cap, before declaring it with the most recent period’s audit committee afterwards for the consent by over one-half of the entire members, before it is declared before the most recent period’s board meeting seeking for retro-active recognition:</p> <p>(1)Acquisition or disposal of equipment or right-of-use assets</p>	<p>some articles of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” were revised.</p>

After amendment	Current existing clauses	Reason
<p><u>above, materials under respective sub-paragraphs of Paragraph 2 shall be presented during the shareholders' meeting to obtain consent before the transaction contract may be entered into and payment may be made. This does not apply, however, to transactions between the Company and its subsidiaries, or between its subsidiaries.</u></p> <p>The trading value indicated in Paragraphs 1 and 2 and the preceding paragraph hereunder shall be calculated according to the requirements in Article 13 Paragraph 2 and “within a year” as stated is based on the actual date of occurrence of the current transaction, retroactively by one year. It is allowed not to include those already submitted <u>during the shareholders' meeting</u>, to the Audit Committee for consent from at least one-half of all members and brought forth to the Board of Directors for approval as required herein.</p> <p>..... (omitted)</p>	<p>thereof held for business use.</p> <p>2) Acquisition or disposal of real property or right-of-use assets thereof held for business use.</p> <p>..... (omitted)</p>	
<p>Article 13: Information Disclosure Procedure: 1. The Company's acquisition or disposal of assets in any of the following circumstances. It should be announced and reported in the FSC website within two days from the date of the event in accordance with the nature and the prescribed format: (1)~(5).....(omitted) (6)The assets trade, financial institution's disposal of claims or the investments engaged in Mainland China other than the transactions stated in the five paragraphs referred to above are for an amount exceeding 20% of the paid-in capital or NTD300 million. However, the following conditions are not</p>	<p>Article 13: Information Disclosure Procedure: 1. The Company's acquisition or disposal of assets in any of the following circumstances. It should be announced and reported in the FSC website within two days from the date of the event in accordance with the nature and the prescribed format: (1)~(5).....(omitted) (6)The assets trade, financial institution's disposal of claims or the investments engaged in Mainland China other than the transactions stated in the five paragraphs referred to above are for an amount exceeding 20% of the paid-in capital or NTD300 million. However, the following conditions are not</p>	<p>Related contents are revised in accordance with the FSC Issuance No. 1110380465 letter dated January 28, 2022 from the Financial Supervisory Commission where some articles of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” were revised.</p>

After amendment	Current existing clauses	Reason
<p>subject to this restriction:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not below the sovereignty rating of our government.</u> 2. The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises <p>..... (omitted)</p>	<p>subject to this restriction:</p> <ol style="list-style-type: none"> 1. Domestic government bonds trade. 2. The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises <p>..... (omitted)</p>	

Appendix VII

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Information on Intended Private Placement for Issuance of Common Stock Shares or Domestic Convertible Corporate Bonds (Including Secured or Unsecured Convertible Corporate Bonds):

- I. To enrich the operating capital, pay off debts borne by the Company, or for other demands for funds to support future developments of the Company, the Company intends to introduce strategic funds raised by investors through private placement reflective of the market situation and the needs of the Company for issuance either common stock shares or domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds) or common stock shares in combination with domestic convertible corporate bonds separately or concurrently. The actual number of shares to be issued or convertible is to be decided by the Board of Directors as authorized through the shareholders' meeting depending on the situation on the capital market and may not exceed 20% (that is, 15,512,000 shares) of the total number of outstanding shares.
- II. Clarifications are provided below as required by Article 43-6 Paragraph 6 of the Securities and Exchange Act:
 - (I) Basis for and legitimacy of pricing:
 1. The price per share of private placement common stock may not be below 80% of the reference price. The reference price is the higher of those calculated according to the two criteria below:
 - (1) The price obtained with the simple arithmetic mean of the closing prices of the one, three, or five business days prior to the pricing date from which the free allotment ex-right and cash dividend subtracted and capital decrease reverse ex-right added back up.
 - (2) The price obtained with the simple arithmetic mean of the closing prices of the thirty business days prior to the pricing date from which the free allotment ex-right and cash dividend subtracted and capital decrease reverse ex-right added back up.
 2. Private Placement for Issuance of Convertible Corporate Bonds :
 - (1)Face value per bond: NT\$100,000 or its multiples.
 - (2)Issuance period:Not more than seven years from the date of issue.
 - (3)Coupon rate: Tentatively set at 0% per annum.
 - (4)The issue price of private placement convertible corporate bonds may not be below 80% of the theoretical price. The theoretical price will be determined with the valuation model selected that covers and takes into consideration at the same time various rights included in the issuance criteria. The convertible price is the higher of either the simple average closing price of the common shares for any of either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, or the simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, and may not be lower than 80% of the reference price as the basis for the determination.
 3. The pricing date, actual reference price and theoretical price, and actual issue price (including the conversion price of private placement convertible corporate bonds) are intended to be decided by the Board of Directors according to the requirements mentioned above as authorized through the shareholders' meeting reflective of the market situation, objective criteria, and arrangements with specific persons on a later date. The private placement price (including the conversion price of private placement convertible corporate bonds) is determined according to the laws and regulations set by the competent authority, with reference to the reference price or theoretical price mentioned above in addition to the "three-year transfer restriction" for

private placement securities under the Securities and Exchange Act; as such, the price set shall be reasonable.

(II) Choice of specific persons: Specific persons are limited to strategic investors meeting the eligibility criteria specified under Article 43-6 Paragraph 1 of the Securities and Exchange Act, capable of helping the Company improve its technologies, quality, bring down the cost, boost efficiency, maximize market share, enhance corporate governance, and strengthen risk management, and approving the management philosophy of the Company. Approaching strategic investors meeting the foregoing criteria is meant to meet, required for, and expected to render benefits in terms of the Company's long-term development needs. It is intended to help the Company fulfill the foregoing benefits taking advantage of the experience, knowledge, technical background, distribution channels, or deployment of the said strategic investors. No specific persons have been approached by the Company so far. It is intended to authorize the Board of Directors through the shareholders' meeting to take care of approaching specific persons.

