

Stock Code : 1701



# 2021 Annual General Shareholders' Meeting Meeting Agenda (Translation)



May 21, 2021

Market Observation Post System : <http://mops.twse.com.tw>

Note to Readers:

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.



**CHINA CHEMICAL & PHARMACEUTICAL CO., LTD.**

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## **Procedure for 2021 Shareholders' regular meeting of China Chemical & Pharmaceutical Co., Ltd.**

Meeting time: 9:00am on May 21 (Friday), 2021

Venue: 4F, No. 2, Xuzhou Road, Taipei City (Room 401 of the International Convention Center, National Taiwan University Hospital)

1. Report the number of shares represented by the attending shareholders
2. Call the Meeting to Order
3. Chairperson Remarks
4. Management Presentation (Company Reports)
  - (1) The company's 2020 business report.
  - (2) Audit Committee's Review Report of 2020 Financial Statements.
  - (3) To report 2020 directors' compensation and employees' profit sharing bonus.
  - (4) Other report.
5. Proposals:
  - (1) The business report and final account books in Year 2020.
  - (2) Issue of distribution of earning of Year 2020.
6. Discussions:
  - (1) A motion for partial amendment to the Company's "Rules of Procedures Governing Shareholders' Meeting."
  - (2) A motion for partial amendment to the Company's "Regulations Governing the Election of Directors' Meeting."
7. Elections:

The motion of the Company's independent directors (including independent directors).
8. Other Discussions:

Proposal for canceling the non-compete restriction for new directors and their representatives.

9. Questions and Motions

10. Adjournment

## **Management Presentation (Company Reports)**

1. Please refer to Appendix I for The Company's 2020 Business Report (pages 16~19 of this manual).
2. Audit Committee's Review Report of 2020 Financial Statements:

China Chemical & Pharmaceutical Co., Ltd.

### **Audit Committees' Review Report**

The board of directors prepared and submitted the business report, financial statements (both consolidated and individual), and proposal for earnings distribution of 2020. The aforementioned business report, financial statements (including individual and consolidated financial statements) and proposed distribution of earning have been duly audited by the Audit Committee and were believed without non-conformity. The Report as mentioned above is duly submitted in accordance with Article 14~4 of Securities and Exchange Act, Article 219 of the Company Act. Please check and verify.

Best regards

2021 Shareholders' regular meeting of China Chemical  
& Pharmaceutical Co., Ltd.

Audit Committee, Convener: Chen, Hung-Shou

March 4, 2021

3. To report 2020 directors' compensation and employees' profit sharing bonus:

Descriptions: (1) As officially resolved in the Company's board of directors on March 4, 2021, in fiscal year 2020, the remuneration to employees amounted to NT\$55,000,000 and the remuneration to directors amounted to NT\$6,000,000, both of which shall be paid in cash.

- (2) The aforementioned decision proves free of any difference from the amounts recognized in 2020.

4. Other report.

Descriptions: (1) The proposal(s) should be accepted in accordance with Article 172-1 of the Company Act.

- (2) There was not any single shareholder posing a proposal in the present shareholders' regular meeting.

## **Proposals**

No. 1: (Proposed by the Board)

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

Descriptions: (1) The Company's Business Report and Financial Statement as well as Consolidated Financial Statement of 2020 were duly passed with the decision resolved in the board of directors on March 4, 2021 and were completed in the review process by the Audit Committee. The Review Report of the Audit Committee has been duly issued.

(2) For the Business Report, certified public accountant audited Financial Statement, Financial Statement and Consolidated Financial Statement for 2020, please refer to Appendix I, II annexed to this Handbook, pp. 16–42.

(3) The agenda has been proposed.

Resolutions:

No. 2: (Proposed by the Board)

Proposal: Please confirm the 2020 annual earnings distribution.

Descriptions: (1) The distribution of the Company's earnings for 2020 (Cf. The Table of Distribution of Earnings, Appendix III, p. 43 for details) is herewith posed for acknowledgement.

(2) It is proposed that the Company should distribute cash dividend at NT\$1 per share. After the present proposal is passed in the shareholders' regular meeting, the board of directors is authorized to fix the ex-dividend base day to distribute such cash dividend.

(3) To meet an event where the Company gets its share capital changed hereafter (treasury shares, convertible corporate bonds, employee stock option certificates and the like), leading to an increase in outstanding shares and, in turn, a change in the shareholder dividend rate, it is proposed that the shareholders' meeting authorize the board of directors for an adjustment as appropriate.

Resolutions:

## Discussions

No. 1: (Proposed by the Board)

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

Descriptions: 1. The Company’s “Shareholders’ Meeting Procedure Rules” should be partially amended as required by Taiwan Stock Exchange Corporation (TWSE) with its Letter Tai-Zheng-Zhi-Li-Zi 10900094681 dated June 3, 2020 and Letter Tai-Zheng-Zhi-Li-Zi 11000014461 dated January 28, 2021.

2. Comparative Table of amended contents is provided below:

Clauses after the amendment	Existing clauses	Remark
<p>Article 3: Paragraph 1, 2, 3 omitted. Such act(s) as to elect or discharge a director, amend the Articles of Incorporation, reduce capital, apply for discontinuity from public offering, permit for director prohibition of business strife, turn earnings into capital increase, turn the reserve into capital increase, dissolve the Company, perform merger or demerger, or any <u>affairs</u> set forth under all Subparagraphs of Paragraph 1, Article 185 of the <u>Company Act</u>, affairs set forth under <u>Article 26-1</u>, Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall have the major contents duly enumerated and explained in the convening agenda and shall not be proposed by means of an extemporaneous (unscheduled) motion. The reason for the convening of the shareholders' meeting is indicated as a full re-election of directors, and the date of assuming office is specified. After the re-election in the shareholders' meeting is completed, the date of assuming office shall not be changed via an extraordinary motion or other means at the same meeting.</p> <p>Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. A shareholder(s) is (are) entitled to submit a proposal to urge the Company to promote public interests or to fulfill corporate social responsibility (CSR). <u>In procedures, such a proposal should be limited to one item in accordance with Article 172-1 of the Company Act. The item(s) in excess of one item in the proposal shall not be covered into the proposal.</u> In addition, the Board may have the proposals of shareholders that fall under the circumstances stated in Article 172-1 Paragraph 4 of the Company Act excluded from meeting</p>	<p>Article 3: Paragraph 1, 2, 3 omitted. Matters pertaining to election or discharge of directors, alteration of 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, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act, Article 43-6 of the Securities and Exchange Act and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described, and the essential contents shall be explained in the notice to convene a meeting of shareholders and shall not be brought up as extemporaneous motions. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.</u></p> <p>The reason for the convening of the shareholders' meeting is indicated as a full re-election of directors, and the date of assuming office is specified. After the re-election in the shareholders' meeting is completed, the date of assuming office shall not be changed via an extraordinary motion or other means at the same meeting.</p> <p>Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. Nevertheless, the present motion posed by the shareholders is intended to urge the Company to enhance public interests or to faithfully fulfill the corporate social responsibility (CSR). In addition, the Board may have the proposals of shareholders that fall under the circumstances stated in Article 172-</p>	<p>Partial wording amendment on the Articles with reference to the “Referential Prototype of Shareholders’ Meeting Procedure Rules of ○○ Co., Ltd.” as required by Taiwan Stock Exchange Corporation (TWSE) under its Letter Tai-Zhi-Li-Zi 10900094681 dated June 3, 2020 and Letter Tai-Zhi-Li-Zi 11000014461 dated January 28, 2021 so as to satisfy the legal operation.</p>



<p>discussions.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the place and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words, and <u>no proposal</u> 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.</p> <p>Omitted hereinafter.</p>	<p>1 Paragraph 4 of the Company Act excluded from meeting discussions.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the place and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Motion proposed by shareholders is limited to three hundred words. A proposed motion of more than three hundred words will not be included in the proposal. The proposing shareholders must attend the Annual Meeting of Shareholders in person or by proxy and must participate in the proposal discussion.</p> <p>Omitted hereinafter.</p>	
<p>Article 6:</p> <p>The Company shall specify check-in time and place and other notes in shareholders' meeting's notice.</p> <p>The check-in time shall begin at least thirty minutes before the meeting starts. The check-in location shall have clear marking and sufficient and capable staff for handling the check-in process.</p> <p>The Company shall prepare attendance book for shareholders to sign-in or shareholders will submit sign-in cards in substitute of sign-in.</p> <p>Omitted hereinafter.</p>	<p>Article 6:</p> <p>The Company should have the attendance registry ready for the signature of the attending shareholders <u>or the shareholder's representative (hereinafter referred to as the Shareholders)</u>, or the attending shareholders may have the signature card submitted as an alternative to the signature.</p> <p>Omitted hereinafter.</p>	<p>New increase of provisions in Paragraphs 1 and 2, amendment to Paragraph 3 for partial amendment with reference to the "Referential Prototype of Shareholders' Meeting Procedure Rules of ○○ Co., Ltd." as required by Taiwan Stock Exchange Corporation (TWSE) under its Letter Tai-Zhi-Li-Zi 10900094681 dated June 3, 2020 and Letter Tai-Zhi-Li-Zi 11000014461 dated January 28, 2021.</p>
<p>Article 7:</p> <p>Paragraph 1 omitted.</p> <p><u>When a Managing Director or a director serves as the chairperson as referred to in the preceding paragraph, the Managing Director or the Director shall hold the position for six months or more and be one 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 chairperson. If the chair is the representative of a corporate director, the qualification requirements apply.</u></p> <p>Shareholder meetings that are convened by the board of directors should be chaired by the Chairman and attended personally by more than half of the board and at least one independent director, <u>with at least one representative from each functional committee present at the meeting.</u> Attendance of the above participants shall be recorded in details in the shareholder meeting minutes.</p> <p>Omitted hereinafter.</p>	<p>Article 7:</p> <p>Paragraph 1 omitted.</p> <p>The Chairman shall personally preside the Shareholders' meeting that is convened by the board of directors; also, a majority of the board of directors and at least one member of each functional committee should attend the meeting with the attendance recorded in the minutes of meeting.</p> <p>Omitted hereinafter.</p>	<p>New increase of provisions in Paragraph 2 and amendment to Paragraph 3 for partial amendment with reference to the "Referential Prototype of Shareholders' Meeting Procedure Rules of ○○ Co., Ltd." as required by Taiwan Stock Exchange Corporation (TWSE) under its Letter Tai-Zhi-Li-Zi 10900094681 dated June 3, 2020 and Letter Tai-Zhi-Li-Zi 11000014461 dated January 28, 2021.</p>
<p>Article 8:</p> <p>The Company <u>shall continuously record from shareholder check-in to record shareholder check-in, the meeting proceeding and the entire</u></p>	<p>Article 8:</p> <p>The Company shall either make an audio <u>or</u> video record of the entire process of a meeting convened by shareholders.</p>	<p>To duly amend in wording of the Regulations</p>

election in both video <u>and</u> audio format. The foregoing recording shall be kept for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.	<u>Put into</u> sound custody for one year minimum. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.	Governing Procedures of the Audio or Video Records of the Process of the Shareholders' Meeting so as to comply with the sound legal operations.
Article 9: Paragraph 1 omitted. The chairperson shall announce the start of the meeting forthwith when the specified time is due and shall, <u>meanwhile, announce the number of non-voting rights and the number of present shareholders.</u> Omitted hereinafter.	Article 9: Paragraph 1 omitted. The chairman should announce the commencement of the meeting as soon as it is due.  Omitted hereinafter.	Amendment to Paragraph 2 in an attempt to promote corporate governance and safeguard shareholder interest.
Article 10: If the shareholders' meeting is convened by the board of directors, its agenda shall be determined by the board of directors. Relevant motions <u>(including temporary motions and amendments to the original motion)</u> shall be decided by vote on a case by case basis. The meeting shall be conducted in accordance with the scheduled agenda and shall not be changed without the resolution of the shareholders' meeting. The provisions of the preceding paragraph apply <i>mutatis mutandis</i> to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The chairperson may not arbitrarily declare the adjournment of the meeting before the end of <u>proceedings</u> (including extempore motions). If the chairperson declares the meeting adjourned in violation of the rules of procedure, other members of the board of directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chairperson shall allow ample opportunity during the meeting for explanation and discussion of the proposals and of the amendments or extempore motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, he or she may announce the end of the discussion, call for the vote <u>and arrange sufficient voting time.</u>	Article 10: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors and all relevant proposals shall be voted. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply <i>mutatis mutandis</i> to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The chairperson shall not announce the adjournment of the meeting until end of the scheduled agenda in the two preceding paragraphs (including an extempore motion) unless a decision is resolved. In an event where the chairperson violates the Shareholders' Meeting Procedure Rules by illegally announcing adjournment of the meeting, another member(s) of the board of directors shall promptly help the present shareholders elect one from themselves to chair the meeting through legal procedures with one-half majority vote from the present shareholders to continue the meeting. The Chairman must give the proposal or the amendment and motion proposed by the shareholders an opportunity to be explained and discussed sufficiently until it is ready for balloting and then stop the discussion for balloting.	Partial wording amendment on the Articles with reference to the "Referential Prototype of Shareholders' Meeting Procedure Rules of ○○ Co., Ltd." as required by Taiwan Stock Exchange Corporation (TWSE) under its Letter Tai-Zhi-Li-Zi 10900094681 dated June 3, 2020 and Letter Tai-Zhi-Li-Zi 11000014461 dated January 28, 2021 so as to satisfy the legal operation.
Article 11: A shareholder wishing to speak in a shareholders meeting shall first fill out a speaker's slip, specifying therein the essentials of his speech, his or her shareholder account number (or attendance card number) and the account name, and the chairperson shall determine his or her order of giving a speech. Omitted hereinafter.	Article 11: A shareholder wishing to speak in a shareholders meeting shall first fill out a speaker's slip, specifying therein the essentials of his speech, his or her shareholder account number (or attendance card number) and the account name, and the chairperson shall determine his or her order of giving a speech. Omitted hereinafter.	Amendments to the wordings.
Article 12: Paragraph 1, 2 omitted. A shareholder who has a personal interest in the	Article 12: Paragraph 1, 2 omitted. Whenever an issue in a shareholders' meeting	Amendments to the wordings.

