

Stock Code: 1720

# **Standard Chem. & Pharm. Co., Ltd.**

## **Handbook for the 2024 Annual Meeting of Shareholders**

Meeting type: Physical Shareholders' Meeting

Time: 9:00 a.m. on Thursday, June 20, 2024

Place: No. 154, Kaiyuan Rd., Tuku Village, Sinying District,  
Tainan City.

----Disclaimer----

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2024 ANNUAL SHAREHOLDERS' MEETING ("THE AGENDA") OF STANDARD CHEM. & PHARM. CO., LTD ("THE COMPANY"). THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOT FOR OTHER PURPOSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

# Table of Contents

I.	Meeting Procedure	1
II.	Meeting Agenda	2
III.	Report Items	3
IV.	Matters Proposed for Ratification	6
V.	Matters Proposed for Discussion and Election Resolution	8
VI.	Extempore Motions	12

## **Attachments**

1.	Business Report	13
2.	Independent Auditors' Report and Financial Statements	16
3.	Comparison Table for the "Operating Procedures of Rules of Procedure for Shareholders Meetings"	39
4.	Director Candidate List	41

## **Appendices**

1.	Articles of Incorporation	44
2.	Rules of Procedure for Shareholders Meetings (Before revision)	51
3.	Procedures for Election of Directors	66
4.	Directors' Shares Held at Present	69

# **I. Meeting Procedure**

## **Standard Chem. & Pharm. Co., Ltd.**

### **Procedure for the 2024 Annual Meeting of Shareholders**

1. Call Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Matters Proposed for Ratification
5. Matters Proposed for Discussion and Election Resolution
6. Extempore Motions
7. Adjournment

## II. Meeting Agenda

### Agenda of Annual Meeting of Shareholders

Meeting type: Physical Shareholders' Meeting

Time: 9:00 a.m. on Thursday, June 20, 2024

Place: No. 154, Kaiyuan Rd., Tuku Village, Sinying District, Tainan City.

1. Call Meeting to Order
2. Chairperson Remarks
3. Report Items
  - (1) 2023 Business Report
  - (2) Audit Committee's Review Report on the 2023 Financial Results
  - (3) 2023 Annual Report on Remuneration of Employees and Directors
  - (4) Status of 2023 Dividend Distribution
  - (5) Other Reports
4. Matters Proposed for Ratification
  - (1) Ratification of 2023 Business Report and Financial Statements
  - (2) Ratification of Proposed 2023 Profit Distribution Plan
5. Matters Proposed for Discussion and Election Resolution
  - (1) Amendment to the "Rules of Procedure for Shareholders Meetings"
  - (2) Election of the 20th Board of Directors
  - (3) Release of newly elected Board of Directors from non-competition restrictions
6. Extempore Motions
7. Adjournments

### III. Report Items

#### (1) 2023 Business Report

The result of overall operation for Standard Chem. & Pharm. Co., Ltd. and its subsidiaries' (the Group) were summarized as follows:

##### 1. Operating Income

The Combined Operating Income for 2023 was NT\$6,239 million; representing an increase of 6.6% in comparison with 2022, mainly due to the shortage of medicines in the market this year and the depreciation of the Taiwan dollar, which is beneficial to export sales.

##### 2. Gross Profit

Due to revenue growth, Gross Profit for 2023 increased by 9.6% in comparison with 2022.

##### 3. Operating Profit

Due to revenue growth, the Operating Profit for 2023 increased 12.6% in comparison with 2022.

##### 4. Non-operating Income and expenses

Due to affected by fluctuations in the US dollar exchange rate, resulting in a decrease in foreign exchange gains, Non-operating Income in 2023 decreased 36.7% in comparison with 2022.

In summation from above, Net Income for 2023 was NT\$1,157 million; which is equivalent to the net Income for the year 2022.

(2) Audit Committee's review report on the 2023 financial statements

## **Audit Committee's Review Report**

To Shareholders:

We have reviewed the Company's 2023 Business Report, Financial Statements, and Earnings Appropriation prepared by the Board of Directors. The standalone and consolidated financial statements were audited by PricewaterhouseCoopers Taiwan, to which they issued an unqualified opinion. Business Report, Financial Statements, and Earnings Appropriation has reviewed the abovementioned reports and found no misstatements. We hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2024 Annual Meeting of Shareholders

Chairman of the Audit Committee: Lin-Yu, Li

February 27, 2024

(3) 2023 Annual Report on Remuneration of Employees and Directors.

The resolution was approved by the Board on February 27th, 2024.

- i. 2023 Annual Employees' Remuneration is NT\$ 10,076,261 the amount recognized is NT\$ 10,108,373. The difference of NT\$ 32,112 will be recognized as an gain in 2024.
- ii. 2023 Annual Board's Remuneration is NT\$ 3,123,641, the amounts recognized is NT\$3,150,000. The difference NT\$ 26,359 will be recognized as an expense in 2024.
- iii. The above remunerations are distributed in cash.

(4) Status of 2023 Dividend Distribution

The special resolution was approved by the Board on February 27th, 2024.

- i. Pursuant Article 26-1 of Company's Article of Incorporation, 2023 distribution of cash dividends will be NT\$2.7 per share, the total amount to be distributed will be NT\$482,479,440.
- ii. The distribution of cash dividends shall be based on the stock register record as shown on the distribution record date. It is proposed to distribute NT\$2.7 per share, and the total dividend shall be rounded down to nearest NT\$1.00, the remaining fraction will be adjusted by the Chairman of the Board, who is fully authorized by Board of Directors.
- iii. The Chairman will determine the dividend distribution date in order to make adjustment and distribution for each share based on the number of actual shares outstanding on the distribution date.

(5) Other Reports

- i. In accordance with Article 172-1 of the Company Act, the proposals submitted by shareholders shall be listed; no proposal is submitted in this shareholders' meeting.
- ii. In accordance with Article 192-1 of the Company Act, the proposed nomination submitted by shareholders shall be listed; no nomination is submitted in this shareholders' meeting.

## **IV. Matters Proposed for Ratification**

**1.**

**Proposed by the Board**

**Proposal:**

Ratification of 2023 Business Report and Financial Statements

**Explanation:**

The 2023 Business Report (please refer to page 13-15) and Financial Statements of SCPC (please refer to page 16-38) have been approved by the Board and examined by the Audit Committee of SCPC.

**Resolution:**

**2.**

**Proposed by the Board**

**Proposal:**

Ratification of 2023 Profit Distribution Plan

**Explanation:**

Please refer to the 2023 PROFIT DISTRIBUTION TABLE below.



**Standard Chem. & Pharm. Co., Ltd.**  
**PROFIT DISTRIBUTION TABLE**  
**Year 2023**

(Unit: NT\$)

Item	Amount
After-tax net profit	834,886,839
Add: Adjusted actuarial losses	2,716,205
Add: Disposal of financial assets at fair value through other comprehensive income	22,464,500
Less: Legal reserve	(86,006,754)
Add: Reversal of special reserve	115,935,559
Distributable profit from year 2023	889,996,349
Undistributed earnings from previous period	1,420,743,701
Accumulated undistributed earnings	2,310,740,050
Less: Dividend to shareholders-cash (NT\$2.7 per share) (2024/2/27 Board Resolution; Report on Shareholders' meeting)	(482,479,440)
Undistributed earnings as of the end of the period	1,828,260,610

Note 1: Earning distribution for this year shall be based on the distributable profit from year 2023

Note 2: Actual cash dividend amount per share shall be calculated based on the stock register record shown on the distribution record date

**Resolution:**

## **V. Matters Proposed for Discussion and Election Resolution**

**1.**

**Proposed by the Board**

**Proposal:**

Amendment to the “Rules of Procedure for Shareholders Meetings ”

**Explanation:**

In compliance with regulations, it is proposed to amend the Operational procedure of Rules of Procedure for Shareholders Meetings. Please refer to Attachment 3 on page 40 for comparison table for before and after revision.

**Resolution:**

**2.**

**Proposed by the Board**

**Proposal:**

Election of members of Board of Directors pursuant to chapter 16 of SCPC’s Articles of Incorporation.

**Explanation:**

- a. The election of new Directors is proposed to this Annual Shareholders’ Meeting due to the expiration of SCPC’s current Directors tenure on August 23,2024.
- b. Pursuant to SCPC’s Articles of Incorporation, nine Directors (including four independent directors) shall be elected. The tenure of newly elected Directors will be three years, commencing from June 20, 2024 to June 19, 2027.
- c. The Directors will be elected by adopting candidates’ nomination system pursuant to SCPC’s Articles of Incorporation. The nominated candidates education and professional qualifications, experience and relevant information are attached hereto as Attachment 4 on page 41-43.