(III) Rationale for organizing private placements:

1. Why no public offering? In light of the situation on the capital market, time-efficiency, feasibility, and issue cost of capital raising, and the actual needs for introducing strategic investors, the requirement that private placement securities may not be transferred freely within three years helps ensure the long-term partnership between the Company and its strategic investors; as such, securities are issued not through public offering but through private placement.
2. Private placement limit: Not to exceed 15,512,000 common stock shares.
3. Purpose of private placement funds and expected benefits to be fulfilled: The Company will organize private placements once or multiple times (3 times at maximum) reflective of the market situation and status of approaching specific persons. All the funds raised through private placements are used to enrich the operating funds. Each private placement is expected to reinforce the competitive advantages of the Company, improve the operating efficacy, and strengthen the financial structure and hence helps with the shareholders' equity positively.

III. Major details of the current plan to issue common stock shares or domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds) through private placement include the actual issue price, number of shares, issuance criteria, value of private placement, capital increase base date, action items, expected progress, and expected possible benefits, among others, as well as all the other matters and mechanisms concerning the issuance plan are intended to be placed at the discretion of the Board of Directors as authorized through the shareholders' meeting, too. The Board of Directors may adjust, define, and manage them reflective of the situation on the market and may also revise or change them as instructed by the competent authority or based on the operational evaluation or in response to the objective environment as needed.

IV. The rights and obligations associated with the current private placement common stock shares are identical to those of outstanding common stock shares of the Company. Applicable restrictions for securities in the current private placement shall be based on Article 43-8 of the Securities and Exchange Act and clarifying letters of applicable laws and regulations from the competent authority.

V. To facilitate the current placement of securities, it is intended to authorize the Chairman or his/her designee through the shareholders' meeting to negotiate, finalize, and enter into all contracts and documents concerning the current private placement and take care of all the matters required for the current private placement on behalf of the Company. For matters not specified above, the Chairman is authorized to handle them at his/her own discretion as required by law.

Appendix VIII

Chunghwa Chemical Synthesis & Biotech Co., Ltd. Director (including the independent director) candidates data

Candidate category	Name of the candidates	Number of shares held (shares)	Education Background	Work Experience	Current position	Whether having consecutively served three terms of independent director	Reason for having been consecutively nominated and served three terms of independent director
Director	China Chemical & Pharmaceutical Co., Ltd. representative: Yi-Zhen Xie Wang	21,575,064	Department of Philosophy and Department of Business Management, Fu Jen Catholic University	<ul style="list-style-type: none"> ● Chairman of China Chemical & Pharmaceutical Co., Ltd. 	<ul style="list-style-type: none"> ● Chairman of China Chemical & Pharmaceutical Co., Ltd. (Chunghwa Chemical Synthesis & Biotech Co. Ltd. legal representative) ● Chairman of Chunghwa Yuming Healthcare Co., Ltd. (China Chemical & Pharmaceutical Co., Ltd. legal representative) ● Chairman of Chunghwa Senior Care Co., Ltd. (CCSB incorporated entity representative) ● Chairman of Tairung Development Co., Ltd. ● Chairman of HU-YU Co., Ltd. ● Chairman of Majiade Enterprises Co., Ltd. 	Not applicable	Not applicable
Director	China Chemical & Pharmaceutical Co., Ltd. representative: Hou-Kai Wang		Bachelor of Science, Leonard N. Stern School of Business, New York University	<ul style="list-style-type: none"> ● Private Equity Investment Manager, KKR & Co. ● Private Equity Investment Manager, Baring Private Equity Asia ● M&A Analyst of Healthcare 	<ul style="list-style-type: none"> ● Strategic Business Development Vice President, Chunghwa Yuming Healthcare Co., Ltd. 	Not applicable	Not applicable

Candidate category	Name of the candidates	Number of shares held (shares)	Education Background	Work Experience	Current position	Whether having consecutively served three terms of independent director	Reason for having been consecutively nominated and served three terms of independent director
				Industry, Lazard Frères & Co.			
Director	Wang Ming-Ning Memorial Foundation representative: Chung-Hsin Huang	1,691,982	Chemical Engineering Department of Chung Yuan University	<ul style="list-style-type: none"> ● China CCSB Pharmaceuticals president ● Chunghwa Chemical Synthesis & Biotech Co., Ltd. operations division vice president ● Vice President of the Administrative Center, Chunghwa Chemical Synthesis & Biotech Co., Ltd. 	<ul style="list-style-type: none"> ● President of Chunghwa Chemical Synthesis & Biotech Co., Ltd. ● Chairman of PHARMAPORTS,LLC (CSBC incorporated entity representative) ● General director of Sino-Japan Chemical Co., Ltd. (China Chemical & Pharmaceutical Co., Ltd. legal representative) 	Not applicable	Not applicable
Director	Wang Ming-Ning Memorial Foundation representative: Hou-Jie Wang		Department of Psychology, University of Southern California	<ul style="list-style-type: none"> ● Director of China Chemical & Pharmaceutical Co., Ltd. 	<ul style="list-style-type: none"> ● Director of Suzhou Chung-Hwa Chemical Pharmaceutical Industrial Co., Ltd. ● Vice President of Suzhou Chung-Hwa Chemical Pharmaceutical Industrial Co., Ltd. ● Director of China Chemical & Pharmaceutical Co., Ltd. (Wang Ming-Ning Memorial Foundation legal representative) ● Director of Tairung Development Co., Ltd. 	Not applicable	Not applicable
Independent Director	Kuo-Chiang Wang	0	Master's Degree from the NCTU Executive Masters	<ul style="list-style-type: none"> ● Acting President of Dafeng Cable Co., Ltd. ● President of Taiwan 	<ul style="list-style-type: none"> ● Davicom Semiconductor, Inc. managing director ● Partner Tech Corp. independent 	Yes	Mr. Kuo-Chiang Wang has

Candidate category	Name of the candidates	Number of shares held (shares)	Education Background	Work Experience	Current position	Whether having consecutively served three terms of independent director	Reason for having been consecutively nominated and served three terms of independent director
			of Business Administration Bachelor of Accounting, National Chung Tsing University (Now National Taipei University)	Digital Broadband Cable TV Co., Ltd. ● Assistant Professor of National Taipei University of Technology	director, remunerations committee commissioner, audit committee commissioner ● Feedback Tech. Corp. independent director, remunerations committees commissioner, audit committee commissioner, merger special committee commissioner ● Independent Director, Convener of Compensation and Remuneration Committee, and Convener of Audit Committee, Hill Source Holdings Limited (KY Company) ● Assistant Professor of National Yang Ming Chiao Tung University		worked in the fields of accounting and auditing, is familiar with applicable laws and regulations, and has practical experience in corporate governance and administration. As independent director, he was able to provide advice on the Company's operations independently and objectively. His expertise is valued for persistent supervision over the Board of Directors and providing professional