matter under discussion at a meeting, which may impair the interest of the company, shall not vote nor exercise the voting right on behalf of another shareholder. Omitted hereinafter.	involves the personal interests of a shareholder and is likely to become harmful to the Company's interests, that shareholder shall not join the voting process and shall not exercise voting power for another shareholder. Omitted hereinafter.	
Article 13: Paragraph 1, 2, 3, 4 omitted. Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, be adopted by a majority vote of the shareholders present. 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. Paragraph 6, 7 omitted. <u>The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.</u>	Article 13: Paragraph 1, 2, 3, 4 omitted. Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, be adopted by a majority vote of the shareholders present. At the time of a vote, 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. Paragraph 6, 7 omitted. <u>Ballot counting should be held at the meeting place with the ballot counting result <u>announced immediately</u> and records kept.</u>	Partial wording amendment on the Articles with reference to the "Referential Prototype of Shareholders' Meeting Procedure Rules of ○○ Co., Ltd." as required by Taiwan Stock Exchange Corporation (TWSE) under its Letter Tai-Zhi-Li-Zi 10900094681 dated June 3, 2020 and Letter Tai-Zhi-Li-Zi 11000014461 dated January 28, 2021 so as to satisfy the legal operation.
Article 14: Where a director(s) is (are) elected in a shareholders' meeting, the election process shall be duly carried out exactly in accordance with the election rules enacted by the Company and the election outcome shall be announced on-the-spot, including the list of elected directors, number of the election powers they win, <u>list of candidates unsuccessful in the election and number of the election powers they win.</u> Omitted hereinafter.	Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the election results shall be announced on-site immediately, including the names of those elected as directors and the numbers of voting rights with which they were elected. Omitted hereinafter.	Paragraph 1 is duly amended in an effort to enhance corporate governance and to better safeguard shareholders in their interests.
Article 15: Paragraph 1, 2 omitted. 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), <u>and disclose the number of voting rights won by each candidate in the event of an election of director.</u> The minutes shall be kept persistently throughout the life of the Company.	Article 15: Paragraph 1, 2 omitted. 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 results of the voting (including the statistical tallies of the numbers of votes). The minutes shall be kept persistently throughout the life of the Company.	Minor text amendment for legal process.

## Resolutions:

No. 2: (Proposed by the Board)

Proposal: A motion for partial amendment to the Company's "Regulations Governing the Election of Directors' Meeting." Please proceed to discuss.

Descriptions: 1. A partial amendment to the Company's "Regulations Governing Director Elections" with reference to Letter Tai-Zheng-Zhi-Zi 10900094681 of Taiwan Stock Exchange Corporation (TWSE) dated June 3, 2020.

2. Comparative Table of amended contents is provided below:

Clauses after the amendment	Existing clauses	Remark
Article 4: <u>Independent directors are subject to the eligibility criteria specified in Articles 2, 3 and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." Election of independent directors is subject to comply with Articles 5, 6, 7, 8 and 9 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and Article 24 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."</u>	(A new clause enacted)	(1) A new clause enacted. (2) New increase of this Article with reference to the provision for amendment under Referential Prototype "Director Election Procedures of○○ Co., Ltd." under Letter Tai-Zheng-Zhi-Zi 10900094681 of Taiwan Stock Exchange Corporation (TWSE) dated June 3, 2020.
Article 5: Elections of directors of the company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. When the number of directors falls below five due to the dismissal of a director for any reason, the company shall hold a director by-election at the next following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election. When the number of independent directors falls below that required under the	Article 4: Election of directors shall proceed according to the nomination system described in Article 192-1 of the Company Act. <u>To facilitate proper review regarding directors' eligibility, academic/career background and conditions described in Article 30 of the Company Act, no documentary proof other than those mentioned in the Act shall be used. The outcome of the review needs to be presented to shareholders, and will be used as reference to choose the suitable directors.</u> When the number of directors falls below five due to the dismissal of a director for any reason, the company shall hold a director by-election at the next following shareholders meeting. When the number of directors falls	(1) Article order change. (2). New increase of this Article with reference to the provision for amendment under Referential Prototype "Director Election Procedures of○○ Co., Ltd." under Letter Tai-Zheng-Zhi-Zi 10900094681 of Taiwan Stock Exchange Corporation (TWSE) dated June 3, 2020.

<p>proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When all the independent directors are dismissed, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election. If the number of independent directors does not meet the requirements of the proviso in Article 14-2, Paragraph 1 of Securities Exchange Act, <u>the relevant provisions of Taiwan Stock Exchange "Corporation Rules Governing Review of Listings, or the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM" Subparagraph 8</u>, an election of directors should be held in the most recent shareholders' meeting. When all independent directors were dismissed, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.</p>	
Article 6: (Changes in Article code while the text remains unchanged)	Article 5: (Changes in Article code while the text remains unchanged)	Changes in the order of Articles.
Article 7: (Changes in Article code while the text remains unchanged)	Article 6: (Changes in Article code while the text remains unchanged)	Changes in the order of Articles.
Article 8: (Changes in Article code while the text remains unchanged)	Article 7: (Changes in Article code while the text remains unchanged)	Changes in the order of Articles.
Article 9: (Changes in Article code while the text remains unchanged)	Article 8: (Changes in Article code while the text remains unchanged)	Changes in the order of Articles.
(This Article is deleted)	Article 9: <u>If the candidate is also a shareholder, voters shall specify both shareholder account name and number in the "candidate" column of the ballot. If the candidate is not a shareholder, the candidate's name and ID card number will have to be specified instead. If the candidate is a government agency or institution shareholder, the candidate column on the ballot must be</u>	(1). This Article is deleted. (2). This Article is deleted pursuant to the requirements for partial amendment with Referential Prototype of "Director Election Procedures of OO Co., Ltd." under Letter Tai-Zheng-Zhi-Zi

	<u>detailed with the name of the government agency or institution shareholder, or it can be the name of the government agency or institution shareholder and their representatives. If there is more than one representative appointed, the name of all the representatives must be listed separately.</u>	10900094681 of Taiwan Stock Exchange Corporation (TWSE) dated June 3, 2020.
<p>Article 10: A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Voting without using ballots prepared by <u>a person with the right to convene.</u></li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot does not conform <u>to the director candidate list.</u></li> <li>5. Other words or marks are entered in addition to the number of voting rights allotted.</li> </ol>	<p>Article 10: A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Voting without using ballots prepared by the <u>board of directors.</u></li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. Where the candidate <u>is a shareholder, the written identity and shareholder account number do not match the shareholder registry; or where the candidate is a non-shareholder, the written name and ID card number do not match the candidate's identity proof.</u></li> <li>5. There are other words other than <u>the account name (name) of the candidate, or shareholder account number</u> and the distributed voting weights.</li> <li>6. <u>The candidate's name written in the ballot coincides with another shareholder, but no shareholder account number or ID card number is provided for identification.</u></li> </ol>	Amendment of the contents of this Article pursuant to the requirements for partial amendment with Referential Prototype of "Director Election Procedures of OO Co., Ltd." under Letter Tai-Zheng-Zhi-Zi 10900094681 of Taiwan Stock Exchange Corporation (TWSE) dated June 3, 2020.

Resolutions:

## **Elections**

Subject: Reelection of the Company's directors (including independent directors) (Proposed by the Board)

Descriptions: (1) It is proposed an overall reelection in the shareholders' meeting in the present 24<sup>th</sup> session of the tenure of office of the Company's directors (including independent directors) expires on November 13, 2021.

- (2) Pursuant to the Company's Articles of Incorporation, the Company shall elect 5–7 directors (including independent directors of whom there shall not be less than three minimum), with a three-year tenure of office. In the present shareholders' meeting, it is proposed that 5–7 directors (including independent directors) shall be elected and that all independent directors shall organize the Audit Committee.
- (3) The current directors (including independent directors) shall serve their tenure of office until the new directors (including independent directors) are elected in the present shareholders' meeting. The newly elected directors (including independent directors) shall take office forthwith on the day after reelection. The directors (including independent directors) of the 25<sup>th</sup> Session shall serve a three-year tenure of office starting from May 21, 2021 until May 20, 2024.
- (4) The directors (including independent directors) shall be elected under the candidates nomination system. For the list of candidates, resumes, and number of shares held thereby, please refer to Appendix VII annexed hereto (pp. 68–70).
- (5) Please proceed with the election process

Voting Results:

## **Other Discussions**

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

- Explanation: (1) Pursuant to Article 209 of the Company Act “If a director is engaged in activities which are within the business scope of the company, either for his/her own sake or on behalf of others, the director should explain to the shareholders’ meeting the major contents of such activities and obtain approval accordingly.” ㄱ 。
- (2) In an attempt to take advantage of the expertise and relevant hands-on experience of the Company’s directors, it is proposed to request the shareholders’ meeting to approve lifting the prohibition of business strife from the newly elected directors (including independent directors) of the 25<sup>th</sup> Session and their representatives.
- (3) Whenever the Company’s juristic person directors reassign their juristic person representatives in response to business needs, the prohibition of business strife upon such juristic person representatives of the juristic person directors shall be equally lifted.
- (4) For the itemized list of the actions of the candidates for the Company’s directors (including independent directors) of the 25<sup>th</sup> session, please refer to Appendix VIII annexed hereto (p. 71). The substantial targets to have prohibition of business strife lifted shall be those directors (including independent directors) substantially elected.
- (5) The topic is ready for discussion.

Resolutions:

## **Questions and Motions**

## **Adjournment**



# Appendices

## Appendix I

### Business Report

(I) 2020 Business plan execution and achievement

The revenue of the parent company was NTD3,857.24 million, which was approximately 7.26% lower than the 2019 revenue of NTD3,596.18 million. The consolidated revenue of the company was NTD8,181.05 million for the year 2020 which was approximately 2.65% growth compared with the consolidated revenue of NTD7,969.7 million for the year 2019. The consolidated net profit after tax for the current period was NTD559.50 million, which was approximately 45.39 % lower than the NTD384.82 million for the year 2019.

(II) Comparison of the financial revenues and expenditures

(1) The comparison of financial revenues and expenditures in 2020 and 2019 (parent company only)

Item	2020	2019	Unit: NTD thousand; %	
			Increase (decrease)	Increase (decrease) %
Operating revenue - net	3,857,241	3,596,186	261,055	7.26
Net gross margin	993,199	890,621	102,578	11.52
Gross profit rate %	25.75%	24.77%	0.98	-
Operating expenses	598,431	552,178	46,253	8.38
Operating profit	394,768	338,443	56,325	16.64
Non-operating income and expense	243,420	102,515	104,905	137.45
Net profit before tax	638,188	440,958	197,230	44.73
After tax net profit	557,365	384,690	172,675	44.89

(2) The comparison of consolidated financial statements of 2020 and 2019

Item	2020	2019	Unit: NTD thousand; %	
			Increase (decrease)	Increase (decrease) %
Operating revenue - net	8,181,056	7,969,700	211,356	2.65
Net gross margin	2,968,803	2,976,433	-7,630	-0.26
Gross profit rate %	36.29%	37.35%	-1.06	-
Operating expenses	2,547,571	2,601,793	-54,222	-2.08
Operating profit	421,232	374,640	46,592	12.44
Non-operating income and expense	236,408	70,914	165,494	233.37
Net profit before tax	657,640	445,554	212,086	47.60
After tax net profit	559,500	384,822	174,678	45.39

(III) Budget implementation:

(1) The implementation of the budget for the year 2020 (parent company only)

Unit: NTD thousand; %

Item	Actual amount	Annual budget	Attainment %
Operating revenue	3,857,241	3,571,184	108.01
Operating cost	2,825,279	2,627,981	107.51
Gross profit	993,199	943,203	105.30
Operating expenses	598,431	589,115	101.58
Operating profit	394,768	354,088	111.49
Net profit before tax	638,188	573,813	111.22

(2) The implementation of the budget for the year 2020 (consolidated)

Unit: NTD thousand; %

Item	Actual amount	Annual budget	Attainment %
Operating revenue	8,181,056	8,129,259	100.64
Operating cost	5,212,253	5,545,223	94.00
Gross profit	2,968,803	2,584,036	114.89
Operating expenses	2,547,571	2,230,631	114.21
Operating profit	421,232	353,405	119.19
Net profit before tax	657,640	423,393	155.33

(IV) The consolidated and individual revenues and expenditures and analyses over profitability in the year 2020:

1. Financial income and expense:

(1) Financial revenue and expenditure (Parent company only)

Unit: NTD thousand

Item	Amount
Operating revenue	3,857,241
Gross profit	993,199
Operating profit	394,768
Interest revenue	5,334
Interest expenses	37,273
Net profit before tax	638,188
After tax net profit	557,365
Earnings per share	1.88
Diluted earnings per share	1.86

(2) Financial revenue and expenditure (Consolidated)

Item	Amount
Operating revenue	8,181,056
Gross profit	2,968,803
Operating profit	421,232
Interest revenue	22,421
Interest expenses	42,825
Net profit before tax	657,640
After tax net profit	559,500
Earnings per share	1.88
Diluted earnings per share	1.86

2. Profitability analysis:

(1) Profitability analysis (Parent company only)

Unit: %

Item	Proportion
ROA	5.74
ROE	8.92
Operating profit based on the percentage of paid-in capital ratio	13.24
Net income before tax based on the percentage of paid-in capital ratio	21.41
Net profit rate	14.45
Earnings per share	1.88
Diluted earnings per share	1.86