**Resolution:**

**3.**

**Proposed by the Board**

**Proposal:**

Release of newly elected Board of Director from non-competition restrictions

**Explanation:**

- a. The proposal is conducted pursuant to the Article 209, paragraph 1 of the Company Act.
- b. Newly elected Directors might operate other businesses with similar business scope as SCPC and act as SCPC's Director simultaneously. Without impeding SCPC's interest and benefit, it is proposed to release newly elected Directors from non-compete clause restrictions.
- c. The newly elected Director's business activities are listed as follow:

Title	name	Other business and Title
Director	Tzu-Ting,Fan	<ul style="list-style-type: none"> <li>• Chia Scheng International CO., LTD. Legal person director representative</li> <li>• Inforight Technology Co., Ltd., Legal person director representative</li> <li>• AdvPharma, Inc., Legal person director representative</li> <li>• Standard Pharmaceutical Co., Ltd., Legal person director representative</li> <li>• Standard Chem. &amp; Pharm. Philippines, Inc., Legal person director representative</li> <li>• Multipower Enterprise Corp., Legal person director representative</li> <li>• Jiangsu Standard Biotech Pharmaceutical Co., Ltd., Legal person director representative</li> <li>• Jiangsu Standard-Dia Biopharma Co., Ltd., Legal person director representative</li> <li>• Taiwan Biosim Company, Ltd.,Legal person director representative</li> <li>• Syn-Tech Cham. &amp; Pharm. Co., Ltd., Legal person director representative</li> <li>• Syngen Biotech Co., Ltd., Legal person director representative</li> <li>• Souriree Biotech &amp; Pharm. Co., Ltd., Legal person director representative</li> <li>• Her-Sing Co., Ltd., Legal person director representative</li> <li>• Ho Yao Biopharm Co., Ltd. Legal person director representative</li> <li>• Geneferm Biotechnology Co., Ltd. Legal person director representative</li> <li>• Shanghai Standard Pharmaceuticals Co., Ltd. Legal person director representative</li> <li>• Fan Dao Nan Foundation, Chairman</li> </ul>
Director	Yuan-Teh Lee	<ul style="list-style-type: none"> <li>• Rock BioMedical, Inc. Chairman</li> <li>• Yida International Hospital Management &amp; Consultant Co., LTD., Chairman</li> <li>• Carenet Plus Inc. Director</li> <li>• Far East Medical Electronics Technology Co., Ltd. Director</li> </ul>
Director	Wen-Jang, Lin	<ul style="list-style-type: none"> <li>• Fan Dao Nan Foundation, Director</li> </ul>
Director	Tsuey-Wen, Yeh	<ul style="list-style-type: none"> <li>• Yingsheng Agricultural Technology Ltd. Chairman</li> <li>• We Can Medicines Co., Ltd. Director</li> </ul>

		<ul style="list-style-type: none"> <li>• Syn-Tech Cham. &amp; Pharm. Co., Ltd., Legal person director representative</li> </ul>
Director	Hwei-Jiung,Wang	<ul style="list-style-type: none"> <li>• Lin BioScience Inc., Independent Director</li> <li>• Supercell Biotechnology Corporation, Director</li> <li>• Ap Biosciences Inc. Independent Director</li> </ul>
Director	Shaw-Tzong,Liu	<ul style="list-style-type: none"> <li>• Moore Ltd. Chairman</li> </ul>
Director	Janie, I-Tsen Chang	<ul style="list-style-type: none"> <li>• Tainan Spinning Co., Ltd. Director</li> </ul>

**Resolution:**

## **VI. Extempore Motions**

## **VII. Adjournments**

# Attachments

## Attachment 1:

### **Standard Chem. & Pharm. Co., Ltd. 2023 Business Report**

#### 1. Company Business Direction

Standard Chem. and Pharm. Co., Ltd. (SCPC) has focused its operations on the development and manufacturing of pharmaceuticals. Through vertical integration of its corporate group and development of niche and brand differentiated specialty products, SCPC seeks to build a global marketing network. To establish itself as a world-class pharmaceutical manufacturer, SCPC strives to expand its presence in the United States, Japan, China, and Southeast Asian markets. SCPC's principal objectives for the year 2023 were:

- a. Continue to expand R&D investments
- b. Develop core technologies
- c. Actively expand international operations
- d. Strengthen internal management

#### 2. Implementation Overview

Throughout 2023, SCPC continued to invest in drug development, and the R&D expenses for the year was NT\$189 million, which was about 6% of total revenue. To expand international business, besides markets in Japan, China, and Southeast Asian countries, SCPC has submitted ANDAs to the US-FDA, bringing our generic formulations to the next stage of the international pharmaceutical market. Strengthening of internal management and operations was evident in proposal improvement, cost reductions, and process improvements of various ongoing projects.

#### 3. Results of Business Plan Implementation

SCPC's Net Sales for 2023 were NT\$3.0billion, which was a 7.8% increase over 2022. Sales from pharmaceuticals for human-use (NT\$2.9 billion) represented the largest contribution to overall Net Sales at 95.6%. Sales of healthy food (NT\$127 million) contributed 4.2% overall. Other products, including veterinarian pharmaceuticals, had sales of NT\$5 million contributing 0.2% overall.

Due to increase of Sales, Gross Profit for 2023 increase by 13.1% in comparison with 2022 ; operating expenses for 2023 increase by 14.0% in comparison with 2022, the Operating Profit for 2023 increased 12.0% in comparison with 2022.

For non-operating income and expense, the profit decreased NT\$4.59 million because of the decrease on profit on exchange.

In summation of the above, Net Income After Tax (NIAT) for 2023 was NT\$834 million; representing a 2.4% increase over NIAT of 2022.

#### 4. Operation Summary

Unit: NTD thousand

Items	Amount
Net Sales	2, 989, 635
Gross Profit	1, 492, 386
Income from Operations	658, 320
Non-operating Income/Expenses	336, 066
Income Before Income Tax	994, 386
Net Income	834, 886
Basic Earnings per shares (NTD)	4. 67

#### 5. Budget Implementation

Unit: NTD thousand

Items	2023 Budget	2023 Actual	Achievement%
Net sales	2, 772, 204	2, 989, 635	107. 8
Costs	1, 441, 546	1, 497, 249	103. 9
Gross Profit	1, 330, 658	1, 492, 386	112. 2
Operating exp.	780, 772	834, 066	106. 8
Income from Operations	549, 886	658, 320	119. 7
Pre-tax income	838, 800	994, 386	118. 5

#### 6. Profitability Analysis

Items	Ratio (%)
Return on Total Assets	12. 80
Return on Shareholders' Equity	16. 61
Operating income/paid-in capital ratio	36. 84
Gain before tax/paid-in capital ratio	55. 65
Net Margin	27. 93
Basic Earnings per share (NTD)	4. 67



## 7. Research and Development

SCPC's R&D expenses for 2023 were NT\$189 million. Most of SCPC's research techniques were self-developed, and all of SCPC's new products, including both domestic and international development, were applied for drug licenses. Development results are listed below:

- A. Domestic pharmaceutical preparations: 10 applications were submitted and 4 certificates were approved.
- B. International pharmaceutical preparations: 8 applications were submitted and 6 certificates were approved.
- C. Food: 3 applications were submitted and 3 certificates were approved.
- D. New products: 2 new products were launched.
- E. BA/BE studies: 3 applications were submitted and 1 applications received passing result.

SCPC continues its commitment to investment in R&D for new product development.

## **Attachment 2:**

### **INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE**

To the Board of Directors and Shareholders of STANDARD CHEM. & PHARM. CO., LTD.

#### **Opinion**

We have audited the accompanying parent company only balance sheets of STANDARD CHEM. & PHARM. CO., LTD. (the “Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Company's 2023 parent company only financial statements are as follows:

## **Valuation of inventories**

### Description

Refer to Note 4(10) for accounting policies on the valuation of inventories, Note 5(2) for the uncertainty of significant accounting estimations and assumptions relating to valuation of inventories, and Note 6(6) for the details of allowance for inventory valuation loss. As of December 31, 2023, the carrying amount of inventories and allowance for inventory valuation loss are \$720,543 thousand and \$16,389 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of human medicine. Due to the influence of market demand and short expiration date of medicines, there is a risk of market price decline and obsolescence of inventories. The Company measures inventories at the lower of cost and net realisable value. The net realisable values of obsolete inventories are determined based on the historical information on the selling price.

Given that the valuation of inventories is subject to uncertainty of assumptions and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories a key audit matter.

### How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies on allowance for inventory valuation loss.
2. Assessed the effectiveness of the management's inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
3. Tested whether the basis of inventory aging used in calculating the net realisable value of inventory is consistent with the Company's policy.
4. Validated the net realisable value of inventories and the adequacy of allowance for inventory valuation loss.

## **Existence of domestic sales revenue from human medicines**

### Description

Refer to Note 4(27) for accounting policies on revenue recognition. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

The Company is primarily engaged in the manufacturing and sales of human medicines. The Company's sales is mainly domestic-based and its customers are numerous, including hospitals, clinics and pharmacies all over the country. Since the sales transactions are numerous and would require a longer period for verification, we considered the existence of domestic sales revenue from human medicines a key audit matter.