Candidate category	Name of the candidates	Number of shares held (shares)	Education Background	Work Experience	Current position	Whether having consecutively served three terms of independent director	Reason for having been consecutively nominated and served three terms of independent director feedback.
Independent Director	Chih-Hsien Chang	0	<p>Master of Statistics, Stanford University, U.S.A.</p> <p>Department of Agricultural Economics, National Taiwan University</p>	<ul style="list-style-type: none"> ● Special assistant to the hosting architect of Partners Architects Planners ● Vice President of Chia Hsin Asset Management Development Co., Ltd. (subsidiary of Chia Hsin Cement Corporation) ● Vice President of Robeco Investment Management Group Asia Investment Management Center (Hong Kong) Greater China Marketing ● Supervisor of ADLINK Technology Inc. 	<ul style="list-style-type: none"> ● Vision Thinktank Co., Ltd. CEO ● Special assistant to the hosting architect of Partners Architects Planners ● Head of Finance, JIA-TENG Construction Group 	No	Not applicable
Independent Director	Arthur Kuan	0	<p>Johns Hopkins Biotechnology M.S.</p> <p>University of Pennsylvania Biology B.A.</p>	<ul style="list-style-type: none"> ● Chairman and President (Acting), Allied Industrial Corp., Ltd. ● Chief Executive Officer and Board Director, CG Oncology (Eternal Facial Biotechnology Co., Ltd.) ● Partner, Perseverance Capital Management 	<ul style="list-style-type: none"> ● Chairman and President (Acting), Allied Industrial Corp., Ltd. ● Chief Executive Officer and Board Director, CG Oncology (Eternal Facial Biotechnology Co., Ltd.) ● Partner, Perseverance Capital Management 	No	Not applicable

Appendix IX

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Statement of Directors and Their Representatives Lifted of Business Strife Limitation

Title	Name	Facts of concurrent positions	Main scope of business
Director	China Chemical & Pharmaceutical Co., Ltd.	<ul style="list-style-type: none"> ● Director of Tairung Development Co., Ltd. ● Director, Supervisor of Chunghwa Yuming Healthcare Co., Ltd. ● Director of Sino-Japan Chemical Co., Ltd. 	<ul style="list-style-type: none"> ● Manufacturing and distribution of glass and plastic containers ● Wholesale and retail sale of pharmaceuticals and medical devices ● Manufacturing and distribution of chemicals
	China Chemical & Pharmaceutical Co., Ltd. Representative: Yi-Zhen Xie Wang	<ul style="list-style-type: none"> ● Chairman of China Chemical & Pharmaceutical Co., Ltd. (Chunghwa Chemical Synthesis & Biotech Co. Ltd. legal representative) ● Chairman of Chunghwa Yuming Healthcare Co., Ltd. (China Chemical & Pharmaceutical Co., Ltd. legal representative) ● Chairman of Chunghwa Senior Care Co., Ltd. (CCSB incorporated entity representative) ● Chairman of Tairung Development Co., Ltd. ● Chairman of HU-YU Co., Ltd. ● Chairman of Majiade Enterprises Co., Ltd. 	<ul style="list-style-type: none"> ● Manufacturing and sales of pharmaceuticals and health care products and import of the related medical equipment. ● Wholesale and retail sale of pharmaceuticals and medical devices ● Wholesale of and home care with pharmaceuticals and medical devices ● Manufacturing and distribution of glass and plastic containers ● Wholesale and retail sale of medical instruments ● International trade and general investment
	China Chemical & Pharmaceutical Co., Ltd. Representative: Hou-Kai Wang	<ul style="list-style-type: none"> ● Strategic Business Development Vice President, Chunghwa Yuming Healthcare Co., Ltd. 	<ul style="list-style-type: none"> ● Wholesale and retail sale of pharmaceuticals and medical devices
Director	Wang Ming-Ning Memorial Foundation	<ul style="list-style-type: none"> ● Director of China Chemical & Pharmaceutical Co., Ltd. 	<ul style="list-style-type: none"> ● Manufacturing and sales of pharmaceuticals and health care products and import of the related medical equipment.
	The Mr. Wang Min-ning Memorial Foundation representative: Huang Chung-hsin	<ul style="list-style-type: none"> ● President of Chunghwa Chemical Synthesis & Biotech Co., Ltd. ● Chairman of PHARMAPORTS,LLC (CSBC incorporated entity representative) ● General director of Sino-Japan Chemical Co., Ltd. (China Chemical & Pharmaceutical Co., Ltd. legal representative) 	<ul style="list-style-type: none"> ● Manufacturing and distribution of active pharmaceutical ingredients ● Trading of API drugs ● Manufacturing and distribution of chemicals
	Wang Ming-Ning Memorial	<ul style="list-style-type: none"> ● Director and Vice President of Suzhou Chung-Hwa 	<ul style="list-style-type: none"> ● Production and distribution of pharmaceutical