(2) Profitability analysis (Consolidated)

Unit: %

Item	Proportion
ROA	4.96
ROE	8.90
Operating profit based on the percentage of paid-in capital ratio	14.13
Net income before tax based on the percentage of paid-in capital ratio	22.06
Net profit rate	6.84
Earnings per share	1.88
Diluted earnings per share	1.86

- (V) Performance in research & development in the year 2020:
1. The 2020 research and development achievements are as follows:
    - (1) New product registration and listing applications  
10 human drug applications and 2 animal drug applications
    - (2) New product license certification  
1 human drug license certifications and 7 animal drug license certifications
  2. Developing the API nanoparticles production platform  
Developing the API nanoparticles production platform, which includes the development of an API nanoparticle stabilizer, the production of API nanoparticles, and the establishment of an API nanoparticle production analytical method
  3. Successful development of soft mist inhalation dosage form technology platform, including prescription development, product stability, manufacturing process, analysis methods and related laws and regulations.
  4. Successful development of nano micelle preparation technology platform, including the establishment of nano-cell stability prescription, manufacturing process, analysis methods and related laws and regulations.
  5. Developing an integration platform for new product development  
Collaborate on a new product development and integration platform with the operation, materials, and production departments to continuously introduce new products for the domestic market
  6. Joint participation in new medicine research & development  
The Company has obtained the nano-microcellular technology authorization from MegaPro Bio and has jointly screened the drugs with market potential and has further put nanotechnology, e.g. liposomes, into expansion of development of new drugs.
- (VI) The strategies of future development amidst the exterior environment of competition, statutory environments and environment of macroeconomy:
1. In response to adjustment of prices of the National Health Insurance oriented medicines and the policies with link up with patents, we shall accelerate independent research & development for the sales of sales performance and shall, meanwhile, with wholehearted efforts, strive for patents and distributorship for generic pharmaceuticals in the international markets. Meanwhile, we shall intensify our capability and scales in the platforms with omnifarious and comprehensive in-depth promotion toward hospitals, clinics and drug store channels.
  2. We shall associate ourselves with partners available in at home and abroad to accelerate promotion of pharmaceuticals oriented to rare diseases or orphan diseases, cancers, biological and such specialty drugs through efforts of development and introduction.
  3. Actively develop or introduce out-of-pocket health care products and increase revenues from the out-of-pocket market.
  4. In terms of overseas subsidiaries, the Company continues to expand the third terminal department and accelerate the introduction of new products. In response to the Company's consistency evaluation policy, the Company firmly dominates the primary control of the consistency evaluation operating progress. Its items have successfully passed the consistency evaluation and the Company would immediately expand and penetrate the market to gradually upgrade the Company's Public Affairs Department, firmly grasp government policies in real time and formulate corresponding countermeasures in response.

## Appendix II

### Auditor's Report

(2021) Cai-Shen-Bao-Zi No. 2004272

To: China Chemical & Pharmaceutical Co., Ltd.:

### **Audit opinions**

We have audited the accompanying individual balance sheet of China Chemical & Pharmaceutical Co., Ltd. and subsidiary as of December 31, 2020 and 2019, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and Note of the consolidated financial statements (including major accounting policy) for the years then ended.

In our opinion, based our audit results and other CPAs' audit results (please refer to the paragraph on other matters), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of Taiwan, the Republic of China.

### **The basis for opinions**

We conducted our audit in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of China Chemical & Pharmaceutical Co., Ltd. in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of the Group and we have fulfilled our other ethical responsibilities in accordance with these requirements. On the basis of my audit findings and the audit reports compiled by other certified public accountants, we believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matter**

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the consolidated statements of the Group in 2020. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit procedures of the consolidated financial statements of the Group in 2020 included:

### **Accounting estimation of allowance for account and note receivables**

#### Description of the matter

Please refer to the footnotes related to account and note receivables in the consolidated financial statement: Note 4(9) for the accounting policy, Note 5(2) for accounting estimation and uncertainty assumption and Note 6(3) for item explanation.

The Group assessed the impairment losses of account and note receivables by taking into

consideration the overdue status and existing allowance made based on indicators of impairment from each case. The item is listed as a key audit matter because assessment involved subjective judgments from the management, and the receivables involved were significant.

#### Audit response

Our key audit procedures regarding the audit matters referred to above are as follows:

1. Evaluate the reasonableness and consistency of the allowance policies adopted on account and note receivables.
2. Perform tests on effectiveness of the internal control system relating to customer credit setting and approval
3. Perform tests on account receivable aging report to ensure the reasonableness of aging categorization and allowance estimation.
4. Evaluate the appropriateness of supporting evidence identified by management when judging impairment of account and note receivables of significance.
5. Collect information related to uncollected account and note receivables of significance after the current period and re-evaluate the adequacy

### **Evaluation on inventory**

#### Description of the matter

For the accounting policy of the assessment of inventory write-downs, please refer to Note 4(13). For critical accounting judgments and key sources of estimation uncertainty please, refer to Note 5(2). For other relevant disclosures, please refer to Note 6(4).

CCPC is mainly engaged in the production and sale of pharmaceuticals and health products. Because the price of medicine is vulnerable to the price of health insurance products and the products are subject to expiration dates, the risk of losses from inventory impairment is high. Since the balance of inventories has a significant weight on the financial statements, the variety of inventories is vast, and the management needs to apply judgment to evaluate the impairment or obsolescence of the value, the valuation of inventories was deemed to be one of the key audit matters.

#### Audit response

Our key audit procedures regarding the audit matters referred to above are as follows:

1. Evaluating the accounting policy of allowances for losses of inventory impairment based on the understanding of the Company's operations and the nature of its industry.
2. To confirm if the price used for net realizable value corresponds to the company policy, and if the calculation of net realizable value for the individual inventory part number is correct with a sampling test.
3. Obtaining details of outdated inventories identified by the management, reviewing relevant information, and verifying the accounting records.

### **Other Matters - Refer to the audits performed by other CPAs.**

The 2020 and 2019 financial statements of certain subsidiaries of CCPC were not audited by us, but by other CPAs. Therefore, in our opinion, the amounts referred to above regarding those companies and included in the consolidated financial statements and the relevant disclosures in Note 13 are based on the audit reports of other CPAs. The total assets of those subsidiaries were NTD206,149 thousand and NTD213,298 thousand as of December 31, 2020 and 2019, respectively, which accounted for 1.67% and 1.84% of the consolidated assets, respectively. The operating income was NTD132,186 thousand and NTD110,940 thousand for the year ending December 31, 2020 and 2019, respectively, which accounted for 1.62% and 1.39%, respectively, of the consolidated operating income. In addition, investments using the equity method by CCPC as of December 31, 2020 and 2019 and certain investment companies' information disclosed in Note 13 were evaluated and disclosed in the financial statements based on the audit performed by other CPAs appointed by the respective companies invested in. We did not audit those financial statements. The investments using the equity method were NTD400,803 thousand and NTD455,516 thousand as of December 31, 2020 and 2019, which accounted for 3.24% and 3.93% of the consolidated assets, respectively. The consolidated profits (including the share of affiliates and the profit or loss of joint ventures recognized by the equity method and the share of other comprehensive profit and loss) were NTD56,463 thousand and NTD43,340 thousand for the year ending December 31, 2020 and 2019, respectively, which accounted for 6.10% and 9.15%, respectively, of the combined profits.

### **Other matters – Individual Financial Report**

SINOCHEM Group has drafted individual financial statements for 2020 and 2019, and the accountant made unmodified opinions on other matters - mentioned the audit report of other accountants is included, available for reference.

### **Responsibilities of Management and Those in Charge with Governance of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of Taiwan, the Republic of China, and for such internal control as the 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, the management is responsible for assessing the ability of the Group as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the Group.



## **Auditor's Responsibilities for the Audit of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

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 auditor's report. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with generally accepted auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Misstatements can arise from fraud or error. If fraud or errors are considered materials, 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.

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

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 risks, and obtain 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 internal control effective in the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, 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 and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's 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 statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements.

The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

We communicate with those in charge of 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).

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Group of 2020 and are therefore the key audit matters. We describe these matters in our auditor's 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 communications.

PricewaterhouseCoopers, Taiwan  
March 29, 2020

### Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated results of operations, and consolidated cash flows in accordance with accounting principles and practices generally accepted in Taiwan, the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Taiwan, the Republic of China. For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in Taiwan, the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

China Chemical & Pharmaceutical Co., Ltd. and subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Assets		Additional notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,034,239	8	\$ 703,840	6
1110	Financial assets at fair value through profit and loss- Current	6 (2)	-	-	66,026	1
1136	Financial assets measured at the amortized cost-current	8	400	-	-	-
1150	Notes receivable-net	6(3)	324,175	3	324,521	3
1160	Notes Receivable-Related Parties- net	7	114,913	1	151,748	1
1170	Notes accounts, net	6(3)	1,671,811	14	1,649,048	14
1180	Account receivables-Related Parties- net	7	55,237	-	49,367	-
1200	Other receivables	9	85,266	1	50,702	-
1210	Other receivables - related parties	7	188,447	2	199,056	2
130X	Inventory	6 (4)	2,402,224	19	2,180,839	19
1476	Other financial assets- current	8	-	-	5,718	-
1479	Other current assets- Other	9	50,639	-	116,927	1
11XX	Total current assets		5,927,351	48	5,497,792	47
Non-Current assets						
1517	The financial assets measured for the fair values through other comprehensive income- non-current	6 (5)	741,685	6	457,059	4
1550	Investment under the equity method	6(6) and 7	963,485	8	936,480	8
1600	Property, plant, and equipment	6(7) and 8	4,254,179	34	4,235,151	37
1755	Right-of-use assets	6 (8)	95,647	1	94,823	1
1780	Intangible assets		27,734	-	24,281	-
1840	Deferred income tax assets	6 (25)	211,744	2	190,062	2
1900	Other non-current assets	6(9) and 9	135,089	1	142,257	1
15XX	Total of Non-Current Assets		6,429,563	52	6,080,113	53
1XXX	Total assets		\$ 12,356,914	100	\$ 11,577,905	100

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China Chemical & Pharmaceutical Co., Ltd. and subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Liabilities and equity			December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
Current liabilities						
2100	Shot-term borrowings	6(10)	\$ 1,143,283	9	\$ 1,279,871	11
2110	Short-term notes payable	6(11)	210,000	2	67,480	1
2130	Contractual liability- current	6(19)	72,091	-	60,631	1
2150	Payable notes		-	-	28,590	-
2170	Accounts payable	7	960,728	8	869,348	7
2200	Other payables	6(12)	717,857	6	565,192	5
2230	Current Tax Liability		74,225	1	34,454	-
2280	Lease liabilities - current		13,626	-	9,476	-
2320	Current portion of long-term liabilities	6(13)	21,000	-	21,000	-
2365	Refund liability – liquidity	6(19)	73,512	1	69,278	1
2399	Other current liabilities- other		26,306	-	26,334	-
21XX	Total current liabilities		3,312,628	27	3,031,654	26
Non-current liabilities						
2540	Long-term borrowings	6(13)	2,046,000	17	2,227,000	19
2570	Deferred tax liabilities	6(25)	137,826	1	128,965	1
2580	Lease liabilities – non-current		64,775	-	67,400	1
2600	Other non-current liabilities	6(14)	168,826	1	183,533	2
25XX	Total of non-current liabilities		2,417,427	19	2,606,898	23
2XXX	Total liabilities		5,730,055	46	5,638,552	49
Equity of the parent company						
	Capital stock	6(15)				
3110	Common stock capital		2,980,811	24	2,980,811	26
	Capital surplus	6(16)				
3200	Capital surplus		646,000	6	645,774	5
	Retained earnings	6(17)				
3310	Legal reserve		535,449	4	496,980	4
3320	Special reserve		188,958	2	188,958	2
3350	Undistributed earnings		2,042,582	17	1,573,890	14
	Other equity	6(18)				
3400	Other equity		225,931	1	48,105	-
3500	Treasury stock		( 28,054)	-	( 28,054)	-
31XX	Equity attributable to owners of the parent Company		6,591,677	54	5,906,464	51
36XX	Non-controlling interest		35,182	-	32,889	-
3XXX	Total equity		6,626,859	54	5,939,353	51
	Significant contingent liabilities and unrecognized contractual commitments	6(7), 7 and 9				
	Significant subsequent events	6(17) and 11				
3X2X	Total Liabilities and Equity		\$ 12,356,914	100	\$ 11,577,905	100

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

China Chemical & Pharmaceutical Co., Ltd. and subsidiaries  
Consolidated Income Statement  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

	Item	Additional notes	2020		2019	
			Amount	%	Amount	%
4000	Operating revenue	6(19) and 7	\$ 8,181,056	100	\$ 7,969,700	100
5000	Operating cost	6(4)(23) and 7	( 5,212,253)	( 64)	( 4,993,267)	( 62)
5950	Operating gross profit		<u>2,968,803</u>	<u>36</u>	<u>2,976,433</u>	<u>38</u>
	Operating expenses	6(23)				
6100	Marketing expenses		( 1,916,296)	( 23)	( 1,939,653)	( 24)
6200	Administrative expenses		( 218,188)	( 3)	( 197,320)	( 3)
6300	Research and development expenses		( 444,175)	( 5)	( 451,784)	( 6)
6450	Expected credit impairment gain (loss)	12(2)	<u>31,088</u>	<u>-</u>	<u>( 13,036)</u>	<u>-</u>
6000	Total operating expenses		( 2,547,571)	( 31)	( 2,601,793)	( 33)
6900	Operating profit		<u>421,232</u>	<u>5</u>	<u>374,640</u>	<u>5</u>
	Non-operating revenues and expenses					
7100	Interest revenue	6(20) and 7	22,421	-	21,748	-
7010	Other income	6(21) and 7	93,456	1	26,503	-
7020	Other profits and losses	6(22)	8,571	-	4,559	-
7050	Financial costs	6(24)	( 42,825)	-	( 43,993)	-
7060	Shareholding in the affiliated companies and joint ventures under the equity method	6(6)	<u>154,785</u>	<u>2</u>	<u>62,097</u>	<u>1</u>
7000	Total non-operating revenues and expenses		<u>236,408</u>	<u>3</u>	<u>70,914</u>	<u>1</u>
7900	<b>Net profit before taxation</b>		<u>657,640</u>	<u>8</u>	<u>445,554</u>	<u>6</u>
7950	Income tax expenses	6(25)	( 98,140)	( 1)	( 60,732)	( 1)
8200	<b>Net income</b>		<u>\$ 559,500</u>	<u>7</u>	<u>\$ 384,822</u>	<u>5</u>