### How our audit addressed the matter

We performed the following key audit procedures for the above matter:

1. Assessed the consistency and effectiveness of internal control relevant to sales recognition.
2. Assessed basic information of the major customers, including the details of the chairman and major shareholders, registered address, principal place of business, capital and main business activities, etc.
3. Selected samples of sales transactions and checked against related supporting documentation, including unit prices, quantities, reasonableness of sales allowance recognition, waybill and subsequent cash collection.

### **Other matter – Reference to the audits of other auditors**

We did not audit the financial statements of certain investments accounted for under equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under equity method amounted to \$243,423 thousand and \$235,502 thousand, constituting 3.64% and 3.62% of total assets as of December 31, 2023 and 2022, respectively, and the comprehensive income and loss recognised from subsidiaries, associates and joint ventures accounted for under equity method amounted to \$4,679 thousand and \$33,360 thousand, constituting 0.47% and 3.96% of total comprehensive income for the years then ended, respectively.

### **Responsibilities of management and those charged with governance for the parent company only financial statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

## **Auditors' responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the

entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tien, Chung-Yu

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

February 27, 2024

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

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

STANDARD CHEM. & PHARM. CO., LTD  
PARENT COMPANY ONLY BALANCE SHEETS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents		\$	715,774	11	\$	858,252	13
1136	Financial assets at amortised cost -							
	Current			8,000	-		-	-
1150	Notes receivable, net			109,055	2		100,411	2
1170	Accounts receivable, net			578,405	9		533,695	8
1200	Other receivables			11,314	-		72,290	1
130X	Inventories			704,154	10		562,398	9
1410	Prepayments			48,900	1		47,159	1
1479	Other current assets			4,231	-		24,973	-
11XX	Total current assets			2,179,833	33		2,199,178	34
Non-current assets								
1510	Financial assets at fair value through							
	profit or loss - non-current			11,604	-		10,561	-
1517	Financial assets at fair value through							
	other comprehensive income -							
	non-current			343,837	5		248,366	4
1550	Investments accounted for under							
	equity method			2,930,322	44		2,820,888	43
1600	Property, plant and equipment			994,618	15		1,003,055	16
1755	Right-of-use assets			12,976	-		15,711	-
1760	Investment property, net			62,773	1		62,987	1
1780	Intangible assets			4,160	-		6,374	-
1840	Deferred income tax assets			82,778	1		79,609	1
1915	Prepayments for equipment			12,012	-		27,128	1
1920	Guarantee deposits paid			38,291	1		25,685	-
1990	Other non-current assets			6,619	-		5,519	-
15XX	Total non-current assets			4,499,990	67		4,305,883	66
1XXX	TOTAL ASSETS		\$	6,679,823	100	\$	6,505,061	100

(Continued)

STANDARD CHEM. & PHARM. CO., LTD  
PARENT COMPANY ONLY BALANCE SHEETS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		December 31, 2023		December 31, 2022	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
2100	Short-term borrowings	\$ 460,000	7	\$ 870,000	14
2130	Contract liabilities - current	34,899	1	35,430	1
2150	Notes payable	134,316	2	141,490	2
2170	Accounts payable	166,760	2	142,739	2
2200	Other payables	252,697	4	248,593	4
2230	Current income tax liabilities	108,521	2	83,846	1
2280	Lease liabilities - current	5,290	-	4,444	-
2310	Receipts in advance	619	-	942	-
21XX	<b>Total current liabilities</b>	<u>1,163,102</u>	<u>18</u>	<u>1,527,484</u>	<u>24</u>
<b>Non-current liabilities</b>					
2570	Deferred income tax liabilities	61,992	1	64,893	1
2580	Lease liabilities - non-current	7,923	-	11,540	-
2640	Net defined benefit liability - non-current	139,057	2	147,770	2
2645	Guarantee deposits received	8,733	-	200	-
25XX	<b>Total non-current liabilities</b>	<u>217,705</u>	<u>3</u>	<u>224,403</u>	<u>3</u>
2XXX	<b>Total liabilities</b>	<u>1,380,807</u>	<u>21</u>	<u>1,751,887</u>	<u>27</u>
<b>Equity</b>					
Share capital					
3110	Common stock	1,786,961	27	1,786,961	28
3200	Capital surplus	223,886	3	220,484	3
Retained earnings					
3310	Legal reserve	878,245	13	793,498	12
3320	Special reserve	115,935	2	110,329	2
3350	Unappropriated retained earnings	2,280,812	34	1,957,837	30
3400	Other equity interest	13,177	-	(115,935)	(2)
3XXX	<b>Total equity</b>	<u>5,299,016</u>	<u>79</u>	<u>4,753,174</u>	<u>73</u>
Significant contingent liabilities and unrecognised contract commitments					
3X2X	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 6,679,823</u>	<u>100</u>	<u>\$ 6,505,061</u>	<u>100</u>



STANDARD CHEM. & PHARM. CO., LTD  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

		For the years ended December 31,			
Items	Notes	2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue		\$ 2,989,635	100	\$ 2,772,204	100
5000 Operating costs		( 1,497,249)	( 50)	( 1,453,091)	( 53)
5900 Net operating margin		1,492,386	50	1,319,113	47
Operating expenses					
6100 Selling expenses		( 458,440)	( 16)	( 417,752)	( 15)
6200 General & administrative expenses		( 186,240)	( 6)	( 166,223)	( 6)
6300 Research and development expenses		( 189,105)	( 6)	( 148,410)	( 5)
6450 Expected credit (loss) gain		( 281)	-	837	-
6000 Total operating expenses		( 834,066)	( 28)	( 731,548)	( 26)
6900 Operating profit		658,320	22	587,565	21
Non-operating income and expenses					
7100 Interest income		31,593	1	11,232	-
7010 Other income		105,492	3	56,220	2
7020 Other gains and losses		7,613	-	75,984	3
7050 Finance costs		( 10,900)	-	( 7,821)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		202,268	7	205,039	7
7000 Total non-operating income and expenses		336,066	11	340,654	12
7900 Profit before income tax		994,386	33	928,219	33
7950 Income tax expense		( 159,500)	( 5)	( 112,811)	( 4)
8200 Profit for the year		\$ 834,886	28	\$ 815,408	29
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311 Remeasurement of defined benefit plans		\$ 2,895	-	\$ 27,915	1
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		152,452	5	( 14,235)	( 1)
8330 Share of other comprehensive income of associates and joint ventures accounted for under equity method		495	-	3,870	-
8349 Income tax related to components of other comprehensive loss		( 578)	-	( 5,583)	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		( 970)	-	14,492	1
8300 Total other comprehensive income for the year		\$ 154,294	5	\$ 26,459	1
8500 Total comprehensive income for the year		\$ 989,180	33	\$ 841,867	30
Earnings per share (in dollars)					
9750 Basic		\$ 4.67		\$ 4.56	
9850 Diluted		\$ 4.67		\$ 4.56	

STANDARD CHEM. & PHARM. CO., LTD  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Capital Surplus					Retained Earnings			Other Equity Interest			
	Notes	Common stock	Additional paid-in capital	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Change in net equity of associates and joint ventures accounted for under the equity method	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income	Total equity
For the year ended December 31,2022												
Balance at January 1, 2022		\$ 1,786,961	\$ 143,353	\$ 57,377	\$ 3,341	\$ 242	\$709,879	\$ -	\$ 1,751,052	(\$ 20,974 )	(\$ 89,355 )	\$ 4,341,876
Profit for the year		-	-	-	-	-	-	-	815,408	-	-	815,408
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	26,107	14,492	( 14,140 )	26,459
Total comprehensive income (loss) for the year		-	-	-	-	-	-	-	841,515	14,492	( 14,140 )	841,867
Difference between proceeds from acquisition or disposal of subsidiaries and book value		-	-	3,521	-	-	-	-	-	-	-	3,521
Adjustments to non-proportional aquisition of associates and joint ventures accounted for under equity method		-	-	-	3,744	-	-	-	-	-	-	3,744
Overdue cash dividends payable		-	-	-	-	171	-	-	-	-	-	171
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	5,958	-	( 5,958 )	-
Appropriations of 2021 earnings												
Legal reserve		-	-	-	-	-	83,619	-	( 83,619 )	-	-	-
Special reserve		-	-	-	-	-	-	110,329	( 110,329 )	-	-	-
Cash dividends		-	-	-	-	-	-	-	( 446,740 )	-	-	( 446,740 )
Effect of organisational restructuring		-	8,735	-	-	-	-	-	-	-	-	8,735
Balance at December 31, 2022		\$ 1,786,961	\$ 152,088	\$ 60,898	\$ 7,085	\$ 413	\$793,498	\$ 110,329	\$ 1,957,837	(\$ 6,482 )	(\$ 109,453 )	\$ 4,753,174
For the year ended December 31,2023												
Balance at January 1, 2023		\$ 1,786,961	\$ 152,088	\$ 60,898	\$ 7,085	\$ 413	\$793,498	\$ 110,329	\$ 1,957,837	(\$ 6,482 )	(\$ 109,453 )	\$ 4,753,174
Profit for the year		-	-	-	-	-	-	-	834,886	-	-	834,886
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	2,717	( 970 )	152,547	154,294
Total comprehensive income (loss) for the year		-	-	-	-	-	-	-	837,603	( 970 )	152,547	989,180
Adjustments to non-proportional aquisition of associates and joint ventures accounted for under equity method		-	-	-	3,281	-	-	-	-	-	-	3,281
Overdue cash dividends payable		-	-	-	-	121	-	-	-	-	-	121
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	22,465	-	( 22,465 )	-
Appropriations of 2022 earnings												
Legal reserve		-	-	-	-	-	84,747	-	( 84,747 )	-	-	-
Special reserve		-	-	-	-	-	-	5,606	( 5,606 )	-	-	-
Cash dividends		-	-	-	-	-	-	-	( 446,740 )	-	-	( 446,740 )
Balance at December 31, 2023		\$ 1,786,961	\$ 152,088	\$ 60,898	\$ 10,366	\$ 534	\$878,245	\$ 115,935	\$ 2,280,812	(\$ 7,452 )	\$ 20,629	\$ 5,299,016