Title	Name	Facts of concurrent positions	Main scope of business
	Foundation representative: Wang, Hou-Jie	Chemical Pharmaceutical Industrial Co., Ltd. ● Director of China Chemical & Pharmaceutical Co., Ltd. (Wang Ming-Ning Memorial Foundation legal representative) ● Director of Tairung Development Co., Ltd.	preparations and healthcare supplies ● Manufacturing and sales of pharmaceuticals and health care products and import of the related medical equipment. ● Manufacturing and distribution of glass and plastic containers
Independent Director	Kuo-Chiang Wang	● Davicom Semiconductor, Inc. managing director ● Partner Tech Corp. independent director, remunerations committee commissioner, audit committee commissioner ● Feedback Tech. Corp. independent director, remunerations committees commissioner, audit committee commissioner, merger special committee commissioner ● Independent Director, Convener of Compensation and Remuneration Committee, and Convener of Audit Committee, Hill Source Holdings Limited (KY Company) ● Assistant Professor of National Yang Ming Chiao Tung University	● Investment and management consulting ● POS system host, POS system peripherals and computer peripherals ● Manufacturing, processing, and trading of semi-conductor instruments and their equipment (excluding weights and measures) and trading of computers and their peripheral equipment ● R&D, design, production, and distribution of indoor furniture
Independent Director	Chih-Hsien Chang	● Vision Thinktank Co., Ltd. CEO ● Special assistant to the hosting architect of Partners Architects Planners ● Head of Finance, JIA-TENG Construction Group	● Investment and management consulting ● Architecture planning and design ● Development, rental, and sale of residences and buildings, trading and lease of real estate properties
Independent Director	Arthur Kuan	● Chairman and President (Acting), Allied Industrial Corp., Ltd. ● Chief Executive Officer and Board Director, CG Oncology (Eternal Facial Biotechnology Co., Ltd.) ● Partner, Perseverance Capital Management	● Processing, trading of disperse dyes and other trade businesses ● Clinical biological preparation company focused on the research and development of novel immune therapies ● Investment manager of encrypted assets in medicine and the block chain industry

Appendix X

Chunghwa Chemical Synthesis & Biotech Co., Ltd. “Regulations Governing the Acquisition or Disposal of Assets” (Before amendments)

- Article 1: Unless specified otherwise in laws and regulations, the Company shall acquire or dispose of assets as required by this Procedure.
- Article 2: This Procedure is prepared according to Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- Article 3: The scope of assets defined in the Guidelines is as follows:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities and asset-backed securities.
 2. Real estate (including land, housing and construction, investment real estate) and equipment
 3. Memberships.
 4. Patents, copyrights, trademarks, franchise rights and other intangible assets.
 5. Right-of-use assets.
 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 7. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
 8. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
 9. Other major assets.
- Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide this Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:
1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since

completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 5: The total sum of the company and its various subsidiary companies may purchase non-operating use real estate and their operating rights assets or marketable securities, and the cap they may invest individually on marketable securities are as follows:

The Company:

1. The total sum of non-operating use real estate and its occupancy rights assets may not exceed twenty percent of the company's net valuation.
2. The total sum of long-term, short-term investments held in marketable securities may not exceed seventy percent of the company's net valuation.
3. The cap for investing in individual marketable securities may not exceed sixty percent of the company's net valuation.

Its subsidiaries:

1. The total sum of non-operating use real estate and its occupancy rights assets may not exceed ten percent of the company's net valuation.
2. The total sum of marketable securities may not exceed fifteen percent of the company's net valuation.
3. The cap for investing in individual marketable securities may not exceed ten percent of the company's net valuation.

The terms "subsidiary", as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The term "net valuation" refers to the owner's equity belonging to the parent company as classified in the balance set as stipulated by stipulations set forth under the Criteria for Compiling Financial Statements by Securities Issuers."

Article 6: Evaluation and Operating Procedure for the Acquisition or Disposal of Assets

1. Acquisition or disposal of securities

- (1) Of marketable securities acquired or disposed of at mercantile trading markets or securities dealers' business venues, the processing unit shall present the origin of acquisition or disposal planned, instrument, pricing reference basis, rationality analysis and related matters to the responsible unit for judgment ruling decision.
 - (2) Of marketable securities acquired or disposed of at non-mercantile trading markets or securities dealers' business venues, the processing unit shall present origin of the planned acquisition or disposal, instrument, transaction opponent, transfer pricing, terms of payment receipt/payout, pricing reference, rationality evaluation and related matters to the responsible unit for ruling decision.
2. While acquiring or disposing of other assets, the undertaker shall provide information such as the cause of the acquisition or disposal, the object, the counterpart, the transfer price, charge and payment criteria, and reference price to the responsible unit for arbitration.
 3. The acquisition or disposal of the asset is to be processed in accordance with the relevant provisions of the Company's internal control system.

Article 7: Procedure for Deciding Transaction Conditions:

1. How prices of assets to be acquired or disposed of are decided and the reference criteria:
 - (1) Acquisition or disposal of securities
 1. Of marketable securities traded at mercantile trading markets or securities dealers' business venues, the pricing shall be determined by the prevailing marketable securities' market price and so forth at the time.
 2. Of marketable securities acquired or disposed of at non-mercantile trading markets or securities dealers' business venues, the pricing shall be determined by its net value per share, profitability, future development potential and by referencing the trading price prevailing at the time.
 - (2) Other assets acquired or disposed of shall be made by pricing comparison, pricing negotiation, bidding or other means.
2. The responsible unit shall make a decision within the scope of authorization over assets to be acquired or disposed of:
 - (1) Acquisition or disposal of securities:
 1. When acquiring or disposing long-term marketable securities investment, where each transaction or daily amount is at up to thirty million NTD, the chairman is to approve it and also declare it at the most recent board meeting; of those with an amount exceeding NTD30 million, it needs to be declared separately with the audit committee for the consent of over one-half of the entire members, and also declare it before board meeting for motioning in favor before it may proceed.
 2. Of stock shares, government bonds, corporate bonds, financial bonds, marketable securities signifying equity, depository certificates, pledging (selling) right certificates, beneficiary securities, asset-based securities and related short-term idle capital, where each transaction or daily amount at up to thirty million dollars, the chairman is to approve it and also declare it at the most recent board meeting; of those with an amount exceeding NTD30 million, it needs to be declared separately

with audit committee for the consent of over one-half of the entire members, and also declare it before board meeting for motioning in favor before it may proceed.

- (2) Acquisition or disposal of real estate, other capital assets or right-of-use assets:
 1. In the acquisition or disposal of real estate of its right-of-use assets, where the amount is at up to thirty million NTD, it shall be presented for the chairman's approval and also declared before the most recent board meeting thereafter pending verification, and of those exceeding thirty million NTD, it is also required to be declared with the audit committee for the consent by over one-half of the entire members, and is also to be presented for the management board's action before it may be made.
 2. In the acquisition or disposal of other capital assets or its right-of-use assets, where the amount is up to ten million NTD (inclusive), it is sought per the approval clearance regulations; of those exceeding ten million NTD, it needs to be declared separately with the audit committee for its consent by over one-half of the entire members, and also declare it with management board for resolution voting before it may be made.

