

2024 Annual Report

Formosa Laboratories, Inc.

Annual Report available on:

Market Observation Post System Website site: <https://mops.twse.com.tw>

The company's Website: <https://www.formosalab.com>

Printed on Apr. 22, 2025

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. Spokesperson, Deputy Spokesperson

- (I) Spokesperson: Lo, Yu-Chen
Title: Senior Vice President of Corporate Support Division
Tel: (03)324-1072
E-mail: info@formosalab.com
- (II) Deputy Spokesperson : Liou, Shan-Jan
Title: Senior President of Business Division
Tel: (03)324-1072
E-mail: info@formosalab.com

II. Address and Tel of Headquarters, Branches and Plant

- (I) Headquarters
Address: 36 Hoping Street, Louchu, Taoyuan 338002, Taiwan
Tel: (03)324-0895
- (II) Plant
Louchu Plant
Address:
No. 36, 36-1 Hoping Street, Louchu, Taoyuan 338002, Taiwan
No. 398, Sec. 2, Youguan Rd., Louchu, Taoyuan 338002, Taiwan
Tel : (03)324-0895
Louchu No.2 Plant
Address : No. 36, 36-1 Hoping Street, Louchu, Taoyuan 338002, Taiwan
Tel : (03)324-0895
- (III) Branches: None.

III. Stock transfer agency

- (I) Name: KGI Securities, Department of Stock Agency
- (II) Address: 5F, No. 2, Sec. 1, Chongqing S.Rd., Zhongzheng Dist., Taipei City 100502
- (III) Tel: (02)2389-2999
- (IV) Website: <https://www.kgi.com>

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

- (I) Name: CPA Yen, Yu-Fang, Teng, Sheng-Wei
- (II) Accounting Firm: PricewaterhouseCoopers Taiwan
- (III) Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City
- (IV) Tel: (02)2729-6666
- (V) Website: <https://www.pwc.com/tw>

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

VI. The Company Website: <https://www.formosalab.com>

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Chapter I Letter to Shareholder

I. The 2024 Business Report

(I) Implementation Results of the Business Plan

The Company's 2024 operating revenue was NT\$4,731,046 thousand, setting a new historical record with an 8.50% growth compared to 2023. Net profit after tax was NT\$157,268 thousand, with earnings per share after tax of NT\$1.31. The revenue growth was due to increased shipments of steroids, respiratory agents, and cholesterol phosphate binding agent, as well as the strong appreciation of the U.S. dollar exchange rate.

(2) Budget Execution Status

The Company did not disclose financial forecasts for 2024; therefore, this is not applicable.

(III) Analysis on Revenue and Expense and Profitability

Item \ Year		2023	2024
Financial Structure	Debt to assets ratio	39.79	37.77
	Long-term fund to fixed assets ratio (%)	172.52	189.26
Debt Servicing Capability	Current ratio (%)	161.77	249.09
	Quick ratio (%)	109.12	168.28
Profitability	Return on total assets (%)	(0.13)	0.56
	Shareholders' return on total equity (%)	(0.65)	0.76
	Net margin (%)	(1.2)	1.35
	Earnings per share (NT\$)	1.05	1.31

(IV) R&D Status

In order to bolster the industry's competitiveness, the Company and its subsidiaries consistently engage in research and development as well as innovation. It is anticipated that expenditures on R&D will continue to exceed a certain threshold in the future. R&D expenses focus on enhancing the Company's API technology upgrades, continuously improving towards automation and reducing environmental impact. This includes expanding Flow Chemistry process development and applications, while extending downstream from existing API research and production into formulation development, and expanding into injectable product research and manufacturing. Currently, the Company currently operates traditional API production lines (including chemical and peptide drugs) and cytotoxic production lines (anti-cancer drugs and ADCs). The Company also continuously monitors products with expiring patents from original drug developers, selecting appropriate items to expand our future generic drug sales markets. Additionally, we are constantly strengthening our customized research and contract manufacturing business (CDMO business), providing clients with not only customized synthesis services for small molecule APIs for clinical use, but also customized development and synthesis services for antibody drug conjugate (ADC) APIs. Our goal is to leverage Sci Pharmtech's technology patents to strengthen competitive barriers for clients' new drug development. The subsidiary Formosa Pharmaceuticals Inc.'s drug under development, APP13007 (targeting post-surgical inflammation and pain), is developed from the APNT nanoparticle formulation technology platform, providing ophthalmologists and patients with a direct and clear medication regimen, a safer, more convenient, and more effective medication option. The drug has recently obtained approval from the Food and Drug Administration (FDA) for its New Drug Application in March 2024. Regarding external licensing, APP13007 completed exclusive licensing agreements with

Grand Pharmaceutical (China) Co., Ltd. in 2021, and with Eyenovia, Inc. (USA) in 2023, with the total licensing contract value with Eyenovia reaching US\$86 million. In 2024, it successively completed exclusive licensing agreements with Cristália (Brazil), Tabuk (Middle East and North Africa), Tzamal (Israel), Apotex (Canada), DÁVI (Portugal), and Medvisis (Switzerland and Liechtenstein), and all future supply of APP13007 will be provided by Formosa Pharmaceuticals, Inc. Another new drug development project, TSY-0110 (indicated for breast cancer), signed a licensing agreement with EirGenix, Inc. in 2022. According to the agreement, Formosa Pharmaceuticals will receive milestone payments, while EirGenix will obtain future profit-sharing rights. Both parties will share the related revenues derived from the R&D results of TSY-0110. It is expected that an application for Phase I clinical trials will be submitted in 2025.

II. 2024 Business Plan Outline

(I) Operation Goals

1. Continue to maximize revenue scale and optimize costs and profits, while actively seeking the next star product in APIs and injectables.
2. Increase the business scale in Contract Development and Manufacturing Organization (CDMO) services for APIs, antibody drug conjugates (ADCs), and injectables, while deepening market presence to provide serve local clients with prompt, high-quality, and cost-effective services.
3. Assess the integration of innovative tools or techniques such as microfluidics (Flow Chemistry), automation equipment, or Artificial Intelligence to enhance the efficiency and reduce the costs of R&D, production processes, and the development of new drugs.
4. Execute business operations with "zero errors," enhance efficiency, and effectively reduce various expenses.
5. Consistently assess investment targets to attain optimal investment returns.

(II) Production Plan

1. Active Pharmaceutical Ingredients (APIs): By employing optimal production scheduling, enhance capacity utilization, maximize output, reduce errors, and consequently, diminish costs while augmenting profits.
2. Injection products: Pursuant to our objective of mitigating deviations, we aim to complete official factory inspections within domestic and international jurisdictions, thereby actively pursuing orders from multinational enterprises.

(III) Research and Development Plan

1. Committed to the development of proprietary generic drug injections utilizing in-house API, thereby elevating the barrier to competitive entry
2. Continuously accumulate and construct intellectual property assets possessing patentability and utility.

(IV) Production and Marketing Strategies

The Company has accumulated 30 years of experience in customized R&D and contract manufacturing, and continues to serve clients with API process development as its core advantage. We also optimize existing product processes, such as Vitamin D Derivatives, Cholesterol Phosphate Binding Agent, anti-cancer drugs, MRI Enhancing Agents, while also developing new products such as a peptide series. In addition to providing tailored synthesis services for small molecule APIs intended for clinical use, the Company has also ventured into the preparation of ADCs.

After more than a decade of deep cultivation, the Antibody Drug Conjugate (ADC) technology has matured, and combined with injectable CDMO services, it has successively passed multiple QP audit certifications since 2019. Clients have obtained approvals for Phase I clinical trials from the US FDA, European EMEA, and China NMPA, steadily providing ADC clinical trial drugs. In terms of innovation, with years of experience focused

on synthesis, the Company has developed its own ADC Payload-Linker platform, providing partners and potential clients with services for various combinations of linkers and drugs, improving the drug-antibody ratio (DAR) in one step. Formosa Pharmaceuticals leverages its experienced Antibody Drug Conjugate (ADC) technology platform to provide highly tailored services, ensuring that we are the best partner for client success.

Formosa Pharmaceuticals' injectable production lines meet client demands for both small and large molecule drug manufacturing, offering three sterile injectable production lines with an annual capacity of over 100 million doses, while also providing capacity services of several million doses for clients in the preclinical development stage. In order to accelerate market expansion, increase product capacity, and seize emerging business opportunities, Formosa Pharmaceuticals plans to build new production lines, which are estimated to be completed and put into production by 2027.

Formosa Laboratories boasts first-class talent, strong R&D momentum, manufacturing facilities that comply with regulations in the US, Europe, Japan and other regions, and a comprehensive GMP system. We provide one-stop CDMO services to meet customer needs from APIs to clinical and commercial drug production, winning customer favor and trust, making us the best partner for customer success.

III. The Impact of External Competition, Regulations and the General Business Environment

The Company primarily sells its products to major international pharmaceutical companies, with export sales accounting for over 90% of total sales volume this year. The sales scope covers America, Asia, Europe, and other regions, and the Company has experienced stable development and growth in all areas. The even distribution of clients across the globe has been instrumental in expanding the market and mitigating business risks. Furthermore, the Company's strong international market development abilities and efficient channels have enabled it to become a supplier of APIs to international pharmaceutical companies. Presently, the Company counts among its clients the top three brand drug manufacturers in the world, five of the top ten generic drug manufacturers in the United States, and the top three generic drug manufacturers in Japan. In recent years, the API industry has shifted towards Asia in terms of R&D, production, and OEM. This trend can be attributed to the lower costs of manufacturing and clinical trials, as well as the rapid growth of the Asia-Pacific market. This shift is a result of the globalization of industry and economy.

Looking forward, the Company will continue to adhere to rigorous GMP production management, improve APIs technology and services, strengthen R&D and contract manufacturing business, while expanding downstream into formulation development, venturing into injectable formulation R&D, production and manufacturing. We will also continue to pay attention to products with upcoming patent expirations, selecting items from them to expand the market for antibody drug conjugates and injectable formulations.

Finally, we would like to express our sincere gratitude to clients, shareholders, and diligent employees for their unwavering support throughout the years. In the future, we will consistently embody responsible and conscientious entrepreneurship. We will strive for innovation, growth, and breakthroughs, while keeping a close eye on global industry trends and seizing market opportunities in the highly competitive market. Our aim is to reward shareholders through our progressive performance and development.

Chairman:
Cheng, Chen-Yu

President:
Cheng, Chen-Yu

Accounting Supervisor:
Lo, Yu-Chen

Chapter II. Corporate Governance Report

I. Directors, Supervisors and Management Team

(I) Directors Information

1. Name, Gender, Age, Nationality or Place of Registration, Experience, Shares Held and Nature

April 22, 2025; Unit: Shares; %

Title	Nationality or registration place	Name	Gender /Age	Initial appointment Date	Appointment date	Term	Shares held at time of appointment		Current number of shares held		Shares currently held by spouse and minor children		Shares held in the name of others		Experience (Education)	Positions held Concurrently in the Company and Other Companies	Managers, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relation	
Chairman	R.O.C	Cheng, Chen-Yu	Male / 70~75	1995//12/29	2022/06/23	3	7,743,848	6.44	7,743,848	6.44	3,067,944	2.55	—	—	Ph.D. in Pharmaceutical Chemistry from UC San Francisco Postdoctoral Researcher at the MIT Department of Chemistry, Researcher at DuPont de Nemours, Inc, Professor at the Department of Pharmacy at National Taiwan University, Chairman of L.C. United Chemical Corporation	Note 1	—	—	—	Note 10
Director	R.O.C	Augusta Inc.		2008/07/17	2022/06/23	3	2,269,000	1.89	2,269,000	1.89	—	—	—	—	Doctor at Cathay General Hospital affiliated to the Department of	Note 2				—
		Representative: Fang, Pei-Wei	Female / <50				—	—	734,934	0.61	—	—	—	—	Medicine, National Yang Ming Chiao Tung University, and part-time attending physician at Shin Kong Hospital.		—	—	—	

Director	R.O.C	Yuan Qing Investment Inc.		2008/07/17	2022/06/23	3	1,257,511	1.05	1,257,511	1.05	—	—	—	—	Master of Science and Technology Management, University of Illinois Urbana-Champaign	Note 3	—	—	—	—
		Representative: Shie, Hung-Min	Male / 50~60				—	—	—	—	53,365	0.04	—	—	Senior Manager of Ericsson in Taiwan and Assistant Vice President of Acorn Taiwan Consultant Co., Ltd					
Director	R.O.C	Hygica Biotech Ltd.		2022/06/23	2022/06/23	3	1,242,452	1.03	1,690,452	1.41	—	—	—	—	Department of Pharmacy at National Taiwan University, Ph.D., Graduate Institute of Technology, Innovation & Intellectual Property Management, National Chengchi University	Note 4	—	—	—	—
		Representative: Lee, Chien-Hung	Male / 50 ~ 60				—	—	395,480	0.33	134,902	0.11	—	—	President of Pharmastar Inc. and Chairman of the Intellectual Property and Law Committee of the Taiwan Pharmaceutical Manufacture and Development Association					
Director	R.O.C	Heng Lang Limited Corporation.		2010/05/11	2022/06/23	3	483,525	0.40	483,525	0.40	—	—	—	—	MBA from Shanghai Jiao Tong University Project Manager of Marketing & Planning Department of MIGOSOFT Corp. and Project Manager of Division for Innovative Applied Services of Institute for Information Industry	Note 5	—	—	—	—
		Representative: Hu, Yi-Kan	Male / < 50				—	—	—	—	—	—	—	—	—					

Independent Director	R.O.C	Chen, Yi-Fen	Female / 60 ~ 70	2022/06/23	2022/06/23	3	—	—	—	—	—	—	—	—	MBA from University of California, Berkeley; Bachelor from Department of Economics, National Taiwan University CEO of Personal Finance of O-Bank; Chief Marketing Officer of Shin Kong Financial Holding and Senior Vice President of Taiwan Shin Kong Commercial Bank; Independent Director of Primasia Securities Company Limited; President of Far Eastern International Securities; Assistant Vice President of Citibank and Deputy Chief of Today Department Store	Note 6	—	—	—	—
Independent Director	R.O.C	Lu, Ta-Jung	Male / 70 ~ 75	2022/06/23	2022/06/23	3	—	—	—	—	—	—	—	—	Ph.D., Department of Chemistry, Yale University; Postdoctoral Research Fellow, Department of Chemistry, Colorado State University; Bachelor, Department of Chemistry, National Taiwan Normal University Independent Director of Savior Lifetec Corporation; Consultant of Maxluck Biotech Co., Ltd.; Consultant of Day Spring Biotech Co., Ltd.; Professor, Department of Chemistry, National Chung Hsing University; Director,	Note 7	—	—	—	—

															Graduate Institute of Technology Management, National Chung Hsing University					
Independent Director	R.O.C	Chaung, Tza-Zen	Male / 70 ~ 75	2012/06/18	2023/06/27	3	—	—	—	—	—	—	—	—	Ph.D. in Chemical Engineering from Massachusetts Institute of Technology (MIT), USA; Master's in Chemical Engineering from West Virginia University, USA; Bachelor's in Chemical Engineering from National Taiwan University President/Chief Executive Officer of China Chemical & Pharmaceutical Co., Ltd. Research Center, Biotechnology Process Group at Bristol-Myers Squibb Pharmaceutical Company, USA Leader, Assistant Vice President of R&D and Special Gas Plant Manager at Sanfu Chemical Co., Ltd/Air Products, Senior Chemical Engineer at Merck & Company, USA.	Note 8	—	—	—	—
Independent Director	R.O.C	Chang, Ting-Jung	Male / 50 ~ 60	2019/06/27	2023/06/27	3	—	—	—	—	—	—	—	—	Master's in Quantitative Finance, Master's in Business Administration, and Ph.D. in Accounting from Rutgers University, USA Rutgers Business	Note 9	—	—	—	—

Note 5: Director and President of Panlabs Biologics Inc., Director of Hong Ray Corporation, Director of Whitesun International Corp., Director of Protect Biotech Incorporation, Supervisor of Bei Guan Power Corporation, Supervisor of Chung Peng Construction Company, Chairman of Hsin Lan Investment Limited

Note 6: Vice Chairman of Anfu Solutions Inc, Adjunct Assistant Professor at National Tsing Hua University Department of Quantitative Finance, Adjunct Assistant Professor at Soochow University Department of Business Administration, Adjunct Assistant Professor at Tainan National University of the Arts, Chairman of HUNG YUN, Inc.

Note 7: Honorary Professor at Department of Chemistry, National Chung Hsing University.

Note 8: Chief Technology Officer of SCH LIFE SCIENCES COMPANY LIMITED, Independent Director of General Biologicals Corporation, Director of HYGEIA TOUCH INC., Director of Hsinchu Kuang-Fu High School, Director of KT Wang Foundation.

Note 9: President of Ensure & Co., CPAs, Director of Foundation of Pacific Basin Financial Research and Development.

Note10: If the chairperson, president, or an equivalent top manager of the Company is related to another person in any of those positions, either as a spouse or a first-degree relative, the report must include information on the reasons, rationale, necessity, and countermeasures.

The Chairman, Dr. Cheng, Chen-Yu, concurrently serves as the President to improve operational efficiency and implement policies. Dr. Cheng, Chen-Yu holds a Ph.D. in Pharmaceutical Chemistry from the University of California, San Francisco. He previously served as a professor in the School of Pharmacy at National Taiwan University, researcher at DuPont Chemical Company, and postdoctoral research fellow in the Department of Chemistry at Massachusetts Institute of Technology. During his years as the Chairman and General Manager of Formosa Labs, he has accumulated professional capabilities and extensive experience in operational judgment, business management, leadership decision-making, and crisis management, providing professional and comprehensive guidance for the Company's operations management and investment decisions, which has significantly benefited Formosa Labs' operations management. Through close and sufficient communication with directors on the Company's operations and future plans, the directors gain a clearer understanding of the Company's operations. Therefore, it is reasonable and necessary for the Chairman to concurrently serve as the General Manager. In order to implement corporate governance and strengthen the independence of the board of directors, the Company has been actively training suitable candidates for the General Manager position. The specific measures of the Company are as follows:

- (1) Over half of the board members do not serve as employees or managers, thus reinforcing the independence of the Board of Directors.
- (2) Every year, directors attend professional development courses to enhance the operational effectiveness of the Board of Directors.
- (3) Independent directors actively participate in various meetings, including Shareholders' Meetings and board meetings, and fully engage in discussions while providing suggestions to implement the principles of corporate governance.
- (4) Independent director seats to 4, which can not only enhance the functions of the Board of Directors, but also strengthen the supervisory and management functions

2. Table 1: Substantial Corporate Shareholders

April 22, 2025

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders	Shareholding Ratio (%)
Augusta Inc.	Li, Hsiu-Hui	57.14
	Cheng, Chen-Yu	14.29
	Cheng, Ta-Jung	14.29
	Cheng, Ta-Yueh	14.28
Yuan Qing Investment Inc.	De Shin Investment Ltd.	29.21
	Shie, Hung-Min	21.43
	Huang, Chen-Wen	21.43
	Chen, I-Hsin	10.86
	Hsieh, Aa-Ting	6.14
	Hsieh, Aa-Ching	5.43
	Chiu, Shu-Chih	3.00
	Chen, Shao-Hung	2.50
Hygica Biotech Ltd.	Lee, Chien-Hung	100
Heng Lang Limited Corporation.	Liu, Ling-Chun	8.23
	Chao, Heng-Hsueh	2.75
	Chao, Heng-Tzu	2.75
	Chao, Yuan-Chi	0.03
	Hermex Holdings Limited	86.24

3. Table 2: Principal shareholders of legal entities whose principal shareholders are legal entities.

April 22, 2025

Name of Institutional Shareholder	Major Shareholders of the Institutional Shareholder	Shareholding Percentage (%)
De Shin Investment Ltd.	Huang, Chen-Wen	98.00
	Chiu, Shu-Chih	1.00
	Chen, Shao-Hung	1.00
Hermex Holdings Limited	Liu, Ling-Chun	99.00
	Chao, Yuan-Chi	1.00

4. Director Information

(1) Professional Qualifications of Directors and Information Disclosure on the Independence of Independent Directors

Criteria Name	Professional Qualifications and Working Experience	Independence Criteria	Number of other public companies currently acting as independent director
Cheng, Chen-Yu/ Chairman	<ul style="list-style-type: none"> ●Professional Qualifications Ph.D. in Pharmaceutical Chemistry from UC San Francisco. ●Experience Experience: Postdoctoral Researcher at the MIT Department of Chemistry, Researcher at DuPont de Nemours, Inc, Professor at the Department of Pharmacy at National Taiwan University, Chairman of L.C. United Chemical Corporation ●Concurrent Positions: President of Formosa Laboratories, Inc; Chairman of Formosa Pharmaceuticals, Inc; Director of Rayoung Chemtech Inc; Director of Epione Investment Cayman Limited; Director of Epione Investment HK Limited; Director of EirGenix, Inc; Chairman of Epione Pharmaceuticals, Inc; Chairman of Activus Pharma Co., Ltd; Director of A.R.Z Taiwan Limited; Perennial Consultant of Forward Asset Management Ltd. ●Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. ●Does not meet any descriptions stated in Article 30 of The Company Act. 	Non-independent director.	None
Fang, Pei-Wei Director	<ul style="list-style-type: none"> ●Professional Qualifications Department of Medicine, National Yang Ming Chiao Tung University. ●Experience Experience: Doctor at Cathay General Hospital and part-time attending physician at Shin Kong Hospital. ●Concurrent Positions: Director of Tairx, Inc; Attending physician of Pathology Department of Fu Jen Catholic University Hospital., Director of Tsui Hua Investment Co., Ltd. ●Concurrent Positions: Director of Tairx, Inc; Attending physician of Pathology Department of Fu Jen Catholic University Hospital., Director of Tsui Hua Investment Co., Ltd., Director of Marigold Therapeutics, Inc (cayman) ●Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. ●Does not meet any descriptions stated in Article 30 of The Company Act. 	Non-independent director.	None