STANDARD CHEM. & PHARM. CO., LTD  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the years ended December 31,		
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 994,386	\$ 928,219
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit and loss	(	1,043 )	( 712 )
Expected credit losses (gains)		281	( 837 )
(Reverse of allowance for ) provision for loss on inventory market price decline		3,760	( 3,807 )
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	(	202,268 )	( 205,039 )
Property, plant and equipment transferred to expense		2,134	-
Depreciation		102,116	95,641
Net loss on disposal of property, plant and equipment		-	1,113
Gain from lease modification		-	( 8 )
Amortisation		7,815	9,605
Dividend income	(	10,034 )	( 9,604 )
Interest income	(	31,593 )	( 11,232 )
Interest expenses		10,900	7,821
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable	(	8,644 )	843
Accounts receivable	(	44,991 )	( 12,823 )
Other receivables		61,032	83,216
Inventories	(	145,516 )	( 58,097 )
Prepayments	(	7,319 )	( 10,577 )
Other current assets		20,742	( 24,177 )
Changes in operating liabilities			
Contract liabilities - current	(	531 )	( 5,139 )
Notes payable	(	3,650 )	39,333
Accounts payable		24,021	( 22,229 )
Other payables		15,061	( 10,040 )
Receipts in advance	(	323 )	( 448 )
Net defined benefit liability - non-current	(	5,818 )	( 20,649 )
Cash inflow generated from operations		780,518	770,373
Dividends received		111,317	83,670
Interest received		31,537	8,832
Interest paid	(	11,077 )	( 7,540 )
Income tax paid	(	141,473 )	( 95,977 )
Net cash flows from operating activities		770,822	759,358

(Continued)

STANDARD CHEM. & PHARM. CO., LTD  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost - current	( \$	8,000 )	\$ -
Acquisition of financial assets at fair value through other comprehensive income - non-current	(	18,983 )	( 60,632 )
Proceeds from disposal of financial assets at fair value through other comprehensive income - non-current		75,964	23,305
Acquisition of investments accounted for under equity method		-	( 51,563 )
Proceeds from disposal of investments accounted for under equity method		-	9,156
Cash paid for acquisition of property, plant and equipment	(	69,060 )	( 159,723 )
Interest paid for acquisition of property, plant and equipment	(	374 )	( 638 )
Proceeds from disposal of property, plant and equipment		-	722
Acquisition of intangible assets	(	817 )	( 3,564 )
Increase in prepayment for equipment	(	19,999 )	( 88,852 )
(Increase) decrease in guarantee deposits paid	(	12,606 )	11,947
Proceeds from disposals of other non-current assets		-	38,364
Increase in other non-current assets	(	5,884 )	( 4,530 )
Cash received from segment spin-off		-	6,973
Net cash flows used in investing activities	(	59,759 )	( 279,035 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		460,000	497,500
Decrease in short-term borrowings	(	870,000 )	( 338,000 )
Payments of lease liabilities	(	5,390 )	( 4,842 )
Increase (decrease) in guarantee deposit received		8,533	( 35 )
Overdue cash dividends payable		56	171
Payment of cash dividends	(	446,740 )	( 446,740 )
Net cash flows used in financing activities	(	853,541 )	( 291,946 )
Net (decrease) increase in cash and cash equivalents	(	142,478 )	188,377
Cash and cash equivalents at beginning of year		858,252	669,875
Cash and cash equivalents at end of year	\$	715,774	\$ 858,252

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of STANDARD CHEM. & PHARM. CO., LTD.

### **Opinion**

We have audited the accompanying consolidated balance sheets of STANDARD CHEM. & PHARM. CO., LTD. and its subsidiaries (collectively referred herein as the “Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other auditors (refer to Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the

Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Group's 2023 consolidated financial statements are stated as follows:

## **Valuation of inventories**

### Description

Refer to Note 4(11) for accounting policies on the valuation of inventories, Note 5(2) for the uncertainty of significant accounting estimations and assumptions relating to valuation of inventories, and Note 6(6) for the details of allowance for inventory valuation loss. As of December 31, 2023, the carrying amount of inventories and allowance for inventory valuation loss are \$1,702,218 thousand and \$87,242 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of human medicine and dietary supplement. Due to the influence of market demand and short expiration date of medicines, there is a risk of market price decline and obsolescence of inventories. The Group measures inventories at the lower of cost and net realisable value. The net realisable values of obsolete inventories are determined based on the historical information on the selling price.

Given that the valuation of inventories is subject to uncertainty of assumptions and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories a key audit matter.

### How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies on allowance for inventory valuation loss.
2. Assessed the effectiveness of the management's inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
3. Tested whether the basis of inventory aging used in calculating the net realisable value of inventory is consistent with the Group's policy.
4. Validated the net realisable value of inventories and the adequacy of allowance for inventory valuation loss.

## **Existence of domestic sales revenue from human medicines and dietary supplements**

### Description

Refer to Note 4(27) for accounting policies on revenue recognition. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

The Group is primarily engaged in the manufacturing and sales of human medicines and dietary supplements. The Group's sales is mainly domestic-based and its customers are numerous, including hospitals, clinics,

pharmacies, food and drug administrations all over the country. Since the sales transactions are numerous and would require a longer period for verification, we considered the existence of domestic sales revenue from human medicines and dietary supplements a key audit matter.

#### How our audit addressed the matter

We performed the following key audit procedures for the above matter:

1. Assessed the consistency and effectiveness of internal control relevant to sales recognition.
2. Assessed basic information of the major customers, including the details of the chairman and major shareholders, registered address, principal place of business, capital and main business activities, etc.
3. Selected samples of sales transactions and checked against related supporting documentation, including unit prices, quantities, reasonableness of sales allowance recognition, waybill and subsequent cash collection.

#### **Other matter –Reference to the audits of other auditors**

We did not audit the financial statements of certain investments accounted for under equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under equity method amounted to \$243,423 thousand and \$235,502 thousand, constituting 2.18% and 2.15% of consolidated total assets as of December 31, 2023 and 2022, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method amounted to \$4,679 thousand and \$33,360 thousand, constituting 0.36% and 2.81% of consolidated total comprehensive income for the years then ended, respectively.

#### **Other matter – Parent company only financial reports**

We have audited and expressed an unmodified opinion on the parent company only financial statements of STANDARD CHEM. & PHARM. CO., LTD. as of and for the years ended December 31, 2023 and 2022.

#### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's

ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tien, Chung-Yu

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China.