Article 8: The company, when acquiring or disposing assets, shall commission experts to issue a report by asset type per the stipulations below:

1. In the event that the transaction amount for acquiring or disposing of real property, other fixed assets, or its right-of-use assets reaches twenty percent (20%) of the paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of event occurrence from a professional appraiser and comply with the provisions below, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets held for business use.
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 Billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. The spread between the appraisal result and the transaction amount exceeds 20%.

2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) Where a professional valuation is used, the valuer's report shall be dated no further than 3 months from the contract date. However, if it is subject to the announced present value of the same period and that is not more than six months away, an opinion can be issued by the original appraiser.
2. The Company for the acquisition or disposal of securities shall obtain prior to the date of event the underlying company's most recent financial statements audited, attested or reviewed by CPAs as reference in assessing the transaction price. In addition, for a transaction amount exceeding 20% of the paid-in capital or NTD300 million, a CPA should be contracted prior to the date of the event to express an opinion on the reasonableness of the transaction price. The CPA that needs to adopt the report of an expert shall have it processed in accordance with the Statement of Auditing Standards (SFAS) No. 20 published by the Research and Development Foundation. Except where said marketable securities have an active market's opening quotation or met the stipulated circumstances below, it may be exempt from obtaining the financial statements or contact the CPA for expressing his/her opinion.
 - (1) The marketable securities legally founded incepted or instilled through solicitation and acquired through cash capital contribution and the entitlements of the acquired marketable securities are deemed comparable to the capital contribution by percentage.
 - (2) Securities are acquired by subscribing to a cash issue at face value, and that the cash issue has been organized by the securities issuer in compliance with law.
 - (3) Subscription of securities issued as part of capital increase in cash organized by the directly or indirectly wholly held investee or mutual subscription of securities issued as part of capital increase in cash among wholly held subsidiaries
 - (4) The security in question is traded over the Taiwan Stock Exchange Corporation (TWSE), Taipei Exchange (TPEX), or the Emerging Stock Market.
 - (5) The security in question is a domestic government bond or a repurchase/resale agreement.
 - (6) Openly solicited funds.
 - (7) Acquisition or disposal of open listed (over-the-counter traded) company shares per the Taiwan Securities Exchange Company, Limited or the Taipei Exchange's public listed (OTC) securities/notes bidding measures or auctioning measures.
 - (8) Participating in openly listed companies' cash reinvestment share pledging or locally pledged corporate bonds (including financial bonds), and the acquired marketable securities do not fall under privately solicited marketable securities.
 - (9) In accordance with Securities Investment Trust and Consulting Law Article 11 paragraph 1 stipulation, prior to a fund sustains, pledging for local privately solicited funds or pledging, buying back locally solicited funds, where the trust contract specifies
3. For the Company's acquisition or disposal of assets by the court auction process,

the supporting documents issued by the court can be used instead of the appraisal report or CPA's opinions.

4. In the event that the transaction amount for acquiring or disposing of intangible assets or its right-of-use assets or memberships reaches twenty percent (20%) of paid-in capital or NT\$300 million or more, except for transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of event occurrence to render an opinion on the fairness of the transaction price. The certified public accountant shall render such an opinion in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
5. The transactions amount in the Paragraph 1, 2, 4 of this Article should be calculated in accordance with Article 13 Paragraph 2. Also, the alleged "within one year" meant for the one year prior to the date of occurrence excluding the appraisal report issued by the professional appraiser or the CPA's opinions acquired in accordance with the guidelines.

Article 9: Related party transaction:

1. In addition to processing the related decision procedures and assessing the reasonableness of trade conditions in accordance with the provision referred to above and in this section, the appraisal report issued by the professional appraiser or the CPA's opinions must be acquired in accordance with the guidelines referred to above for the acquisition or disposal of assets by the Company from the related party with a transaction amount over 10% of the Company's total assets.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 5, Article 8 herein.

The legal form and the real relationship should be considered in determining whether the counterparty is a related party.

2. In acquisition or disposal of real estate of its occupancy right assets with a related party, or in the acquisition or disposal of other assets beyond real estate of its occupancy rights assets, where the transaction amount has also reached twenty percent of the company's paid-in capitalization, ten percent of its total assets, or over three hundred million NTD, except for trading on local government bonds, provisional buyback, sellback termed bonds, pledging or buying back local securities investment trust enterprises issued monetary market funds, the below data shall be presented to the audit committee for the consent by over one-half of the entire members, and also present it to the management board for motioning in favor, before the transaction contract may be signed and the funds paid, and which may also commensurate to the stipulations set forth under Article 14 paragraph 8 and paragraph 9:

- (1) The purpose, necessity, and expected benefits of the acquisition or disposal of assets.
- (2) The reasons for selecting the related party as the counterparty.
- (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3, 4, 5 of this Article.
- (4) The matters of the related party's original acquisition date and price, counterparty, and the relationship with the Company and the related party.
- (5) Expected monthly cash income and expense statement within one year

from the contracted month, and assessing the necessity of the transactions and the reasonableness of the funds application

- (6) Obtain an appraisal report issued by a professional appraiser in accordance with the provisions referred to above or a CPA's opinion.
- (7) The restrictions and other important stipulations of the transaction.

The transaction amount referred to above is calculated in accordance with Article 13 Paragraph 2, and the so-called within one year is the year prior to the date of the event; also, the portion that has been submitted under the Procedures to the Board of Directors and Audit Committee for approval needs not be included for calculation.