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China Chemical & Pharmaceutical Co., Ltd. and subsidiaries  
Consolidated Income Statement  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

	Item	Additional notes	2020		2019	
			Amount	%	Amount	%
	<b>Other comprehensive profit or loss (net)</b>					
	<b>The items that are not re-classified as profit or loss</b>					
8311	Reevaluation of determined benefit plan	6(14)	(\$ 4,467)	-	(\$ 3,507)	-
8316	Unrealized valuation gains and losses on Investment of equity instruments at fair value through other comprehensive income	6(5)(18)	358,614	4	130,839	1
8320	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss		( 1,190)	-	( 7,028)	-
8349	Incomes tax related to titles not subject to reclassification	6(25)	893	-	1,138	-
8310	Total amount of items not reclassified to profit or income		353,850	4	121,442	1
	<b>Items that may be re-classified subsequently under profit or loss</b>	6(18)				
8361	Exchange differences from the translation of financial statements of foreign operations		14,786	-	( 39,909)	-
8370	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – may be reclassified as profit and loss.		566	-	( 709)	-
8399	Income tax related to items possibly be reclassified	6(25)	( 2,957)	-	7,982	-
8360	Total amount of items probably reclassified to profit or loss subsequently		12,395	-	( 32,636)	-
8300	<b>Other comprehensive profit or loss (net)</b>		\$ 366,245	4	\$ 88,806	1
8500	<b>Current period other comprehensive income (Gross)</b>		\$ 925,745	11	\$ 473,628	6
	Net income (loss) attributable to:					
8610	Owners of parent		\$ 557,365	7	\$ 384,690	5
8620	Non-controlling interest		\$ 2,135	-	\$ 132	-
	Total comprehensive income attributable to:					
8710	Owners of parent		\$ 923,452	11	\$ 473,456	6
8720	Non-controlling interest		\$ 2,293	-	\$ 172	-
	Earnings per share	6(26)				
9750	Basic earnings per share		\$ 1.88		\$ 1.29	
9850	Diluted earnings per share		\$ 1.86		\$ 1.29	

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

China Chemical & Pharmaceutical Co., Ltd. and subsidiaries  
Consolidated Statements of Changes in Shareholders' Equity  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

		Equity of the parent company												
		Capital surplus				Retained earnings			Other equity					
					Changes in the ownership equity on a subsidiary				Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Treasury stock	Total	Non-controlling interest	Total equity
	Additional notes	Common stock capital	Issuance premium	Treasury stock Transaction		Legal reserve	Special reserve	Undistributed earnings						
<u>2019</u>														
		\$ 2,980,811	\$ 578,416	\$ 65,291	\$ 1,152	\$ 459,993	\$ 188,958	\$ 1,451,784	(\$ 65,308 )	\$ 37,515	(\$ 28,054 )	\$ 5,670,558	\$ 30,599	\$ 5,701,157
		-	-	-	-	-	-	384,690	-	-	-	384,690	132	384,822
Current period other comprehensive income	6(18)	-	-	-	-	-	-	( 9,437 )	( 32,636 )	130,839	-	88,766	40	88,806
Current period other comprehensive income (Gross)		-	-	-	-	-	-	375,253	( 32,636 )	130,839	-	473,456	172	473,628
The 2018 appropriation and distribution of earnings	6(17)													
Legal reserve		-	-	-	-	36,987	-	( 36,987 )	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 238,465 )	-	-	-	( 238,465 )	-	( 238,465 )
Cash dividends which Subsidiary obtained from the Parent company.		-	-	474	-	-	-	-	-	-	-	474	-	474
Changes in the ownership equity on a subsidiary		-	-	-	441	-	-	-	-	-	-	441	-	441
Equity instrument at fair value through other comprehensive income statement	6(5)(18)	-	-	-	-	-	-	22,305	-	( 22,305 )	-	-	-	-
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	2,118	2,118
Balance at December 31		\$ 2,980,811	\$ 578,416	\$ 65,765	\$ 1,593	\$ 496,980	\$ 188,958	\$ 1,573,890	(\$ 97,944 )	\$ 146,049	(\$ 28,054 )	\$ 5,906,464	\$ 32,889	\$ 5,939,353
<u>2020</u>														
		\$ 2,980,811	\$ 578,416	\$ 65,765	\$ 1,593	\$ 496,980	\$ 188,958	\$ 1,573,890	(\$ 97,944 )	\$ 146,049	(\$ 28,054 )	\$ 5,906,464	\$ 32,889	\$ 5,939,353
		-	-	-	-	-	-	557,365	-	-	-	557,365	2,135	559,500
Current period other comprehensive income	6(18)	-	-	-	-	-	-	( 4,922 )	12,395	358,614	-	366,087	158	366,245
Current period other comprehensive income (Gross)		-	-	-	-	-	-	552,443	12,395	358,614	-	923,452	2,293	925,745
The 2019 appropriation and distribution of earnings	6(17)													
Legal reserve		-	-	-	-	38,469	-	( 38,469 )	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 238,465 )	-	-	-	( 238,465 )	-	( 238,465 )
Cash dividends which Subsidiary obtained from the Parent company.		-	-	475	-	-	-	-	-	-	-	475	-	475
Changes in the ownership equity on a subsidiary		-	-	-	( 249 )	-	-	-	-	-	-	( 249 )	-	( 249 )
Equity instrument at fair value through other comprehensive income statement	6(5)(18)	-	-	-	-	-	-	193,183	-	( 193,183 )	-	-	-	-
Balance at December 31		\$ 2,980,811	\$ 578,416	\$ 66,240	\$ 1,344	\$ 535,449	\$ 188,958	\$ 2,042,582	(\$ 85,549 )	\$ 311,480	(\$ 28,054 )	\$ 6,591,677	\$ 35,182	\$ 6,626,859

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

China Chemical & Pharmaceutical Co., Ltd. and subsidiaries  
Consolidated Statements of Cash Flow  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash flow from operating activities</u>			
Current year net profit before taxation		\$ 657,640	\$ 445,554
Adjustments			
Profits and loss			
Depreciation expenses	6(7)(8)(23)	252,232	246,663
Amortization expenses	6(23)	12,945	10,839
Expected credit impairment (gain) loss	12(2)	( 31,088 )	13,036
Allowance for sales and discount		29,512	( 10,482 )
Interest expenses	6(24)	42,825	43,993
Interest revenue	6(20)	( 22,421 )	( 21,748 )
Dividend income	6(5)(21)	( 8,160 )	( 9,900 )
Gain (loss) on financial assets and liabilities at fair value through profit and loss	6(22)	( 113 )	( 1,253 )
Shareholding in the affiliated companies and joint ventures under the equity method	6(6)	( 154,785 )	( 62,097 )
Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	6(22)	( 4,777 )	179
Gain on disposal of investment accounted for using the equity method	6(22)	( 489 )	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Acquisition of financial assets at fair value through profit or loss		-	( 64,815 )
Disposal of financial assets at fair value through profit or loss		65,174	-
Bills receivable (including related party and non-related party)		33,911	60,754
Accounts receivable (including related party and non-related party)		( 35,276 )	( 124,860 )
Other account receivable- (including related party and non-related party)		45,159	( 19,606 )
Inventory		( 214,484 )	( 64,583 )
Other current assets- Other		( 11,381 )	20,356
Net changes in liabilities relating to operating activities			
Contractual liability- liquidity		12,344	8,157
Payable notes		( 28,159 )	( 109,704 )
Accounts payable		84,611	2,276
Other payables		159,783	29,245
Refund liability - liquidity		4,234	21,693
Other current liabilities- other		( 912 )	4,788
Other non-current liabilities		( 17,424 )	( 43,856 )
Cash inflow from operating activities		870,901	374,629
Interest received		22,421	21,748
Interest payment		( 43,525 )	( 44,120 )
Income tax payment		( 65,301 )	( 100,954 )
Income tax refund		-	13,178
Dividends received		112,575	63,032
Net cash inflow from operating activities		<u>897,071</u>	<u>327,513</u>

(Continued on next page)



China Chemical & Pharmaceutical Co., Ltd. and subsidiaries  
Consolidated Statements of Cash Flow  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash flow from investing activities</u>			
Decrease (increase) of the financing amount receivable		\$ 17,500	(\$ 17,500 )
Increase of financial assets measured at the amortized cost	12(2)	( 400 )	-
Decrease (increase) in restricted certificate of deposit (listed under other current financial assets)		5,718	21,941
Acquisition of financial assets at fair value through other comprehensive profit or loss	6(5)	( 248,964 )	( 100,632 )
Value of disposal of financial assets measured at FVTOCI	6(5)	323,188	49,887
Acquisition of investment under the equity method	6(6) and 7	-	( 23,500 )
Proceeds from disposal of investment accounted for using equity method	6(6)	23,001	-
Purchase of property, plant, and equipment	6(27)	( 261,587 )	( 489,805 )
Proceeds from disposal of property, plant and equipment		6,031	73
Purchase of intangible assets		( 10,296 )	( 2,545 )
Decrease (increase) in deposits paid		617	( 18,200 )
Increase of other non-current assets		( 594 )	( 6,501 )
Net cash outflow from investing activities		( 145,786 )	( 586,782 )
<u>Cash flow from financing activities</u>			
Increase (decrease) in Shot-term borrowings	6(28)	( 136,588 )	258,870
Increase (decrease) in short-term payable notes	6(28)	142,520	( 42,497 )
Lease principal repayment	6(28)	( 11,577 )	( 10,336 )
Current borrowing amount of long-term loan	6(28)	208,000	460,000
Current repaying amount of long-term loan	6(28)	( 389,000 )	( 40,000 )
Increase in deposits paid	6(28)	( 771 )	( 6,482 )
Cash dividend released	6(17)	( 238,465 )	( 238,465 )
Change in non-controlling interest		-	2,118
Net cash inflow (outflow) from financing activities		( 425,881 )	383,208
Impact of changes in exchange rate on cash and cash equivalents		4,995	( 14,726 )
Current cash and cash equivalents increase		330,399	109,213
Balance of cash and cash equivalents, beginning of period		703,840	594,627
Balance of cash and cash equivalent, end of period		<u>\$ 1,034,239</u>	<u>\$ 703,840</u>

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

To: China Chemical & Pharmaceutical Co., Ltd.:

## **Audit opinions**

We have audited the accompanying individual balance sheet of China Chemical & Pharmaceutical Co., Ltd. and subsidiary as of December 31, 2020 and 2019, and the related individual statement of income, individual statement of changes in shareholders equity, individual statement of cash flows, and Note of the individual financial statements (including major accounting policy) for the years then ended.

In my opinion, the financial statements as referred to, on the basis of my audit findings and the audit reports compiled by other certified public accountants, present fairly, in all material aspects, the individual financial position of China Chemical & Pharmaceutical Co., Ltd. as of December 31, 2020 and 2019, and the results of its operation and individual statement of cash flows for the year then ended in conformity to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

## **The basis for opinions**

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. We are independent of China Chemical & Pharmaceutical Co., Ltd. in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of China Chemical & Pharmaceutical Co., Ltd., and we have fulfilled our other ethical responsibilities in accordance with these requirements. On the basis of my audit findings and the audit reports compiled by other certified public accountants, we believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key audit matter**

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the individual statements of China Chemical & Pharmaceutical Co., Ltd. in 2020. These matters were addressed in the content of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit procedures of the individual financial statements of China Chemical & Pharmaceutical Co., Ltd. in 2020 included:

### **Accounting estimation of allowance for account and note receivables**

#### Description of the matter

Please refer to the footnotes relating to account and note receivables in the stand-alone financial statement: Note 4(6) for the accounting policy, Note 5(2) for accounting estimation and uncertainty assumption, and Note 6(2) and Note 7(2) for item explanation.

The Company assessed the impairment losses of account and note receivables by taking into consideration the overdue status and existing allowance made based on indicators of impairment from each case. The item is listed as a key audit matter because assessment involved subjective judgments from the management, and the receivables involved were significant.

#### Audit response

Key audit procedures carried out to the allowance estimation made by China Chemical and Pharmaceutical Co. and some subsidiary entities (using equity method) are as follows:

1. Evaluate the reasonableness and consistency of the allowance policies adopted on account and note receivables.
2. Perform tests on effectiveness of the internal control system relating to customer credit setting and approval
3. Perform tests on account receivable aging report to ensure the reasonableness of aging categorization and allowance estimation.
4. Evaluate the appropriateness of supporting evidence identified by management when judging impairment of account and note receivables of significance.
5. Collect information related to uncollected account and note receivables of significance after the current period and re-evaluate the adequacy

## **Evaluation on inventory**

### Description of the matter

For the accounting policy of the assessment of inventory write-downs, please refer to Note 4(10). For critical accounting judgments and key sources of estimation uncertainty, please refer to Note 5(2). For other relevant disclosures, please refer to Note 6(3).