February 27, 2024

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

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

STANDARD CHEM. & PHARM. CO., LTD AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>Current assets</b>					
1100	Cash and cash equivalents		\$ 2,036,743	18	\$ 2,259,381	21
1110	Financial assets at fair value through profit or loss - current		178,290	2	176,148	2
1136	Financial assets at amortised cost - current		60,500	-	163,510	1
1150	Notes receivable, net		286,544	3	276,995	2
1170	Accounts receivable, net		976,208	9	985,985	9
1200	Other receivables		155,671	1	216,601	2
1220	Current income tax assets		172	-	67	-
130X	Inventory		1,614,976	14	1,386,483	13
1410	Prepayments		103,089	1	95,208	1
1479	Other current assets, others		5,563	-	29,115	-
11XX	<b>Total current assets</b>		<u>5,417,756</u>	<u>48</u>	<u>5,589,493</u>	<u>51</u>
	<b>Non-current assets</b>					
1510	Financial assets at fair value through profit or loss - non-current		16,605	-	15,581	-
1517	Financial assets at fair value through other comprehensive income - non-current		347,098	3	251,532	2
1550	Investments accounted for under equity method		604,029	6	577,338	5
1600	Property, plant and equipment		4,021,526	36	3,658,581	33
1755	Right-of-use assets		279,041	3	293,700	3
1780	Intangible assets		214,538	2	224,986	2
1840	Deferred income tax assets		141,311	1	128,373	1
1915	Prepayments for equipment		58,889	1	156,517	2
1920	Guarantee deposits paid		44,818	-	32,002	-
1990	Other non-current assets		43,113	-	40,156	1
15XX	<b>Total non-current assets</b>		<u>5,770,968</u>	<u>52</u>	<u>5,378,766</u>	<u>49</u>
1XXX	<b>Total assets</b>		<u>\$ 11,188,724</u>	<u>100</u>	<u>\$ 10,968,259</u>	<u>100</u>

(Continued)

STANDARD CHEM. & PHARM. CO., LTD AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		December 31, 2023		December 31, 2022	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
2100	Short-term borrowings	\$ 800,000	7	\$ 1,350,003	12
2130	Contract liabilities - current	83,210	1	83,997	1
2150	Notes payable	373,840	3	457,858	4
2170	Accounts payable	269,148	2	228,512	2
2200	Other payables	525,591	5	515,552	5
2230	Current income tax liabilities	235,192	2	222,038	2
2280	Lease liabilities - current	24,166	-	21,205	-
2310	Receipts in advance	706	-	667	-
2320	Long-term liabilities, current portion	59,027	1	-	-
21XX	<b>Total current liabilities</b>	<u>2,370,880</u>	<u>21</u>	<u>2,879,832</u>	<u>26</u>
<b>Non-current liabilities</b>					
2540	Long-term borrowings	222,973	2	182,000	2
2570	Deferred income tax liabilities	84,268	1	84,666	1
2580	Lease liabilities - non-current	221,720	2	236,696	2
2640	Net defined benefit liability - non-current	139,247	1	149,053	1
2645	Guarantee deposits received	12,299	-	411	-
25XX	<b>Total non-current liabilities</b>	<u>680,507</u>	<u>6</u>	<u>652,826</u>	<u>6</u>
2XXX	<b>Total liabilities</b>	<u>3,051,387</u>	<u>27</u>	<u>3,532,658</u>	<u>32</u>
<b>Equity attributable to owners of parent</b>					
Share capital					
3110	Share capital - common stock	1,786,961	16	1,786,961	16
3200	Capital surplus	223,886	2	220,484	2
Retained earnings					
3310	Legal reserve	878,245	8	793,498	7
3320	Special reserve	115,935	1	110,329	1
3350	Unappropriated retained earnings	2,280,812	20	1,957,837	18
3400	Other equity interest	13,177	-	(115,935)	(1)
31XX	<b>Equity attributable to owners of the parent</b>	<u>5,299,016</u>	<u>47</u>	<u>4,753,174</u>	<u>43</u>
36XX	Non-controlling interest	2,838,321	26	2,682,427	25
3XXX	<b>Total equity</b>	<u>8,137,337</u>	<u>73</u>	<u>7,435,601</u>	<u>68</u>
Significant contingent liabilities and unrecognised contract commitments					
3X2X	<b>Total liabilities and equity</b>	<u>\$ 11,188,724</u>	<u>100</u>	<u>\$ 10,968,259</u>	<u>100</u>

STANDARD CHEM. & PHARM. CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		For the years ended December 31,			
Items	Notes	2023		2022	
		AMOUNT	%	AMOUNT	%
4000	Operating revenue	\$ 6,239,768	100	\$ 5,851,368	100
5000	Operating costs	( 3,514,390)	( 56)	( 3,363,755)	( 58)
5900	Net operating margin	2,725,378	44	2,487,613	42
	Operating expenses				
6100	Selling expenses	( 794,519)	( 13)	( 746,173)	( 13)
6200	General & administrative expenses	( 414,102)	( 7)	( 353,329)	( 6)
6300	Research and development expenses	( 266,272)	( 4)	( 251,878)	( 4)
6450	Expected credit gains (losses)	9,067	-	17,812	-
6000	Total operating expenses	( 1,465,826)	( 24)	( 1,369,192)	( 23)
6900	Operating profit	1,259,552	20	1,118,421	19
	Non-operating income and expenses				
7100	Interest income	66,378	1	29,594	-
7010	Other income	101,082	2	51,615	1
7020	Other gains and losses	( 5,282)	-	157,712	3
7050	Finance costs	( 25,419)	( 1)	( 18,775)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	41,556	1	61,366	1
7000	Total non-operating revenue and expenses	178,315	3	281,512	5
7900	<b>Profit before income tax</b>	1,437,867	23	1,399,933	24
7950	Income tax expense	( 279,938)	( 4)	( 246,313)	( 4)
8200	<b>Profit for the year</b>	\$ 1,157,929	19	\$ 1,153,620	20
	<b>Other comprehensive income (loss)</b>				
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Remeasurement of defined benefit plans	\$ 4,325	-	\$ 37,658	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	152,547	2	( 14,140)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method	( 40)	-	1,047	-
8349	Income tax related to components of other comprehensive income	( 889)	-	( 7,532)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Financial statements translation differences of foreign operations	( 773)	-	15,785	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method	( 106)	-	225	-
8300	<b>Total other comprehensive income for the year</b>	\$ 155,064	2	\$ 33,043	-
8500	<b>Total comprehensive income for the year</b>	\$ 1,312,993	21	\$ 1,186,663	20
	Profit attributable to:				
8610	Owners of the parent	\$ 834,886	14	\$ 815,408	14
8620	Non-controlling interest	323,043	5	338,212	6
		\$ 1,157,929	19	\$ 1,153,620	20
	Total comprehensive income attributable to:				
8710	Owners of the parent	\$ 989,180	16	\$ 841,867	14
8720	Non-controlling interest	323,813	5	344,796	6
		\$ 1,312,993	21	\$ 1,186,663	20
	Earnings per share (in dollars)				
9750	Basic	\$ 4.67		\$ 4.56	
9850	Diluted	\$ 4.67		\$ 4.56	

STANDARD CHEM. & PHARM. CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of the parent												
	Capital Reserves					Retained Earnings			Other equity interest				

STANDARD CHEM. & PHARM. CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the years ended December 31,		
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,437,867	\$ 1,399,933
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	(	2,890 )	( 1,083 )
Expected credit (gains) losses	(	9,067 )	17,812
Provision for loss on inventory market price decline		24,879	7,030
Share of profit of associates and joint ventures accounted for under equity method	(	41,556 )	( 61,366 )
Depreciation		329,459	278,138
Net loss on disposal of property, plant and equipment		1,048	1,632
Property, plant and equipment transferred to expenses		2,522	378
Gain from lease modification		-	( 8 )
Net (gain) loss on disposal of other non-current assets	(	2,314 )	6,147
Amortisation		18,314	20,467
Dividend income	(	10,463 )	( 9,860 )
Interest income	(	66,378 )	( 29,594 )
Interest expense		25,419	18,775
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	(	276 )	( 41,000 )
Notes receivable	(	9,530 )	535
Accounts receivable		18,825	( 123,104 )
Other receivables		62,435	78,146
Inventories	(	261,589 )	( 187,629 )
Prepayments	(	7,881 )	( 8,587 )
Other current assets		23,552	( 28,036 )
Other non-current assets		-	1,506
Changes in operating liabilities			
Contract liabilities - current	(	787 )	4,882
Notes payable	(	49,036 )	121,473
Accounts payable		40,636	( 93,894 )
Other payables		32,966	48,414
Receipts in advance		39	( 346 )
Refund liabilities - current		-	( 14,774 )
Net defined benefit liability - non-current	(	6,370 )	( 28,272 )
Cash inflow generated from operations		1,549,824	1,377,715
Dividends received		28,463	21,860
Interest received		64,873	28,292
Interest paid	(	25,523 )	( 17,999 )
Income tax received		-	17,487
Income tax paid	(	281,114 )	( 199,521 )
Net cash flows from operating activities		1,336,523	1,227,834

(Continued)