When the company and its subsidiaries or if the subsidiaries that the company owns one hundred percent directly or indirectly on issued shares or by a total capitalization engaging in the following transactions, the management board may cite Article 7 paragraph II to authorize the chairman to rule on it first within a certain cap, before declaring it with the most recent period's audit committee afterwards for the consent by over one-half of the entire members, before it is declared before the most recent period's board meeting seeking for retro-active recognition:

- (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
 - (2) Acquisition or disposal of real property or right-of-use assets thereof held for business use.
3. Acquisition of real estate of its occupancy rights assets shall adhere to the method below to evaluate the rationality of the transaction cost (when buying or leasing the same property's land and building combined, the transaction cost may be evaluated by any of the following methods separately on the land and the building):
- (1) Based on the related party transaction price plus the necessary capital interest and the cost of the buyer The so-called necessary capital interest cost is calculated in accordance with the weighted average interest rate of the loans in the year the assets are acquired by the Company; however, it may not be higher than the non-financial industry maximum loan interest rate as announced by the Ministry of Finance.
 - (2) If the related party has the underlying subject used as collateral for a loan from financial institutions, the financial institutions are to assess the gross lending value of the subject matter. However, the actual accumulated lending value of the subject matter granted by the financial institutions should reach over 70% of the assessed gross lending value for a lending period over one year. However, it is not applicable if the financial institution and the counterparty are related to one another.
4. When acquiring real property or its right-of-use assets from a related party, this Company shall assess the fairness of the transaction cost with respect to the Paragraph 3 of this Article and ask a CPA for a review and specific opinion.
5. Of real estate or its occupancy rights assets acquired from a related party, under one of the following circumstances, it may be exempt from the provision's paragraph III and paragraph IV stipulations, but shall still be processed per the provision paragraph II stipulations.
- (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

- (2) Related party's contracting for the acquisition of real estate or its right-of-use assets is over five years from the date of the trade contract signed.
 - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
 - (4) The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
6. When results of the evaluation performed as required by Paragraph 3 hereunder in the acquisition of real estate from a related party are consistently below the transaction price, the requirements in Paragraph 7 shall be followed. However, as a result due to the following circumstances and with the objective evidence presented and an appraisal report collected from the professional real estate appraiser and a reasonable opinion issued by the CPAs, it is not subject to the limitations:
- (1) Related party that has obtained prime land or rental land for construction must submit the proof of complying with the following conditions:
 1. The prime land is assessed in accordance with the methods referred to above. House is assessed in accordance with the sum of the construction costs and a reasonable profit exceeding the actual transaction price. The term "reasonable construction profit" is based on the average gross profit rate in the last three years of the related party's construction department or the latest gross profit rate of the construction industry announced by the Ministry of Finance whichever is lower.
 2. The transaction terms and the area of premises on other floors in the same property or in the neighborhood in transactions completed by other unrelated parties within the previous year are similar as assessed based on the reasonable price difference by floor or by location in accordance with property transaction or lease practices.
 - (2) Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
 - (3) Transactions in the neighborhood as claimed in the (1)(2), refer, in principle, to transactions of real property in the same or neighboring block and within less than 500 meters radius from the premises or with a close assessed value. "Similar area" as claimed in the preceding paragraph refers, in principle, to the area of property in transactions completed by unrelated parties not less than fifty percent (50%) of the property for transaction. "Within the previous year" as claimed in the preceding paragraph refers to the one year before the date of acquisition of the real property or its right-of-use assets.
7. Of real estate and its occupancy right assets acquired from a related party, where the findings as evaluated per the provision's paragraph III, paragraph IV, paragraph V and paragraph V have all been lower than the transaction price, the below matters shall be processed:

- (1) A special reserve shall be set aside with respect to paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost of real property or its right-of-use assets, without being distributed or used for capital increase or issuance of bonus shares. If the investors that have an investment in the Company valued in accordance with the Equity Method are public companies, a special reserve should be appropriated proportionally to the appropriated amount in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act. When setting aside a special reserve under the preceding paragraph, the Company shall not disburse the special reserve until the value of assets purchased or leased at a higher price has been recognized as a loss for devaluation or disposed of, or the lease of such assets has been terminated; or appropriate compensation has been made; or restoration as is is completed; or other evidence confirms their fairness, with the approval of Financial Supervisory Commission.
- (2) The Audit Committee shall have it handled in accordance with Article 218 of the Company Act.
- (3) The results of handling according to the (1), (2) shall be reported to the meeting of shareholders, and the details of transaction shall be disclosed in the annual report and the prospectus.

With acquiring real property or its right-of-use assets from a related party, this Company shall comply with the Subparagraphs (1), (2) and (3), Paragraph 7 if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 10: Acquisition or disposal of intangible assets or their operating right assets or membership certificates or financial institutions' debt claims:

1. Of acquisition or disposal of intangible assets or operating rights assets or membership certificates where the amount is at up to three million NTD, it shall be presented for the chairman's approval and also voluntarily declare at the most recent board meeting thereafter, and of those exceeding three million NTD, it also needs to declare with the audit committee for the consent of over one-half of the entire members, and also presented for the board meeting's motioning in favor before it may proceed.
2. The Company, in principle, is not engaged in the acquisition or disposal of creditor's rights of financial institutions. If such transactions are intended in the future, they are subject to consent from at least one-half of all members of the Audit Committee and approval by the Board of Directors before the specific evaluation and operating procedure is defined.

Article 11: Transactions of derivatives:

The company, when engaging in derivative product transaction, shall have it processed by adhering to the company's "Derivative Product Transaction Processing Procedure" and shall also caution for risk management and audit matter, through which to enforce the internal control system.

Article 12: Corporate merger, spins-off, acquisition, and assignment of shares

1. For the consolidation, severance, acquisition, or assignment of shares, the Company shall authorize the CPA, the attorney, or the securities underwriter, before calling for a Board of Directors meeting, to express opinions over the legitimacy of the exchange ratio, the acquisition price, or the cash or other properties assigned to shareholders and bring it forth to the Audit Committee for

consent from at least one-half of its members and to the Board of Directors for discussions and approval. For mergers between the Company and wholly-owned subsidiaries directly or indirectly, or for mergers between wholly-owned subsidiaries directly or indirectly, it is not necessary to obtain a reasonable opinion from the aforementioned experts.