CCPC is mainly engaged in the production and sales of pharmaceuticals and health products. Because the price of medicine is vulnerable to the price of health insurance products and the products are subject to expiration dates, the risk of losses from inventory impairment is high. Since the balance of inventories has a significant weight on the financial statements, the variety of inventories is vast, and the management needs to apply judgment to evaluate the impairment or obsolescence of the value, the valuation of inventories was deemed to be one of the key audit matters.

### Audit response

The matter includes CCPC and certain subsidiaries held by the Company (investments recorded using the equity method). The key auditing procedures we performed are as follows:

1. Evaluate the accounting policy of allowances for losses of investment impairment based on the understanding of the Company's operations and the nature of its industry.
2. To confirm if the price used for net realizable value is corresponding to the company policy, and if the calculation of net realizable value of for individual inventory part number is correct with sampling test.
3. Obtaining details of outdated inventories identified by the management, reviewing relevant information, and verifying the accounting records.

## **Other Matters - Refer to the audits performed by other CPAs.**

The companies invested in recorded using the equity method which have been included in the individual financial statements of CCPC are not audited by us, but are audited by other CPAs. Therefore, in our opinion, the amounts referred to above regarding those companies included in the consolidated financial statements are based on the audit reports of other CPAs. The amounts of investments using the equity method for the aforementioned companies were NTD476,072 thousand and NTD525,992 thousand as of December 31, 2020 and 2019, respectively, which accounted for 4.50% and 5.33% of the total assets, respectively. The consolidated profit and loss recognized by the aforementioned companies were NTD60,924 thousand and NTD52,999 thousand for the year ending December 31, 2020 and 2019, respectively, which accounted for 6.60% and 11.19%, respectively, of the consolidated profit and loss.

## **Responsibilities of Management and Those in Charge with Governance of**

## **the Individual Financial Statements**

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

In preparing the individual financial statements, the management is responsible for assessing the ability of China Chemical & Pharmaceutical Co., Ltd. as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate China Chemical & Pharmaceutical Co., Ltd. or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of China Chemical & Pharmaceutical Co., Ltd..

## **Auditor’s Responsibilities for the Audit of the Individual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with generally accepted auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Misstatements can arise from fraud or error. If fraud or errors are considered materials, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design, and perform audit procedures responsive to risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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 internal control effective in China Chemical & Pharmaceutical Co., Ltd..
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on China Chemical & Pharmaceutical Co., Ltd. and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause China Chemical & Pharmaceutical Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the individual statements,

including related notes, whether the individual statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information or the entities or business activities with the Group to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

We communicate with those in charge of 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).

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the individual financial statements of China Chemical & Pharmaceutical Co., Ltd. of 2020 and are therefore the key audit matters. We describe these matters in our auditor's 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 communications.

PricewaterhouseCoopers, Taiwan  
March 29, 2021

### Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated results of operations, and consolidated cash flows in accordance with accounting principles and practices generally accepted in Taiwan, the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Taiwan, the Republic of China. For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in Taiwan, the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

China Chemical & Pharmaceutical Co., Ltd.  
Individual Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Assets		Additional notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 98,272	1	\$ 60,881	1
1136	Financial assets measured at the	8				
	amortized cost-current		400	-	-	
1150	Notes receivable-net	6 (2)	43,337	1	78,719	1
1160	Notes Receivable-Related Parties- net	7	114,913	1	151,748	2
1170	Notes accounts, net	6 (2)	186,329	2	194,379	2
1180	Account receivables-Related Parties-	7				
	net		1,619,908	15	1,401,343	14
1200	Other receivables		22,550	-	33,364	-
1210	Other receivables - related parties	7	191,812	2	195,154	2
130X	Inventory	6(3)	1,180,652	11	1,032,567	10
1470	Other current assets		17,618	-	26,054	-
11XX	Total current assets		3,475,791	33	3,174,209	32
Non-Current assets						
1517	The financial assets measured for the	6 (4)				
	fair values through other					
	comprehensive income- non-current		725,277	7	440,278	5
1550	Investment under the equity method	6 (5) and 7	2,558,699	24	2,510,823	25
1600	Property, plant, and equipment	6(6), 7 and 8	3,600,695	34	3,546,057	36
1755	Right-of-use assets	6 (7)	32,809	-	35,104	-
1780	Intangible assets		19,917	-	10,126	-
1840	Deferred income tax assets	6 (22)	110,647	1	103,974	1
1900	Other non-current assets		45,681	1	52,562	1
15XX	Total of Non-Current Assets		7,093,725	67	6,698,924	68
1XXX	Total assets		\$ 10,569,516	100	\$ 9,873,133	100

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China Chemical & Pharmaceutical Co., Ltd.  
Individual Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Liabilities and equity			Additional notes		December 31, 2020		December 31, 2019	
					Amount	%	Amount	%
Current liabilities								
2100	Shot-term borrowings	6 (8)	\$	987,283	9	\$	1,113,371	11
2110	Short-term notes payable	6 (9)		150,000	2		-	-
2130	Contractual liability- current	6 (16)		1,529	-		1,499	-
2170	Accounts payable			323,989	3		256,400	3
2180	Accounts payable - related parties	7		44,157	-		20,634	-
2200	Other payables			298,509	3		264,887	3
2230	Current Tax Liability			57,487	1		31,370	-
2280	Lease liabilities - current			4,164	-		3,319	-
2300	Other current liabilities			7,144	-		5,291	-
21XX	Total current liabilities			1,874,262	18		1,696,771	17
Non-current liabilities								
2540	Long-term borrowings	6 (10)		1,878,000	18		2,038,000	21
2570	Deferred tax liabilities	6 (22)		111,170	1		104,122	1
2580	Lease liabilities – non-current			28,963	-		31,900	-
2600	Other non-current liabilities	6 (11)		85,444	1		95,876	1
25XX	Total of non-current liabilities			2,103,577	20		2,269,898	23
2XXX	Total liabilities			3,977,839	38		3,966,669	40
Equity								
	Capital stock	6 (12)						
3110	Common stock capital			2,980,811	28		2,980,811	30
	Capital surplus	6 (13)						
3200	Capital surplus			646,000	6		645,774	7
	Retained earnings	6 (14)						
3310	Legal reserve			535,449	5		496,980	5
3320	Special reserve			188,958	2		188,958	2
3350	Undistributed earnings			2,042,582	19		1,573,890	16
	Other equity	6 (15)						
3400	Other equity			225,931	2		48,105	-
3500	Treasury stock		(	28,054)	-	(	28,054)	-
3XXX	Total equity			6,591,677	62		5,906,464	60
	Significant contingent liabilities and unrecognized contractual commitments	6(6), 7 and 9						
	Significant subsequent events	6(14) and 11						
3X2X	Total Liabilities and Equity		\$	10,569,516	100	\$	9,873,133	100

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

China Chemical & Pharmaceutical Co., Ltd.  
Individual Income Statement  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

	Item	Additional notes	2020		2019	
			Amount	%	Amount	%
4000	Operating revenue	6(16) and 7	\$ 3,857,241	100	\$ 3,596,186	100
5000	Operating cost	6(3)(20) and 7	( 2,825,279)	( 73)	( 2,691,817)	( 75)
5900	Gross profit		1,031,962	27	904,369	25
5910	Unrealized sales gains		( 132,287)	( 3)	( 93,524)	( 2)
5920	Realized sales gains		93,524	2	79,776	2
5950	Operating gross profit		993,199	26	890,621	25
	Operating expenses	6 (20)				
6100	Marketing expenses		( 122,846)	( 3)	( 115,961)	( 4)
6200	Administrative expenses		( 150,393)	( 4)	( 139,879)	( 4)
6300	Research and development expenses		( 331,552)	( 9)	( 293,366)	( 8)
6450	Expected credit impairment gain (loss)	12 (2)	6,360	-	( 2,972)	-
6000	Total operating expenses		( 598,431)	( 16)	( 552,178)	( 16)
6900	Operating profit		394,768	10	338,443	9
	Non-operating revenues and expenses					
7100	Interest revenue	6(17) and 7	5,334	-	5,199	-
7010	Other income	6(18) and 7	28,312	1	29,315	1
7020	Other profits and losses	6 (19)	12,515	-	1,546	-
7050	Financial costs	6 (21)	( 37,273)	( 1)	( 39,025)	( 1)
7070	Shareholdings in the subsidiaries, affiliated companies and joint ventures under the equity method	6 (5)	234,532	6	105,480	3
7000	Total non-operating revenues and expenses		243,420	6	102,515	3
7900	<b>Net profit before taxation</b>		638,188	16	440,958	12
7950	Income tax expenses	6 (22)	( 80,823)	( 2)	( 56,268)	( 1)
8200	<b>Net income</b>		\$ 557,365	14	\$ 384,690	11

(Continued on next page)



China Chemical & Pharmaceutical Co., Ltd.  
Individual Income Statement  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

	Item	Additional notes	2020		2019	
			Amount	%	Amount	%
	<b>Other comprehensive profit or loss (net)</b>					
	<b>The items that are not re-classified as profit or loss</b>					
8311	Reevaluation of determined benefit plan	6 (11)	(\$ 2,898)	-	(\$ 3,018)	-
8316	Unrealized valuation gains and losses on Investment of equity instruments at fair value through other comprehensive income	6 (4) (15)	359,223	9	131,342	3
8330	The proportion of other comprehensive incomes from subsidiary, associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss		( 3,212)	-	( 7,525)	-
8349	Incomes tax related to titles not subject to reclassification	6 (22)	579	-	603	-
8310	Total amount of items not reclassified to profit or income		353,692	9	121,402	3
	<b>Items that may be re-classified subsequently under profit or loss</b>					
8361	Exchange differences from the translation of financial statements of foreign operations		14,786	1	( 39,909)	( 1)
8380	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – may be reclassified as profit and loss.		566	-	( 709)	-
8399	Income tax related to items possibly be reclassified	6 (22)	( 2,957)	-	7,982	-
8360	Total amount of items probably reclassified to profit or loss subsequently		12,395	1	( 32,636)	( 1)
8300	<b>Other comprehensive profit or loss (net)</b>		\$ 366,087	10	\$ 88,766	2
8500	<b>Current period other comprehensive income (Gross)</b>		\$ 923,452	24	\$ 473,456	13
	Earnings per share	6 (23)				
9750	Basic earnings per share		\$ 1.88		\$ 1.29	
9850	Diluted earnings per share		\$ 1.86		\$ 1.29	

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

China Chemical & Pharmaceutical Co., Ltd.  
Individual Statements of Changes in Shareholders' Equity  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

		Capital surplus				Retained earnings			Other equity				
		Additional notes	Common stock capital	Issuance premium	Treasury stock trade	Changes in the ownership equity on a subsidiary	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Treasury stock	Total equity
<u>2019</u>													
Balance as of January 1, 2019			\$ 2,980,811	\$ 578,416	\$ 65,291	\$ 1,152	\$ 459,993	\$ 188,958	\$ 1,451,784	(\$ 65,308 )	\$ 37,515	(\$ 28,054 )	\$ 5,670,558
Net income			-	-	-	-	-	-	384,690	-	-	-	384,690
Current period other comprehensive income		6 (15)	-	-	-	-	-	-	( 9,437 )	( 32,636 )	130,839	-	88,766
Current period other comprehensive income (Gross)			-	-	-	-	-	-	375,253	( 32,636 )	130,839	-	473,456
The 2018 appropriation and distribution of earnings		6 (14)											
Legal reserve			-	-	-	-	36,987	-	( 36,987 )	-	-	-	-
Cash dividends			-	-	-	-	-	-	( 238,465 )	-	-	-	( 238,465 )
Cash dividends which Subsidiary obtained from the Parent company.			-	-	474	-	-	-	-	-	-	-	474
Changes in the ownership equity on a subsidiary			-	-	-	441	-	-	-	-	-	-	441
Equity instrument at fair value through other comprehensive income statement		6 (4) (15)	-	-	-	-	-	-	22,305	-	( 22,305 )	-	-
Balance as of December 31, 2019			\$ 2,980,811	\$ 578,416	\$ 65,765	\$ 1,593	\$ 496,980	\$ 188,958	\$ 1,573,890	(\$ 97,944 )	\$ 146,049	(\$ 28,054 )	\$ 5,906,464
<u>2020</u>													
Balance as of January 1, 2020			\$ 2,980,811	\$ 578,416	\$ 65,765	\$ 1,593	\$ 496,980	\$ 188,958	\$ 1,573,890	(\$ 97,944 )	\$ 146,049	(\$ 28,054 )	\$ 5,906,464
Net income			-	-	-	-	-	-	557,365	-	-	-	557,365
Current period other comprehensive income		6 (15)	-	-	-	-	-	-	( 4,922 )	12,395	358,614	-	366,087
Current period other comprehensive income (Gross)			-	-	-	-	-	-	552,443	12,395	358,614	-	923,452
The 2019 appropriation and distribution of earnings		6 (14)											
Legal reserve			-	-	-	-	38,469	-	( 38,469 )	-	-	-	-
Cash dividends			-	-	-	-	-	-	( 238,465 )	-	-	-	( 238,465 )
Cash dividends which Subsidiary obtained from the Parent company.			-	-	475	-	-	-	-	-	-	-	475
Changes in the ownership equity on a subsidiary			-	-	-	( 249 )	-	-	-	-	-	-	( 249 )
Equity instrument at fair value through other comprehensive income statement		6 (4) (15)	-	-	-	-	-	-	193,183	-	( 193,183 )	-	-
Balance as of December 31, 2020			\$ 2,980,811	\$ 578,416	\$ 66,240	\$ 1,344	\$ 535,449	\$ 188,958	\$ 2,042,582	(\$ 85,549 )	\$ 311,480	(\$ 28,054 )	\$ 6,591,677