Criteria Name	Professional Qualifications and Working Experience	Independence Criteria	Number of other public companies currently acting as independent director
Shie, Hung-Min / Director	<ul style="list-style-type: none"> ●Professional Qualifications Master of Science and Technology Management, University of Illinois Urbana-Champaign. ●Experience Experience: Senior Manager of Ericsson in Taiwan and Assistant Vice President of Acorn Taiwan Consultant Co., Ltd. ●Current positions: Chairman of Yuan Qing Investment Inc., Chairman of JUI-I Investment Ltd., Chairman of Remo Taiwan Inc., Director of RELIANCE INTERNATIONAL CORP., Director of Strait Capital Co., Ltd., Chairman of King Dee Musical Instrument Corp., Director of Panlabs Biologics Inc., Chairman of Tai-I Investment Co., Ltd., Chairman of Ding Pu Investment Co. Ltd., Chairman of JUI-I Management Ltd., Supervisor of PWY International Corporation, Director of SynChem-Formosa, Inc. ●Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. ●Does not meet any descriptions stated in Article 30 of The Company Act. 	Non-independent director.	None

Criteria Name	Professional Qualifications and Working Experience	Independence Criteria	Number of other public companies currently acting as independent director
Lee, Chien- Hung / Director	<ul style="list-style-type: none"> ●Professional Qualifications Department of Pharmacy at National Taiwan University; Ph.D., Graduate Institute of Technology, Innovation & Intellectual Property Management, National Chengchi University. ●Experience Experience: President of Pharmastar Inc. and Chairman of the Intellectual Property and Law Committee of the Taiwan Pharmaceutical Manufacture and Development Association ●Current positions: Chairman of Hygica Biotech Ltd., Chairman of Eros Biopharma INC., Chairman of PharmaSTAR Inc., Chairman of Chengdu Gemini Pharmaceutical Co., Ltd., Chairman of PharmaStar Investment Cooperative Ventures INC., Director of Forward Asset Management Ltd., Chairman of Chia La Wei Erh Ltd., Director of SynChem-Formosa, Inc., Director of New Eye Yao Biotech INC., Chairman of PharmaStar Investment Cooperative Ventures INC., General Partner of PharmaStar Biomedical Venture Capital Limited Partnership ●Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. ●Does not meet any descriptions stated in Article 30 of The Company Act. 	Non-independent director.	None

Criteria Name	Professional Qualifications and Working Experience	Independence Criteria	Number of other public companies currently acting as independent director
Hu, Yi-Kan / Director	<ul style="list-style-type: none"> ●Professional Qualifications MBA from Shanghai Jiao Tong University ●Experience Experience: Project Manager of Marketing & Planning Department of Migrosoft Corp. and Project Manager of Division for Innovative Applied Services of Institute for Information Industry. ●Current positions Director and President of Panlabs Biologics Inc., Director of Hong Ray Corporation, Director of Whitesun International Corp., Director of Protect Biotech Incorporation, Supervisor of Bei Guan Power Corporation, Supervisor of Chung Peng Construction Company, Chairman of Hsin Lan Investment Limited. ●Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. ●Does not meet any descriptions stated in Article 30 of The Company Act. 	Non-independent director.	None
Chen, Yi-Fen / Independent Director	<ul style="list-style-type: none"> ●Professional Qualifications MBA from University of California, Berkeley; Bachelor from Department of Economics, National Taiwan University. ●Experience Experience: CEO of Personal Finance of O-Bank; Chief Marketing Officer of Shin Kong Financial Holding and Senior Vice President of Taiwan Shin Kong Commercial Bank; Independent Director of Primasia Securities Company Limited; President of Far Eastern International Securities; Assistant Vice President of Citibank and Deputy Chief of Today Department Store. ●Current positions Vice Chairman of Anfu Solutions Inc, Adjunct Assistant Professor at National Tsing Hua University Department of Quantitative Finance, Adjunct Assistant Professor at Soochow University Department of Business Administration, Adjunct Assistant Professor at Tainan National University of the Arts, Chairman of HUNG YUN, Inc. ●Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. ●Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>The independence of the independent director is as follows: Neither the independent director nor his/her spouse or relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or of an affiliate of the Company. The independent director does not hold any shares of the Company. The independent director is not a director, supervisor, or employee of an enterprise that has a specific relationship with the Company. The independent director has not provided commercial, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years.</p>	None

Criteria Name	Professional Qualifications and Working Experience	Independence Criteria	Number of other public companies currently acting as independent director
Lu, Ta-Jung / Independent Director	<ul style="list-style-type: none"> ●Professional Qualifications Ph.D., Department of Chemistry, Yale University; Postdoctoral Research Fellow, Department of Chemistry, Colorado State University; Bachelor, Department of Chemistry, National Taiwan Normal University. ●Experience Experience: Independent Director of Savior Lifetec Corporation; Consultant of Maxluck Biotech Co., Ltd.; Consultant of Day Spring Biotech Co., Ltd.; Professor, Department of Chemistry, National Chung Hsing University; Director, Graduate Institute of Technology Management, National Chung Hsing University. ●Concurrent Positions Professor Emeritus of Department of Chemistry of National Chung Hsing University. ●Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. ●Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>The independence of the independent director is as follows: Neither the independent director nor his/her spouse or relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or of an affiliate of the Company.</p> <p>The independent director does not hold any shares of the Company.</p> <p>The independent director is not a director, supervisor, or employee of an enterprise that has a specific relationship with the Company.</p> <p>The independent director has not provided commercial, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years.</p>	None

Criteria Name	Professional Qualifications and Working Experience	Independence Criteria	Number of other public companies currently acting as independent director
Chaung, Tza-Zen/ Independent Director	<ul style="list-style-type: none"> ●Professional Qualifications Ph.D. in Chemical Engineering, MIT, Massachusetts Institute of Technology. Master of Chemical Engineering, West Virginia University, USA. Bachelor of Chemical Engineering, National Taiwan University. ●Experience Experience: President/CEO, China Chemical & Pharmaceutical Co., Ltd. Research and Development Center, Taiwan; Biotechnology Production Process Group Leader, Bristol-Myers Squibb Company, USA; Drug Synthesis Process Research Investigator, Hoffmann La Roche, USA; Air Products R&D Assistant Vice President and Special Gas Plant/Plant Manager, Sanfu Chemical Co., Ltd, Taiwan; Senior Chemical Engineer, Merck & Company, USA. ● Concurrent Positions Chief Technology Officer of SCH LIFE SCIENCES COMPANY LIMITED, Independent Director of General Biologicals Corporation, Director of HYGEIA TOUCH INC., Director of Hsinchu Kuang-Fu High School, Director of KT Wang Foundation ●Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. ●Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>The independence of the independent director is as follows:</p> <p>Neither the independent director nor his/her spouse or relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or of an affiliate of the Company.</p> <p>The independent director does not hold any shares of the Company.</p> <p>The independent director is not a director, supervisor, or employee of an enterprise that has a specific relationship with the Company.</p> <p>The independent director has not provided commercial, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years.</p>	1

Criteria Name	Professional Qualifications and Working Experience	Independence Criteria	Number of other public companies currently acting as independent director
Chang, Ting-Jung / Independent Director	<ul style="list-style-type: none"> •Professional Qualifications Master of Quantitative Finance, Master of Business Management, Doctoral Program in Accounting, Rutgers University. Bachelor of Commerce, Department of Statistics, Chengchi University. •Experience Experience: Chairman, Rong Wei Investment Co; Chairman, Ace Venture Consulting Corporation; Supervisor, JKO Asset Management; Director, Foundation of Pacific Basin Financial Research and Development; Group Leader/Assistant Manager, Traditional Industry, Research Department, Investment Advisory Office, Cathay Futures/Securities; Analyst/Assistant Manager, Yuanta Consulting Research Center (Foreign Investment Group); Senior Researcher/Assistant Manager, Domestic/Foreign Investment Group, Polaris Financial Group Research Center; Financial and Systems Analyst, Formosa Plastics Management Center, USA; Chief Accountant, Woodtextures/ Lifestyle Home, Dayton, New Jersey. •Concurrent Positions President, Ensure & Co., CPAs. Director, Foundation of Pacific Basin Financial Research and Development. •Possesses the necessary work experience, professional knowledge, and skills for commercial affairs, finance, accounting, and corporate business. •Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>The independence of the independent director is as follows: Neither the independent director nor his/her spouse or relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or of an affiliate of the Company. The independent director does not hold any shares of the Company. The independent director is not a director, supervisor, or employee of an enterprise that has a specific relationship with the Company. The independent director has not provided commercial, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years.</p>	

(2) The Diversity and Independence of the Board of Directors

A. Diversity of Board of Directors

The company has developed the Corporate Governance Best Practice Principles and Procedures for the Selection of Directors, which advocate for a diverse composition of the Board of Directors. To achieve this goal, the Company will establish diversity guidelines tailored to the specific operational, business, and developmental requirements. These guidelines will include, but not be limited to, the following:

- a. Basic conditions and values: Gender, age, nationality, culture, etc.
- b. Expertise and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

To achieve ideal corporate governance, the Board of Directors as a whole shall have the following capabilities: a. The ability to make judgments about operations. b. Accounting and financial analysis skills. c. Business management ability. d. Crisis management capability. e. Knowledge of the industry. f. An international market perspective. g. Leadership. h. Decision-making ability.

Of the 9 members currently serving on the Board of Directors during the 10th term, 5 (56%) possess a background in pharmaceuticals or chemistry, while 4 (44%) have

expertise in finance or corporate management. The Board also includes 2 female directors, comprising approximately 22% of the total number of directors. Furthermore, the number of directors who concurrently serve as the manager of the Company does not exceed one-third of the total number of directors. These factors demonstrate that the Board of Directors meets the basic conditions and values, provides specialized knowledge and skills to achieve diversity among its members, and takes into account the implementation of gender equality. The Company also continues to arrange diverse training courses for board members to serve as references for their decision-making, improve their supervisory and management capabilities, and further strengthen the functions of the board of directors. Therefore, each director of the Company can provide their professional opinions based on their different expertise and perspectives, which has a significant effect on the Company's business performance and governance decisions.

The Company currently has 2 female directors, accounting for approximately 22% of all director seats, which has not yet reached 1/3, Planning to add one more female director in the future, bringing the number of female directors to three seats, which will then account for 1/3 of all director seats. This will not only enhance board diversity but also implement gender equality.

B. Independence of Board of Director

Currently, the Company has 4 independent directors, accounting for 44% of all (9) directors. The Board of Directors is composed of independent members who are not spouses or relatives within the second degree of kinship. Therefore, there is no violation of Paragraphs 3 and 4 of Article 26 of the Securities and Exchange Act.

(II) President, Vice President, Assistant Vice President and Managers of Each Department and Branch

April 22, 2025 ; Unit: Shares ; %

Title	Nationality	Name	Gender	Date Elected / Appointed (Note1)	Shareholding		Shares held by spouse and minor children		Shares Held in the Name of Others		Major work experience (educational background)	Current Concurrent Positions in The Company and Other Companies	Other Managers or Directors who are Spouses or within Second-Degree of Kinship to Each Other			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
President	R.O.C	Cheng, Chen-Yu	Male	1996/01/01	7,743,848	6.44	3,067,944	2.55	—	—	Ph.D. in Pharmaceutical Chemistry from the UC San Francisco; Bachelor from the Department of Pharmacy, National Taiwan University; Postdoctoral Researcher at the MIT Department of Chemistry; Researcher at DuPont de Nemours, Inc.; Professor at the Department of Pharmacy, National Taiwan University; Chairman of L. C. United Chemical Corporation.	Note 2	—	—	—	Note 5
Senior Vice President of BD	R.O.C	Liou, Shan-Jan	Female	2024/01/01	230,703	0.19	—	—	—	—	Master, Graduate School of Chemistry, Providence University Deputy Director of R&D Department of SCI Pharmtech Inc.	Note 3	—	—	—	—
Senior Vice President of CSD	R.O.C	Lo, Yu-Chen	Female	2024/01/01	16,503	0.01	—	—	—	—	Department of Accounting, MCU Manager of Financial Department of Lightwave Link, Inc. Vice president of Operating Support and Financial Department of L. C. United Chemical Corporation.	Note 4	—	—	—	—
Senior Vice President of PD	R.O.C	Chen, Chai-Sung	Male	2024/01/01	28,259	0.02	—	—	—	—	Department of Chemistry, Chung Yuan Christian University Head of Production Division of SCI Pharmtech Inc.	—	—	—	—	—
Senior Vice President of Q&RCD	R.O.C	Huang, Hsien-Kuei	Male	2024/01/01	10,796	0.01	—	—	—	—	Graduate Institute of Agricultural Chemistry, National Taiwan University Project Manager of ScinoPharm Taiwan Ltd.	—	—	—	—	—
Vice President of OS	R.O.C	Yang, Ling-Fang	Female	2020/10/19	13,500	0.01	9,000	0.01	—	—	Master, School of Management, National Central University COO of Purchasing and Sales/Warehouse Department, Rong Cheng Trading LLC (USA)	—	—	—	—	—
Vice President of R&D	R.O.C	Hsieh, Yih-Huang	Male	2021/07/05	—	—	34,800	0.03	—	—	Ph.D. in Chemistry, Simon Fraser University.; Chief of Chemical Pharmacy, R&D Division, OBI Pharma.; Consultant of Taiwan Sunpan Biotechnology Development Co., LTD.; Examiner/Researcher of the Center for Drug Evaluation, Taiwan	—	—	—	—	—
Vice President of EN	R.O.C	Wang, Szu-Ching	Male	2021/09/27	—	—	4,000	—	—	—	Master, Department of Chemical Engineering, National Taiwan University of Science and Technology Chief of Factory Affairs Division, ScinoPharm Taiwan Ltd. Vice President of Chemical Production Department of China American Petrochemical Co., Ltd.	—	—	—	—	—

Vice President of L& SP	R.O.C	Tsay, Chai-Ling	Female	2025/03/03	2,000	—	—	—	—	—	Master of Law from Indiana University Bloomington Legal Affairs Division Head of Foxconn Technology Co., Ltd., Senior Legal Manager of Savior Lifetec Corporation, Senior Legal and Intellectual Property Manager of ScinoPharm Taiwan Ltd.					
Senior Assistant Vice President of INJ	R.O.C	Lin,Ming-Fa	Male	2024/05/01	—	—	—	—	—	—	Department of Chemical Engineering, National United University Deputy Plant Manager of PharmaEssentia Corporation Vice President of Savior Lifetec Corporation Tainan Plant					
Assistant Vice President of MSD	R.O.C	Juan, Yueh-Tse	Male	2014/02/01	17,516	0.01	—	—	—	—	Department of Chemical Engineering, Feng Chia University Manager of Sales Department of Formosa Laboratories, Inc.	—	—	—	—	—
Assistant Vice President of P & PM	R.O.C	Tseng, Yu-Fang	Female	2015/04/01	—	—	—	—	—	—	Department of Chemistry, Fu Jen Catholic University Manager Responsible for Quality System and Specifications, Quality Assurance Department, Bora Pharmaceutical Laboratories Inc.	—	—	—	—	—
Assistant Vice President of RA	R.O.C	Hsu, Jen-Chuan	Male	2016/03/01	2,572	—	—	—	—	—	Department of Chemical and Materials Engineering, Tamkang University Quality Control Director, Sterling Products International Inc.	—	—	—	—	—
Assistant Vice President of PUR	R.O.C	Lee, Fung-Mei	Female	2017/07/17	40,619	0.03	—	—	—	—	Master of Science, Hong Kong University of Science and Technology Deputy Director, SGS HK Ltd. CRS.	—	—	—	—	—
Assistant Vice President of PD	R.O.C	Hsu, Shih-Wei	Male	2019/11/11	—	—	—	—	—	—	Department of Chemical Engineering, Cheng Shiu University Manager of E Plant and ABK Plant, the First Production Department, Formosa Laboratories, Inc. Factory Manager of Prince Pharmaceutical Co., Ltd.	—	—	—	—	—
Assistant Vice President of PD	R.O.C	Ng, Chze-Siong	Male	2020/04/01	452	—	—	—	—	—	Institute of Food Science, National Chung Hsing University Research Assistant, Department of Pharmacy, National Taiwan University	—	—	—	—	—
Assistant Vice President of R&D	R.O.C	Kao, Tzu-Chiao	Male	2021/04/01	—	—	—	—	—	—	Ph.D. in Chemistry, National Tsinghua University Manager of R&D Department, Formosa Laboratories, Inc. Assistant Manager of R&D Department, Formosa Laboratories, Inc.	—	—	—	—	—
Assistant Vice President of R&D	R.O.C	Kuo, Lung-Huang	Male	2022/04/01	—	—	—	—	—	—	Ph.D. in Organic Chemistry, University of Pittsburgh Postdoctoral Researcher at Ohio State University Vice President of Research and Development, Savior Lifetec Corp. Senior Director of Research and Development, ScinoPharm Taiwan Ltd. Manager of Research and Development, Standard Chem & Pharm Co., Ltd.	—	—	—	—	—

Assistant Vice President of QC	R.O.C	Hung, Chih-Sheng	Male	2022/04/06	1,053	—	1,000	—	—	—	Department of Applied Chemistry, Chaoyang University of Technology Assistant Vice President, Analysis and R&D Section, Formosa Laboratories, Inc. Manager of Quality Control Division, Formosa Laboratories, Inc.	—	—	—	—	—
Assistant Vice President of IT	R.O.C	Lin, Chien-Fei	Female	2023/01/01	—	—	—	—	—	—	EMBA, Royal Roads University Bachelor, Institute of Information Management, Fu Jen Catholic University Manager of Information Department, Formosa Laboratories, Inc. Assistant Manager of Information Section, Operation Support Department, Formosa Laboratories, Inc. Director of MIS Division, Syntek Semiconductor Co., Ltd.	—	—	—	—	—
Assistant Vice President of QA	R.O.C	Hsu, Chao-Hsien	Female	2024/01/01	—	—	—	—	—	—	Bachelor, Department of Chemical Engineering, NCHU Engineer, Department of Quality Assurance, Unimicron Technology Corp. Manager, Department of Quality Assurance, Formosa Laboratories, Inc.	—	—	—	—	—
Assistant Vice President of SHE	R.O.C	Chen, Shang-Hung	Male	2024/05/20	—	—	—	—	—	—	Ph.D. in Chemistry from National Chung Cheng University Assistant Vice President of Production Department, Formosa Laboratories, Inc. Manager of Generic Drug Development Division, ScinoPharm Taiwan Ltd.	—	—	—	—	—

Note 1: Indicates the date on which the person assumed their position.

Note 2: President of Formosa Laboratories, Inc, Chairman of Formosa Pharmaceuticals, Inc, Director of Rayoung Chemtech Inc, Director of Epione Investment Cayman Limited, Director of Epione Investment HK Limited, Director of EirGenix, Inc, Chairman and President of Epione Pharmaceuticals, Inc, Chairman of Activus Pharma Co., Ltd, Director of A.R.Z Taiwan Limited, Perennial Consultant of Forward Asset Management Ltd.

Note 3: Director of Epione Pharmaceuticals, Inc; Director of A.R.Z Taiwan Limited.

Note 4: Supervisor of Epione Pharmaceuticals, Inc; Supervisor of A.R.Z Taiwan Limited; Supervisor of Activus Pharma Co., Ltd.

Note 5: If the Company's chairperson, president, or equivalent top manager is related to any person holding such a position, including spouses or first-degree relatives, the report must include information on the reasons, rationale, necessity, and countermeasures taken, such as increasing the number of independent directors and ensuring that more than half of the directors are not concurrently serving as employees or managers.

The Chairman, Dr. Cheng, Chen-Yu, concurrently serves as the President to improve operational efficiency and implement policies. Dr. Cheng, Chen-Yu holds a Ph.D. in Pharmaceutical Chemistry from the University of California, San Francisco. He previously served as a professor in the School of Pharmacy at National Taiwan University, researcher at DuPont Chemical Company, and postdoctoral research fellow in the Department of Chemistry at Massachusetts Institute of Technology. During his years as the Chairman and General Manager of Formosa Labs, he has accumulated professional capabilities and extensive experience in operational judgment, business management, leadership decision-making, and crisis management, providing professional and comprehensive guidance for the Company's operations management and investment decisions, which has significantly benefited Formosa Labs' operations management. Through close and sufficient communication with directors on the Company's operations and future plans, the directors gain a clearer understanding of the Company's operations. Therefore, it is reasonable and necessary for the Chairman to concurrently serve as the General Manager. In order to implement corporate governance and strengthen the independence of the board of directors, the Company has been actively training suitable candidates for the General Manager position. The specific measures of the Company are as follows:

- (1) Over half of the board members do not serve as employees or managers, thus reinforcing the independence of the Board of Directors.
- (2) Every year, directors attend professional development courses to enhance the operational effectiveness of the Board of Directors.
- (3) Independent directors actively participate in various meetings, including Shareholders' Meetings and board meetings, and fully engage in discussions while providing

suggestions to implement the principles of corporate governance.

- (4) Independent director seats to 4, which can not only enhance the functions of the Board of Directors, but also strengthen the supervisory and management functions.