2. A public document to shareholders detailing important contractual content and matters relevant to the merger, demerger or acquisition shall be prepared prior to the shareholders' meeting and be included along with the expert opinion under the previous paragraph and notice of the shareholders' meeting for reference in deciding whether to approve the merger, demerger or acquisition. However, the corporate merger, spins-off, or acquisition that does not have to be resolved in the shareholders' meeting according to other governing regulations is not subject to the requirement. If the shareholders' meeting of a company is unable to take place or render a decision, or vetoes the proposal due to an insufficient number of attendants, insufficient voting power, or other legal restrictions, the company shall explain the cause, the subsequent management, and the re-scheduled date of the shareholders' meeting to the public immediately.
3. The personnel participate in or are aware of the merger, spins-off, acquisition, or assignment of shares plan shall issue a written commitment of confidentiality not to disclose the plan to any third party before it is made known to the public and not to purchase the stock or equity-type securities of the companies related to the merger, spins-off, acquisition, or assignment of shares in their own names or others'.
4. The exchange ratio or the acquisition price, except the following conditions, may not be freely changed and the conditions where changes may be made shall be specified in the contract for the consolidation, severance, acquisition, or assignment of shares:
 - (1) Process cash capital increase and issue convertible bonds, stock dividends, bonds with stock option, preferred shares with stock option, stock options certificate, and other equity-type securities.
 - (2) Disposal of major assets that affects the Company's financial operations
 - (3) The occurrence of significant disasters and major changes in technology that affects the Company's shareholders' equity or securities price.
 - (4) The adjustment of treasury stock repurchased lawfully by any company that participates in the merger, spins-off, acquisition, or assignment of shares.
 - (5) Changes in the entity or number of companies involved in the merger, spins-off, acquisition, or assignment of shares.
 - (6) The other conditions for tolerable changes are defined in the contract and have been publicly disclosed.
5. The Company that participates in the merger, spins-off, acquisition, or assignment of shares should have the rights and obligations in the merger, spins-off, acquisition, or assignment of shares detailed in the contract, including the following information:
 - (1) Event of default.
 - (2) The principle for the process of the equity-type securities issued or treasury stock repurchased by the discontinued or spins-off company due to a merger
 - (3) The treasury stock to be repurchased lawfully by the involving company

and the principle for its process after the base date for the calculation of stock swap ratio.

- (4) The process for the changes in the entity and the number of companies involved.
 - (5) The expected progress of the project and the schedule of completion.
 - (6) The process of convening a shareholders' meeting when the project is not completed on time.
6. After public disclosure of the information, if any company participating in the merger, demerger, acquisition or share transfer intends further to carry out a merger, demerger, acquisition or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition or share transfer, except where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, may be exempted from calling another shareholders' meeting to resolve the matter anew.
 7. For the company that is not a public company involved in a merger, spins-off, acquisition, or assignment of shares, it should have a contract signed with the Company in accordance with paragraph 3, paragraph 3, and paragraph 10 of this article.
 8. For the merger, spins-off, or acquisition of a company, unless otherwise required by law or due to special factors must report to the FSC in advance, the board meeting and the shareholders' meeting should be convened in the same day to resolve the matters related to the corporate merger, spins-off, and acquisition. For the assignment of shares of a company, unless otherwise required by law or due to special factors must report to the FSC in advance, the board meeting should be convened in the same day. For the merger, spins-off, acquisition, or assignment of shares of a listed company or the company with stock traded at the securities business premise, the following information should be composed in writing and reserved for five years for inspection:
 - (1) Personnel information: including the title, name, and identity card number (or passport number for foreigners) of the personnel involved in a merger, spins-off, acquisition, or assignment of shares, or, the plan executor.
 - (2) Date of significant events: including the date of signing a letter of intent or memorandum, commissioning a financial or legal adviser, signing a contract, and convening a board meeting.
 - (3) Important documents and minutes of meeting: including the documents of the merger, spins-off, acquisition, or assignment of shares plans, letters of intent or memorandum, important contracts, minutes of board meeting.
 9. For the merger, spins-off, acquisition, or assignment of shares of a listed company or the company with stock traded at the securities business premise, the Company should have the information stated in Paragraph 1 and Paragraph 2 in the Section referred to above reported on-line to the FSC for records in the designated format within 2 days after the resolution reached by the Board of Directors.
 10. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign

an agreement with such company whereby the latter is required to abide by the provisions in paragraph 8 and paragraph 9.

Article 13: Information Disclosure Procedures:

1. The Company's acquisition or disposal of assets in any of the following circumstances. It should be announced and reported in the FSC website within two days from the date of the event in accordance with the nature and the prescribed format:
 - (1) The acquisition or disposal of real estate or right-of-use assets from and to the related party, or the acquisition or disposal of assets other than real estate from and to the related party for an amount exceeds 20% of the paid-in capital, 10% of the total assets, or NT\$300 million. However, domestic bond trades, RP and RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises is not subject to such requirements.
 - (2) Process merger, spins-off, acquisition, or assignment of shares.
 - (3) Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.
 - (4) The acquired or disposed assets are equipment for business use or their right-of-use assets, and the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
 - (5) Acquisition of real property under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and redistribution of housing units, joint construction and redistribution of ownership percentages, or joint construction and separate sales from an unrelated party in which the Company expects to invest up to NT\$500 million.
 - (6) The assets trade, financial institution's disposal of claims or the investments engaged in Mainland China other than the transactions stated in the five paragraphs referred to above are for an amount exceeding 20% of the paid-in capital or NTD300 million. However, the following conditions are not subject to this restriction:
 1. Domestic government bonds trade.
 2. The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises
2. The transaction amount referred to above is calculated in accordance with the following methods.
 - (1) The amount of any individual transaction.
 - (2) The cumulative amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year;
 - (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

- (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

“Within the previous year” as claimed in the preceding paragraph refers to the one year before the date of acquisition. The part disclosed according to these Procedures will be exempted.

Date of event: Refers to the transaction contract signing date, payment date, commission Closing Date, transfer date, the Board resolutions date or the date the counterparty and transaction amount sufficiently determined whichever is earlier or sooner. For investments that are subject to the approval of the competent authorities, one of the dates of event referred to above or the date of approval by the competent authorities whichever is earlier or sooner shall prevail.

3. The Company should have the derivative transactions of the Company and the non-public domestic subsidiaries up to the end of the last month published in the FSC website monthly in accordance with the prescribed format before the 10th day of each month.
4. When the items that are to be published by the Company in accordance with the regulations are found with errors or omissions at the time of publication, all the items should be published and reported again within 2 days from the date of learning of the discrepancy.
5. The Company should have the contract, minutes of meeting, book, appraisal reports, the opinions of CPAs, attorneys, or underwriters related to the acquisition or disposal of assets ready at the Company’s premise for at least 5 years unless otherwise provided by law.
6. The company, when encountering one of the following circumstances on announced, declared trading as regulated, shall file for an announcement declaration on relevant information onto the SFC-specified information declaration website, within two days from the very date in which the facts occurred:
 - (1) The originally signed trade contract is modified, terminated, or revoked.
 - (2) Merger, spins-off, acquisition, or assignment of shares is not completed in accordance with the deadline stated in the contract signed.
 - (3) Changes are made to the original announcement and report.