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

China Chemical & Pharmaceutical Co., Ltd.  
Individual Statements of Cash Flow  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash flow from operating activities</u>			
Current year net profit before taxation		\$ 638,188	\$ 440,958
Adjustments			
Profits and loss			
Realized gross profit		( 93,524 )	( 79,776 )
Unrealized gross profit		132,287	93,524
Depreciation expenses	6(6)(7) (20)	174,544	166,071
Amortization expenses	6 (20)	5,750	3,958
Expected credit impairment (gain) loss	12 (2)	( 6,360 )	2,972
Interest expenses	6 (21)	37,273	39,025
Interest revenue	6 (17)	( 5,334 )	( 5,199 )
Dividend income	6 (18)	( 8,160 )	( 9,900 )
Gain in disposal of real estate, plant buildings, equipment & facilities	6 (19)	( 18 )	-
The profit or loss in the subsidiary, affiliated company and joint ventures recognized under the equity method	6 (5)	( 234,532 )	( 105,480 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Bills receivable (including related party and non-related party)		78,772	( 12,736 )
Accounts receivable (including related party and non-related party)		( 210,802 )	( 321,896 )
Inventory		( 148,085 )	48,516
Other receivables		10,814	( 8,294 )
Other receivables - related parties		3,434	( 7,267 )
Other current assets		( 1,577 )	14,570
Net changes in liabilities relating to operating activities			
Contractual liability- liquidity		30	-
Accounts payable including related party and non-related party)		91,112	( 73,388 )
Other payables		45,874	26,492
Other current liabilities		1,752	493
Net determined benefit liability		( 10,402 )	( 28,304 )
Cash inflow from operating activities		501,036	184,339
Interest received		5,334	5,199
Interest payment		( 37,953 )	( 39,267 )
Income tax payment		( 53,708 )	( 77,618 )
Dividends received		163,675	94,510
Net cash inflow from operating activities		<u>578,384</u>	<u>167,163</u>

(Continued on next page)

China Chemical & Pharmaceutical Co., Ltd.  
Individual Statements of Cash Flow  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash flow from investing activities</u>			
Increase of financial assets measured at the amortized cost		( \$ 400 )	\$ -
Acquisition of financial assets at fair value through other comprehensive profit or loss	6 (4)	( 248,964 )	( 83,200 )
Value of disposal of financial assets measured at FVTOCI	6 (4)	323,188	49,887
Acquisition of investment under the equity method	6 (5) and 7	-	( 23,000 )
Purchase of property, plant, and equipment	6 (24)	( 228,418 )	( 247,434 )
Disposal of property, plant and equipment		1,248	-
Purchase of intangible assets		( 8,526 )	( 648 )
Decrease (increase) in deposits paid		( 1,108 )	1,311
Increase of other non-current assets		( 24 )	( 5,068 )
Net cash outflow from investing activities		( 163,004 )	( 308,152 )
<u>Cash flow from financing activities</u>			
Increase (decrease) in Shot-term borrowings	6 (25)	( 126,088 )	197,370
Increase of short-term notes payable	6 (25)	150,000	-
Current borrowing amount of long-term loan	6 (25)	208,000	250,000
Current repaying amount of long-term loan	6 (25)	( 368,000 )	( 40,000 )
Increase in deposits paid	6 (25)	( 30 )	( 4,570 )
Cash dividend released	6 (14)	( 238,465 )	( 238,465 )
Lease principal repayment	6 (25)	( 3,406 )	( 3,478 )
Net cash inflow (outflow) from financing activities		( 377,989 )	160,857
Current cash and cash equivalents increase		37,391	19,868
Balance of cash and cash equivalents, beginning of period		60,881	41,013
Balance of cash and cash equivalent, end of period		\$ 98,272	\$ 60,881

## Appendix III

### China Chemical & Pharmaceutical Co., Ltd Proposal of Earning Distribution 2020

Unit: NTD

Item	Amount
Net Profit after Tax in 2020	557,364,502
Plus: 2020 Prior Adjustment of Retained Earnings	188,262,324
Less: recognition of legal reserve	(74,562,683)
Plus: Unappropriated retained earnings at end of the term	1,296,955,578
Distributable earnings for the 2020	1,968,019,721
Less: Shareholders' Bonus (Cash bonus of NTD 1 per share)	(298,081,080)
Closing undistributed earnings	1,669,938,641
This distribution of cash bonus will be rounded up to one dollar. The amount of distribution less than one dollar will be listed as other income of the Company.	

## Appendix IV

### Articles of Incorporation of China Chemical & Pharmaceutical Co., Ltd.

#### Chapter 1 - General Principles

Article 1: The Company is organized according to the provisions of the Company Act and is named China Chemical & Pharmaceutical Co., Ltd., hereinafter referred to as “CCPC”.

Article 2: The following lists the businesses engaged by the Company:

1. Manufacture and trade of pharmaceuticals, agricultural and industrial chemicals, veterinary drugs, home hygiene and sanitation supplies.
2. Manufacture and trade of personal hygiene and healthcare products (including medicinal shampoo, therapeutic face wash, face washing soap, medicinal soap, healthcare shower foam, toothpaste, tooth brush, mouth rinse, dental floss, and breath spray), cosmetics, medicinal cosmetics, and skin care products (wrinkle removing cream, spots removing cream, moisturizing cream and lotions, and toning lotion).
3. Manufacture and trade of food industry products and feed
4. Sales of the aforementioned products and relevant machinery and equipment, and Store front retail services.
5. Distribution and trade of chemical fertilizers.
6. Subcontracting services.
7. Import-export business of related matters stipulated in the preceding paragraphs.
8. Import and trade of medical instruments.
9. Commissioning of construction companies and construction firms for the rental and sales of office buildings.
10. Publication of various magazines and books.

11. Any business not prohibited or restricted by business laws in addition to the permitted businesses (ZZ99999).

Article 3: Where the Company is a liable shareholder of another company, the total amount of investments made to the other company may be exempt from the restrictions stipulated in Article 13 of the Company Act where the amount may not exceed 40% of the total authorized capital.

Article 4: The Company may provide endorsements or guarantees to other parties.

Article 5: The Company is located in Taipei. Where necessary, branch offices and plants may be established throughout Taiwan and overseas. The establishment and cancellation of the said branches shall be resolved by the Board of Directors.

Article 6: Public disclosures made by the Company shall be implemented in pursuant to the provisions of Article 28 of the Company Act.

## Chapter 2 - Shares

Article 7: The total capital amount of the Company shall be 5 billion NTD(NT\$5,000,000,000), divided into 0.5 billion (500,000,000) shares, with a par value of ten NTD (NT\$10) per share.

The unreleased shares are authorized to be issued by the board of directors according to the needs of the company's operation

Article 8: Shares of the Company shall be inscribed and provided with the signatures or seals of at least 3 directors, and shall be certified by a competent authority or an issuance and registration institution approved by the said competent authority before the shares may be issued. Alternatively, the Company may issue shares in the form of non-physical scrips, or issue physical scrips according to the aggregate total of issued shares, and contact a centralized securities depository enterprise and institute to register and provide custody of the shares.

Article 9: The handling of shares by the Company shall be based upon relevant statutory regulations released by a competent authority in matters related to securities.

Article 10: Any assignment or transfer of shares shall be suspended within a period of 60 days prior to the date of every annual shareholders' meeting, or within a period of 30 days prior to the date of every provisional shareholders' meeting, or within a period of 5 days before the standard date where the Company has decided to distribute share dividends or bonuses or other forms of benefits.

### Chapter 3 - Shareholders' meeting

Article 11: Shareholders' meetings of the Company are divided into 2 categories of annual shareholders' meetings and provisional shareholders' meetings:

A. Annual shareholders' meetings shall be convened by the Board of Directors within 6 months after the end of every fiscal year.

B. Provisional shareholders' meetings shall be convened when necessary according to law.

Article 12: Every shareholder shall be notified 30 days before the convening date of an annual shareholders' meeting, or 15 days before the convening date of a provisional shareholders' meeting.

Article 13: For resolutions of the shareholders' meeting, unless otherwise specified by the Company Act, the meeting must be attended by shareholders who represent at least one-half of the total number of shares, and shall be passed by at least half of the voting rights exercised by the shareholders present at the meeting.

Every share of the Company held by shareholders provide one unit of voting power, but where circumstances described in Article 179 of the Company Act applies, the share shall have no voting power.

Article 14: Where a shareholder is unable to attend a shareholders' meeting, he or she may authorize a proxy to attend in his or her stead. However, a proxy letter granting the power of attorney to the proxy must be printed and issued by the Company must be submitted 5 days prior to the date of the shareholders' meeting, and the said letter must clearly state the scope of authorization and be furnished with a signature or



seal. Each shareholder may issue one power of attorney form and grant the power of attorney to one individual.

With the exception of trust enterprises or an agency approved by a competent authority of securities to handle share-related affairs, where a person acts as the proxy for two or more shareholders, the number of voting power represented by the person shall not exceed 3 percent of the total voting power of the distributed shares, and any excessive portion of the voting power shall not be counted. Where multiple proxy letters were received from one shareholder, the first one received by the Company shall prevail, unless an explicit statement to revoke the previous proxy letter is made in the letter received later.

Article 15: Where the shareholders' meeting is convened by the Board of Directors, the meeting shall be presided by the Chairperson. Where the Chairperson is on leave or, for any cause, unable to exercise his or her power or authority, the Chairperson shall appoint a director to serve as his or her proxy, or the directors shall elect from among themselves a member to act as the proxy.

Where the shareholders' meeting is convened by a person having the convening right who is not a member of the Board of Directors, the chairperson of the meeting shall be the said person having the convening right. Where there are two or more persons having the convening right, the chairperson of the meeting shall be elected from the said persons.

The shareholders' meeting shall be implemented according to the rules governing the proceedings of meetings of the Company.

Article 16: Resolutions of the shareholders' meeting shall be recorded in the minutes of the meeting, which shall bear the signature or seal of the chairperson of the meeting.

The meeting minutes shall be issued to all shareholders within 20 days after the closure of the meeting. The generation and distribution of meeting minutes may be performed digitally.

The issuance of meeting minutes as required in the preceding paragraph may be carried out by a public disclosure on the Market Observation Post System (MOPS).

## Chapter 4 - Board of Directors and Audit Committee

Article 17: The Company has established 5 to 7 directors. Since the 23rd session of the Board of Directors meeting, the election of directors shall be based upon a candidate nomination system, where candidates elected by the shareholders shall serve as the director.

Directors serve 3 year terms and may be eligible for re-election. In the event that no election of new directors is effected after expiration of the term office of existing directors, the said term of office of outgoing directors shall be extended until the time new directors have been elected and assumed their office. The total amount of inscribed shares held by all directors may not be less than the proportion stipulated by a competent authority in charge of securities affairs.

For the number of directors in the preceding paragraph, the number of independent directors may not be less than 3, and may not be less than one-fifth of the total number of directors. Professional qualifications, limits on shareholding and concurrent duties in other companies, verification of independence, method of nomination, and other matters of compliance shall be implemented according to relevant laws.

Article 18: Since the 23rd Board of Directors, the Company has established an audit committee composed of all independent directors. The audit committee may not have less than 3 members, of which, one shall serve as the convener, and at least one member shall be a professional in either accounting or finances.

Article 19: The Company shall establish a remuneration committee according to law and other functional committees. The organizational charter of each committee shall be resolved by the Board of Directors.

Article 20: The remuneration of the chairman, vice-chairman and directors shall be authorized to be agreed upon by the board of directors according to the extent of their participation in the operation of the company and the value of their contribution, as well as taking into account the usual level of the same profession.

Article 21: The Company may purchase liability insurance for all directors within their term of office for liability claims defined by law while exercising their duties within the prescribed scope to reduce and distribute risks of serious damage caused to the Company or its shareholders as a result of the mistakes or negligence on a director.

Article 22: The following describes the duties of the Board of Directors:

1. Convene the shareholders' meeting and resolve on relevant matters.
2. Review and finalize business directives, research and design production plans, and audit job progresses.
3. Review and finalize revisions to key chapters and sections and approvals to termination thereof.
4. Audit budgets and finalized statements, and business reports, and propose earnings distribution plans.
5. Review and finalize revisions of material contracts and approvals to termination thereof.
6. Approve the internal organization of branch offices and the establishment, expansion, reduction, and changes thereof.
7. Determine the appointment, discharge, promotion, or re-assignment of key personnel, and approve regulations governing bonuses, penalties, resignation, and pensions of said personnel.
8. Propose and discuss increases or decreases in capital and partnerships in external investments.
9. Resolve upon cases assigned by the Chairperson.
10. Review and resolve upon cases proposed by the General Manager.
11. Exercise other duties and authorities as defined by other laws or granted by the Board of Shareholders.

Article 23: To convene a Board of Directors meeting, the reason for the meeting shall be clearly indicated and all directors shall be notified 7 days prior to the meeting.

Meetings may also be convened at any time for any emergency. Notifications for the convening of Board of Directors meetings may be issued by fax or e-mail.

Article 24: The Board of Directors is organized by the directors. The Chairman of the board of directors shall be elected from among the directors by majority of the directors present at a meeting attended by more than two thirds of the directors. And depending on business needs, the vice Chairman of the Board of Directors may also be elected in the same way as the Chairman's election. The chairman shall preside over all business on behalf of the company.

Article 25: The chairman of the board of directors shall internally preside at the meeting of the board of directors and shall externally represent the company. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case the vice chairman is also on leave or is absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors.

A director who is unable to attend in person may appoint another director to attend the meeting in his or her behalf in accordance with this Corporation's articles of incorporation. A director who appoints another director to attend a board meeting shall issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting and entrusted other directors to represent him. A director's proxy may act as a proxy for only one other director.

Article 26: Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

## Chapter 5 - Employees

Article 27: The Company may appoint managerial officers. Appointment, discharge, and remuneration of the said managerial officers shall be implemented pursuant to the provisions of Article 29 of the Company Act.