II. Remuneration to Directors, Supervisors, President and Vice President in the Latest Year (2024)

(I) Remuneration Paid to Directors (including Independent Directors)

Unit: NTD thousand

Title	Name	Directors' remuneration								Sum of A, B, C, and D and the sum as a percentage of net income (Note10)		Remuneration as an employee								Sum of A, B, C, D, E, F and G and the sum as a percentage of net income (note10)		Remuneration from investees other than subsidiaries, or parent company (Note11)
		Remuneration (A) (Note2)		Pension upon retirement(B)		Directors' remuneration (C) (Note3)		Service expenses(D) (Note4)				Salaries, bonuses, special allowances, etc.(E) (Note5)		Pension upon retirement(F)		Employees' compensation(G) (Note6)						
		The Company	All companies contained in the financial report (Note7)	The Company	All companies contained in the financial report (Note7)	The Company	All companies contained in the financial report (Note7)	The Company	All companies contained in the financial report (Note7)	The Company	All companies contained in the financial report (Note7)	The Company	All companies contained in the financial report (Note7)	The Company	All companies contained in the financial report (Note7)	The Company		All companies contained in the financial report (Note7)				
																Cash amount	Stock amount	Cash amount	Stock amount			
Director	Cheng, Chen-Yu	—	—	—	—	2,150	2,150	80	128	2,230 1.42	2,278 1.45	6,698	6,698	—	—	691	0	691	0	9,619 6.12	9,667 6.15	35
	Augusta Inc. Representative: Fang, Pei-Wei	—	—	—	—	1,075	1,075	80	80	1,155 0.73	1,155 0.73	—	—	—	—	—	—	—	—	1,155 0.73	1,155 0.73	—
	Yuan Qing Investment Inc. Representative: Shie, Hung-Min	—	—	—	—	1,075	1,075	80	80	1,155 0.73	1,155 0.73	—	—	—	—	—	—	—	—	1,155 0.73	1,155 0.73	—
	Hygica Biotech Ltd. Representative: Lee, Chien-Hung	—	—	—	—	1,075	1,075	80	80	1,155 0.73	1,155 0.73	—	—	—	—	—	—	—	—	1,155 0.73	1,155 0.73	—
	Heng Lang Limited Corporation. Representative: Hu, Yi-Kan	—	—	—	—	1,075	1,075	60	60	1,135 0.72	1,135 0.72	—	—	—	—	—	—	—	—	1,135 0.72	1,135 0.72	—
Independent Director	Chen, Yi-Fen	600	600	—	—	—	—	120	120	720 0.46	720 0.46	—	—	—	—	—	—	—	—	720 0.46	720 0.46	—
	Lu, Ta-Jung	600	600	—	—	—	—	120	120	720 0.46	720 0.46	—	—	—	—	—	—	—	—	720 0.46	720 0.46	—
	Chaung, Tza-Zen	600	600	—	—	—	—	120	120	720 0.46	720 0.46	—	—	—	—	—	—	—	—	720 0.46	720 0.46	—
	Chang, Ting-Jung	600	600	—	—	—	—	120	120	720 0.46	720 0.46	—	—	—	—	—	—	—	—	720 0.46	720 0.46	—

1. Please describe the policy, systems, standards and structure of remuneration of independent directors; also, describe the relationship with the amount of remuneration according to the responsibilities, risks and invested time: The remuneration of the directors of the company shall be determined in accordance with the articles of association of the company and the regulations on the payment of remuneration to directors and supervisors.

2. Compensation received by director for providing service to all companies included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None.

- Note 1: The names of directors shall be listed separately (for corporate shareholder, the name of the corporate shareholder and its representative shall be listed respectively) and summarized for disclosure of each paid amount.
- Note 2: Refer to the remuneration paid to directors in the most recent year (including wage, position bonus, severance pay, and each kind of bonus and reward, etc.)
- Note 3: The amount of directors' remuneration that the Board has approved as part of the latest earnings appropriation.
- Note 4: The compensations for services rendered in the most recent year (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount in salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries.
- Note 5: Any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles and in-kind benefits that the director received in the last year for assuming the role of the Company's employee (including President, Vice President, manager or other employees). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount in salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS 2 - "Share-based Payment." Amounts including employee stock options, RSAs and subscription to cash issues are treated as compensation.
- Note 6: If the directors who acted as employees concurrently (including President, vice president, managerial officer and employee) received employee remuneration (including stocks and cash) in the most recent year, please disclose the employee remuneration approved by the Board of Directors prior to the motion for earnings distribution submitted to the shareholders' meeting in the most recent year. If it is impossible to attribute the same, the amount to be distributed this year shall be based on that actual distributed amount last year. Please also complete Table 1-3.
- Note 7: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's directors.
- Note 8: The aggregate of the compensation to directors by the Company, and the names of such directors, should be disclosed in the relevant space of the table.
- Note 9: The aggregate of the compensation to directors of the Company from the companies included in the consolidated financial reports (including the Company), and the names of such directors, should be disclosed in the relevant space of the table.
- Note 10: Net income refers to that in the most recent year. If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the most recent parent company only or consolidated report.
- Note 11: (1) This field represents all forms of compensation the director has received from the Company's invested businesses other than subsidiaries.
 (2) For directors who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses should be added to column I in the table of remuneration ranges, and please change the column name into "All invested businesses" in such cases.
 (3) Compensation refers to any remuneration or return (including compensations received as an employee, director and supervisor) and professional service fees which the Company's directors received for serving as directors, supervisors or managers in invested businesses other than subsidiaries.

(II) Remuneration for the President and Vice President

Unit: NTD thousand

Title	Name	Remuneration (A)		Severance pay and pensions (B)		Bonus and special allowances, etc. (C)		Amount of employee compensation (D)				Total remuneration (A+B+C+D) and as a percentage of net income (%)		Remuneration from investees other than subsidiaries, or parent company
		The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company		All companies contained in the financial report		The Company	All companies contained in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Cheng, Chen-Yu	35,687	35,687	1,006	1,006	16,305	16,305	3,386	0	3,386	0	56,384 35.85	56,384 35.85	35
Chief Executive Officer (Note)	Yang, Chih-Ping													
Senior Vice President of BD	Liou, Shan-Jan													
Senior Vice President of CSD	Lo, Yu-Chen													
Senior Vice President of PD	Chen, Chai-Sung													
Senior Vice President of Q&RCD	Huang, Hsien-uei													
Vice President of INJ	Sung, Chi-Hua													
Vice President of L&SP	Lin, Chien-sing													
Vice President of OS	Yang, Ling- Fang													
Vice President of R&D	Hsieh, Yih-uang													
Vice President of EN	Wang, Szu-Ching													
Vice President of QC	Xu, Chuan-Bin													

Table of Remuneration Range

Range of Remunerations paid to various Presidents and Vice Presidents	Names of the President and the Vice Presidents	
	The Company	Parent company and all invested businesses
<NTD1,000,000	Sung, Chi-Hua	Sung, Chi-Hua
NTD1,000,000~2,000,000(exclusive)	Lin, Chien-Hsing	Lin, Chien-Hsing
NTD 2,000,000~3,500,000(exclusive)	Yang, Chih-Ping	Yang, Chih-Ping
NTD 3,500,000~5,000,000(exclusive)	Yang, Ling- Fang, Hsieh, Yih-Huang, Wang, Szu-Ching	Yang, Ling- Fang, Hsieh, Yih-Huang, Wang, Szu-Ching
NTD 5,000,000~10,000,000(exclusive)	Cheng, Chen-Yu, Liou, Shan-Jan, Chen, Chai-Sung, Lo, Yu-Chen, Huang, Hsien-Kuei, Xu, Chuan-Bin,	Cheng, Chen-Yu, Liou, Shan-Jan, Chen, Chai-Sung, Lo, Yu-Chen, Huang, Hsien-Kuei, Xu, Chuan-Bin,
NTD 10,000,000~15,000,000(exclusive)		
NTD 15,000,000~30,000,000(exclusive)		
NTD 30,000,000~50,000,000(exclusive)		
NTD 50,000,000~100,000,000(exclusive)		
>NTD 100,000,000		
Total	12 persons	12 persons

Note: CEO Yang, Chih-Ping, Vice President Sung, Chi-Hua, Vice President Lin, Chien Hsing, and Vice President Xu, Chuan-Bin resigned in January 2024, April 2024, July 2024, and February 2025, respectively, through retirement or resignation.

(III) Names of Managerial Personnel Provided With Employee's Compensation and State of Distribution

Unit: NTD thousand; %

Title	Name	Stock Amount	Cash Amount	Total	Total Amount as a Percentage of Net Income (%)
President	Cheng, Chen-Yu	—	6,468	6,468	4.11
Senior Vice President of BD	Liou, Shan-Jan				
Senior Vice President of CSD	Lo, Yu-Chen				
Senior Vice President of PD	Chen, Chai-Sung				
Senior Vice President of Q&RCD	Huang, Hsien-Kuei				
Vice President of OS	Yang, Ling Fang				
Vice President of R&D	Hsieh, Yih-Huang				
Vice President of EN	Wang, Szu-Ching				
Senior Assistant Vice President of INJ	Lin, Ming-Fa				
Assistant Vice President of MSD	Juan, Yueh-Tse				
Assistant Vice President of P&PM	Tseng, Yu-Fang				
Assistant Vice President of RA	Hsu, Jen-Chuan				
Assistant Vice President of PUR	Lee, Fung-Mei				
Assistant Vice President of PD	Hsu, Shih-Wei				
Assistant Vice President of PD	Ng, Chze-Siong				
Assistant Vice President of R&D	Kao, Tzu-Chiao				
Assistant Vice President of R&D	Kuo, Lung-Huang				
Assistant Vice President of QC	Hung, Chih-Sheng				
Assistant Vice President of IT	Lin, Chien-Fei				
Assistant Vice President of QA	Hsu, Chao-Hsien				
Assistant Vice President of SHE	Chen, Shang-Hung				

(IV) Separately Compare and Describe Total Remuneration, as a Percentage of net Income Stated in the Parent Company Only Financial Reports or Individual Financial Reports, as Paid by the

Company and by Each Other Company Included in the Consolidated Financial Statements During the Past two Fiscal Years to Directors, Supervisors, President, and Vice Presidents, and Analyze and Describe Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and its Linkage to Operating Performance and Future Risk Exposure

1. Analysis of the total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, supervisors, general manager, and deputy general managers as a percentage of net income after tax in the parent company only or individual financial reports for the most recent two years

Unit: NTD thousand; %

Item Title	The Company				All Companies Included in the Financial Statements			
	2023		2024		2023		2024	
	Amount	Proportion of net profit after tax (%)	Amount	Proportion of net profit after tax (%)	Amount	Proportion of net profit after tax (%)	Amount	Proportion of net profit after tax (%)
Director	6,670	5.28	9,710	6.17	6,718	5.32	9,758	6.20
President and Vice President	60,159	47.65	56,384	38.85	60,159	47.65	56,384	35.85
Net income after tax	126,243		157,268		126,243		157,268	

Description: The total remuneration for directors in 2024 increased compared to 2023 due to the increase in net profit after tax. The total remuneration for the President and Vice Presidents decreased compared to 2023 due to the resignation of managers, resulting in reduced salary payments.

2. The Policies, Standards, and Remuneration Payment Combinations, as Well as the Procedures for Determining Remuneration, Are Relevant to Business Performance and Future Risks

(1) Directors: Pay the directors and supervisors their remuneration in accordance with the proportion of earnings distribution specified in the Articles of Association.

(2) Employee remuneration will be appropriated from earnings according to the Company's Articles of Association, which stipulate the percentage of earnings allocated to employee remuneration. This allocation will be resolved by the Board of Directors and reported to the Shareholders' Meeting.

3. Relationship between Performance Evaluation and Compensation of Directors and Managers

(1) Director

If the Company makes a profit, the Board of Directors shall allocate not less than 5% of the profit as the remuneration of employees and not more than 2% of the profit as the remuneration of directors.

The Company has established the "Board Performance Evaluation Measures" which stipulate that internal performance evaluations of board members shall be conducted at least once a year. The measurement indicators include the grasp of the company's goals and tasks, understanding of directors' responsibilities, level of participation in

the company's operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control.

In addition, the distribution of individual directors' remuneration is based on the "Remuneration Measures for Directors (Supervisors), Members of Various Functional Committees, and Managers". According to their level of participation in and contribution to the company's operations, the following weights are given and the weighted results are used for distribution

- A. The basic weight for serving as a director or supervisor is 1.
- B. For serving as the Chairman, the weight is increased by 1.
- C. For serving as a joint and several guarantor due to financing needs, the weight is increased by 1.
- D. For other significant contributions, after being proposed by the Remuneration Committee and discussed and approved by the Board of Directors, the weight is increased by 1.
- E. Paid annually, if the tenure is less than one year, the weight is calculated according to the tenure.

The formula for calculating an individual director's remuneration is as follows:

Total amount of directors' remuneration resolved by the Board of Directors × (individual director's weight / total sum of weights of all directors participating in the distribution)

If a director concurrently serves as an employee, their employee remuneration standards are the same as the following remuneration standards for managers.

(2) Managerial Officer

A. Remuneration

- a. Changes in Managerial officers' salary determination, annual salary adjustment, promotion, etc. are handled by the President in accordance with the Company's "Salary Management Measures", approved and sent to the Chairman for approval, and reported to the Board of Directors for resolution after being reviewed by the most recent Remuneration Committee meeting.
- b. The Remuneration Committee may review the reasonableness of Managerial officers' salaries based on their level of participation in and contribution to the company's operations, using the salary levels of the industry as a basis ranging from 0% to 150%.

B. Bonuses

- a. The distribution of various bonuses for Managerial officers' is handled by the President in accordance with the Company's "Employee Performance Evaluation Measures", "Performance Bonus Distribution Measures", "Year-end Bonus Distribution Management Measures", and other salary management related measures, approved and sent to the Chairman for approval, and reported to the Board of Directors for resolution after being reviewed by the most recent Remuneration Committee meeting.
- b. The total amount received by Managerial officers shall not exceed 40% of the total amount of that bonus. For those with special contributions, after being reviewed by the Remuneration Committee and reported to the Board of Directors for resolution, they may not be subject to the above bonus distribution ratio limit.

C. The Remuneration of Employees

- a. Each year, based on the employee remuneration provisions in the Company's Articles of Incorporation, it is resolved by the Board of Directors and reported

to the shareholders' meeting. The amount received by Managerial officers is handled by the President in accordance with the Company's "Employee Bonus (Remuneration) Management Measures", reviewed and sent to the Chairman for approval, and reported to the Board of Directors for resolution after being reviewed by the most recent Remuneration Committee meeting.

- b. The total amount of employee remuneration received by all Managerial officers shall not exceed 40% of the total amount of employee remuneration distributed; individual Managerial officer shall not exceed 50% of the total employee remuneration for managers. For those with special contributions, after being reviewed by the Remuneration Committee and reported to the Board of Directors for resolution, they may not be subject to the above employee remuneration distribution ratio limit.

D. Retirement Pension

The Company allocates employee retirement pensions in accordance with relevant laws and regulations such as the Labor Standards Act and the Labor Pension Act.

E. Housing, Accommodation, Vehicles

This refers to the purchase or lease of housing and accommodation for managers' use due to work needs; vehicles are handled in accordance with the Company's "Executive Vehicle Management Measures" .

F. Employee Stock Options, Employee Stock Subscription in Cash Capital Increase, Transfer of Treasury Shares to Employees

These are handled in accordance with current laws and regulations and the Company's relevant measures such as the "Measures for Issuance and Subscription of Employee Stock Option Certificates" and "Cash Capital Increase Employee Stock Subscription Management Measures" . The number of shares that Managerial officers can subscribe to will be determined by the President based on factors such as seniority, rank, work performance, overall contribution or special performance, approved and sent to the Chairman for approval, and reported to the Board of Directors for resolution after being reviewed by the most recent Remuneration Committee meeting.

(V) Succession Planning for Board Members and Middle to Senior Management Personnel

- 1. The company has implemented a candidate nomination system for electing directors, whereby shareholders select from a list of candidates. To ensure effective succession planning for board members, it is necessary to have a diverse pool of nominees. Therefore, appropriate diversity guidelines will be established based on operational requirements, business patterns, and development needs. These guidelines will include, but not be limited to, the following:

- (1) Basic Conditions and Values: Gender, age, nationality, culture, etc.
- (2) Expertise and Skills: Professional background, professional skills and industrial experience.

The Board of Directors of the Company as a whole shall have the following capabilities:

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

The Company has established the "Board Performance Evaluation Measures" .

Through the measurement items of performance evaluation, including six major aspects of grasping the company's goals and tasks, understanding directors' responsibilities, level of participation in the company's operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control, it ensures the effective operation of the Board of Directors and evaluates the performance of directors as a reference for future selection of directors.

2. To cultivate management talent and ensure smooth and sustainable operations, the Company has implemented an organization and talent development project. This approach closely aligns talent development with organizational needs, facilitating the achievement of our goals. The following are the main consideration:
 - (1) Talent diversity: Various operational and management functions should be covered by professionals to enhance the diversity of the company's talent pool.
 - (2) Urgency of demand: Based on the current needs for organizational growth and the importance of key positions, the Company has prioritized the cultivation and development of talent at specific public institutions and organizational levels.
 - (3) Qualifications and conditions of candidates: High-potential employees in an organization typically demonstrate exceptional performance in professional competence, work commitment, and career aspirations, as well as other important qualifications and selection criteria.
 - (4) Culture/values: Corporate culture and core values should be solidified as essential criteria for talent selection, defining the necessary characteristics and functional qualifications for potential hires.
3. The regular work evaluation will include the achievement of work objectives assigned to candidates as the main reference basis for employee promotion. This will be done by expanding the scope of responsibilities, making necessary organizational adjustments, and increasing the experience of management, in accordance with the Rules for Performance Evaluations of Employees.

III. Implementation of Corporate Governance

(I) Information Concerning the Board of Directors

The Board of Directors held 4 meetings (A) in the most recent fiscal year (2024), and the attendance of the directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	Cheng, Chen-Yu	4	0	100%	
Director	Augusta Inc. (Representative: Fang, Pei-Wei)	4	0	100%	
Director	Yuan Qing Investment Inc. (Representative: Shie, Hung-Min)	4	0	100%	
Director	Hygica Biotech Ltd. (Representative: Lee, Chien-Hung)	4	0	100%	
Director	Heng Lang Limited	3	1	75%	

	for the Board of Directors from Non-Competition Restrictions	present passed without objection.
	9. Proposal to acquire equity in another company in the United States.	All the independent directors present passed without objection.
May 9, 2024 (10 th Meeting of the 10 th Term.)	1. Proposal to acquire equity in another company in the United States.	All the independent directors present passed without objection.
	2. Proposal to provide loans to SynChem-Formosa, Inc.	All the independent directors present passed without objection.
Aug 9, 2024 (11 th Meeting of the 10 th Term.)	1. Proposal to sign a supply contract with Formosa Pharmaceuticals Inc.	All the independent directors present passed without objection.
	2. Amendment to the Sustainable Development Committee Organizational Regulations case.	All the independent directors present passed without objection.
	3. Approval of the 2023 Sustainability Report.	All the independent directors present passed without objection.
Nov 14, 2024 (12 th Meeting of the 10 th Term.)	1. Proposal for the amendment of Executive Vehicle Management Measures.	All the independent directors present passed without objection.
	2. Proposal for the establishment of Sustainability Information Management Measures.	All the independent directors present passed without objection.
	3. Proposal for the amendment of Risk Management Policies and Procedures.	All the independent directors present passed without objection.
	4. Proposal for the amendment of the investment in PharmaSTAR Inc. (Cayman).	All the independent directors present passed without objection.
	5. Case for the proposed fund lending to Synchem-Formosa, Inc.	All the independent directors present passed without objection.
(2) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.		
2. Regarding recusals of directors due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified: See Appendix 1 for details		
3. A TWSE/TPEX listed company shall disclose information such as the period and duration of the evaluation, the scope and method of the evaluation, and the content of the evaluation conducted by the Board of Directors, and shall fill in the implementation status of the evaluation by the Board of Directors		
The Company has completed the 2024 Board of Directors performance self-evaluation and reported the self-evaluation results at the Board of Directors meeting on March 12, 2025, as described below		

(1) Implementation of the Board of Directors' Evaluation:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content
Once a year	2023.01.01 ~ 2023.12.31	1.Board of Directors 2.Board Members 3.Audit Committee 4.Remuneration Committee	1. Self-assessment of the Board of Directors by the agenda working group 2Self-assessment of board members 3.Self-assessment of Audit Committee and Remuneration Committee by the agenda working group	The results of the performance evaluation have been reported to the Board of Directors on March 12, 2025. Please refer to (2) for the results of the performance evaluation of the Board of Directors.

(2) Results of Board of Directors Performance Evaluation

A. Performance Evaluation of the Board of Directors

The Board of Directors' performance evaluation indicators encompass five aspects, with an average score of 4.95, signifying good evaluation results.

Evaluation items	Board of Directors
Self-assessment	1. Degree of involvement in corporate operation 2. Improvement in the quality of decision making by the Board of Directors 3. Composition and structure of the Board of Directors 4. Selection and continuing education of directors Internal control
Evaluation results	Good

B. Performance Evaluation of Individual Board Members

The evaluation of individual board members' performance encompasses six aspects, with an average score of 4.93, indicating good overall results.

Evaluation items	Board members
Self-assessment	1. Understanding of the Company's objectives and tasks 2. Directors' awareness of duties 3. Degree of involvement in corporate operation 4. Internal relationship management and communication 5. Directors' professional competence

	and continuing education 6. Internal control
Evaluation results	Good

C. Operational performance evaluation of the Audit Committee

The performance evaluation of the Audit Committee encompasses five aspects, with an average score of 5, indicating good results.

Evaluation items	Audit Committee
Self-assessment	1. Degree of involvement in corporate operation 2. Audit Committee members' awareness of duties 3. Improvement in the quality of decision making by the Audit Committee 4. Composition of the Audit Committee and election of its members 5. Internal control
Evaluation results	Good

D. Evaluation of Remuneration Committee Operational Performance

The performance evaluation of the Remuneration Committee encompasses four aspects, with an average score of 5, indicating good results.