**STANDARD CHEM. & PHARM. CO., LTD AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the years ended December 31,	
	Notes	
	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in financial assets at amortised cost - current	\$ 103,010	\$ 126,422
Cash received from withdrawal of capital on financial assets at fair value through profit or loss- non-current	-	413
Acquisition of financial assets at fair value through other comprehensive income - non-current	( 18,983 )	( 60,632 )
Proceeds from disposal of financial assets at fair value through other comprehensive income - non-current	75,964	23,305
Proceeds from disposal of investments accounted for under equity method	-	9,156
Cash paid for acquisition of property, plant and equipment	( 429,742 )	( 681,988 )
Interest paid for acquisition of property, plant and equipment	( 374 )	( 2,523 )
Proceeds from disposal of property, plant and equipment	1,525	720
Acquisition of intangible assets	( 2,722 )	( 4,009 )
Increase in prepayments for equipment	( 195,580 )	( 511,545 )
(Increase) decrease in guarantee deposits paid	( 12,816 )	10,708
Increase in other non-current assets	( 5,787 )	( 4,899 )
Proceeds from disposal of other non-current assets	-	38,364
Cash paid from business combinations	-	( 24,323 )
Net cash flows used in investing activities	( 485,505 )	( 1,080,831 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,977,850	2,806,682
Decrease in short-term borrowings	( 2,527,853 )	( 2,524,668 )
Decrease in short-term notes and bills payable	-	( 290,000 )
Payments of lease liabilities	( 23,474 )	( 22,445 )
Increase in long-term borrowings	106,493	132,000
Decrease in long-term borrowings	( 6,493 )	-
Increase (decrease) in guarantee deposit received	11,888	( 121 )
Overdue cash dividends payable	196	223
Payments of cash dividends	( 446,740 )	( 446,740 )
Cash paid for transaction with non-controlling interests	-	( 322 )
Decrease in non-controlling interests	( 167,994 )	( 120,053 )
Net cash flows used in financing activities	( 1,076,127 )	( 465,444 )
Effects of foreign exchange	2,471	13,427
Net decrease in cash and cash equivalents	( 222,638 )	( 305,014 )
Cash and cash equivalents at beginning of year	2,259,381	2,564,395
Cash and cash equivalents at end of year	\$ 2,036,743	\$ 2,259,381



**Attachment 3:**

Standard Chem. &amp; Pharm. Co., Ltd.

## Comparison Table of Amended “Operating Procedures of Rules of Procedure for Shareholders Meetings”

Amended provisions	Current provisions	Remark
<p>Article 13 : Minutes of the meeting</p> <p>1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distribution of meeting minutes can be announced through the MOPS.</p> <p>2. The meeting minutes shall accurately record <u>the year, month, day</u>, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.</p> <p>3.~5. Omitted</p>	<p>Article 13 : Minutes of the meeting</p> <p>1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distribution of meeting minutes can be announced through the MOPS.</p> <p>2. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.</p> <p>3.~5. Omitted</p>	In accordance with the amendment of the regulation

Amended provisions	Current provisions	Remark
<p>Article 15 : Handling of disconnection  <u>1.~4.</u> Omitted</p> <p>5. During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.</p> <p>6.~9. Omitted</p>	<p>Article 15 : Handling of disconnection  <u>1.~4.</u> Omitted</p> <p>5. During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors <u>and supervisors.</u></p> <p>6.~9. Omitted</p>	<p>In accordance with the amendment of the regulation</p>
<p>Article 19 :  These Operational Procedures were promulgated on August 24, 2021.  Amended for first time on June 20, 2023.  <u>Amended for 2nd time on June 20, 2024.</u></p>	<p>Article 19 :  These Operational Procedures were promulgated on August 24, 2021.  Amended for first time on June 20, 2023.</p>	<p>Amended Article number and Added amendment date</p>

## Attachment 4:

### Director Candidate List

1. Pursuant to Article 192, paragraph 1 and Article 216, paragraph 1, any shareholder holding 1% or more of the total outstanding number of shares issued by SCPC may submit to SCPC in writing a roster for director and independent director candidates provided that the total number of candidates so nominated shall not exceed the quota of the director and independent director to be elected.
2. The acceptance period for candidate nomination for 2024's election is in between April 12, 2024 to April 22, 2024. The candidate list is then published on the Market Observation Post System in accordance with the regulation.
3. The Board of Directors nominated five Director and four independent Director, whose qualifications were examined and proposed to the 2024 Shareholders' Meeting for election by May 7, 2024 meeting of the Board of Directors.

Title	Name	Education	Experience	Number of Shares Held
Director	Tzu-Ting, Fan	Master of Science in Computer Science, University of California	<ul style="list-style-type: none"><li>• Chairman &amp; General Manager, Standard Chem. &amp; Pharm. Co., Ltd.</li><li>• Representative of Corporate Director Standard Chem. &amp; Pharm. Co., Ltd.</li><li>• Representative of Corporate Director Syn-Tech Chem. &amp; Pharm. Co., Ltd.</li><li>• Representative of Corporate Director Syngen Biotech Co., Ltd.</li></ul>	11,766,604
Director	Fan Dao Nan Foundation Representative Chin-Tsai, Fan	Bachelor of Pharmacy, National Taiwan University	<ul style="list-style-type: none"><li>• Chairman &amp; General Manager, Standard Chem. &amp; Pharm. Co., Ltd.</li><li>• Representative of Corporate Director Syngen Biotech Co., Ltd.</li><li>• Chairman of the Board, Taiwan Pharmaceutical Manufacture and Development Association.</li></ul>	5,523,881
Director	Yuan-Teh Lee	Ph.D. in Medical Science, Tokyo Medical College	<ul style="list-style-type: none"><li>• Research Fellow in Cardiology, University of Washington at Seattle</li><li>• Director, Department of Internal Medicine, National Taiwan University Hospital</li><li>• Emeritus Professor, College of Medicine, National Taiwan University</li><li>• Director, Standard Chem. &amp; Pharm. Co., Ltd.</li></ul>	0

Title	Name	Education	Experience	Number of Shares Held
Director	Tsuey-Wen, Yeh	Bachelor Degree in Accounting, Shih Chien University	<ul style="list-style-type: none"> <li>• Director, Standard Chem. &amp; Pharm. Co., Ltd.</li> <li>• Representative of Corporate Director, Syngen Biotech Co., Ltd.</li> <li>• Director, We Can Medicines Co., Ltd.</li> </ul>	9,124,669
Director	Wen-Jang, Lin	Chin-Yi Technical Vocational Junior College of Chemical Engineering	<ul style="list-style-type: none"> <li>• Deputy General Manager, Standard Chem. &amp; Pharm. Co., Ltd.</li> <li>• Consultant, Standard Chem. &amp; Pharm. Co., Ltd.</li> <li>• Director, Standard Chem. &amp; Pharm. Co., Ltd.</li> <li>• Director, Fan Dao Nan Foundation</li> </ul>	93,286
Independent Director	Hwei-Jiung, Wang	PhD in Chemistry, University of Illinois Urbana Champaign	<ul style="list-style-type: none"> <li>• Independent Director &amp; member of audit committee &amp; Member of Compensation Committee, Standard Chem. &amp; Pharm. Co., Ltd.</li> <li>• Vice President of Academia Sinica</li> <li>• Distinguished Visiting Chair, Biomedical Translation Research Center, Academia Sinica</li> <li>• Acting Chief Executive Officer of Operation Center, National Biotechnology Research Park, Academia Sinica</li> <li>• Chair Professor, College of Medical Science and Technology, Taipei Medical University</li> </ul>	0
Independent Director	Shaw-Tzong, Liu	Doctor of Philosophy in Engineering, University of California	<ul style="list-style-type: none"> <li>• Independent Director &amp; member of audit committee &amp; Member of Compensation Committee, Standard Chem. &amp; Pharm. Co., Ltd.</li> <li>• Chairman &amp; General Manager, Advanced Analog Technology, Inc.</li> </ul>	0
Independent Director	Lawrence C. Lee	University of Pittsburgh School of Law Doctor of Juridical Science	<ul style="list-style-type: none"> <li>• Independent Director &amp; member of audit committee, Standard Chem. &amp; Pharm. Co., Ltd.</li> <li>• Senior Counsel, Huang &amp; Partners</li> <li>• Partner, Huang &amp; Partners</li> <li>• Senior Legal Consultant, Acer Inc.</li> <li>• Senior Legal Consultant, Wistron Corporation</li> </ul>	0

<b>Title</b>	<b>Name</b>	<b>Education</b>	<b>Experience</b>	<b>Number of Shares Held</b>
Independent Director	Janie, I-Tsen Chang	J.D., Northwestern University, USA	<ul style="list-style-type: none"> <li>• U.S. Attorney, New York</li> <li>• Director, Tainan Spinning Co., Ltd</li> </ul>	0

# Appendices

## Appendices 1

### Articles of Incorporation of STANDARD CHEM. & PHARM.CO., LTD.

#### Chapter 1 General Provisions

Article 1: The Company is organized according to the provisions of the Company Act and is named as "STANDARD CHEM. & PHARM. CO., LTD.