Article 28: The General Manager shall uphold the commands of the Chairperson and manage all affairs of the Company using the authorities granted by the Board of Directors. The Vice President(s) shall support the management activities of the General Manager.

Article 29: The Company may employ a number of legal attorneys, accountants, and other consultants, all of whom shall be employed and appointed by the Board of Directors.

Article 30: Detailed provisions on the procedures of internal organizations of the Company and factory management regulations shall all be stipulated by the Board of Directors.

#### Chapter 6 - Calculating the earnings distribution

Article 31: The period from January 1 to December 31 of the same year shall be regarded as a fiscal year of the Company. Upon the termination of every fiscal year, the Board of Directors shall generate various statements and reports listed in the following and submit the said statements and reports to the annual shareholders' meeting for verification:

1. Business report.
2. Financial statement.
3. Earnings distribution or loss make-up proposal.

Article 32: If the Company makes a profit for a fiscal year, 1 to 15 percent shall be set aside for the employees' compensation, and no higher than 3 percent shall be set aside for the remuneration of the directors. Where the Company has outstanding accumulated losses, a sum shall be set aside to make up for the said losses. Targets qualified to receive the employees' compensation mentioned in the preceding paragraph may include employees of the Company who meet certain criteria, the said criteria shall be stipulated by the Board of Directors.

Article 32-1: The Company is engaged in an industry with a volatile environment in a phase of steady growth of corporate life cycles. Considering future capital requirements and

long-term financial planning of the Company, and to satisfy the shareholders' need for cash inflow, the Company shall distribute any surplus available after each annual final statement in the following priority:

1. Payment of taxes required by law.
2. Compensate outstanding losses from previous years.
3. Set aside 10 percent for the legal reserve.
4. Special reserves that must be set aside according to the relevant regulations.
5. Where a surplus is still available, the cumulative undistributed earnings of the previous year may be used as distributable earnings. However, a portion may be retained according to the state of business before distributing the earnings as shareholders' bonus, wherein the cash dividend may not be lower than 50 percent of the shareholders' bonus. However, where cash dividend is less than NT\$0.1 per share, the earnings may be distributed as stock dividend instead.

#### Chapter 7 - Supplementary Provisions

Article 33 Matters not covered by these Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws.

These Articles of Incorporation was stipulated on February 8, 1952. The 1st revision was made on November 1, 1953..., the 45th revision was made on May 27, 2016. With the exception of old articles of articles 23, 23-1, 23-2, and 24 prior to the 44<sup>th</sup> revision and Articles 17, 18, 23, 31, and 32 changed in this revision, which will enter into force after the 23rd Board of Directors, the remaining articles shall enter into force after the shareholders' meeting, The 46th amendment was made on November 14, 2018, and shall come into effect after the adoption of the provisional meeting of shareholders.

## Appendix V

### **Rules of Procedure for Shareholders Meetings of China Chemical & Pharmaceutical Co., Ltd.**

Amended in the shareholders' regular meeting convened on May 27, 2020

- Article 1: The rules for compliance are stipulated in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" for establishing the Company's excellent meeting of shareholders governance system, substantiating supervisory function, and enhancing management functions.
- Article 2: The Rules of Procedure for Shareholder Meetings is processed in accordance with the Rules, unless otherwise provided by law or Company Corporate Charter (Articles of Incorporation).
- Article 3: Unless otherwise provided by law, shareholders' meetings of the Company shall be convened by the board of directors.

The Company shall prepare the shareholders meeting notices, proxy form, recognitions, discussions, reasons and descriptions of election or removal of directors and other motions, and upload in an electronic format to the Market Observation Post System thirty days before the general meeting, or fifteen days before an extraordinary meeting. And prepare the shareholders' meeting brochure and supplemental materials and upload in an electronic format to the Market Observation Post System twenty-one days before the general meeting, or fifteen days before an extraordinary meeting. Make the shareholders meeting brochure and supplemental materials available for the shareholders' review at any time fifteen days before a shareholders' meeting, and leave the copies at the Company and the shareholder service agency hired by the Company, and at the venue of the shareholders' meeting.

The reasons for convening the meeting should be stated in the notice and announcement. The notice with the consent of the counterparty can be issued electronically.

Matters pertaining to election or discharge of directors, alteration of 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, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 of the Company Act, Article 43-6 of the Securities and Exchange Act and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described, and the essential contents shall be explained in the notice to convene a meeting of shareholders and shall not be brought up as extemporaneous motions. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.

The reason for the convening of the shareholders' meeting is indicated as a full re-election of directors, and the date of assuming office is specified. After the re-election in the shareholders' meeting is completed, the date of assuming office shall not be changed via an extraordinary motion or other means at the same meeting.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.

A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, the Board may have the proposals of shareholders that fall under the circumstances stated in Article 172-1, Paragraph 4 of the Company Act excluded from meeting discussions.

Prior to the book closure date before a regular shareholders meeting is held, the



Company shall publicly announce that it will receive shareholder proposals, correspondence or electronic means, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Motion proposed by shareholders is limited to three hundred words. A proposed motion of more than three hundred words will not be included in the proposal. The proposing shareholders must attend the Annual Meeting of Shareholders in person or by proxy and must participate in the proposal discussion.

The Company shall have the proposing shareholder notified about the proposal results before the date of the meeting notice and must have the proposals in compliance with this provision included in the meeting notice. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

Article 4: Shareholders may appoint a proxy to attend the shareholders' meeting through a letter of appointment printed by the Company, stating the scope of authorization to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw a previous proxy.

After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company 2 days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

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

Article 6: The Company shall prepare a sign-in registry for the shareholders and the proxies (hereinafter collectively known as “shareholders”) to sign-in for attendance, or, the shareholders who are present shall surrender their sign-in card in lieu of sign-in. The Company 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, ballots shall also be furnished.

Shareholders and their proxies (hereinafter referred to collectively as "Shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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 corporate is designated as a proxy, it can only appoint one representative to attend the shareholders meeting.

Article 7: The Chairman of the board of directors shall chair the shareholders' meeting when the board of directors convenes it. If the Chairman is on leave or unable to exercise powers, the meeting is to be chaired by the Vice Chairman. If there is no Vice Chairman appointed, the Vice Chairman is also on leave, or unable to exercise powers, the Chairman is to have one general director designated to exercise powers. If there is not a general director appointed, one director shall be designated to chair for the meeting. If the Chairman does not have a representative designated to exercise power, the representative is to be elected among the general directors or directors.

The Chairman shall personally preside the Shareholders' meeting that is convened by the board of directors; also, a majority of the board of directors and

at least one member of each functional committee should attend the meeting with the attendance recorded in the minutes of meeting.

For a shareholders' meeting convened by any other person having the convening right, he or she shall act as the chairperson of that meeting. However, if there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among them.

The Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders' meeting in a non-voting capacity.

Article 8: The Company should have the entire meeting of shareholders taped in audio or video recording and stored for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

Article 9: The attendance to the session of the Shareholders' Meeting shall be based on the quantity of outstanding shares being represented. The shares present should be counted according to the sign-in sheet or the attendance sign-in cards submitted, plus the shares of paper-based or electronic voting.

The chairperson shall announce the commencement of meeting as soon as it is due. However, if attendants represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If the shareholding of the attending shareholders remaining do not constitute more than one third of the total number of shares issued after the two postponements, the Chairman may announce to have the meeting aborted.

If the aforementioned two postponements still fail to meet the quorum, but the number of shares that represent more than one-third of the total number of issued shares are present, tentative resolutions may be resolved pursuant to Article 175-1 of the Company Act, and each shareholder will be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month. Before the conclusion of the meeting, if the number of shares held by the shareholders present at the meeting has exceeded half of the total

outstanding shares, the chair may resubmit such tentative resolution to the shareholders meeting for voting pursuant to Article 174 of the Company Act.

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

The 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.

The chairperson shall not announce the adjournment of the meeting until end of the scheduled agenda in the two preceding paragraphs (including an extemporary motion) unless a decision is resolved. In an event where the chairperson violates the Shareholders' Meeting Procedure Rules by illegally announcing adjournment of the meeting, another member(s) of the board of directors shall promptly help the present shareholders elect one from themselves to chair the meeting through legal procedures with one-half majority vote from the present shareholders to continue the meeting.

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

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

If the attending shareholder submits the speech note but does not speak in the meeting, the shareholder will be deemed silent. If the shareholder's actual statement spoken in the meeting is different from those stated in the speech note, the actual statement will prevail.

Each shareholder can only speak twice, for 5 minutes each, about the same motion unless otherwise permitted by the chair. The chair can stop the

shareholder from speaking if the statement violates the regulations or is beyond the scope of the motion.

When a shareholder is speaking in the meeting, other shareholders should not make any speech to intervene unless permitted by the chair and the person making the speech.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives may speak on the same proposal.

After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Article 12: Votes in shareholders' meetings shall be calculated based on the number of shares.

For the resolutions of the shareholders' meeting, the number of shares of the non-voting shareholders is not included in the total number of issued shares. Whenever an issue in a shareholders' meeting involves the personal interests of a shareholder and is likely to become harmful to the Company's interests, that shareholder shall not join the voting process and shall not exercise voting power for another shareholder.

In passing a resolution at a shareholders' meeting, shares for which voting right cannot be exercised as provided in the preceding paragraph shall not be counted in the number of votes of shareholders present at the meeting. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 13: Each shareholder shall have one vote per share except for the restricted shares, or non-voting shares under Article 179, Paragraph 2 of the Company Act.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means.

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; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

In case a shareholder elects to exercise his/her/its voting power in writing or by way of electronic transmission under the preceding paragraph, his or her declaration of intention shall be served to the company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail. A decision to revoke a previous decision is not subject to the foregoing sentence.

In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he or she shall, 2 days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his or her voting power, serve a separate declaration of intention to rescind his or her previous declaration of intention made in exercising the voting power under the preceding paragraph. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his or her voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his or her behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, be adopted by a majority vote of the shareholders present. During the voting process, the chair or

a designee should announce the total votes represented by the shareholders present at the meeting. Each motion should be voted on by the shareholders independently. The results, agreeing or disagreeing and waived votes, should be published on the Market Observation Post System after the shareholders' meeting on the same day. When there is an amendment or an alternative to a proposal, the chairperson 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.

Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all scrutineers shall be shareholders of the Company.

Ballot counting should be held at the meeting place with the ballot counting result announced immediately and records kept.

Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the election results shall be announced on-site immediately, including the names of those elected as directors and the numbers of voting rights with which they were elected. Electoral ballots referred to above shall be sealed and signed by the scrutineers and reserved for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

Article 15: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of within twenty days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission.

The Company may distribute the meeting minutes as described in the preceding paragraph by entering the same to the Market Observation Post System for public announcement.

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 results of the voting (including the statistical tallies of the numbers of votes), and shall be retained for the duration of the existence of the Company.

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

If matters put to a resolution at a shareholders meeting constitute material information under applicable law or regulations or under the regulations of Taiwan Stock Exchange Corporation (or TPEX), the company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: The staff responsible for organizing the meeting of shareholders shall wear identification badges or armbands.

The chairperson may direct the inspectors or security personnel to help maintain order at the meeting place. The pickets or security personnel shall wear armbands with the word "Picket" when maintaining order.

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 the Company, the chairperson may stop the shareholder from so doing.

If the shareholder violates the rules of procedures and defies the chairperson's instruction, and obstructs the proceedings and refuses to stop, the chairperson may direct the pickets or security personnel to escort the shareholder out of the venue.

Article 18: The chairman may announce breaks during the meeting. In case of any event of force majeure, the chairman may rule to suspend the meeting and announce the time at which to continue the meeting depending on the situation.

Before the completion of agendas (including extraordinary motions) of the shareholders' meeting, if the meeting venue is not available for continued use, the shareholders' meeting may decide to seek a new venue to resume the



meeting.

The shareholders' meeting may, in accordance with the provisions of Article 182 of the Company Act, decide to postpone or resume the assembly within five days.

Article 19: These rules shall take effect once approved during a shareholder meeting. The same applies to all subsequent revisions.

## Appendix VI

### **Regulations Governing the Election of Directors of China Chemical & Pharmaceutical Co., Ltd.**

Amended in the shareholders' regular meeting convened on May 27, 2016.

Article 1: In order to elect directors fairly and publicly, the Rules are formulated in accordance with Article 21 and Article 41 of "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."

Article 2: Unless otherwise specified by law or the Articles of Incorporation, election of the Company's directors shall proceed according to the procedures stated here.

Article 3: Board composition shall be taken into consideration when electing director members. 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, or technology), professional skills, and industry experience.

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

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 the company shall consider adjusting its composition based on the results of performance evaluation.

Article 4: Election of directors shall proceed according to the nomination system described in Article 192-1 of the Company Act. To facilitate proper review regarding directors' eligibility, academic/career background and conditions described in Article 30 of the Company Act, no documentary proof other than those mentioned in the Act shall be used. The outcome of the review needs to be presented to shareholders, and will be used as reference to choose the suitable directors.

When the number of directors falls below five due to the dismissal of a director for any reason, the company shall hold a director by-election at the next following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election.

If the number of independent directors does not meet the requirements of the proviso in Article 14-2, Paragraph 1 of Securities Exchange Act, the relevant provisions of Taiwan Stock Exchange “Corporation Rules Governing Review of Listings, or the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM” Subparagraph 8, an election of directors should be held in the most recent shareholders’ meeting. When all independent directors were dismissed, the Company shall have an extraordinary shareholders’ meeting held within 60 days from the date of the event occurred.

Article 5: The election of the company’s directors shall adopt the cumulative voting system, and each share shall have the same voting rights as the number of directors to be elected with all votes casted to one candidate or to several

candidates.