Evaluation items	Remuneration Committee
Self-assessment	1. Degree of involvement in corporate operation 2. Remuneration Committee members' awareness of duties 3. Improvement in the quality of decision making by the Remuneration Committee 4. Composition of the Remuneration Committee and election of its members
Evaluation results	Good

Conclusions:

The overall performance evaluation of 2024 of the Board of Directors, individual board members, the Audit Committee, and the Remuneration Committee is satisfactory.

In addition, according to the provisions of the Company's "Board Performance Evaluation Measures", the Company shall appoint an external professional independent organization or an external expert and scholar team to conduct a board performance evaluation at least every three years. The Company completed an external board performance evaluation by the independent professional organization, Taiwan Investor Relations Institute, in 2023.

4. Assess the objectives and performance of strengthening the functions of the Board of Directors, including the establishment of the Audit Committee and the enhancement of information transparency, in the current and recent years.

(1) The company has assigned personnel to collect and disclose corporate information in a timely and appropriate manner, ensuring compliance with all relevant laws and regulations. This commitment to transparency enhances the dissemination of

information.

- (2) The Audit Committee was established by the Company with a professional division of labor and an independent stance, the committee assists the Board of Directors in decision-making, enhances the supervisory function, and strengthens corporate governance.
 - (3) The Company's Board of Directors has sanctioned the creation of the Remuneration Committee and developed the Organizational Regulations of the Remuneration Committee. Furthermore, the Remuneration Committee convened twice during the latest fiscal year (2024) to deliberate on remuneration policies and pertinent recommendations for directors, supervisors, and managers.
 - (4) During their term in office, the current Board of Directors will be required to attend refresher courses on corporate governance as outlined in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies.
5. The communication between the independent directors and the internal audit supervisor and CPAs, including the methods, matters, and results of communications regarding the Company's financial reports and financial and business conditions.

- (1) Methods of Communication between Independent Directors and Internal Audit Supervisor.

The internal audit supervisor is required to attend quarterly meetings of the Audit Committee to present and discuss the business audit with the independent directors in compliance with regulations. The Audit Report must be submitted monthly to the Audit Committee convener for review and to all independent directors. Communication between the internal audit supervisor and independent directors has been effective. In the fiscal year 2024, their communication was as follows.

Date	Communication Highlights	Handling of Opinions
March 12, 2024	1. Audit Report for Q1 2024. 2. Report on the Implementation of the 2023 Annual Internal Audit Plan.	No objections
May 9, 2024	1. Audit Report for Q2 2024. 2. Report on Declaration of Internal Control System in 2023.	No objections
August 10, 2024	1. Audit Report for Q3 2024. 2. Report on the Improvement of the Deficiencies and Abnormalities of Internal Control System in 2023.	No objections
November 14, 2024	1. Audit Report for Q4 2024. 2. Discussion on the 2023 Annual Audit Work Plan.	No objections

- (2) Communication between Independent Directors and CPAs

During the quarterly communication meeting, the CPAs will present their audit findings and results of the financial statements to the independent directors. They will also gain an understanding of the Company's operating conditions, including financial and business conditions, and engage in effective communication with the independent

directors. The communication between the Independent Director and independent directors during the most recent fiscal year (2024) was as follows:

Date	Communication Highlights	Handling of Opinions
March 12, 2024	The CPA explained and communicated with the governance body regarding the audit results of the 2023 financial reports, the audit findings of the financial statements, key modifications to the 2024 corporate governance evaluation indicators, and addressed questions raised by the Independent Directors.	Independent directors had no objections to the CPAs' explanations.
May 9, 2024	Regarding the 1st Quarter 2024 Financial Report audit results, the CPAs provided an explanation and communicated with the governing body regarding the financial statements and questions raised by independent directors.	Independent directors had no objections to the CPAs' explanations.
August 9, 2024	The CPA explained and communicated with the governance body regarding the review results of the 2024 2nd Quarter financial reports, the review findings of the financial reports, recent amendments to securities regulations, recent ESG developments, internal controls for sustainability information management, and addressed questions raised by the Independent Directors.	Independent directors had no objections to the CPAs' explanations.
November 14, 2024	Regarding the 3rd Quarter 2024 Financial Report audit results, the CPAs provided an explanation and communicated with the governing body regarding the financial statements and questions raised by independent directors.	Independent directors had no objections to the CPAs' explanations.

Note1: If directors and supervisors hold shares in the Company, the names of the corporate shareholders and their representatives must be disclosed.

Note2: (1) If a director or supervisor resigns before the end of the year, the date of resignation will be noted in the "Remarks" column, and the actual attendance rate (%) will be calculated based on the number of Board of Directors meetings held during their term of office and their actual attendance.

(2) If directors and supervisors are re-elected before the end of the year, the list should include both newly-appointed and former directors and supervisors. The "Remarks" column should indicate whether the individual is a former, newly-appointed, or reappointed director or supervisor, along with the date of re-election. The actual attendance rate (%) will be calculated by dividing the number of Board of Directors meetings attended by each member during their

term of office by the total number of meetings held.

Appendix 1: Implementation of Directors' Recusal from Conflict-of-Interest Agenda Items

Board Meeting Date	Content of the Motion	Conflict of Interest Name of Director	Reasons for Recusal	Participation in Voting
March 12, 2024	1. Release the Company's Directors for the Board of Directors from Non-Competition Restrictions	Chen, Yi-Fen, Chaung, Tza-Zen	Involved the director's own interests	Independent Director Chen, Yi-Fen, and Independent Director Chaung, Tza-Zen recused themselves from the discussion and voting on this proposal.
May 9, 2024	1. Proposal to provide loans to SynChem-Formosa, Inc.	Cheng, Chen Yu	Involved the director's own interests	Chairman Cheng Chen-Yu recused himself from the discussion and resolution of this motion.
August 9, 2024	1. Proposal to sign a supply contract with Formosa Pharmaceuticals Inc.	Cheng, Chen Yu	Involved the director's own interests	Chairman Cheng Chen-Yu recused himself from the discussion and resolution of this motion.
November 14, 2024	1. Proposal for the distribution of 2024 performance bonuses for managers.	Cheng, Chen Yu	Involved the director's own interests	Chairman Cheng Chen-Yu recused himself from the discussion and resolution of this motion.
	2. Performance evaluation and year-end bonus plan for managers.	Cheng, Chen Yu	Involved the director's own interests	Chairman Cheng Chen-Yu recused himself from the discussion and resolution of this motion.
	3. Proposal for the amendment of the investment in PharmaSTAR Inc. (Cayman).	Lee, Chien-Hung	Involved the director's own interests	Director Lee, Chien-Hung recused himself from the discussion and resolution of this

				motion.
	4. Case for the proposed fund lending to Synchem-Formosa, Inc.	Cheng, Chen Yu	Involved the director's own interests	Chairman Cheng Chen-Yu recused himself from the discussion and resolution of this motion.
	5. Case for the proposed signing of office and laboratory lease agreement with Formosa Pharmaceuticals Inc.	Cheng, Chen Yu	Involved the director's own interests	Chairman Cheng Chen-Yu recused himself from the discussion and resolution of this motion.
	6. Case for the proposed signing of patent intellectual property service agreement with Formosa Pharmaceuticals Inc.	Cheng, Chen Yu	Involved the director's own interests	Chairman Cheng Chen-Yu recused himself from the discussion and resolution of this motion.

(II) Operation of Audit Committee

The Audit Committee held 4 meetings (A) in the most recent fiscal year (2024). The independent directors present were as follows:

Title	Name	Attendance in person (B)	By proxy	Rate of attendance in person (%) (B/A)(Note 1 and 2)	Notes
Convener	Chen, Yi-Fen	4	0	100%	
Commissioner	Lu, Ta-Jung	4	0	100%	
Commissioner	Chaung, Tza-Zen	4	0	100%	
Commissioner	Chang, Ting-Jung	4	0	100%	
Other remarks:					
1. If the Audit Committee encounters any of the following circumstances during its operations, it must record the date and period of the meeting, the motion's content, any objections, reservations, or significant recommendations made by independent directors, the Audit Committee's resolution, and the Company's response to the Audit Committee's opinion.					
(1) Matters listed in Article 14-5 of the Securities and Exchange Act.					

	Date of Audit Committee Meeting	Contents of the Agenda	Resolution results of Audit Committee	The Company's Handling of the Opinions Expressed
	March. 12, 2024 (7 th Meeting of the 1 st Term.)	1. The 2023 business report and financial statements.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.
		2. The 2023 Earnings distribution	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.
		3. The 2023 Employees' and directors' remuneration	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.
		4. A proposal is set forth to request authorization from the shareholders' meeting for the Board of Directors to manage affairs pertaining to the cash capital increase of Formosa Pharmaceuticals Inc. within the upcoming year.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.
		5. Case for issuing the 2023 "Statement of Internal Control System"	After the chairman consulted all the members present, this motion was adopted without objection and	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.

			submitted to the Board of Directors for resolution.		
		6. Proposed to approve in advance the provision of non-assurance services to the Company and its subsidiaries by CPAs, their firms, and their affiliates and allied firms.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.	
		7. Proposal to amend the "Seal Usage Management Measures" and "Duties Authorization and Agent System".	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.	
		8. Proposal for the evaluation of the independence and suitability of the certifying accountants and their appointment remuneration.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.	
		9. Release the Company's Directors for the Board of Directors from Non-Competition Restrictions	This case was chaired by Dr. Lu, Ta-Jung as the acting chairperson. After consulting with the other attending committee members, the proposal was unanimously approved without objection and will be submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.	
		10. Proposal to acquire equity in another company in the United States.	After the chairman consulted all the members present, this motion was adopted without objection and	This motion was approved with the consent of all the directors present at the board meeting on March. 12, 2024.	

			submitted to the Board of Directors for resolution.	
May. 9, 2024 (8 th Meeting of the 1 st Term.)	1. Adopted the consolidated financial report of the Company for 1st Quarter 2024.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on May. 9, 2024.	
	2. Proposal to acquire equity in another company in the United States.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on May. 9, 2024.	
	3. Proposal to provide loans to SynChem-Formosa, Inc.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on May. 9, 2024.	
Aug. 9, 2024 (9 th Meeting of the 1 st Term.)	1. Adopted the consolidated financial report of the Company for 2nd Quarter 2024.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on August. 9, 2024.	
	2. Proposal to sign a supply contract with Formosa Pharmaceuticals Inc.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on August. 9, 2024.	
	3. Amendment to the Sustainable	After the chairman consulted all the	This motion was approved with the	

		Development Committee Organizational Regulations case.	members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	consent of all the directors present at the board meeting on Aug. 9, 2024.
Nov. 14, 2024 (10 th Meeting of the 1 st Term.)	1. Adopted the consolidated financial report of the Company for 3rd Quarter 2024.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
	2. The 2025 operational plan proposal.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
	3. The 2025 total bank financing limit proposal.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
	4. Proposal for establishing the Sustainability Information Management Operating Procedures".	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
	5. Proposal for the amendment of Risk Management Policies and Procedures.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	

			Board of Directors for resolution.		
		6. The 2025 internal audit work plan proposal.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
		7. Proposal for the amendment of the investment in PharmaSTAR Inc. (Cayman).	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
		8. Case for the proposed fund lending to Synchem-Formosa, Inc.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
		9. Case for the proposed signing of office and laboratory lease agreement with Formosa Pharmaceuticals Inc.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
		10. Case for the proposed signing of patent intellectual property service agreement with Formosa Pharmaceuticals Inc.	After the chairman consulted all the members present, this motion was adopted without objection and submitted to the Board of Directors for resolution.	This motion was approved with the consent of all the directors present at the board meeting on Nov. 14, 2024.	
(2) Other resolutions not approved by the Audit Committee but agreed upon by more than two-thirds of all directors: None					

2. When an independent director abstains due to being a stakeholder in certain proposals, the name of the independent director, the content of motion, reasons for abstentions, and the results of vote counts shall be stated: None.
3. Communications between the independent directors, the Company's chief internal auditor, and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.):
 - (1) The independent directors reviewed the monthly internal audit reports and the quarterly audit follow-up reports.
 - (2) The audit supervisor attended 4 meetings of the Audit Committee in 2024 and presented business reports to the independent directors. They also provided comprehensive updates on the implementation and effectiveness of the audit work.

(III) The State of the Company's Implementation of Corporate Governance, Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Such Departure

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
1. Has the Company established and disclosed a corporate governance best-practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"?	✓		The company has established its Corporate Governance Best Practice Principles and disclosed them on the Market Observation Post System and its official website.	No discrepancy.
2. Company Equity Structure and Shareholders' Equity (1) Has the Company established internal operating procedures to deal with shareholders' suggestions, concerns, disputes and litigation matters, and implement them accordingly?	✓		In addition to holding annual shareholders' meetings in compliance with regulations, the company has established an effective and timely communication mechanism with investors. The Company has also appointed a spokesperson and acting spokesperson to address matters related to shareholders' inquiries and concerns.	No discrepancy.
(2) Does the Company have a list of the names of the major shareholders who actually control the company and the ultimate controllers of the major shareholders?	✓		The company has engaged a professional shareholder services agency and assigned a dedicated officer to manage related affairs. The Company identifies significant shareholders and their ultimate controllers through the shareholder services agency's register of shareholders.	No discrepancy.
(3) Does the Company	✓		The company clearly	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
establish and implement risk management and firewall mechanisms between related companies?			delineates the management rights and responsibilities of personnel, assets, and finance between itself and its affiliate enterprises. Financial and business operations are independently conducted in accordance with the company's internal control system and related management measures.	
(4)Has the Company established internal rules prohibiting Company insiders from trading securities using information not disclosed to the market?	✓		The Company has formulated the Rules of Procedure for Preventing Insider Trading to prohibit insiders from trading securities by using undisclosed information.	No discrepancy.
3. The composition and responsibilities of the board of directors (1) Has the board of directors drawn up policies on diversity of its members and implemented them?	✓		The company has developed the Corporate Governance Best Practice Principles and Procedures for the Selection of Directors, which advocate for a diverse composition of the Board of Directors. To achieve this goal, the Company will establish diversity guidelines tailored to the specific operational, business, and developmental requirements. These guidelines will include, but not be limited to, the following: 1. Basic conditions and values: gender, age,	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>nationality, and culture, etc.</p> <p>2. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>To achieve the ideal goal of corporate governance, the overall capabilities that the board of directors should possess are: (1) Operational judgment ability; (2) Accounting and financial analysis skills; (3) Business management ability; (4) Crisis management capability; (5) Knowledge of the industry; (6) An international market perspective; (7) Leadership; (8) Decision-making ability.</p> <p>Among the 9 Directors of the Company's current (10th) Board of Directors, 5 (56%) have pharmaceutical (medical) or chemical backgrounds, and 4 (44%) have expertise in finance or business management, demonstrating that the Company's Board composition already possesses the basic qualifications, values, professional knowledge, and skills. Additionally, the Company has 2 female</p>	

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>Directors, accounting for approximately 22% of all Director seats. The Company plans to add one more female Director in coming future, bringing the total number of female Directors to three, which will represent 1/3 of all Director seats. This will not only enhance the diversity of Board members but also implement gender equality. Furthermore, Directors who concurrently serve as managers of the Company do not exceed one-third of all Director seats. The company also arranges various refresher courses for board members to enhance their decision-making abilities. The company will increase the number of independent director seats to four, which can not only enhance the functions of the Board of Directors, but also strengthen the supervisory and management functions. In summary, the Company's directors offer valuable professional advice from diverse perspectives, greatly enhancing the Company's operational performance and governance decisions. The diversity of board members is as follows:</p>	

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure																			
	Yes	No	Abstract																				
	Core Diversity Items	Basic Composition	Expertise and Skills Required of Directors	Decision-Making Ability	Leadership	An International Market Perspective	Knowledge of the Industry	Crisis Management Capability	Business Management Ability	Accounting and Financial Analysis Skills	The Ability to Make Judgments about Operations	Concurrently Serving as an Employee of the Company	Nationality	Name									
															Age	The Ability to Make Judgments about Operations	Accounting and Financial Analysis Skills	Business Management Ability	Crisis Management Capability	Knowledge of the Industry	An International Market Perspective	Leadership	Decision-Making Ability
		Cheng, Chen Yu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓								
		Fang, Pei-Wei		✓				✓	✓	✓	✓	✓	✓	✓	✓								
		Shie, Hung-Min			✓	✓	✓	✓		✓	✓	✓	✓	✓	✓								
		Lee, Chien-Hung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓								
		Hu, Yi-Kan		✓		✓	✓	✓		✓	✓	✓	✓	✓	✓								
		Chen, Yi-Fen			✓	✓	✓	✓		✓	✓	✓	✓	✓	✓								
		Lu, Ta-Jung			✓			✓	✓	✓	✓	✓	✓	✓	✓								
		Chaung, Tza-Zen			✓			✓	✓	✓	✓	✓	✓	✓	✓								
		Chang, Ting-Jung		✓		✓	✓	✓		✓	✓	✓	✓	✓	✓								
		(2) Other than the Remuneration Committee and the Audit Committee which are required by law, has the company voluntarily established other functional committees?	✓		The Company has established the Remuneration Committee, the Audit Committee, and the Sustainable Development Committee. In the future, the Company may establish additional functional committees based on operational requirements.	No discrepancy.																	
		(3) Has the company established a performance evaluation method and its evaluation method for the Board of Directors, conducted performance evaluations annually and regularly, and reported the results of the performance evaluations to the	✓		The Company has established the “Board Performance Evaluation Measures” and has completed the performance evaluation of the Board of Directors, board members, Audit Committee and Remuneration Committee for the year 2024. The evaluation results were	No discrepancy.																	

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
Board of Directors, and applied them to reference the remuneration of individual directors and their nomination for re-election?			reported to the Board of Directors meeting on March 12, 2025 and used as a reference for the remuneration of individual directors and their nomination for re-election. The performance evaluation results have also been reported to the competent authority by February 8, 2025 in accordance with regulations.	
(4) Does the Company regularly evaluate the independence of its CPAs?	✓		1. The Company's CPA, at the Audit Committee and Board of Directors meetings held on March 12, 2025, explained the Audit Quality Indicators (AQIs) of PricewaterhouseCoopers Taiwan, reporting on the firm's annual audit quality indicator information according to five dimensions, specifically (1) Dimension One: Professionalism (audit experience, training hours, turnover rate, and professional support). (2) Dimension 2: Quality control (accountant workload and audit input). (3) Dimension 3: Independence (ratio of non-audit service fees). (4) Dimension 4: Supervision (deficiencies and penalties in external inspections). (5) Dimension 5:	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>Innovation Capability (Risk Orientation, Standardization, Professionalization, Automation and Digitalization). Through the above report, it is expected that by providing quantitative indicators of audit quality, it can assist the company, Audit Committee and Board of Directors to objectively evaluate the ability and commitment of the accounting firm and audit team in improving audit quality.</p> <p>2. Our company convened an Audit Committee and Board of Directors meeting on March 12, 2025, to discuss the independence and suitability of the certified public accountant. In addition to obtaining the "Statement of Independence of Certified Public Accountant" and evaluating based on the Statement of Professional Ethics No. 10 - "Integrity, Fairness, Objectivity and Independence", the attending members and directors also referred to the Annual Audit Quality Indicators (AQIs) report provided by the certified public accountant, and resolved to approve the appointment and</p>	

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			remuneration of the certified public accountant. 3. The company has retained the same CPAs for seven consecutive years, and they have not faced any disciplinary action or compromised their independence during this time.	
4. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings and shareholders meetings, etc.)?	✓		1. The Company appointed the Vice President of the Finance Department as the chief corporate governance officer by resolution of the Board of Directors on May 12, 2022. 2. The main responsibilities of the corporate governance officer are to handle matters related to the board of directors and shareholders' meetings in accordance with the law, prepare minutes of the board of directors and shareholders' meetings, assist directors in taking office and continuing education, provide directors with the information needed to carry out their duties, assist directors in complying with laws and regulations, report to the board of directors the results of reviewing whether the qualifications of independent directors meet the relevant laws and regulations during their nomination, election and	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			tenure, handle matters related to changes of directors, and other matters stipulated in the company's articles of incorporation or contracts.	
5. Evaluation Item: Has the company established communication channels and a dedicated section for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) on its website to appropriately respond to important corporate social responsibility issues of concern to stakeholders?	✓		For shareholders and investors, the Company has set up a stakeholder section on its website which includes contact windows for various stakeholders, including investor relations and media contact persons, customer section, supplier section, employee section, corporate social responsibility mailbox, and reporting mailbox for violations of professional ethics. If there are any changes, they are updated immediately to ensure smooth communication channels with stakeholders. The Company conducts regular labor-management meetings for its internal employees and has established an opinion and proposal mailbox on its intranet to facilitate communication channels for all employees to express their opinions or offer suggestions. These channels are managed by designated personnel.	No discrepancy.
6. Does the company engage a professional shareholder services agency to handle shareholders meeting	✓		The Company has delegated the Shareholder Services Department of KGI Securities to handle	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
matters?			various shareholder services of the Company.	
7. Information Disclosure (1) Has the Company set up a website to disclose financial, business and corporate governance information?	✓		The Company has set up a website in Chinese and English and regularly updates financial, business and corporate governance related information on the website for reference by shareholders and the general public.	No discrepancy.
(2) Does the Company adopt other information disclosure methods (such as setting up an English website, designating a person to be responsible for the collection and disclosure of company information, implementing a spokesperson system, and placing the process of investor conferences on the company website)?	✓		The Company has set up a website in Chinese and English, and designated personnel are responsible for regularly updating the latest financial and business information, including material information, revenue information, annual reports and financial reports, and investor conference materials, for reference by shareholders and investors. The Company has appointed official spokespersons and designated acting spokespersons to ensure consistent communication protocols. Additionally, management and employees are required to maintain confidentiality regarding financial and business matters, and are prohibited from sharing information without proper authorization. The Company has	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			displayed all pertinent information from previous investor conferences on its website for the benefit of investors and the general public.	
(3) Has the Company announced and filed its annual financial statements within two months after the end of the year, and announced and filed its first, second, and third quarterly financial statements and monthly operating conditions before the prescribed deadlines?		✓	The Company has yet to disclose and submit its annual financial report within the prescribed two-month period following the conclusion of the fiscal year. The company has reported financial statements and monthly operating conditions in a timely manner in compliance with the List of Business Matters for Issuers of Securities of Public Companies.	The company will continue to assess the possibility of publishing and submitting the annual financial report within two months following the conclusion of the fiscal year.
8. Does the Company have any other important information that helps to understand the operation of corporate governance (including but not limited to employee benefits, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and	✓		The company has established an opinion and proposal mailbox on its intranet to allow all employees to express their opinions and offer suggestions. Furthermore, the company's website features a dedicated section for interested parties, complete with contact windows for investor relations and news inquiries, as well as separate sections for clients, suppliers, and employees. The website also includes a corporate social responsibility mailbox and a reporting mailbox for professional ethics violations	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
supervisors, etc.)?			The Company has also taken out liability insurance for its directors to effectively cover any losses the Company may suffer.	
<p>9. Please describe the improvements made based on the latest Corporate Governance Evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange, and provide priority improvement measures and plans for items yet to be improved:</p> <p>(1) The result of the Company's most recent (2024) Corporate Governance Evaluation ranked it in the top 5% among listed companies with a market capitalization between NT\$5 billion and NT\$10 billion. The main items that did not score points were not holding the shareholders' meeting before the end of May and not announcing the annual financial report within two months after the end of the year.</p> <p>(2) In 2025, priority will be given to assessing the feasibility of implementing items that did not meet the standards.</p>				

(IV) Remuneration and the Composition, Responsibilities and Operation Status of Nomination Committee:

1. Information about remuneration committee members

April 22, 2025

Identity		Criteria	Professional Qualifications and Experience	Independence Status	Number of positions as a Remuneration Committee Member in other public listed companies
Independent Director (convener)	Lu, Ta-Jung		Please refer to Page 16 (directors' information) of the Annual Report.	1. The independent director, his/her spouse, and relatives within the second degree of kinship do not serve as a director, supervisor, or employee of the Company or of an affiliate of the Company: None.	None
Independent Director	Chen, Yi-Fen		Please refer to Page 15 (directors' information) of the Annual Report.	2. The number and proportion of shares of the Company held by the independent director, his/her spouse, and relatives within the second degree of kinship or in the name of others: None.	None

Independent Director	Chang, Ting-Jung	Please refer to Page 18 (directors' information) of the Annual Report.	3. The independent director is not a director, supervisor, or employee of an enterprise that has a specific relationship with the Company: None. 4. The independent director has not provided commercial, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years: None.	None
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2. The Operation of the Remuneration Committee

(1) The Remuneration Committee consists of 3 persons appointed by the Board of Directors.