Article 2: The Company engages in the following businesses:

1. C110010 Beverage Manufacturing
2. F102040 Wholesale of nonalcoholic Beverages
3. C199990 Manufacture of Other Food Products Not Elsewhere Classified
4. F102170 Wholesale of Foods and Groceries
5. F203010 Retail sale of Food Products and Groceries
6. C201010 Feed Manufacturing
7. F103010 Wholesale of Animal Feeds
8. F202010 Retail Sale of Feeds
9. C801110 Fertilizer Manufacturing
10. F107050 Wholesale of Fertilizer
11. F207050 Retail Sale of Manure
12. C802041 Drugs and Medicines Manufacturing
13. F108021 Wholesale of Western Pharmaceutical
14. F208021 Retail Sale of Western Pharmaceutical
15. C802051 Chinese Medicine Manufacturing
16. F108011 Wholesale of Traditional Chinese Medicine
17. F208011 Retail Sale of Chinese Medicine
18. C802100 Cosmetics Manufacturing
19. F108040 Wholesale of Cosmetics
20. F208040 Retail Sale of Cosmetics
21. CE01010 General Instrument Manufacturing
22. CF01011 Medical Materials and Equipment Manufacturing
23. F108031 Wholesale of Drugs, Medical Goods
24. F208031 Retail sale of Medical Equipment
25. C802060 Veterinary Drug Manufacturing
26. F107070 Wholesale of Veterinary Drugs
27. F207070 Retail Sale of Veterinary Drugs
28. F401010 International Trade
29. H701040 Specific Area Development

- 30. H701060 New Towns, New Community Development
- 31. I103060 Management Consulting
- 32. F399040 Retail Sale No Storefront
- 33. J701040 Recreational Activities Venue
- 34. J801030 Athletics and Recreational Sports Stadium
- 35. J802010 Sports Training
- 36. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is located in Tainan City and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.

Article 4: The Company may provide external guarantee for its business needs.

## Chapter 2 Capital Stock

Article 5: The total capital of the Company shall be in the amount of 2 billion NTD, divided into 200 million shares of 10 NTD each, which the Board of Directors is authorized to issue in installments in accordance with the law.

Article 6: The Company's share certificates shall be in registered form, signed or sealed and numbered by the directors on behalf of the Company, and shall be issued upon certification by a bank authorized by law to act as a certifying officer for the issuance of share certificates.

The shares issued by the Company may be printed jointly or without printing, and shall be registered or kept by a centralized securities depository.

Article 7: The name transfer of shares shall cease within 60 days prior to the regular shareholders' meeting, within 30 days prior to the shareholders' meeting or within 5 days prior to the base date of the Company's decision to distribute dividends and bonuses or other benefits.

Article 8: The Company's stock transactions are subject to the relevant regulations of the competent authorities.

## Chapter 3 Shareholders' Meeting

Article 9: Shareholders meetings of the Company are of two kinds: (1) regular meeting and (2) special meeting. Regular meetings shall be convened at least once a year by the Board of Directors according to the law within six months after the close of each fiscal year. Special meetings shall be convened whenever necessary according to the laws and regulations.

Article 10: Each shareholder shall be notified of the dates, places and reasons at least 30 days before the regular meeting and 15 days before the special meeting.

Article 10-1: The Company's shareholders' meetings may be held by video conference or other forms as announced by the authorities of the Central Government.

Article 11: In case a shareholder is unable to attend a shareholders' meeting for any reason, he/she may appoint a proxy to attend the meeting by presenting a document issued by the Company stating the scope of authority, with the shareholder's signature and seal on it. The authority to vote by proxy shall be governed by the

Company Act and relevant laws and regulations.

Article 12: Unless otherwise provided in the Company Act, the chairman of the shareholders' meeting shall be the president of the Company. In the absence of the president, his or her proxy shall be governed by the provisions of the Company Act; if the meeting is convened by someone other than the board of directors, it shall be governed by the provisions of the Company Act.

Article 13: Each shareholder of the Company is entitled to one vote for each share held, with the exception of those who are not entitled to vote in accordance with Article 179 of the Company Act.

Article 14: Unless otherwise provided for in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.

Article 15: The minutes of the shareholders' meeting shall be prepared, signed or sealed by the chairman, and distributed to the shareholders within 20 days after the meeting, and the preceding minutes shall be distributed by means of an announcement posted on the Market Observation Post System. The minutes of the meeting shall contain the year, month, date, place, the name of the chairman and the method of resolution, as well as the main points of the proceedings and the results thereof. The minutes shall be kept at the Company together with the signature book of the shareholders present and the proxy form for attendance.

#### Chapter 4 Directors and Audit Committee

Article 16: The Company shall have five to nine directors, who shall be nominated by candidates and elected by the shareholders' meeting from a list of candidates for a term of three years, and shall be eligible for re-election.

The total shareholding of all directors and supervisors shall be in accordance with the regulations of the competent securities authorities.

In accordance with Article 14-2 of the Securities and Exchange Act, the number of independent directors of the Company shall not be less than three and shall not be less than one-fifth of the number of directorships. The professional qualifications, shareholdings, restrictions on part-time employment, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations of the competent securities authorities.

The Company has established an Audit Committee since the 19th Board of Directors, which is composed of independent directors, with at least three members, one of whom is the convener, and at least one of whom is specialized in accounting or finance.

The exercise of the Audit Committee's authority, organizational procedures and other matters to be followed shall be in accordance with relevant laws and regulations or the Company's regulations.

On the establishment date of the Audit Committee, the Supervisors shall be dismissed immediately and the relevant provisions of the Articles of Incorporation regarding the Supervisors shall cease to be effective immediately.



To enhance the function of decision-making and strengthen the management mechanism, the Company may establish various functional committees, and the organizational procedures of each committee shall be determined by the board of directors' meeting.

Article 17: If a director's term expires without re-election, the director's executive duties will be extended until the re-election takes place.

Article 18: The Directors shall constitute the Board of Directors and shall elect one Chairman (and one vice Chairman) of the Board from among themselves by a majority at a meeting attended by at least two-thirds of the Directors. The Chairman shall externally represent the Company. In the case of an emergency, the Board of Directors may be convened at any time, and notice of such convening may be given in writing, by E-Mail, or by electronic means such as facsimile.

Article 19: If the number of directors' vacancies reaches one-third, the board of directors shall convene an interim meeting of shareholders within 60 days to hold a by-election, provided that the term of office of the directors to be elected shall be limited to fill the original term of office.

Article 20: Unless otherwise provided in the Company Act, a resolution of the Board of Directors shall be made by a majority of the directors present with the consent of a majority of the directors present. If a director is unable to attend the meeting for any reason, the director may appoint a proxy to attend the meeting for another director by listing the scope of authority to convene the meeting, but limited to the extent that one person shall be appointed by one person.

Article 21: The minutes of the board of directors' meetings shall be made, signed or sealed by the chairman, and distributed to the directors within 20 days after the meeting. The minutes shall record the main points of the proceedings and their results, and shall be kept in the Company together with the signature book of the attending directors and the proxy statement of attendance.

Article 22: Remuneration shall be paid to the directors of the Company for the performance of their duties for the Company, regardless of the Company's profit or loss. The Board of Directors is authorized to determine their remuneration based on their participation in the Company's operations and the value of their contributions, in accordance with the general standards of the industry.

Article 22-1: The Company shall provide liability insurance to the directors during their term of office to cover their liability under the law for the execution of their business, and the Board of Directors is authorized to make the determination of such insurance.

Article 23: The Board of Directors is authorized to exercise discretion and flexibility in determining the amount of the Company's transferable investments, which are not subject to the Company Act restriction that the total amount of transferable investments shall not exceed 40% of the Company's paid-in capital.

## Chapter 5 Managerial Officials

Article 24: The Company may appoint managerial officials, who shall be appointed and dismissed in accordance with the provisions of the Company Act, and who shall have the right to manage and sign the Company's affairs within the scope of the

## Company's Articles of Incorporation.

### Chapter 6 Accounting

Article 25: After the close of each fiscal year, a report on operations, financial statements and proposals concerning appropriation of net profits or making up losses shall be prepared by the Board of Directors, and shall be submitted to the regular meeting of shareholders for acceptance.

1. Business Report 2. Financial Statements 3. Proposals for appropriation of earnings or loss.

Article 26: On the basis of the Company's profit for the year (i.e., income before taxation before the distribution of employee remuneration and directors' remuneration as described below), the Company shall distribute the remaining balance, if any, after making up its deficit in the following manner:

1. 1% to 10% of the remaining balance is allocated as employee remuneration.
2. No more than 3% of the remaining balance is allocated as directors' remuneration.

Employee remuneration may be in the form of stock or cash, and may be granted to employees of the controlling or subordinate companies who satisfy certain criteria.

The aforementioned director's remuneration may be paid in cash only.

The distribution of employee remuneration and director's remuneration shall be reported to the board of directors by the remuneration committee, and shall be made by a resolution of the board of directors with at least two-thirds of the directors present and a majority of the directors present, and shall be reported to the shareholders' meeting.