- Article 6: The board of directors shall produce ballots in quantities that match the number of directors to be elected, and apply weight before distributing them to shareholder meeting participants. Conference pass serial number can be printed on the ballot for identification purpose instead of voter's name.
- Article 7: Votes are distinguished between independent and non-independent directors. Candidates who receive the highest number of votes are assigned the role of director followed by supervisor, until the number of director seats mentioned in the Articles of Incorporation are fully filled. If 2 or more candidates receive the same number of votes, they shall draw for the remaining seats available. The chairperson will draw on behalf of those who are absent during the meeting.
- Article 8: The chair before the beginning of the election shall appoint a number of monitoring and counting personnel who are of a shareholder status to perform the respective duties of the vote. The ballot boxes shall be prepared by the board of directors and publicly checked by the monitoring personnel before voting commences.
- Article 9: If the candidate is also a shareholder, voters shall specify both shareholder account name and number in the "candidate" column of the ballot. If the candidate is not a shareholder, the candidate's name and ID card number will have to be specified instead. If the candidate is a government agency or institution shareholder, the candidate column on the ballot must be detailed with the name of the government agency or institution shareholder, or it can be the name of the government agency or institution shareholder and their representatives. If there is more than one representative appointed, the name of all the representatives must be listed separately.
- Article 10: A ballot is invalid under any of the following circumstances:
1. Voting without using ballots prepared by the board of directors.
  2. A blank ballot is placed in the ballot box.
  3. The writing is unclear and indecipherable or has been altered.
  4. Where the candidate is a shareholder, the written identity and shareholder

account number do not match the shareholder registry; or where the candidate is a non-shareholder, the written name and ID card number do not match the candidate's identity proof.

5. There are other words other than the account name (name) of the candidate, or shareholder account number and the distributed voting weights.
6. The candidate's name written in the ballot coincides with another shareholder, but no shareholder account number or ID card number is provided for identification.

Article 11: Ballots are to be counted openly immediately after voting. The chairperson will announce the outcome of the vote, including the names of elected directors and the number of votes received.

Electoral ballots referred to above shall be sealed and signed by the scrutineers and reserved for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

Article 12: The Company will send a notice of election to office to elected Directors.

Article 13: The “Regulations” shall be implemented after approval by a shareholders meeting. Subsequent amendments thereto shall be handled in the same manner.

## Appendix VII

### Data of candidates of directors (including independent directors)

Candidate category	Name of the candidates	Shares	Education	Work Experience	Current position	Whether or not he/she has served as an independent director for three consecutive terms	The reasons to be continually nominated and the reasons for serving as an independent director for three sessions in a row
Director	Representative of Chunghwa Chemical Synthesis & Biotech Co., Ltd.: Wang Hsieh I-Chen (Female)	27,008,137	Department of Philosophy and Business Management of Fu Jen Catholic University	<ul style="list-style-type: none"> <li>● Chairman of China Chemical &amp; Pharmaceutical Co., Ltd.</li> </ul>	Within CCPC Group <ul style="list-style-type: none"> <li>● Chairman of China Chemical &amp; Pharmaceutical Co., Ltd.-1701</li> <li>● Chairman of Chunghwa Chemical Synthesis &amp; Biotech Co., Ltd.-1762</li> <li>● Chairman of Chunghwa Yuming Healthcare Co., Ltd.</li> <li>● Chairman of Tairung Development Co., Ltd.</li> <li>● Chairman of Chunghwa Senior Care Co., Ltd.</li> </ul> ===== <ul style="list-style-type: none"> <li>● Chairman of HU-YU Co., Ltd.</li> <li>● Chairman of Ma Jia De Enterprise Co., Ltd.</li> </ul>	Not applicable	Not applicable
Director	Representative of Wang Ming-Ning Memorial Foundation: Wang, Hou-Jie(Male)	10,432,912	Psychology, University of Southern California, USA	<ul style="list-style-type: none"> <li>● Director of China Chemical &amp; Pharmaceutical Co., Ltd.</li> </ul>	Within CCPC Group <ul style="list-style-type: none"> <li>● Director of China Chemical &amp; Pharmaceutical Co., Ltd. -1701</li> <li>● Director of Chunghwa Chemical Synthesis &amp; Biotech Co., Ltd.-1762</li> <li>● Director of Suzhou Chung-hwa Chemical&amp;pharmaceutical Industrial Co., Ltd.</li> <li>● Director of Tairung</li> </ul>	Not applicable	Not applicable

					Development Co., Ltd.		
Independent Director	Chen, Hung-Shou (Male)	None	Bachelor of Transportation & Logistics Management, National ChiaoTung University	<ul style="list-style-type: none"> <li>● Excellence/Faithfulness: CEO &amp; General Manager – 6214</li> <li>● Yahoo: General Manager in China/Marketing Vice President in North Asian Area</li> <li>● Kimo: Chief Executive Officer (CEO)</li> <li>● E-life Mall Corporation: Director-6281</li> <li>● Sercomm Corporation: Independent director-5388</li> <li>● Spirox Corp.: Independent director-3055</li> <li>● Independent director of GGA Corporation-4160</li> <li>● LCY Group: Independent director-1704</li> </ul>	<ul style="list-style-type: none"> <li>● Independent director of China Chemical &amp; Pharmaceutical Co., Ltd.-1701</li> </ul> <p>=====</p> <ul style="list-style-type: none"> <li>● OneAD, Founder &amp; Chairman</li> <li>● Yageo Corporation: Independent director-2327</li> <li>● Giant Manufacturing Co., Ltd.: Independent director-9921</li> <li>● MOMO.COM INC. : Independent director-8454</li> <li>● Sercomm Corporation: Remuneration Committee member-5388</li> <li>● GGA corp.: Remuneration Committee member-4160</li> </ul>	No	Not applicable
Independent Director	Jou, Yen-Pong (Male)	None	Fu Jen Catholic University, Dept. of Law, Legal Science Section	<ul style="list-style-type: none"> <li>● Industrial Technology Research Institute, Consultant</li> <li>● Institute of Intellectual Property, College of Commerce, National Chengchi University, Adjunct Associate Professor</li> <li>● COO of Adata Technology Co., Ltd.</li> <li>● Haier Group, Chief Legal &amp; Intellectual Property Advisor</li> <li>● Hon Hai Precision Industry Co., Ltd., Chief Legal Officer-2317</li> </ul>	<ul style="list-style-type: none"> <li>● China Chemical &amp; Pharmaceutical Co., Ltd.- Independent director-1701</li> </ul> <p>=====</p> <ul style="list-style-type: none"> <li>● Chairman of InQuartik</li> <li>● Founder of ScienBiziP, MiiCs and InQuartik</li> </ul>	No	Not applicable

Independent Director	Chow, Dah-Jen (Male)	None	Master of Law, Harvard University School of Law	<ul style="list-style-type: none"> <li>● China Development Industrial Bank, CEO of Direct Investment Group</li> <li>● China Development Financial Holding Corp., Senior Deputy General Manager-2883</li> <li>● China Development Venture Capital Co., Ltd., Chairman</li> <li>● Republic of China Equity Investment Association, Vice President</li> <li>● Jardine Venture Capital Group, Senior Partner</li> <li>● McCutchen, Doyle, Brown &amp; Enersen Law Firm, Senior Attorneys-at-Law</li> <li>● COO of International Data systems Integration, Inc</li> <li>● Microtek International Inc., Chief Legal Office</li> <li>● Morgan, Lewis &amp; BocKius, Attorney-at-Law</li> </ul>	<ul style="list-style-type: none"> <li>● Taichuang Biomedical Ventures Group, Managing Partner</li> <li>● CTC Capital Inc, Chairman</li> <li>● Taiwan Intelligent Healthcare Association, Director</li> <li>● Taipei Independent Directors Association, Chairman</li> <li>● Independent director of Amtran Technology Co., Ltd.-2489</li> <li>● Director of Phihong Technology Co., Ltd. -2457</li> <li>● Director of Jaguar Technology Inc.</li> <li>● China Chemical &amp; Pharmaceutical Co., Ltd.: Remuneration Committee member-1701</li> </ul>	No	Not applicable
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## Appendix VIII

### China Chemical & Pharmaceutical Co., Ltd.

Shareholders' meeting of year 2021

Itemized list of the actions of the candidates for the Company's directors (including independent directors) of the Company to be lifted from prohibition of business strife

Title/Name	Current additional positions (Facts of duty served with a company(ies) operating business the same as the Company's)
Representative of Chunghwa Chemical Synthesis & Biotech Co., Ltd.: Wang Hsieh I-Chen	<ul style="list-style-type: none"> <li>● Chairman of China Chemical &amp; Pharmaceutical Co., Ltd.</li> <li>● Chairman of Chunghwa Chemical Synthesis &amp; Biotech Co., Ltd.</li> <li>● Chairman of Chunghwa Yuming Healthcare Co., Ltd.</li> <li>● Chairman of Tairung Development Co., Ltd.</li> <li>● Chairman of Chunghwa Senior Care Co., Ltd.</li> <li>● Chairman of HU-YU Co., Ltd.</li> <li>● Chairman of Ma Jia De Enterprise Co., Ltd.</li> </ul>
Representative of Wang Ming-Ning Memorial Foundation: Wang, Hou- Jie	<ul style="list-style-type: none"> <li>● Director of China Chemical &amp; Pharmaceutical Co., Ltd.</li> <li>● Director of Chunghwa Chemical Synthesis &amp; Biotech Co., Ltd.</li> <li>● Director of Suzhou Chung-hwa Chemical&amp;pharmaceutical Industrial Co., Ltd.</li> <li>● Director of Tairung Development Co., Ltd.</li> </ul>
Chen, Hung-Shou	<ul style="list-style-type: none"> <li>● OneAD, Founder &amp; Chairman</li> <li>● China Chemical &amp; Pharmaceutical Co., Ltd.- Independent director</li> <li>● Yageo Corporation: Independent director</li> <li>● Giant Manufacturing Co., Ltd.: Independent director</li> <li>● MOMO.COM INC. : Independent director</li> <li>● Sercomm Corporation: Remuneration Committee member</li> <li>● GGA corp.: Remuneration Committee member</li> </ul>
Jou, Yen-Pong	<ul style="list-style-type: none"> <li>● Chairman of InQuartik</li> <li>● Founder of ScienBiziP, MiiCs and InQuartik</li> <li>● China Chemical &amp; Pharmaceutical Co., Ltd.- Independent director</li> </ul>
Chow, Dah-Jen	<ul style="list-style-type: none"> <li>● Taichuang Biomedical Ventures Group, Managing Partner</li> <li>● CTC Capital Inc, Chairman</li> <li>● Taiwan Intelligent Healthcare Association, Director</li> <li>● Taipei Independent Directors Association, Chairman</li> <li>● Independent director of Amtran Technology Co., Ltd.</li> <li>● Director of Pihong Technology Co., Ltd.</li> <li>● Director of Jaguar Technology Inc.</li> <li>● China Chemical &amp; Pharmaceutical Co., Ltd.: Remuneration Committee member</li> </ul>

## Appendix IX

### List of shares held by directors of China Chemical & Pharmaceutical Co., Ltd.

Title	Name	As of book closure date on March 23, 2021		Legal representative
		Number of shares held	Shareholdin g ratio	
Chairman	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	27,008,137	9.06%	Wang Hsieh I- Chen
Director	Wang Ming-Ning Memorial Foundation	10,432,912	3.50%	Wang, Hou- Jie
Independent Director	Chen, Hung-Shou	0	0.00%	
Independent Director	Jou, Yen-Pong	0	0.00%	
Independent Director	Wu, Su-Huan	0	0.00%	
Total Directors' shareholding		37,441,049	12.56%	

Remark: 1. At the moment, the Company holds paid-in capital amounting to NT\$2,980,810,800 in total, at NT\$10 par value, at the total of 298,081,080 outstanding shares.

2. Pursuant to “Implementation Rules Governing Public Companies for Shareholding Ratios and Audit for Their Directors,” the standards/criteria for shareholding of all directors of the Company:

The percentage of shares held by all directors to the aggregate total of outstanding shares: 5.0322%

The minimum shareholding of all the board directors: 12,000,000 shares.

3. The Company has established the audit committee. The shareholding of supervisors does not apply.
4. The number of shares held by all directors is already up to the statutory standard.
5. Independent director: In response to the planning of the overall business operation of the Company, Ms. Wu Su-Huan has been requested to serve other duties for the Company’s affiliated enterprise. For that reason, she resigned from the post of independent director on August 31, 2020.

## Appendix X

### Effect on the company's operating performance, EPS, and shareholder ROI by this stock grant

Item		Year	Year 2021 (Forecast)
The paid-in capital at the beginning of the term			NTD 2,980,811 thousand
Stock Dividend in the current period	Cash dividend per share		NT\$ 1.0
	The number of shares to be allocated per share in the conversion of the Company's earnings into capital increase.		0 share
	Number of shares allotted for each share held under the capitalization of additional paid-in capital		0 share
Changes in business performance	Operating profit		Not applicable (Note)
	Proportion of change in the operating income from the same period of the previous year (%)		
	Income after taxation		
	Proportion of change in the after-tax net profit from the same period of the previous year (%)		
	Earnings per share		
	Proportion of change in EPS from the same period of the previous year (%)		
	Annual average return of investment (the reciprocal of the annual average Party AE ratio)		
Pro forma EPS and P/E ratio	If the retained earnings for capitalization into new shares were switched to payment of a cash dividend in the full amount	Pro forma earnings per share (EPS)	
		Pro forma annual average ROI	
	If there was no capitalization of additional paid-in capital	Pro forma earnings per share (EPS)	
		Pro forma annual average ROI	
	Where the capital reserve is not processed and when the earnings are granted in cash dividend instead of converting into capital increase	Pro forma earnings per share (EPS)	
		Pro forma annual average ROI	

Note: Not applicable according to law, the Company is not required to disclose to the public financial forecast in the year 2021.