(2) The term of the commissioners: Committee members is from Jun 23, 2022 until Jun 22, 2025. The Committee has convened 2 meetings (A) during the most recent year (2024). The qualification and participation of the commissioners are listed below:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Convener	Lu, Ta-Jung	2	0	100%	
Commissioner	Chen, Yi-Fen	2	0	100%	
Commissioner	Chang, Ting-Jung	2	0	100%	

Other matters that should be recorded:

1. If the board meeting does not adopt or revise the Remuneration committee's proposals, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the company handles the Remuneration committee's opinions shall be disclosed in detail (e.g., if the salary rate adopted by the board committee is superior to that proposed by the remuneration committee, the differences and reasons shall be explained): None.

2. If there are objections or reservations by the members that have been recorded in writing during the Remuneration Committee resolution, the Remuneration Committee meeting's date, period, motion content, the opinions of all members, and treatment of the member's opinions must be disclosed in detail: None.

3. Terms of Reference of the Remuneration Committee

The Committee members must exhibit due diligence as competent managers to carry out the following responsibilities and present their proposals to the Board of Directors for deliberation:

- (1) Evaluate and supervise the Company's overall remuneration policies.
- (2) Establish and periodically review policies, systems, standards, and structures for the performance evaluation and remuneration of directors, supervisors, and managers.
- (3) Evaluate and determine the remuneration of directors, supervisors, and managers on a regular basis.

The Committee shall perform the above duties in accordance with the following principles:

- (1) When assessing the performance and compensation of the Company's directors, supervisors, and managers, the Committee will consider the pay levels of similar companies and evaluate the appropriateness of the correlation between compensation and individual performance, the Company's business performance, and future risk exposure.
- (2) It shall not incentivize directors or managers to engage in activities that pursue remuneration beyond the Company's risk tolerance.
- (3) When determining the ratio of bonus payout based on the short-term performance of its directors and senior management, as well as the time for payment of the variable part of remuneration, the Company shall take into consideration the characteristics of the industry and the nature of its business.

4. Discussion reasons and decision results of the Remuneration Committee, as well as the Company's response to members' feedback.

Date/Term	Subject Matter	Resolution Results	The Company's handling of the opinion from the Remuneration Committee
March 12, 2024 (5 th Meeting of the 5 th Term.)	1. Proposal for organizational adjustment and promotion of four deputy general managers to senior deputy general managers and the quality assurance department manager to associate manager.	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on March 12, 2024.
	2. Proposal for the distribution of business bonuses for managers for 2023 2nd Quarter and 3rd Quarter API Team.	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on March 12, 2024.
	3. Proposal for the review of directors' performance	After deliberation by all members present, this motion was adopted without	This motion was approved with the consent of all the directors present at the

	evaluation and 2023 directors' remuneration distribution plan.	objection and submitted to the Board of Directors for resolution in the near future.	board meeting on March 12, 2024.
	4. Reviewed the proposed plan for the payment of remuneration to managers in 2023.	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on March 12, 2024.
Nov 14, 2024 (6 th Meeting of the 5 th Term.)	1. Appointment of Senior Assistant Vice President Ming-Fa Lin of the Injection Department (INJ), Assistant Vice President Shang-Hong Chen of the Safety Health and Environmental protection Department (SHE), and Vice President Chih-Wen Yang of the Legal and Strategy Planning Department (L&SP).	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on November 14, 2024.
	2. Proposal for the distribution of 2023 H2 CDMO, 2023 4th Quarter, and 2024 1st Quarter API Team business bonuses for managers.	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on November 14, 2024.
	3. Distribution of 2024 1st Quarter CDMO R&D	After deliberation by all members present, this motion was	NA

	bonuses for managers:	adopted without objection.	
	4. Distribution of 2024 performance bonuses for managers	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on November 14, 2024.
	5. Performance evaluation and year-end bonus plan for managers.	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on November 14, 2024.
	6. Proposed annual salary adjustment plan for managers.	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on November 14, 2024.
	7. Proposal for the amendment of Executive Vehicle Management Measures.	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near future.	This motion was approved with the consent of all the directors present at the board meeting on November 14, 2024.
	8. Proposed Work Plan of the Remuneration Committee for 2025.	After deliberation by all members present, this motion was adopted without objection and submitted to the Board of Directors for resolution in the near	This motion was approved with the consent of all the directors present at the board meeting on November 14, 2024.

		future.	
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3. Information on the Members and Operation of the Nomination Committee: Not applicable as the Company has not established a Nomination Committee.

(V)Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure

1.Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
1.Has the Company established a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development, which is managed by senior executives as authorized by the board of directors, and supervised by the board of directors?	✓		<p>1. In order to implement energy conservation and carbon reduction, fulfill corporate social responsibility, and strengthen corporate governance, the Company has established a Sustainable Development Committee by resolution of the Board of Directors on May 12, 2022. By resolution of the Board of Directors on November 10, 2023, three directors, including two independent directors, were reappointed as members of the Sustainable Development Committee.</p> <p>2. The functional teams of the Sustainable Development Committee: In line with the spirit of sustainable development, the Committee designates relevant personnel to form executive teams such as the ESG Team, Risk Management Team, and Integrity Management Team in accordance with the resolutions or instructions of the Sustainable Development Committee to serve as the main promotion units for sustainable development. Their scope of work covers the three major aspects of sustainable environment (E, Environmental), social welfare (S, Social) and corporate governance (G, Governance).</p> <p>3. Supervision of the Board of Directors At the Board of Directors meetings held on March 12, May 9, August 9, and November 14, 2024, reports were presented to the Board regarding the</p>	No discrepancy.

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			Company's implementation of Sustainable Development initiatives (including greenhouse gas inventory and verification status). In addition to expressing agreement with the execution of the Sustainable Development implementation report, the attending Directors also individually provided relevant specific recommendations.	
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		In order to establish a robust risk management system, mitigate operational risks, ensure sustainable and stable development, and achieve our goal of sustainability, our Company has developed Risk Management Policies and Procedures. These policies are based on the principle of materiality and include risk identification, analysis, evaluation, response, and supervision and review related to the economic, environmental, social, and other aspects of our operations. The policies were submitted to the Board of Directors for approval.	No discrepancy.
3. Environmental Issues (1) Does the Company establish a suitable environmental management system based on the characteristics of its industry?	✓		1. In order to attain optimal environmental performance, comply with relevant laws and regulations, adhere to the Company's environmental policies, and strive for continuous improvement, the Company has implemented an environmental management system modeled after the ISO14000 environmental management system.	No discrepancy.

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>2. The company has implemented a comprehensive environmental management system tailored to the industry's unique characteristics and operational requirements. This system has been verified by ISO14001 and ISO45001 (latest valid period: 2026.07).</p> <p>3. The establishment of an appropriate environmental management system by the Company based on the characteristics of the relevant industry.</p> <p>4. The Company maintains the work environment and natural environment in accordance with relevant environmental, health and safety laws and regulations such as the Occupational Safety and Health Act, Building Act, Fire Services Act, and Toxic and Concerned Chemical Substances Control Act, and reports in accordance with the law.</p>	
(2) Is the Company committed to improving resource utilization efficiency and using recycled materials with low environmental impact?	✓		The Company continues to promote energy conservation and carbon reduction, and is committed to improving the efficiency of various resource utilization, such as re-zoning the lighting throughout the plant, gradually replacing traditional lighting fixtures with LED lights, replacing old chilled water units in the plant area to improve equipment efficiency, replacing inverter air conditioners, changing	No discrepancy.

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure																								
	Yes	No	Abstract																									
			aeration tank blowers to air flotation type, and implementing clean room energy-saving measures and solar panel green electricity installations.																									
(3) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to address climate-related issues?	✓		The greenhouse effect has caused significant changes to the global climate, and its impact is becoming more severe. This poses potential risks to the sustainable operation of enterprises. To address this issue, our Company has implemented various measures to save energy, reduce carbon emissions, and optimize the use of energy equipment. These efforts aim to lower the potential risks caused by climate change.	No discrepancy.																								
(4) Does the Company collect data on greenhouse gas emissions, water consumption, and total weight of waste over the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		<div>1. The following are the Company’s statistics on greenhouse gas emissions, water consumption, and total waste weight over the past two years. The disclosed information pertains solely to the Company and excludes any reinvestment companies.</div> <div>(1) Greenhouse gas emissions</div> <table><tr><th>Year</th><th>Category</th><th>Total (tCO₂e)</th><th>Carbon emission intensity (tCO₂e/turnover of NT\$1,000,000)</th></tr><tr><td rowspan="3">2023</td><td>Scope 1</td><td>8,421,5202</td><td>1.9377</td></tr><tr><td>Scope 2</td><td>27,042,3504</td><td>6.2219</td></tr><tr><td>Total</td><td>35,463,8706</td><td>8.1596</td></tr><tr><td rowspan="3">2024</td><td>Scope 1</td><td>9,707,4581</td><td>2,1080</td></tr><tr><td>Scope 2</td><td>27,536,7456</td><td>5,9795</td></tr><tr><td>Total</td><td>37,244,2037</td><td>8,0875</td></tr></table> <div>Note: For Scope 2 indirect emissions in 2023 and 2024 shown in the above table, the electricity emission factor for 2023 and 2024 was used for calculation.</div>	Year	Category	Total (tCO ₂ e)	Carbon emission intensity (tCO ₂ e/turnover of NT\$1,000,000)	2023	Scope 1	8,421,5202	1.9377	Scope 2	27,042,3504	6.2219	Total	35,463,8706	8.1596	2024	Scope 1	9,707,4581	2,1080	Scope 2	27,536,7456	5,9795	Total	37,244,2037	8,0875	No discrepancy.
Year	Category	Total (tCO ₂ e)	Carbon emission intensity (tCO ₂ e/turnover of NT\$1,000,000)																									
2023	Scope 1	8,421,5202	1.9377																									
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Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure																					
	Yes	No	Abstract																						
			<div>(2) Total water consumption<table><tr><th>Year</th><th>Total water consumption (m³)</th><th>Recovery rate(%)</th></tr><tr><td>2023</td><td>427,424</td><td>29.11</td></tr><tr><td>2024</td><td>542,421</td><td>31.53</td></tr></table><p>Currently, the Company utilizes tap water as its primary source of water. This water is primarily used for process water, replenishing cooling water towers, producing pure water, providing boiler water, and supplying domestic water. The Company reuses water in the manufacturing process through recovery and treatment. In 2023, the recycled water volume was 124,411 units/year, accounting for 29.11% of the total annual water consumption. The water recycling rate in 2024 increased by 2.24% compared to 2023.</p><div>(3) Total weight of waste<table><tr><th>Year</th><th>Hazardous waste (metric ton)</th><th>Non-hazardous waste (metric ton)</th><th>Total (metric ton)</th></tr><tr><td>2023</td><td>508.17</td><td>1,107.99</td><td>1,616.16</td></tr><tr><td>2024</td><td>540.37</td><td>1,006.07</td><td>1,546.44</td></tr></table><p>The Company enhances effective resource reuse and continues to adopt waste reduction management measures to decrease waste output. Despite the increase in main product orders and higher production line operation rates in 2024, there is a decreasing trend in waste output compared to 2023.</p><p>2. The Company is committed to reducing the environmental impact of its operations and implements company-</p></div></div>	Year	Total water consumption (m ³)	Recovery rate(%)	2023	427,424	29.11	2024	542,421	31.53	Year	Hazardous waste (metric ton)	Non-hazardous waste (metric ton)	Total (metric ton)	2023	508.17	1,107.99	1,616.16	2024	540.37	1,006.07	1,546.44	
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Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>wide energy conservation and carbon reduction programs, linking them with the key performance indicators (KPIs) of each department and setting targets and implementing projects. Implementation plan and specific measures for energy conservation and carbon reduction:</p> <ul style="list-style-type: none"> ▪Rezone and optimize the factory lighting by gradually replacing conventional lamps with LED tubes. ▪Set the temperature of air conditioners at 26°C or install circulating fans to reduce the amount of cool air, check the condition of air conditioners in the factory, and replace them with inverter air conditioners ▪Reduce the number of stops made by some elevators in the factory ▪Check and confirm the efficiency of water chillers. ▪Strengthen the inspection of laboratories and close the ventilation cabinets and the external doors of each section ▪The blowers in the aeration tank of the wastewater treatment plant have been changed to air flotation type. ▪Replace the outdated water chillers in the factory to enhance equipment efficiency and achieve energy savings and carbon reduction. ▪Turn off the clean room when not in use to save energy. ▪RTO (Regenerative Thermal Oxidizer) 	

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>has been modified by changing the packed bed to a modular design to increase efficiency.</p> <ul style="list-style-type: none"> ▪The first phase of the solar power generation system was completed and activated in mid-June 2023; the second phase was gradually completed and activated from June to November 2024, with a total installed capacity of 814.725KW. The actual energy-saving benefits in 2024 generated a total of 730,231 kWh of self-used green electricity, resulting in a carbon reduction effect of 360.7341 tons of CO₂e. 	
<p>4. Social Issues</p> <p>(1) Does the Company formulate appropriate management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	✓		<p>The Company adheres to the Labor Standards Act and other applicable labor laws and regulations. Additionally, we have established the Measures for the Prevention of Illegal Infringement in the Workplace to safeguard the labor rights, workplace safety, and work rights of our employees. Furthermore, the Company ensures equal and fair treatment of all employees in regards to employment, terms and conditions, compensation, benefits, training, performance evaluations, and promotion opportunities. We do not discriminate based on sex, nationality, race, socio-economic status, age, marital or family status.</p> <p>The Company supports and respects the protection of internationally recognized</p>	No discrepancy.

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>human rights. In addition to strictly abiding by relevant government regulations, based on the understanding of international human rights norms, it refers to internationally recognized human rights norms, including the Universal Declaration of Human Rights, The United Nations Global Compact (UNGC), and the Declaration of Fundamental Principles and Rights at Work of the International Labour Organization, to formulate human rights policy guidelines and require supply chain partners to follow the same principles, treating and respecting all stakeholders fairly and with dignity.</p> <p>The Company regularly holds labor-management coordination meetings every quarter, and ad hoc meetings can be held when necessary to conduct two-way communication and consultation on topics such as promoting labor-management cooperation, harmonious labor relations, and labor welfare planning. The results of the meeting communication apply to all employees. In 2024, a total of 4 regular labor-management meetings were held.</p> <p>The Company and its suppliers are not exposed to any significant risks or situations involving discrimination, child labor, forced labor, or other violations of labor rights.</p>	

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
(2) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, leave and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?	✓		<p>1. The Company places great importance on gender equality. Presently, female employees comprise 32% of the total workforce, and 6 of the senior executives are women, representing 38%.</p> <p>2. The Company has closely integrated its corporate visions and strategies, department management objectives, individual work responsibilities, and performance output based on its organizational culture and management system. To achieve this goal, the Company has formulated numerous employee reward schemes and appropriately associated business performance or results with employee remuneration to motivate and reward its staff.</p> <p>(1) Relationship between Performance Grade and Employees' Annual Performance</p> <p>The Company has established "Employee Performance Evaluation Measures" as a reference basis for employee promotion, salary adjustment, and bonus distribution. Employees set personal goals at the end of the previous year or the beginning of the current year, which are reviewed by supervisors and then implemented. Performance goals may be adjusted quarterly as needed. At the end of the period, employees conduct self-evaluations on their annual performance achievement and competency demonstration, which are then reviewed by supervisors. The Human Resources Department</p>	No discrepancy.

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>compiles the annual performance evaluation data for review and approval by department managers and the President, which serves as a reference basis for the distribution of annual performance bonuses.</p> <p>(2) Relationship between Performance Bonus and Revenue Targets The Company has formulated the Rules for the Payment of Performance Bonus to motivate all employees to achieve revenue targets, ensure product quality and improve production efficiency, which is applicable to the staff of the Company. The Rules stipulates that at the end of each quarter, the Finance Department shall settle the revenue status and allocate 3% - 10% of net operating profit as performance bonus for all employees, based on the ratio of the revenue achieved to the revenue target.</p> <p>(3) Relationship between Employee Stock Ownership Plans (ESOP) and Business Growth of the Company. The company has established the Employee Stock Ownership Plans Committee, which regular employees are eligible to join. Employees may withdraw 3% or more of their remuneration from their monthly salary accounts, and the Company will allocate 3% of their remuneration as a bonus to the ESOP accounts on a monthly basis. This approach achieves the dual purpose of retaining talent and increasing employee remuneration, while also encouraging</p>	

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	Yes	No	Abstract	
			employees to regularly purchase shares of the Company. This principle of employees as shareholders creates a situation where labor and management share operating profits together.	
(3) Does the Company provide a safe and healthy work environment for employees and regularly implement employee safety and health education?	✓		<p>1. In order to prevent occupational accidents, ensure the safety of all employees and all contractors and partners, and provide a safe and healthy work environment, the Company has passed ISO45001:2018, CNS45001:2018 and ISO14001:2015 certification in December 2023.</p> <p>2. The Company provides its employees the following safety and health conditions at work:</p> <p>(1) Safe working environment</p> <p>A. Self-inspection</p> <p>Prepare implementation plans. In addition to conducting regular self-inspections for noise every six months and illuminance inspections once per year, the Company will promptly conduct inspections after evaluating any changes in the manufacturing process and if there are noticeable abnormalities in the working environment, employee discomfort, workplace leaks, or abnormal odors during work.</p> <p>B. Outsourcing inspection</p> <p>The inspection will be carried out every six months, following the legal requirements outlined in the Implementation Measures for</p>	No discrepancy.

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>Environmental Monitoring of Labor Operations. If there are any noticeable abnormalities in the working environment or if employees are experiencing discomfort due to changes in the manufacturing process, an outsourcing inspection should be conducted promptly following an evaluation.</p> <p>(2) Conduct annual health checkups for employees, including special operators and operators in highly toxic plants, and expand the range of examination items. This will encourage employees to take charge of their own health and allow for analysis of any abnormal health indicators. In addition to reviewing and evaluating workability, the Company will organize health promotion activities at least once a year for areas with abnormally high rates.</p> <p>(3) Appoint professional nursing staff and resident doctors to provide on-site services for the prevention and treatment of occupational and general injuries, health consultations, as well as first aid and emergency treatment to employees.</p> <p>(4) Conduct regular fire drills and training sessions, which should include emergency response drills, advanced emergency response drills with equipment, and emergency evacuation drills. Additionally, ensure that fire alarm tests are conducted on a</p>	

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>routine basis.</p> <p>(5) Conduct occupational safety and health education and training programs to foster crisis awareness and promote employee vigilance towards personal safety while performing operations.</p> <p>(6) Conduct education and training sessions on the proper use of respirators and close-fitting tests to ensure that employees' face shapes and sizes are compatible with the respirators they wear, thereby providing effective protection.</p> <p>3. Occupational Accidents in 2024 and Strategic Planning for 2025</p> <p>(1) Occupational accident situation</p> <p>In 2024, the Company experienced a total of 14 occupational accident incidents, with 14 injured personnel (including those with work injury leave ≤ 1 day), accounting for 1.54% of the annual monthly average of 909 employees.</p> <p>(2) Strategic Planning for 2025</p> <p>A. Create workplace safety boards (days without occupational accidents): Promote zero-accident boards to challenge the goal of zero accidents.</p> <p>B. Strengthen inspection audits and compare with BBS (Behavior-Based Safety) behavioral safety observations.</p> <p>C. Strengthen inspection audits in occupational accident education and training.</p> <p>4. 2024 Fire Incidents and Improvement Measures</p>	

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			<p>(1) Fire incidents Types include smoldering incidents (1 case of empty heating of hot air furnace + 2 cases of flash fire injuries), totaling 2 incidents. Due to smoke triggering the fire alarm, the situation was immediately handled by emergency personnel.</p> <p>(2) Improvement measures</p> <p>A. Electrostatic controlled area management: Include [cleaning area] in electrostatic controlled area management.</p> <p>B. Improvement of fail-safe mechanism for power cut and cooling in case of hot air furnace overheating during empty operation: Automatic material feeding when overheated to prevent excessive temperature.</p> <p>C. Others: Fire damage prevention (PSM management implementation plan)</p> <p>D. Proceduralize hazardous area classification, schedule plans to gradually inspect whether existing electrical equipment and piping in each plant comply with zoning requirements; list deficiencies and implement improvements.</p> <p>E. Proceduralize process ventilation and exhaust management to ensure not only the effectiveness of local exhaust but also the correct classification of explosion-proof zoning levels.</p>	
(4) Does the Company establish an effective	✓		Formosa Labs is committed to cultivating talent and enhancing	No discrepancy.