Article 26-1: Given the variable industrial environment in which the Company operates and the stable growth stage of its corporate life cycle, and considering the Company's future capital needs and long-term financial planning, as well as meeting shareholders' needs for cash inflows, the Company's annual earnings, if any, are distributed in the following order:

1. To pay taxes and contributions
2. To make up losses
3. Set aside 10% of the earnings as legal reserve. However, if the legal reserve has reached the amount of paid-in capital, it shall not be used for this purpose
4. Special reserve is provided or reversed in accordance with the law
5. At least 10% of the accumulated undistributed earnings of the previous year shall be set aside as dividends to shareholders, of which no less than 20% shall be cash dividends; however, if the cash dividends are less than NT\$0.50 per share, stock dividends may be paid instead by resolution of the shareholders' meeting.

If the dividends mentioned above are paid in the form of new shares, they shall be distributed after a resolution is submitted to the shareholders' meeting.

The Company authorizes the Board of Directors, with the presence of at least two-thirds of the directors and the approval of a majority of the directors

present, to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in the form of cash and report to the shareholders' meeting.

## Chapter 7      Supplementary Provisions

Article 27: The Articles of Incorporation and procedures of the Company shall be otherwise determined by the Board of Directors.

Article 28: In regard to all matters not provided for in these Articles of Incorporation, the Company Act and other regulations shall govern.

Article 29: The Articles of Incorporation shall be implemented after the resolution of the shareholders' meeting and the approval of the competent government office, and shall be the same in case of any changes.

Article 30: These Operational Procedures were promulgated on Jun 8, 1967

Amended for first time on April 25, 1968

Amended for second time on March 30, 1970

Amended for third time on March 23, 1972

Amended for fourth time on November 30, 1980

Amended for fifth time on August 20, 1982

Amended for sixth time on October 21, 1983

Amended for seventh time on September 25, 1985

Amended for eighth time on November 23, 1987

Amended for ninth time on June 1, 1988

Amended for tenth time on September 20, 1989

Amended for eleventh time on October 5, 1990

Amended for twelfth time on October 19, 1991

Amended for thirteenth time on October 09, 1992

Amended for fourteenth time on March 05, 1993

Amended for fifteenth time on June 19, 1993

Amended for sixteenth time on June 06, 1994

Amended for seventeenth time on April 08, 1995

Amended for eighteenth time on May 28, 1996

Amended for nineteenth time on May 22, 1998

Amended for twentieth time on May 26, 2000

Amended for twenty-first time on May 26, 2000

Amended for twenty-second time on May 23, 2001

Amended for twenty-third time on May 29, 2002

Amended for twenty-fourth time on May 30, 2006

Amended for twenty-fifth time on June 18, 2008

Amended for twenty-sixth time on June 9, 2009

Amended for twenty-seventh time on June 9, 2010

Amended for twenty-eighth time on June 15, 2011

Amended for twenty-ninth on June 6, 2012

Amended for thirtieth on June 18, 2013

Amended for thirty-first time on June 17, 2014

Amended for thirty-second time on June 17, 2016

Amended for thirty-third time on June 19, 2019

Amended for thirty-fourth time on June 17, 2020

Amended for thirty-fifth on August 24, 2021  
Amended for thirty-sixth time on June 21, 2022

Standard Chem. & Pharm. Co., Ltd.

Representative: Tzu-Ting, Fan

## Appendices 2

### Standard Chem. & Pharm. Co., Ltd.

#### Rules of Procedure for Shareholders Meetings

Article 1: The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2: Convening shareholders meetings and shareholders meeting notices

1. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

When a company holds a virtual shareholder meeting, it should be stipulated in the company's articles of association, except as otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies. A resolution for the virtual shareholder meeting must be passed by the board of directors, and it shall be executed only when it is agreed upon by two-thirds or more of the directors present and the majority of the attending directors, as required by the board of directors.

2. Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.

This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

- a. For physical shareholders meetings, to be distributed on-site at the meeting.

- b. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
  - c. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.
- 3. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- 4. Election or dismissal of directors , amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- 5. Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
- 6. A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.
- 7. Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- 8. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making

the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

9. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
10. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

#### Article 3: Shareholders' Attendance, Proxy, and Authorization.

1. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
2. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
3. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
4. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
5. If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
6. In the event of a virtual shareholders meeting, shareholders wishing to attend the

meeting online shall register with this Corporation two days before the meeting date. In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

7. In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 3-1: Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice

To convene a virtual shareholders meeting, this Corporation shall include the following particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - a. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - b. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - c. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
  - d. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. Except for the circumstances specified in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of



Public Companies, At least the shareholders should be provided with connection equipment and necessary assistance, and the period during which shareholders may apply to the company and other relevant matters to be noted should be stated.

#### Article 4: Shareholder attendance registration process

1. This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.
2. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.
3. Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification
4. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
5. This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

#### Article 5: Chairman and Attendees of the Shareholders' Meeting

1. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.
2. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the

company. The same shall be true for a representative of a juristic person director that serves as chair.

3. It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
4. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
5. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
6. When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

#### Article 6: Calculation of Shareholding for Attendance at Shareholders' Meeting

1. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
2. On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

3. The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending

shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

4. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 3.
5. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### Article 7: Documentation of a shareholders meeting by audio or video

1. This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end. The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting. In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.
2. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

3. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
4. At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.
5. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### Article 8: Discussion of proposals

1. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.
3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
4. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

#### Article 9: Shareholder speech

1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
2. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not

correspond to the subject given on the speaker's slip, the spoken content shall prevail.

3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
5. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
7. Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.
8. As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

#### Article 10: Calculation of voting shares and recusal system

1. Voting at a shareholders meeting shall be calculated based the number of shares.
2. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
3. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

4. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If

that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### Article 11: Voting, monitoring and vote counting

1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
2. When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.
3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.  
After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.
4. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
5. When there is an amendment or an alternative to a proposal, the chair shall present the

amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

6. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.
7. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
8. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

9. When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.
10. In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.
11. When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 3 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.
12. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

#### Article 12: Recess and resumption of a shareholders meeting

1. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
2. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
3. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### Article 13: Minutes of the meeting

1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distribution of meeting minutes can be announced through the MOPS.
2. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.
3. Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.
4. When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.
5. In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.



#### Article 14: Public disclosure

If there are matters regarding resolutions of shareholders' meetings that involve significant information as prescribed by laws or regulatory authorities, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

#### Article 15 : Handling of disconnection

1. In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.
2. In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.
3. For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.
4. For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.
5. During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.
6. When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal

requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

7. Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
8. When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.
9. For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporation shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

#### Article 16 :

To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. Except for the circumstances specified in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, At least the shareholders should be provided with connection equipment and necessary assistance, and the period during which shareholders may apply to the company and other relevant matters to be noted should be stated.

#### Article 17:

Any matters not specified in these regulations shall be handled in accordance with the provisions of the Company Act, relevant laws and regulations, and the Articles of Incorporation of this company.

#### Article 18:

These regulations shall come into effect after being passed by the shareholders' meeting, and the same applies to any amendments made to them.

Article 19:

These Operational Procedures were promulgated on August 24, 2021.

Amended for first time on June 20, 2023

## **Appendices 3**

### **Standard Chem. & Pharm. Co., Ltd.**

#### **Procedures for Election of Directors**

Article 1: To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: The qualifications and election for the independent directors of this Corporation shall comply with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Article 3: The election of directors and independent directors in our company follows a candidate nomination system, where shareholders are responsible for appointing from the list of director and independent director candidates. The procedures for the candidate nomination system shall be conducted in accordance with the provisions of Article 192-1 of the Company Act.

Article 4: The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other

director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 5: The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. The ownership of shares is based on the company's shareholder register.

Article 6: The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 7: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 8: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been 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 9: When the total allocation of voting rights is less than the number of voting rights held by the electors, the reduction in voting rights is considered as abstention.

Article 10: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors

and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 11: The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 12: Any matters not specified in these regulations shall be handled in accordance with the Articles of Incorporation of this company.

Article 13: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 14: These Operational Procedures were promulgated on August 24, 2021

## Appendices 4

### Standard Chem. & Pharm. Co., Ltd. Shareholding of Directors

1. SCPC's total shares (issued and outstanding): 178,696,089 shares.
2. Minimum shareholding required and record of shareholding by Directors according to SCPC's share register:

Title	Minimum share required	Shares record per register
Directors	10,721,766	35,285,363

Book closure date: 2024/4/22~2024/6/20

3. Directors shareholding record table: 2024/4/21

Position	Name	Shares per register	Shareholding ratio (%)
Chairman	Fan Dao Nan Foundation Representative: Tzu-Ting, Fan	5,523,881	3.09
Director	Fan Dao Nan Foundation Representative: Wen-Jang, Lin		
Director	Chin-Tsai, Fan	20,636,813	11.55
Director	Yuan-Teh Lee	-	-
Director	Tsuey-Wen, Yeh	9,124,669	5.11
Independent Director	Hwei-Jiung, Wang	-	-
Independent Director	Lin-Yu, Li	-	-
Independent Director	Shao-Zong, Liu	-	-
Independent Director	Lawrence C. Lee		
Total		35,285,363	19.75

4. The total shareholding of SCPC Directors is in accordance with the minimum shareholding requirement.