Article 14: Other matters

1. The Company is to have the acquisition or disposal of assets of the non-public subsidiary announced and reported in accordance with Article 13 on behalf of the non-public subsidiary. The paid-in capital or total asset of this Company shall apply to subsidiaries in the preceding paragraph required to report acquisition or disposal of assets based on the paid-in capital or total asset under paragraph 1 of Article 13.
2. The company’s subsidiaries, when acquiring or disposing assets, shall formulate an “Asset Acquisition or Disposal Processing Procedure” as regulated, which upon motioning by management board is distributed to various auditors and also declared before the shareholders’ meeting seeking for consent, and the same also applies to all subsequent amendments.

The company shall monitor the status of its subsidiaries acquiring or disposing assets, where the supervision or management shall be sought in accordance with relevant company regulations and various subsidiaries’ “Asset Acquisition or

Disposal Processing Procedure.”

3. If relevant personnel breach the processing procedure and its relevant legal/regulatory stipulations, the company may, depending on the severity, issue a reprimand, demerit, demotion, position suspension, pay reduction or other penalty action, and also utilize it as part of the internal review matters.
4. For matters not specified herein, applicable laws and regulations and related requirements of the Company shall be followed. If the competent authority revises the originally issued letter on the Procedure for the Acquisition or Disposal of Assets, the Company shall follow what is specified in the updated letter.
5. The requirement of 10% of the total assets is based on the total assets in the latest proprietary or independent financial statements governed by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”
6. When the shares of this Company have no par value or the par value is other than NT\$10 per share, the transaction restriction at twenty percent (20%) of the Company’s paid-in capital in these Procedure shall be calculated at ten percent (10%) of the equity attributed to owners of the parent company. The transaction restriction for a paid-in capital at NT\$10 billion in these Procedures shall be calculated at NT\$20 billion of the parent company.
7. The procedure shall undergo the consent of over one-half of the entire audit committee members, and also declared for motioning by management board, and declared for consent before the shareholders’ meeting before it is implemented, and the same also applies to all subsequent amendments.
8. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The processing procedure Article 7 paragraph II, Article 9 paragraph II, Article 10, Article 12 paragraph I may be commensurate.
9. The terms "all audit committee members" in paragraph 7 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Appendix XI

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Articles of Incorporation (Before amendments)

Chapter I 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 Manufacturing of Drugs and Medicines
 2. F108021 Wholesaler of Drugs and Medicines
 3. ZZ99999 Business activities not prohibited or restricted by law, except for those requiring 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 II 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: The Company's share certificates are in registered forms in all cases, duly signed or affixed with the seal by the director representing the Company and are duly issued after being duly certified by the bank which is entitled to certify share certificates for issuance. 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.
- 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 III 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: 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).
- 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. Article 15: 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 IV. The Board of Directors and Functional Committees
- Article 17: The Company's Board of Directors have five 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 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 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 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.

The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has insured or renewed for directors, at the next board meeting.

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 V. 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 VI. 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 VII. 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 first time on Mar. 1, 1964, the second time on Apr. 11, 1965, the third time on Apr. 11, 1967, the fourth time on June 29, 1968, the fifth time on May 10, 1969, the sixth time on Sept. 15, 1975, the seventh time on Apr. 29, 1976, the eighth time on Apr. 23, 1977, the ninth time on Oct. 7, 1978, the tenth time on May 19, 1981, the 11th time on Dec. 26, 1981, the 12th time on May 29, 1982, the 13th time on Apr. 23, 1983, the 14th time on May 28,

1986, the 15th time on May 9, 1987, the 16th time on Apr. 30, 1988, the 17th time on Apr. 29, 1989, the 18th time on May 12, 1990, the 19th time on May 4, 1991, the 20th time on Apr. 11, 1992, the 21st time on May 29, 1993, the 22nd time on May 28, 1994, the 23rd time on June 7, 1996, the 24th time on June 30, 1997, the 25th time on May 12, 1998, the 26th time on June 29, 1999, the 27th time on June 26, 2002, the 28th time on June 20, 2003, the 29th time on June 18, 2004, the 30th time on June 24, 2005, the 31st time on June 16, 2006, the 32nd time on June 28, 2007, the 33rd time on June 19, 2009, the 34th time on June 8, 2010, the 35th time on June 20, 2012, the 36th time on June 19, 2013, the 37th time on June 18, 2015, the 38th time on May 31, 2016 and the 39th time on July 1, 2021, the rest of the articles came into force after they were approved during the shareholders' meetings.

Appendix XII

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Rules for Elections of Directors

- 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: 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.
- 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.

- 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: The ballots with any of the following circumstances are invalid:
1. The ballot was not prepared by a person with the right to convene.
 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 director candidate list.
 5. Other words or marks are entered in addition to the number of voting rights allotted.
- Article 11: Ballots are to be counted openly immediately after voting. The chairperson or the designated personnel 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 12: The Company will send a notice of election to office to elected Directors.
- Article 13: These procedures will be implemented after being approved in the shareholders' meeting, same as the amendment.

Appendix XIII

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Rules of Procedure for Shareholders Meetings

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.

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 any affairs set forth under all Subparagraphs of Paragraph 1, Article 185 of the Company Act, affairs set forth under Article 26-1, 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 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. 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. 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.

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.

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 shall be attended by the minimum of one independent director 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.

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 XIV

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Shares held by directors

Unit: shares

Title	Name	As of the book closure date on March 27, 2022	
		Number of shares held	Shareholding rate
Chairman	China Chemical & Pharmaceutical Co., Ltd. Representative: Yi-Zhen Xie Wang	21,575,064	27.82%
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		23,267,046	30.00%

- 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 XV

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

The stock grants proposed by the shareholder meeting this year have no effect on the Company's operating performance and earnings per share.

It is not applicable for 2022 shareholders' meeting since no stock dividend issuance for proposed distribution.