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
career development training program for employees?			<p>employee capabilities. To this end, it plans to develop an OJT (On the Job Training) learning map and a complete on-the-job training mechanism to improve the employability of new employees and enable employees to understand their personal development and growth direction. From new employee training, professional skills required for each position, to leadership training for middle and senior management, there are dedicated personnel to design empowerment projects. Through diverse learning channels such as physical teaching, online learning videos, and digital learning platforms, coupled with a teaching satisfaction feedback mechanism, the company's training programs are continuously improved.</p> <p>In 2024, a total of 271 internal training courses and external education and training courses applied by employees were held, with a total of 4,042 participants in internal education and training courses and 361 participants in external training courses subsidized by the company, totaling 4,403 participants in education and training courses. The average training hours per employee was 2.41 hours, with an average of 2.3 hours for male employees and 2.58 hours for female employees.</p>	
(5) Regarding issues such as customer health and safety for products and services, customer privacy, marketing and labeling, does the	✓		The Company places great importance on client feedback and has established the Measures for Handling Client Complaints as the foundation for addressing various client complaints. Furthermore, a dedicated department has	No discrepancy.

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
company follow relevant regulations and international standards, and formulate relevant policies and complaint procedures to protect consumer or customer rights and interests?			been established for interested parties, where designated personnel will respond to clients' inquiries, complaints, and suggestions to fully safeguard their rights and interests.	
(6) Does the Company formulate supplier management policies to require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights, and what is the implementation status?	✓		The Company works with reputable manufacturers as its suppliers. To ensure high quality, the Company has established the Qualification Accreditation Procedure for Suppliers of Raw Materials, Evaluation Procedure for Suppliers of Raw Materials, and Safety and Health Management Measures for Contractors. These procedures serve as the basis for regular supplier evaluations. Additionally, the Company conducts on-site inspections to confirm that the supplier's quality system meets the Company's standards, ensuring product quality and material safety.	No discrepancy.
5. Does the Company refer to internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information such as sustainability reports? Has the aforementioned report obtained the assurance or verification opinion of a third-party verification unit?	✓		The Company has compiled and issued a 2023 sustainability report. This report is compiled in accordance with the 2021 version of the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards), and a GRI content index is provided in the appendix. The Company's 2023 sustainability report has obtained assurance from the verification company (AFNOR Asia Ltd) based on the AA 1000 Assurance Standard, using Type 1 and Moderate Assurance level as the verification basis, ensuring that the contents of this report comply with the GRI Standards and the	

Promoting Item	Implementation Status			Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
			AA1000AP (2021) Accountability Principles.	
<p>6. If the Company has established its own sustainable development code in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the differences between its operation and the established code: The Board of Directors has approved the Sustainable Development Best Practice Principles which the Company formulated. The implementation of corporate social responsibility aligns with the Principles without any significant deviation</p>				
<p>7. Other important information that helps to understand the implementation of sustainable development: For the Company’s sustainable development promotion, please refer to the Company’s website - Implementation of Sustainable Development and Sustainability Report: https://www.formosalab.com/tw/sustainability</p>				

2. Climate-Related Information of TWSE/TPEX Listed Companies

Item	Implementation status
1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.	The Sustainable Development Committee collaborates with senior executives from all departments to assess the impact of climate change on global warming. The committee evaluates the risks that may affect the Company, prioritizes them, and develops corresponding countermeasures, management guidelines, and implementation plans. Regular reviews of the results are conducted.
2. Explain how climate-related risks and opportunities impact the Company's business, strategies, and finances in the short, medium, and long term	<p>Risks and opportunities focus more on policy and regulatory requirements, including content on energy resources and carbon reduction requirements, and their impact on the Company's business, strategy and finance, as described below:</p> <ol style="list-style-type: none"> 1. Business Pressure and requirements from customers, focusing on disclosure of carbon emissions and carbon footprint, the Company has successively established related operations and obtained third-party verification statements in 2023. Reduce customer impact. 2. Strategy <ol style="list-style-type: none"> (1) Initial introduction of carbon inventory to understand own carbon emissions. (2) Medium and long term goal - Set reduction targets, implement reduction strategies, and achieve carbon neutral operations. (3) Current operations: To achieve energy conservation and carbon reduction goals, the Company has evaluated changes in plant electricity consumption and electricity prices, and will complete the first and second phase renewable energy programs in the second half of 2024, establishing renewable energy power generation equipment. 3. Finance Due to the implementation of relevant energy conservation and carbon reduction countermeasures, it will directly or indirectly increase the Company's operating costs.
3. Describe the financial impact of extreme weather events and transformation.	<p>Extreme weather events, such as droughts, floods, heatwaves, and cold snaps, can significantly affect the Company's sustainable operations. Additionally, the risks associated with transitioning to a low-carbon economy are as follows:</p> <ol style="list-style-type: none"> 1. Policy and Regulatory Risks

Item	Implementation status
	<p>With the increasing global focus on environmental issues, low-carbon initiatives are becoming more prevalent. As a result, policies, climate-related lawsuits, and regulations related to climate change are emerging more frequently.</p> <p>(1) Recent initiatives such as the U.S. Clean Competition Act (CCA) and the European Union's Carbon Border Adjustment Mechanism (CBAM) will inevitably change operational costs for businesses.</p> <p>(2) In 2026, the first batch of carbon tax will be levied on domestic enterprises (taxing full-year carbon emissions for 2025), which will inevitably increase operating costs.</p> <p>(3) Regarding energy and resources, domestic water resources are occasionally at risk of shortage; electricity costs also show an increasing trend year by year. Water resource and electricity usage and management will inevitably impact business operations and increase costs.</p> <p>2. Technology Risk Renewable energy technology remains a popular topic. However, the Company's investment in solar power has not yielded the expected conversion efficiency, likely due to climate or other factors, resulting in sunk costs.</p> <p>3. Market Risk Due to the increasing global focus on low-carbon initiatives, shifts in supply and demand, and evolving consumer preferences, investors and clients are now seeking low-carbon products. In order to remain competitive, companies must adapt their offerings to meet these market demands. This requires a transformation of commodities.</p> <p>4. Reputation Risk Clients and communities are increasingly concerned with whether enterprises are committed to low-carbon transformation. If our Company appears indifferent to our contribution to global warming, we risk being perceived as a destroyer of the environment and ecology, which could have a negative impact on our reputation.</p>
4. Describe how the identification, evaluation, and management process of climate risks are integrated into the overall risk management system.	The Company has an internal risk management system that encompasses risk identification, analysis, evaluation, treatment, monitoring, and review. Each operation has a clearly defined

Item	Implementation status
	scope, a quantitative evaluation mechanism, and potential solutions for risk treatment. The Sustainable Development Committee reviews and explains the management and operation during the annual board meeting, aligning with the practical operational requirements of the climate risk management process and methodology. This process is integrated into the Company's Risk Management Policies and Procedures.
5. If the situational analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.	The form used for climate change risk evaluation employs a situational approach and hypothetical evaluation, taking into account potential risk measurement. This method provides a quantitative and analytical basis for the parameters, allowing for assessment of the financial impact of the risk level and subsequent response.
6. If there is a climate-related risk management plan in place, please provide details on the plan's contents, including the indicators and objectives used to identify and manage physical and transformation risks.	<p>Climate change will first affect the use of energy resources. For this reason, the Company will invest in renewable energy solar power systems with low-carbon technology for energy acquisition. The description is as follows:</p> <ol style="list-style-type: none"> 1. Indicators and objectives of transformation risk: <ol style="list-style-type: none"> (1) Goal: low-carbon transformation of energy resources. (2) Indicate: Power above 600KW shall be supplied by renewable energy 2. Physical Risks: <ol style="list-style-type: none"> (1) Regulations require a carbon tax (total mass based discharge management), which increases operating costs. (2) The imbalance between power supply and demand adversely affects production and reduces competitiveness. (3) Large carbon emissions, no energy efficiency management measures, low willingness of investors 3. Transition Plan <ol style="list-style-type: none"> (1) Short-term Using new technology, the first phase of the solar power generation facility was completed and activated in mid-June 2023; the second phase will be gradually completed and activated between June and November 2024, with a total installed capacity of 796.875KW, implementing energy efficiency management for energy reduction to minimize impact. (2) Medium and long-term

Item	Implementation status
	<p>Based on the carbon inventory and carbon footprint, the Company has calculated its carbon emissions and has increased its demand for solar energy system power generation. Despite the increased capital investment, the Company will reduce operating costs and lower risks in the long run, thereby enhancing competitiveness and improving its corporate image. Completed the 2022 and 2023 greenhouse gas inventory and carbon footprint inventory, and obtained third-party verification statements.</p>
<p>7. If internal carbon pricing is used as a planning tool, state the basis for setting the price:</p>	<p>In order to effectively address the impact of climate change, our Company has implemented programs related to greenhouse gas inventory and product environmental footprint. These initiatives allow us to collect and analyze data on our carbon emissions and product carbon footprint. Moving forward, we plan to gradually implement internal carbon pricing, promote low-carbon production processes, conduct technology research and development, and adjust our internal supply chain to support the transition to a low-carbon economy.</p>
<p>8. If climate-related targets have been established, the report should include information on the activities that are covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress. If carbon offsets or renewable energy certificates (RECs) are utilized to achieve the relevant targets, the report should state the source and quantity of carbon reduction credits to be offset or the quantity of RECs.</p>	<p>Climate change-related targets</p> <p>1. Related Goals and Timeline</p> <p>(1) Short-term goal: Implement carbon inventory to understand our own carbon emissions.</p> <p>(2) Medium and long term goal - Set reduction targets, implement reduction strategies, and achieve carbon neutral operations.</p> <p>The current reduction target is an annual electricity saving rate of 1%. The first phase of the solar power generation facility was completed and activated in mid-June 2023; the second phase will be gradually completed and activated between June and November 2024, with a total installed capacity of 796.875kw, and 242 renewable energy certificates (RECs) have been obtained.</p> <p>2. Greenhouse Gas Emission Scopes</p> <p>The greenhouse gas emission scopes are primarily based on the requirements of the government's Ministry of Environment and the Financial Supervisory Commission, and refer to ISO-14064 and related regulations. Currently, we disclose Scope 1, which refers to</p>

Item	Implementation status
	direct emissions from processes or facilities; and Scope 2, which refers to indirect emissions from energy use, primarily from purchased electricity, heat, or steam.
9. Greenhouse gas inventory and verification status, reduction targets, strategies and specific action plans	Please see the following table

3. The Company's Greenhouse gas Inventory and Verification Status for the Most Recent two Years

(1)Greenhouse Gas Inventory Information

<p>Basic Information of the Company</p> <p><input type="checkbox"/> Companies, steel business, and cement business with paid-in capital of more than NT\$10 billion</p> <p><input type="checkbox"/> Companies with a paid-in capital of NT\$5-10 billion.</p> <p><input checked="" type="checkbox"/> Companies with a paid-in capital of less than NT\$5 billion</p>	<p>Pursuant to the requirements of the Sustainable Development Roadmap of TWSE/TPEX Listed Companies, the following shall be disclosed</p> <p><input type="checkbox"/> Parent company individual inventory</p> <p><input type="checkbox"/> Consolidated financial report subsidiary inventory</p> <p><input type="checkbox"/> Parent company individual verification</p> <p><input type="checkbox"/> Consolidated financial report subsidiary verification</p> <p>(The Company voluntarily discloses the inventory of parent company in advance)</p>
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Year	2023			
Scope 1	Total emissions (tCO ₂ e)	Density (tCO ₂ e/turnover of NT\$1,000,000) (Note 2)	Assurance organization	Statement of assurance (Note 3)
Formosa Laboratories, Inc.	8,421,5202	1.9377	SGS Taiwan Ltd.	Completed verification in July 2023
Total	8,452.6643	1.9448		
Scope 2	Total emissions (tCO ₂ e)	Density (tCO ₂ e/turnover of NT\$1,000,000) (Note 2)	Assurance organization	Statement of assurance (Note 3)
Formosa Laboratories, Inc.	27,042.3504	6.2219	SGS Taiwan Ltd.	Completed verification in July 2023
Total	27,042.3504	6.2219		
Year	2024			
Scope 1	Total emissions (tCO ₂ e)	Density (tCO ₂ e/turnover of NT\$1,000,000) (Note 2)	Assurance organization	Statement of assurance (Note 3)
Formosa Laboratories, Inc.	9,707,4581	2.1080	SGS Taiwan Ltd.	Validation is expected to take place in June 2025
Total	9,707,4581	2.1080		
Scope 2	Total emissions (tCO ₂ e)	Density (tCO ₂ e/turnover of NT\$1,000,000) (Note 2)	Assurance organization	Statement of assurance (Note 3)
Formosa Laboratories, Inc.	27,536,7456	5.9795	SGS Taiwan Ltd.	Validation is expected to take place in June 2025
Total	27,536,7456	5.9795		

Scope 3	Total emissions (tCO ₂ e)	Density (tCO ₂ e/turnover of NT\$1,000,000) (Note 2)	Assurance organization	Statement of assurance (Note 3)
Formosa Laboratories, Inc.	115,491,9382	25.0787	SGS Taiwan Ltd.	Validation is expected to take place in June 2025
Total	115,491,9382	25.0787		

Note1: The Scope 2 indirect emissions of CO₂e in the above table are calculated using the 2023 and 2024 electricity carbon emission coefficient.

Note2: Direct emissions (Scope 1, i.e., direct emissions from emission sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions from imported electricity, heat or steam), and other indirect emissions (Scope 3, i.e., emissions generated by the Company's activities that are not energy indirect emissions but come from emission sources owned or controlled by other companies).

Note3: The scope of data covered by direct emissions and energy indirect emissions shall be handled in accordance with the timeline stipulated in Article 10, Paragraph 2 of these Principles, and the other indirect emissions information can be disclosed voluntarily.

Note4: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or

Note5: Greenhouse gas emissions can be measured per unit of product or service, or based on turnover. However, it is mandatory to disclose the data calculated based on turnover (in NT\$ million) to determine the intensity of emissions. (Note 2).

(2) Greenhouse Gas Verification Information

Year	2023	2024
Name	Luzhu Plant, Formosa Laboratories, Inc.	Luzhu Plant, Formosa Laboratories, Inc.
Scope of assurance (verification)		
Assurance (verification) organization	SGS Taiwan Ltd.	SGS Taiwan Ltd.
Assurance (verification) criteria	ISO 14064-3:2019	ISO 14064-3:2019
Assurance (verification) Opinion	None	To be compiled based on actual audit results

Note 1: It shall be handled in accordance with the timeline stipulated in Article 10, Paragraph 2 of these Principles. If the company has not obtained a complete greenhouse gas verification opinion before the date of printing the annual report, it should be noted that "complete verification information will be disclosed in the sustainability report". If the Company does not prepare a sustainability report, it should be noted that "complete verification information will be disclosed on the Market Observation Post System", and the complete verification information should be disclosed in the following year's annual report.

Note2: The assurance organization must adhere to the applicable regulations of the Taiwan Stock Exchange Corporation and the Taipei Exchange Market with respect to ensuring sustainable development reports.

Note 3: The disclosed content can refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

4. Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans

(1) Reduction Targets

Moving towards the goal of net zero emissions by 2050.

(2) Strategies

A. Initial stage: Introduce greenhouse gas inventory and environmental carbon footprint inventory to understand own carbon emissions.

B. Medium and long-term goals: Set reduction targets, implement reduction strategies, and move towards Net zero emission corporate sustainable operations.

(3) Specific Action Plans

A. Launch greenhouse gas and environmental carbon footprint inventory in 2024, adopt third-party verification, and analyze carbon emission hotspots to gradually propose countermeasures.

B. In line with medium and long-term goals, implement reduction strategies and move towards Net zero emission.

(VI) Implementation of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
<p>1. Establishment of Ethical Corporate Management Policies and Programs</p> <p>(1) Has the Company established an ethical corporate management policy that has been approved by the board of directors, and clearly specified in its rules and external documents the ethical corporate management policies and practices, as well as the commitment of the board of directors and senior management to actively implement the management policies</p>	✓		<p>The Company has established the “Code of Ethical Corporate Management,” “Guidelines for Establishment and Operation of the Integrity Management Committee,” and “Whistleblowing Procedures for Ethical Management,” all of which have been approved by the Board of Directors. These documents explicitly state the Company’s policies on ethical business practices and the Board and management’s commitment to implementing these policies. Additionally, the Company actively promotes and advocates for integrity and ethical conduct, ensuring that all employees comply with the relevant regulations.</p>	No discrepancy.
<p>(2) Has the Company established a risk assessment mechanism for unethical conduct, regularly analyzed and assessed business activities within its business</p>	✓		<p>To ensure sound management of ethical corporate management, the Company has set up an Integrity Management Team under the Sustainable Development Committee to supervise the prevention of unethical conduct, review the effectiveness and make</p>	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly and covered at least the preventive measures specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?			continuous improvements, and report to the Board of Directors at least once a year on the implementation of ethical corporate management.	
(3) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and reviewed the prevention programs on a regular basis?	✓		The Company has established the “Ethical Corporate Management Best Practice Principles”, “Integrity Management Team Establishment and Operation Measures”, and “Integrity Management Reporting Management Measures”, and has set up an Integrity Management Team under the Sustainable Development Committee to implement ethical corporate management policies and regularly review and revise them.	No discrepancy.
2. Implementation of Ethical Corporate Management (1) Does the Company evaluate business partners’ ethical records and	✓		The Board of Directors has adopted the Code of Ethical Corporate Management, which prohibits directors, managers, employees, and those with	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
include ethics-related clauses in business contracts?			substantial control over the Company from offering or accepting unreasonable gifts, entertainment, or other illegitimate benefits in the course of conducting business.	
(2) Has the Company set up a dedicated unit under the board of directors to promote ethical corporate management and regularly (at least once a year) report to the board of directors on its ethical corporate management policies and prevention programs and their supervision and implementation?		✓	To ensure sound management of ethical corporate management, the Company has set up an Integrity Management Team under the Sustainable Development Committee to supervise the prevention of unethical conduct, review the effectiveness and make continuous improvements. The Company's promotion of ethical corporate management policies and prevention programs for unethical conduct and their supervision and implementation in 2023 have been reported to the Board of Directors on November 14, 2024.	No discrepancy.
(3) Has the Company established policies to prevent conflicts of interest and provided appropriate communication channels, and implemented them?	✓		The Company's Rules of Procedure for Board Meetings explicitly state that any director with a vested interest in Board matters must refrain from engaging in discussions and voting. The company has established an opinion and proposal mailbox on its intranet to provide internal employees with channels to express their opinions or offer suggestions. These channels are managed by designated personnel.	No discrepancy.
(4) Has the Company established effective	✓		The Company has established the "Ethical Corporate Management Best Practice	No discrepancy.

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
accounting systems and internal control systems to implement ethical corporate management, and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?			Principles”, “Integrity Management Team Establishment and Operation Measures”, and “Integrity Management Reporting Management Measures”, and has set up an Integrity Management Team under the Sustainable Development Committee to supervise the prevention of unethical conduct, review the effectiveness and make continuous improvements.	
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		The Company’s HR department conducts education and training related to ethical corporate management every year. In 2024, education and training courses related to ethical corporate management (including corporate governance, Accounting Supervisor, sustainability, trade secrets, special health and safety education, transaction contract confidentiality agreements and order risk control) were held, with 280 trainees and 348 training hours.	No discrepancy.
3. Operation of the Company’s Whistleblowing System				

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
(1) Has the Company established a specific whistleblowing and reward system, set up conveniently accessible whistleblowing channels, and appointed appropriate personnel dedicated to handling whistleblowing matters?	✓		The company has established an opinion and proposal mailbox on its intranet to allow all employees to express their opinions and offer suggestions. Additionally, the company's website has created a dedicated section for interested parties and employees, as well as a mailbox for reporting violations of professional ethics, to provide channels for making suggestions and reporting any illegal acts. The relevant competent authority will maintain the confidentiality of the whistleblower's identity and the contents of the report.	No discrepancy.
(2) Has the Company established standard operating procedures for investigating the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	✓		The Company has established a dedicated section on its website for interested parties and employees, as well as a mailbox for reporting any violations of professional ethics. These channels are intended to facilitate the submission of suggestions and reports of any illegal acts. The relevant competent authority will maintain the confidentiality of the whistleblower's identity and the contents of the report.	No discrepancy.
(3) Does the Company adopt measures to protect whistleblowers from improper treatment due to whistleblowing?	✓		The relevant unit(s) shall keep confidential the content of the report and the identity of any employee or whistleblower who makes a suggestion or report any illegal affair.	No discrepancy.
4. Strengthening Information Disclosure				

Evaluation Item	Implementation Status			Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reason for Such Departure
	Yes	No	Abstract	
Does the Company disclose the content of its ethical corporate management best practice principles and the effectiveness of promotion on its website and the Market Observation Post System?	✓		The Company has established the “Ethical Corporate Management Best Practice Principles”, “Integrity Management Team Establishment and Operation Measures”, and “Integrity Management Reporting Management Measures”, which have been approved by the Board of Directors and disclosed on the Market Observation Post System and the Company’s website.	No discrepancy.
5. If the Company has established its own ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation: No Material discrepancy.				
6. Other important information that helps to understand the company's integrity management practices.: To demonstrate its determination to implement ethical corporate management, in 2024, the Company issued a “Declaration of Ethical Corporate Management” for 2024 to directors and managers at the associate level (inclusive) and above, with a total of 31 copies issued and a 100% issuance rate. The content mainly declares “In order to comply with relevant laws and regulations of the Republic of China and meet the requirements of the Company’s ‘Ethical Corporate Management Best Practice Principles’ and ‘Code of Ethical Conduct’, the signatory declares their willingness to strictly abide by them. In case of violation, the signatory is willing to bear relevant legal responsibilities and accept the Company’s disciplinary actions.”.				

(VII) Other Significant Information That Will Provide a Better Understanding of the State of the Company’s Implementation of Corporate Governance May Also Be Disclosed
The company has disclosed significant and pertinent information regarding investor conferences in a timely manner on its official website. This ensures that shareholders and the public are fully informed about the Company’s operations.

(VIII) Implementation Status on Internal Control System

1.The Company's Internal Control System Statement for the year 113 (2024) can be found on the Market Observation Post System (MOPS) public information platform. Query path (<https://mops.twse.com.tw/mops/#/web/t06sg20>), Market Observation Post System > Individual Company > Corporate Governance > Company Regulations/Internal Control > Internal Control Statement Announcement.

2. While Entrusting an Accountant to Review the Internal Control System on Project Basis, the Review Report Shall Be Disclosed: None.

(IX) Important Resolutions of Board Meetings and Shareholders' Meetings and the Execution Status of the Resolved Matters of Shareholders' Meetings in the Most Recent Year and up to the Publication Date of the Annual Report.

1. Resolutions of the 2024 Shareholders' Meeting and implementation(Jun 25, 2024)

Agenda		The Company's Handling of Member's Opinions
Ratification Items	(1) The 2023 Business Report and Financial Statements.	This motion was adopted as originally proposed.
	(2) The 2023 Earnings distribution	In this motion, a cash dividend of NT\$240,511,926 (NT\$2 per share) was distributed to shareholders, and August 19, 2024 was set as the ex-dividend date. The dividend was fully distributed on September 12, 2024.
Matters proposed for discussion	1.A proposal is set forth to request authorization from the shareholders' meeting for the Board of Directors to manage affairs pertaining to the cash capital increase of Formosa Pharmaceuticals Inc. within the upcoming year.	This motion was adopted as originally proposed.
	2. Release the Company's Directors for the Board of Directors from Non-Competition Restrictions	This motion was adopted as originally proposed.

2. Important resolutions of the Board of Directors

Date/Session	Important Resolutions
Mar 12, 2024 (9 th Meeting of the 10 th Term.)	<ol style="list-style-type: none"> 1. Proposal for organizational adjustment and promotion of four deputy general managers to senior deputy general managers and the quality assurance department manager to associate manager. 2. Reviewed the proposed plan for the payment of remuneration to managers in 2023. 3. Proposal for the distribution of business bonuses for managers for 2023 2nd Quarter and 3rd Quarter API Team. 4. Proposal for the review of directors' performance evaluation and 2023 directors' remuneration distribution plan. 5. The 2023 Business Report and Financial Statements. 6. The 2023 Earnings distribution 7. The 2023 Employees' and directors' remuneration 8. A proposal is set forth to request authorization from the shareholders' meeting for the Board of Directors to manage affairs pertaining to the cash capital increase of Formosa Pharmaceuticals Inc. within the upcoming year. 9. Case for issuing the 2023 "Statement of Internal Control System" 10. Proposed to approve in advance the provision of non-assurance services to the Company and its subsidiaries by CPAs, their firms, and their affiliates and allied firms. 11. Proposal to amend the "Seal Usage Management Measures" and

Date/Session	Important Resolutions
	<p>"Duties Authorization and Agent System".</p> <p>12. Proposal for the evaluation of the independence and suitability of the certifying accountants and their appointment remuneration.</p> <p>13. Release the Company's Directors for the Board of Directors from Non-Competition Restrictions</p> <p>14. The remuneration of the Company's directors in 2023.</p> <p>15. Proposal for matters related to the Company's acceptance of shareholder proposals.</p> <p>16. Proposed to convene the 2024 Annual Shareholders' Meeting.</p> <p>17. Proposal to acquire equity in another company in the United States.</p>
May 9, 2024 (10 th Meeting of the 10 th Term.)	<p>1. Adopted the consolidated financial report of the Company for 1st Quarter 2024.</p> <p>2. Proposal to acquire equity in another company in the United States.</p> <p>3. Proposal to provide loans to SynChem-Formosa, Inc.</p>
Aug 9, 2024 (11 th Meeting of the 10 th Term.)	<p>1. Adopted the consolidated financial report of the Company for 2nd Quarter 2024.</p> <p>2. Proposal to sign a supply contract with Formosa Pharmaceuticals Inc.</p> <p>3. Amendment to the Sustainable Development Committee Organizational Regulations case.</p> <p>4. Approval of the 2023 Sustainability Report.</p>
Nov 14, 2024 (12 th Meeting of the 10 th Term.)	<p>1. Appointment of Senior Assistant Vice President Ming-Fa Lin of the Injection Department (INJ), Assistant Vice President Shang-Hong Chen of the Safety Health and Environmental protection Department (SHE), and Vice President Chih-Wen Yang of the Legal and Strategy Planning Department (L&SP).</p> <p>2. Proposal for the distribution of 2024 performance bonuses for managers.</p> <p>3. Performance evaluation and year-end bonus plan for managers.</p> <p>4. Proposed annual salary adjustment plan for managers.</p> <p>5. Proposal for the distribution of 2023 H2 CDMO, 2023 4th Quarter, and 2024 1st Quarter API Team business bonuses for managers.</p> <p>6. Proposal for the amendment of Executive Vehicle Management Measures.</p> <p>7. Proposed Work Plan of the Remuneration Committee for 2025.</p> <p>8. Adopted the consolidated financial report of the Company for 3rd Quarter 2024.</p> <p>6. Proposed Work Plan of the Remuneration Committee for 2025.</p> <p>12. Proposed the 2025 Loan Limit of Bank Financing.</p> <p>11. Proposal for the establishment of Sustainability Information Management Measures.</p> <p>12. Proposal for the amendment of Risk Management Policies and Procedures.</p> <p>13. 2025 Annual Audit Work Plan case.</p> <p>14. Proposal for the amendment of the investment in PharmaSTAR Inc. (Cayman).</p> <p>15. Case for the proposed fund lending to Synchem-Formosa, Inc.</p> <p>16. Case for the proposed signing of office and laboratory lease agreement with Formosa Pharmaceuticals Inc.</p>

Date/Session	Important Resolutions
	17. Case for the proposed signing of patent intellectual property service agreement with Formosa Pharmaceuticals Inc.
Mar 14, 2025 (13 th Meeting of the 10 th Term.)	1. The 2024 Business Report and Financial Statements. 2. The 2024 Earnings distribution 3. The 2024 Employees' and directors' remuneration 4. The 2024 Directors' Remuneration. 5. Case for the GLP-1 production line establishment. 6. Case for the proposed signing of a lease agreement with Formosa Pharmaceuticals Inc. 7. Case for the proposed signing of a contract for commissioned inspection services with Formosa Pharmaceuticals Inc. 8. Case for the proposed signing of a supplementary agreement to the supply contract with Formosa Pharmaceuticals Inc. 9. Case for the proposed fund lending to Synchem-Formosa, Inc. 10. Case for amendments to certain provisions of the Company's "Articles of Incorporation". 11. Case for amendments to the "Seal Usage Management Measures". 12. Case for issuing the 2024 "Statement of Internal Control System" 13. Case for the election of the 11th term Directors of the Company and acceptance of the list of Director candidates nominated by Shareholders. 14. Case for the Board of Directors' nomination of candidates for the 11th term Directors. 15. Proposal to Release the Non-Competition Restrictions on the Company's Newly Elected 11th-term Directors and Their Representatives. 16. Case for convening the 2025 Annual Shareholders' Meeting. 17. Proposed to approve in advance the provision of non-assurance services to the Company and its subsidiaries by CPAs, their firms, and their affiliates and allied firms. 18. Case for the change of CPA due to internal adjustments in the accounting firm, the evaluation of their independence and competence, and the approval of their compensation.

(X) The Main Contents of the Most Recent Year and as of the Date of Publication of the Annual Report, If the Director or Supervisor Has Different Opinions on Important Resolutions Passed by the Board of Directors and There Are Records or Written Statements: None.

IV. Disclosure of CPA's Remuneration

(I) The amount of audit fees and non-audit fees paid to the CPA, the accounting firm to which the CPA belongs, and its affiliates, as well as the content of non-audit services

Unit: NTD thousand

Name of the Accounting Firm	Name of the CPA	Audit Period of CPA	Audit Fee (Note1)	Non-Audit Fee (Note1)	Total	Notes
PwC Taiwan	Yen, Yu-Fang, Teng, Sheng-Wei	2024.01.01 ~ 2024.12.31	5,960	3,988	9,948	

Note1: Regular audit fees for the financial attestation.

Note2: Mainly for the attestation of tax compliance, Overseas investment and IPO guidance fees for subsidiary Formosa Pharmaceuticals, Inc.

(II) Whether There Is any Change of Accounting Firm and the Audit fee Paid in the Replacement Year Is Less Than That Paid in the Preceding Year: None.

(III) Whether the Ratio of Audit fee for the Preceding Year Decreases by 10% or More: None.

V. Information on Change of CPAs

(I) Regarding the Former Certified Public Accountant

Date of replacement	Approved by the Board of Directors on Nov 11, 2022.		
Reason of replacement and explanation	In compliance with relevant regulatory requirements on rotation, the former engagement partner Yu, Shu-Fen was replaced by Teng, Sheng-Wei.		
Statement on whether the Company or the accountant terminate or not accept the appointment	Parties	CPA	Commissioner
	Contracting Condition		
	Voluntarily terminated the appointment	Not applicable	Not applicable
	Not accept (continuing) the appointment	Not applicable	Not applicable
The opinions and reasons in audit reports other than unqualified opinion in the last two years	Not applicable		
Different opinions with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Scope or procedure of auditing
			Others
	None	✓	
Statement: None.			

Other disclosures (Matters covered in Item 1-4, Item 1-7, Subparagraph 6, Article 10 of the Guidelines shall be disclosed)	None.
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Note: The Board of Directors' date of resolution.

(II) Regarding the Successor Certified Public Accountant

Name of the accounting firm	PwC Taiwan
Name of the CPA	Yen, Yu-Fang, Teng, Sheng-Wei.
Date of appointment	Nov 11, 2022. (Note)
Matters and results of consultation on the accounting treatment methods or accounting principles for specific transactions and on the possible issuance of opinions on financial statements before the appointment	No discrepancy
Written opinion of the successor CPA on matters on which the former CPA has different opinions	None.

Note: The Board of Directors' date of resolution

(III) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: None.

VI. The Chairman of the Board of Directors, the General Manager, and the Manager in Charge of Financial or Accounting Matters of the Company, Who Have Worked in the Firm of the Certified Public Accountant or its Affiliates Within the Last Year : None.

VII. Changes in the Shareholding of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Shares and Pledges of Shares in the Most Recent Year and up to the Date of Printing of the Annual Report

(I) Equity Changes of Directors, Managers and Major Shareholder

Please refer to the MOPS Market Observation Post System announcement information. Stock transfer inquiry path (https://mops.twse.com.tw/mops/#/web/query6_1), Market Observation Post System > Individual Company > Equity Changes/Securities Issuance > Stock Transfer Data Inquiry > Insider Holdings Change Post-Transaction Filing Form; Stock pledge change inquiry path (https://mopsov.twse.com.tw/mops/web/STAMAK03_1), Market Observation Post System > Individual Company > Equity Changes/Securities Issuance > Insider Pledge/Release > Insider Pledge/Release Announcement.

(II) Information on the Counterpart of Equity Transfer Being a Related Party of the Company's Directors, Supervisors, Managers and Major Shareholders: None.

(III) Information on the Counterpart of Equity Pledge Being a Related Party of the Company's Directors, Supervisors, Managers and Major Shareholders: None.

VIII. Information on the Top Ten Shareholders who Are Related to Each Other or Are Spouses or Relatives Within the Second Degree of Consanguinity

April 22, 2025 Unit: Shares; %

Name	Shares Held by the Individual		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others		Names and Relationships of the Top Ten Shareholders Who Are Related Parties, Spouses, or Relatives Within the Second Degree of Kinship to Each Other		Note
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name (or Full Name)	Relationship	
Cheng, Chen-Yu	7,743,848	6.44	3,067,944	2.55	—	—	Li, Hsiu-Hui	Spouse	None
							Moraga Inc. Representative : Li, Hsiu-Hui	Spouse	None
							Augusta Inc. Representative : Li, Hsiu-Hui	Spouse	None
Taishin Life Insurance Co., Ltd. Representative: Tsai, Kang	5,500,000	4.57	—	—	—	—	None	None	None
	—	—	—	—	—	—			
Ding Li Development Limited. Representative: Hu Ting-Wu	3,586,329	2.98	—	—	—	—	None	None	None
	—	—	—	—	—	—			
Cathay Life Insurance Company, Ltd. Representative: Huang, Tiao-Kuei	3,077,000	2.56	—	—	—	—	None	None	None
	—	—	—	—	—	—			
Li, Hsiu-Hui	3,067,944	2.55	7,743,848	6.44	—	—	Cheng, Chen-Yu	Spouse	None
							Moraga Inc. Representative : Li, Hsiu-Hui	Principal	None
							Augusta Inc. Representative : Li, Hsiu-Hui	Principal	None
Moraga Inc. Investment Co., Ltd. Representative: Li, Hsiu-Hui	2,694,043	2.24	—	—	—	—	Cheng, Chen-Yu	Spouse of person in charge	None
	3,067,944	2.55	7,743,848	6.44	—	—	Augusta Inc. Representative : Li, Hsiu-Hui	Principal	None
Augusta Inc. Representative: Li, Hsiu-Hui	2,269,000	1.89	—	—	—	—	Cheng, Chen-Yu	Spouse of person in charge	None
	3,067,944	2.55	7,743,848	6.44	—	—			
							Moraga Inc.	Principal	None

							Representative : Li, Hsiu-Hui		
Hygica Biotech Ltd.	1,690,452	1.41	—	—	—	—	None	None	None
Representative: Lee, Chien-Hung	395,480	0.33	—	—	—	—			
Transglobe Life Insurance Co., Ltd.	1,685,000	1.40	—	—	—	—	None	None	None
Representative: Lin, Wen-Hui	—	—	—	—	—	—			
Wang, Li-Li	1,627,000	1.35	—	—	—	—	None	None	None

IX. The Number of Shares Held by the Company, Its Directors, Supervisors, Managers, and Businesses Directly or Indirectly Controlled by the Company in the Same Investee Company, and the Consolidated Percentage of Shareholding

March 25, 2025 Unit: share; %

Re-Invested Business (Note 1)	The Company's Investment		Investment by directors, managers and directly- or indirectly-controlled businesses		Comprehensive Investment	
	Share Number	Shareholding Ratio	Share Number	Shareholding Ratio	Share Number	Shareholding Ratio
Formosa Pharmaceuticals, Inc.	61,387,653	40.66%	2,577,385	1.71%	63,965,038	42.37%
Epione Pharmaceuticals, Inc.	4,000,000	100.00%	—	—	4,000,000	100.00%
A.R.Z Taiwan Limited	271,620	45.00%	—	—	271,620	45.00%
Epione Investment Cayman Limited	619,000	100.00%	—	—	619,000	100.00%
Epione Investment HK Limited	—	—	544,500	100.00%	544,500	100.00%
Activus Pharma. Co., Ltd.	—	—	1,942	99.23%	1,942	99.23%
Shanghai Epione Enterprise Co., Ltd	—	—	— (Note2)	100.00%	—	100.00%
Formosa Laboratories Japan, Inc.	400	40.00%	—	—	400	40.00%
SynChem-Formosa, Inc.	311,996	100.00%	—	—	311,996	100.00%

Note1: The investment made with Equity Method by the Company.

Note2: A Limited Company.

Chapter III. Capital Overview

I. Capital and Outstanding Shares

(I) Equity Capital Sources

1. Capital Formation

Apr. 22, 2025 Unit: NTD thousand; thousand share

Month/Year	Issuing Price (NTD)	Authorized Capital		Paid-In Capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital Sources	Paid in Properties Other Than Cash	Others
Dec. 1995	10	1,000	10,000	100	1,000	The paid-in capital is NT\$1,000,000	—	Note 1
Feb. 1998	10	1,000	10,000	1,000	10,000	Issuance of common stock for cash: NT\$9,000,000	—	Note 2
Jun. 1999	10	2,000	20,000	2,000	20,000	Issuance of common stock for cash: NT\$10,000,000	—	Note 3
Jul. 2000	10	4,000	40,000	4,000	40,000	Issuance of common stock for cash: NT\$20,000,000	—	Note 4
May. 2001	10	7,000	70,000	7,000	70,000	None	Increase capital by debt-for-equity swap NT\$30,000,000	Note 5
Aug. 2001	13.2	10,000	100,000	8,311	83,111	Issuance of common stock for cash: NT\$10,838,000	Increase capital by debt-for-equity swap NT\$2,273,000	Note 6
May. 2002	12	10,000	100,000	10,000	100,000	Issuance of common stock for cash: NT\$10,000,000	Increase capital by debt-for-equity swap NT\$6,889,000	Note 7
Nov. 2003	10	12,579	125,787	19,879	198,787	Issuance of common stock for cash: NT\$98,787,000 Issuance of common stock for cash: NT\$73,000,000	—	Note 8

Dec. 2007	16	25,000	250,000	14,079	140,787	Issuance of common stock for cash: NT\$15,000,000	—	Note 9
Feb. 2008	20	25,000	250,000	18,079	180,787	Issuance of common stock for cash: NT\$40,000,000	—	Note 10
Sep.2008	10	65,000	650,000	53,631	536,307	Capital increase in connection with a merger: NT\$355,520,000	—	Note 11
Jun.2009	10	88,000	880,000	56,500	565,000	Surplus profit distributed in the form of new shares: NT\$28,693,000 (of which NT\$3,623,000 was transferred from employee bonus)	—	Note 12
Jun.2009	50	88,000	880,000	60,000	600,000	Issuance of common stock for cash: NT\$35,000,000	—	Note 13
Jul.2010	26	88,000	880,000	60,932	609,320	Stock options: NT\$9,320,000	—	Note 14
Feb.2011	78	88,000	880,000	67,057	670,570	Issuance of common stock for cash: NT\$61,250,000	—	Note 15
Apr.2013	48.2	88,000	880,000	67,264	672,645	Convertible bond: NT\$2,075,000	—	Note 16
Jul.2013	48.2	88,000	880,000	67,269	672,686	Convertible bond: NT\$41,000	—	Note 17
Oct.2013	48.2	88,000	880,000	80,632	806,316	Issuance of common stock for cash: NT\$100,000,000 Convertible bond: NT\$33,630,000	—	Note 18
Jan.2014	48.2	88,000	880,000	84,059	840,589	Convertible bond: NT\$34,273,000	—	Note 19
Apr.2014	48.2	88,000	880,000	84,335	843,349	Convertible bond: NT\$2,759,000	—	Note 20

Jul.2014	48.2	88,000	880,000	84,409	844,095	Convertible bond: NT\$747,000	—	Note 21
Oct.2014	48.2	88,000	880,000	84,412	844,116	Convertible bond: NT\$21,000	—	Note 22
Apr.2015	48.2	88,000	880,000	85,138	851,378	Convertible bond: NT\$7,262,000	—	Note 23
Nov.2015	48.2	88,000	880,000	85,354	853,537	Convertible bond: NT\$2,159,000	—	Note 24
Jan. 2016	48.2	88,000	880,000	87,468	874,682	Convertible bond: NT\$21,145,000	—	Note 25
Jan. 2017	80.1	120,000	1,200,000	88,633	886,331	Convertible bond: NT\$11,649,000	—	Note 26
Jan. 2017	80.1	120,000	1,200,000	88,717	887,167	Convertible bond: NT\$836,000	—	Note 27
Apr. 2017	80.1	120,000	1,200,000	89,229	892,286	Convertible bond: NT\$5,119,000	—	Note 28
Jul. 2017	80.1	120,000	1,200,000	89,923	899,227	Convertible bond: NT\$6,941,000	—	Note 29
Sep. 2017	80.1	120,000	1,200,000	93,013	930,126	Convertible bond: NT\$30,899,000	—	Note 30
Aug. 2018	50.0	120,000	1,200,000	99,013	990,126	Issuance of common stock for cash: NT\$60,000,000	—	Note 31
May. 2020	37.0	120,000	1,200,000	108,313	1,083,126	Issuance of common stock for cash: NT\$93,000,000	—	Note 32
Jul. 2020	—	160,000	1,600,000	108,313	1,083,126	Increase the authorized capital to NT\$1,600,000,000	—	Note 33
Jul. 2021	58.4	160,000	1,600,000	108,364	1,083,639	Convertible bond: NT\$513,000	—	Note 34
Sep. 2021	58.4	160,000	1,600,000	120,256	1,202,560	Convertible bond: NT\$118,921,000	—	Note 35

Note 1: 1995.12.29 Jian-Yi-Zi No. 01054251

Note 2: 1998.02.06 Jian-Yi-Zi No. 87257083.

Note 3: 1999.06.21 Jian-Yi-Zi No. 88301844.

Note 4: 2000.07.21 Bei-Shi-Jian-Shang-Er-Zi No. 89312686.

Note 5: 2001.05.14 Bei-Shi-Jian-Shang-Er-Zi No. 90278117.

Note 6: 2001.08.07 Fu-Jian-Shang-Zi No. 90294407.

Note 7: 2002.05.20 Jing-Shou-Shang-Zi No. No. 09101167070.

Note 8: 2003.11.06 Fu-Jian-Shang-Zi No. 09223554900.

Note 9: 2007.12.17 Fu-Chan-Ye-Shang-Zi No. 09693228220.

Note 10: 2008.02.29 Fu-Chan-Ye-Shang-Zi No. 09781878000.

Note 11: 2008.09.16 Jing-Shou-Shang-Zi No. 09701225180.
Note 12: 2009.06.03 Jing-Shou-Shang-Zi No. 0981106900.
Note 13: 2009.07.01 Jing-Shou-Shang-Zi No. 0981136100.
Note 14: 2010.07.08 Jing-Shou-Shang-Zi No. 09901145140.
Note 15: 2011.03.31 Jing-Shou-Shang-Zi No. 10001048120.
Note 16: 2013.04.16 Jing-Shou-Shang-Zi No. 10201067110.
Note 17: 2013.07.18 Jing-Shou-Shang-Zi No. 10201139850.
Note 18: 2013.10.08 Jing-Shou-Shang-Zi No. 10201206640.
Note 19: 2014.01.20 Jing-Shou-Shang-Zi No. 10301007340.
Note 20: 2014.04.14 Jing-Shou-Shang-Zi No. 10301066440.
Note 21: 2014.07.21 Jing-Shou-Shang-Zi No. 10301144680.
Note 22: 2014.10.15 Jing-Shou-Shang-Zi No. 10301215730.
Note 23: 2015.04.13 Jing-Shou-Shang-Zi No. 10401066020.
Note 24: 2015.11.10 Jing-Shou-Shang-Zi No. 10401237190.
Note 25: 2016.01.13 Jing-Shou-Shang-Zi No. 10501006430.
Note 26: 2017.01.09 Jing-Shou-Shang-Zi No. 10601001710.
Note 27: 2017.01.17 Jing-Shou-Shang-Zi No. 10601007540.
Note 28: 2017.04.20 Jing-Shou-Shang-Zi No. 10601047880.
Note 29: 2017.07.24 Jing-Shou-Shang-Zi No. 10601100250.
Note 30: 2017.09.11 Jing-Shou-Shang-Zi No. 10601124020.
Note 31: 2018.08.22 Jing-Shou-Shang-Zi No. 10701099270.
Note 32: 2020.05.07 Jing-Shou-Shang-Zi No. 10901069990.
Note 33: 2020.07.14 Jing-Shou-Shang-Zi No. 10901132480.
Note 34: 2021.07.12 Jing-Shou-Shang-Zi No. 11001118920.
Note 35: 2021.09.07 Jing-Shou-Shang-Zi No. 11001160460.

2. Types of Shares

Apr. 22, 2025 Unit: shares

Share Type	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered common stock	120,255,963	39,744,037	160,000,000	Listed stocks

3. Relevant Information of Summary Reporting System: Not applicable.

(II) Main Shareholders List

Apr 22, 2025 Unit: shares; %

Name of Major Shareholders	Shares	Shares	%
Cheng, Chen-Yu		7,743,848	6.44
Taishin Life Insurance Co., Ltd.		5,500,000	4.57
Ding Li Development Limited.		3,586,329	2.98
Cathay Life Insurance Company, Ltd.		3,077,000	2.56
Li, Hsiu-Hui		3,067,944	2.55
Moraga Inc.		2,694,043	2.24
Augusta Inc.		2,269,000	1.89

Hygica Biotech Ltd.	1,690,452	1.41
TransGlobe Life Insurance Inc.	1,685,000	1.40
Wang, Li-Li	1,627,000	1.35

(3) Implementation Status on Company Dividend Policy

1. The Company's dividend policy is in accordance with Article 24 of the Articles of Incorporation, with relevant provisions as follows:

If the Company records a profit for the year, the Board of Directors shall resolve to allocate not less than five percent for employee remuneration and not more than two percent for directors' remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance and report to the shareholders' meeting.

The distribution of employee compensation mentioned in the preceding paragraph may include employees of subsidiaries who meet certain conditions, with the method to be determined by the Board of Directors.

If there is a surplus in the annual accounts of the Company, taxes shall first be paid. After making up for the accumulated losses, ten percent will be appropriated to the statutory surplus reserve. However, the statutory surplus reserve shall not be appropriated once it has reached the Company's paid-in capital and the Company shall appropriate or reverse special surplus reserve as prescribed by law. If there is still remaining balance, the Board of Directors shall draw up an earnings distribution proposal on the balance and the accumulated undistributed earnings of previous years and submit to the shareholders' meeting to resolve the dividends distribution to the shareholders.

The policy of dividend distribution shall be based on the Company's financial structure, operational status, capital needs and other factors, taking into account the interests of shareholders and balance of dividends, etc. Dividends to shareholders of the Company shall be distributed in the form of cash or shares, provided that the proportion of cash dividends distributed shall not be less than ten percent of the total dividends.

2. The proposed dividend distribution for this shareholders' meeting

The Company's Board of Directors approved the 2024 dividend distribution on May 8, 2025 as follows:

Unit: NT\$

Dividend per share		Year	2024
Cash dividend	Earnings		1.31
	Capital surplus		1.69
Stock dividend	Earnings		0
	Capital surplus		0
Total			3

- (4) The impact of the stock dividend proposed at this Shareholder's meeting on the Company's business performance and earnings per share: Not applicable as the Company does not distribute stock dividends.

(5) Remuneration for employees, directors, and supervisors

1. The percentage or scope of employees', directors' and supervisors' remuneration as

set out in the company's articles of incorporation

If the Company records a profit for the year, the Board of Directors shall resolve to allocate not less than five percent for employee remuneration and not more than two percent for directors' remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance and report to the shareholders' meeting.

The distribution of employee compensation mentioned in the preceding paragraph may include employees of subsidiaries who meet certain conditions, with the method to be determined by the Board of Directors.

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

The Company will estimate employee and director remuneration expenses based on the percentages outlined in the Articles of Association. Any changes to the remuneration amount approved by the Board of Directors in the following period will be reflected in the expense for the subsequent year.

3. Information on the distribution of remuneration approved by the board of directors
(1) Amount of employee remuneration and directors' and supervisors' remuneration distributed in cash or shares. If there is any discrepancy with the recognized amount for the year the expense is estimated, the discrepancy amount, reason and handling situation should be disclosed

A. On March 12, 2025, the Board of Directors approved the proposed distribution of NT\$46,200,000 as employees' cash compensation and NT\$6,450,000 as directors' compensation for the fiscal year 2024.

B. Please refer to the following table for the difference between the recognized expenses and the estimated figure, and the handling thereof:

Unit: NTD

Distribution items	Amount of allotment proposed by the Board (A)	Recognized expenses and the estimated figure (B)	Discrepancy in amount (A-B)	Note
The remuneration of employees	46,200,000	46,200,000	0	No discrepancy
The directors' remuneration	6,450,000	6,450,000	0	No discrepancy

- (2) The amount of employees' remuneration distributed in stock and its proportion to the sum of net profit after tax and total employees' remuneration for the current period: Not applicable as the Company did not distribute employee stock bonuses in 2024.
- (3) Since the employees' and directors' remuneration has already been expensed in 2024, it does not affect the calculation of earnings per share, which remains at NT\$1.31.

4. The actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares, amount, and share price), and if there is any difference from the recognized remuneration for employees, directors, and supervisors, the difference, reasons, and handling situation should be stated

The actual information regarding the distribution of employee bonuses and remuneration for directors and supervisors from the previous year (2023) profits is as follows:

The Company estimated employees' remuneration of NT\$15,944,000 and directors' remuneration of NT\$3,900,000 in 2023. As resolved by the Board of Directors on March 12, 2024, the actual distribution was NT\$15,944,000 for employees' remuneration and NT\$3,900,000 for directors' remuneration, with no difference from the estimated amounts recognized as expenses for the year.

(6) Status of the Company's share repurchase: None.

II. Status of corporate bond issuance: None.

III. Status of preferred stock issuance: None.

IV. Status of Global Depository Receipt issuance: None.

V. Status of employee stock options: None.

VI. Status of restricted stock awards: None.

VII. Status of new shares issued due to mergers or acquisitions of other companies: None.

VIII. Status of capital utilization plan implementation: None.

Chapter IV. Business Overview

I. Business Activities

(I) Business Scope

1. The main content of the company's business

The Company and its subsidiaries are primarily engaged in the process development, production, and sales of Cholesterol Phosphate Binding Agent, Vit. D Derivatives, Anticancer Active Ingredients, Respiratory Agents, Anti-inflammatory and Analgesic Agents, CNS Agents and other Active Pharmaceutical Ingredients (APIs) and formulations, and ultraviolet absorber products, as well as research and development of biotechnology-based drugs, trading of pharmaceuticals and chemicals, investment business, and wholesale of chemical raw materials and products.

2. The Company's main products and their sales ratios

Unit: NT\$ thousand; %

Year Product Item	2023		2024	
	Operating revenue	Ratio (%)	Operating revenue	Ratio (%)
Cholesterol Phosphate Binding Agent	1,575,432	36.13	1,638,140	34.63
Vit. D Derivatives	808,995	18.55	820,152	17.34
Contract Development and Manufacturing Organization (CDMO)	514,714	11.80	473,102	10.00
Respiratory Agents	478,286	10.97	575,765	12.17
Anticancer Active Ingredients	259,627	5.95	192,289	4.06
Anti-inflammatory and Analgesic Agents	208,368	4.78	210,856	4.46
Others	515,026	11.82	820,742	17.34
Total	4,360,448	100.00	4,731,046	100.00

3. The company's current product items

The main products of the Company are as follows:

Item No.	Main Products
1	Cholesterol Phosphate Binding Agent
2	Vit. D Derivatives
3	Contract Development and Manufacturing Organization (CDMO)
4	Respiratory Agents
5	Anticancer Active Ingredients
6	Anti-inflammatory and Analgesic Series

Note: Currently, Formosa Pharmaceuticals, Epione Pharmaceuticals, and Activus Pharma, which are subsidiaries of the Company, are still in the research and development phase for new drugs. Despite the different division of labor among Epione Investment Cayman Limited, Epione Investment HK Limited, and Shanghai Epione Enterprise, they are also in the stage of new drug application (NDA) and have not yet launched their products on the market, resulting in no revenue generated. Subsidiary Formosa Laboratories, Inc. (Formosa Labs) has received approval from

the U.S. Food and Drug Administration (FDA) in March 2024 for the new drug application of APP13007, a drug for the treatment of post-operative ocular inflammation and pain. Regarding out-licensing, APP13007 has completed exclusive licensing agreements with Faranda Pharmaceutical (China) and Eyenovia, Inc. (USA) in 2021 and 2023 respectively. The total licensing contract value with Eyenovia amounts to US\$86 million, with future product supply to be provided by Formosa Pharmaceuticals, Inc. In 2024, exclusive licensing agreements have been successively completed with Cristália (Brazil), Tabuk (Middle East and North Africa), Tzamal (Israel), Apotex (Canada), DÁVI (Portugal), and Medvisis (Switzerland and Liechtenstein). All future supply of APP13007 will be provided by Formosa Pharmaceuticals, Inc. In addition, APP13007 has also signed an exclusive licensing agreement with Cristália Produtos Químicos Farmacêuticos Ltda. for the Brazil market in January 2024. Another new drug development project, TSY-0110 (indicated for breast cancer), signed a licensing agreement with EirGenix, Inc. in 2022. According to the agreement, Formosa Pharmaceuticals will receive milestone payments, while EirGenix will obtain future profit-sharing rights. Both parties will share the related revenues derived from the R&D results of TSY-0110. It is expected that an application for Phase I clinical trials will be submitted in 2025. SynChem-Formosa, Inc. completed the acquisition in June 2024, continuing to steadily expand North American CDMO business. Currently, three clinical-stage projects are in progress, with multiple additional projects under negotiation.

4. New products (services) planned for development

The Company has upgraded its API technology and services, extending from existing API research and production to downstream formulation, venturing into injectable product development and manufacturing. Currently, both general production lines (small and large molecules) and cytotoxic production lines (anticancer ADC products) are in operation. The Company continues to monitor upcoming originator drug products, selecting items from among them to expand its market for APIs, antibody drug conjugates, and injectable products.

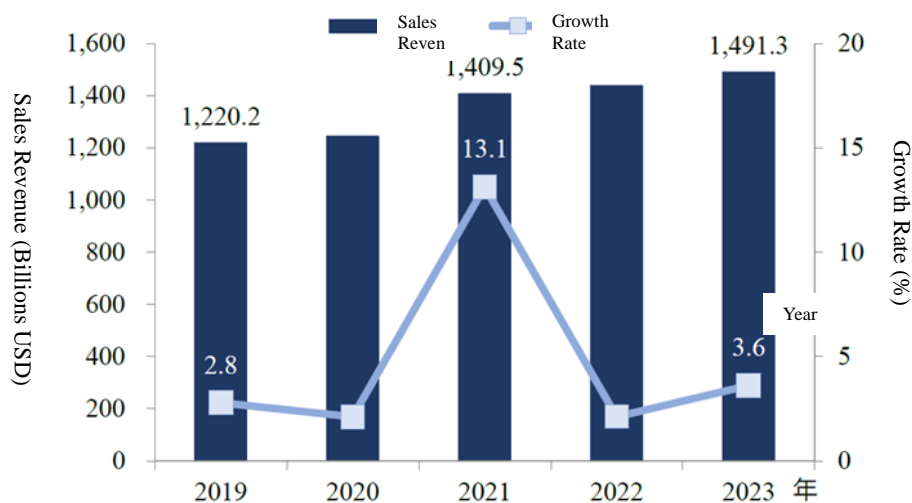
II. Industry Overview

1. Current status and development of the industry

(1) Global Pharmaceutical Market Current Status

With global population aging, the demand for pharmaceuticals treating age-related diseases such as cancer and neurodegenerative conditions is expected to increase. Additionally, as many countries have made ensuring stable supply of essential medicines and developing forward-looking key research technologies their national strategic priorities, this will promote more trends toward self-sufficiency and supply chain strategic alliances. With the expected increase in global pharmaceutical demand, stable drug supply, and innovative technology development, a new wave of growth momentum is anticipated. The global pharmaceutical market is projected to reach US\$1.9 trillion by 2028, with a compound annual growth rate of 5.2% for the global pharmaceutical market from 2024 to 2028.

Global Pharmaceutical Market Size from 2019 to 2023



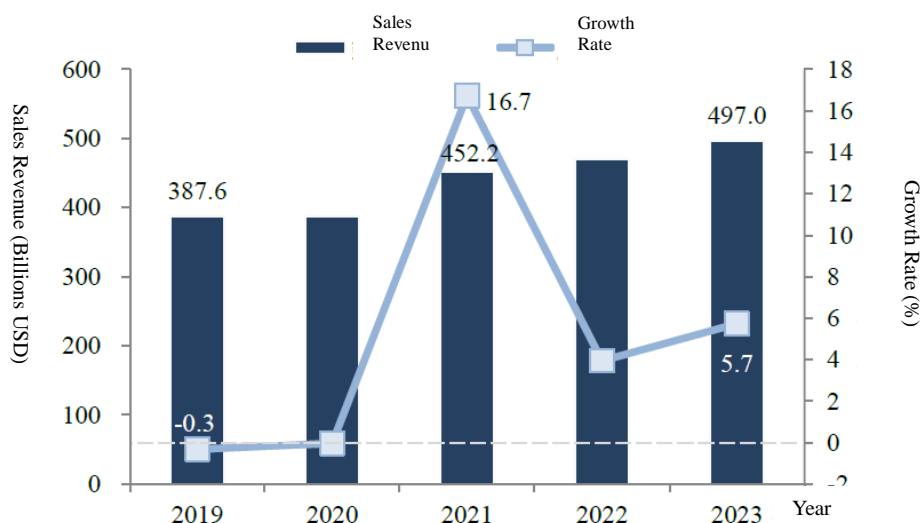
Source: Fitch Solutions; DCB Industry & Information Research Team (2024.08)

(2) Current Status of Generic Drug Market

For chemical companies, the expiration of exclusive rights marks the conclusion of a new product's life cycle. It also indicates the conclusion of the market monopoly period, during which costs for continuous innovation are recouped and funds for future R&D are provided. Consequently, chemical companies gradually decrease commercial investment and shift focus to new innovative products, while the ecosystem of generic chemical companies takes over and continues to supply less expensive generic products to the market. According to the International Generics and Biosimilar Medicines Association, generic drugs account for 92% of prescription drugs in the US and 67% in Europe.

Due to the COVID-19 pandemic in 2020, many countries adopted social distancing measures, causing economic growth to slow down. Financial difficulties led governments to further encourage the use of generic drugs to reduce healthcare expenditures. Additionally, the aging global population has resulted in an increase in chronic disease patients, which is one of the main driving forces of the generic drug market. According to Fitch Solutions data, in 2022, the world gradually moved beyond the impact of COVID-19, and pharmaceutical market demand progressively returned to normal. In 2022, global generic drug sales reached US\$420.16 billion, and in 2023, the global generic drug market size reached US\$497.02 billion. During the period from 2019 to 2023, the compound annual growth rate of global generic drug sales was 6.4%.

Global market size of generic drugs from 2019 to 2023



Source: Fitch Solutions; DCB Industry & Information Research Team (2024.08)

(3) Current Status of Active Pharmaceutical Ingredients (APIs) Market

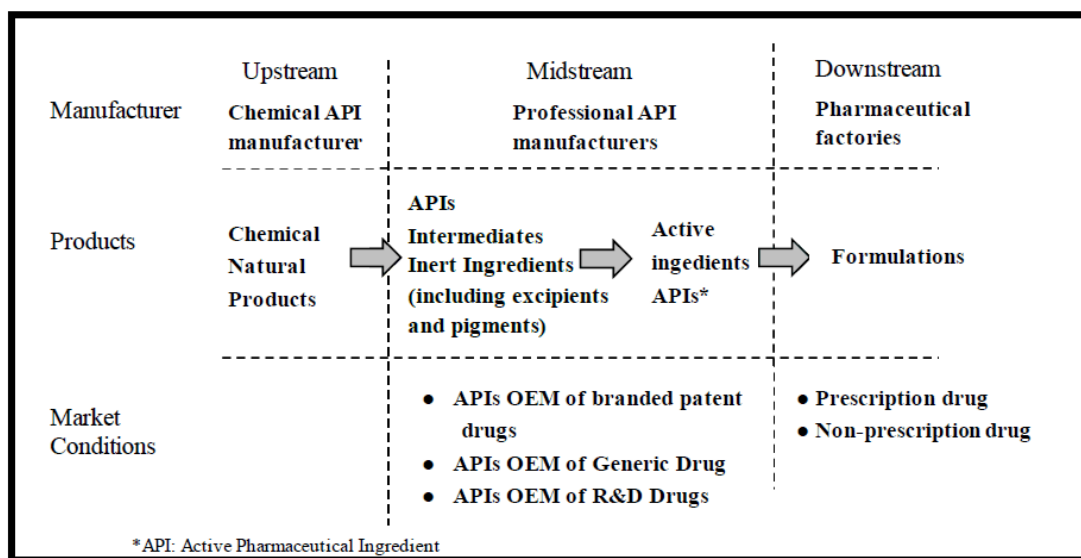
In 2023, global sales of Active Pharmaceutical Ingredients (APIs) increased to US\$158.12 billion, growing by 1.4% compared to 2022. According to data released by MarketsandMarket, the global API market has generally shown a steady growth trend in recent years; the market returned to growth in 2021, with a growth rate of 4.9% in 2022, despite a decline in 2020 due to the impact of the COVID-19 pandemic. The compound annual growth rate (CAGR) of global APIs sales from 2019 to 2023 was 10.7%. Factors such as the advancement of APIs manufacturing technology, the increase in chronic disease prevalence, the growth of the biologics market, and the increase in demand for generic drugs have all contributed to the growth of the APIs market.

(4) Current Status of Contract Development and Manufacturing Organization (CDMO) Market

The pharmaceutical contract service industry has always played the important role of a key supporter in the global pharmaceutical industry, helping to improve research and development and production efficiency. After the COVID-19 pandemic, from the demand perspective, its importance to the overall pharmaceutical industry appears to have become even more evident. The pharmaceutical contract service industry has become a beneficiary during the COVID-19 pandemic. Factors such as the continuous increase in global R&D productivity demands, increased complexity of drug development, and the gradual rise of small, virtual biotech companies leading to growth in global pharmaceutical demand have boosted the biotechnology and pharmaceutical industry's demand for pharmaceutical contract services. The global CRO market size is expected to grow to US\$74.53 billion by 2025. According to MarketsandMarkets research, the global CDMO market size reached approximately US\$179.17 billion in 2023. Driven by the growth in global pharmaceutical demand, the compound annual growth rate of the global CDMO market from 2019 to 2023 was 21.8%.

2. Relationship between upstream, midstream, and downstream of the industry

The Active Pharmaceutical Ingredients (APIs) industry occupies the midstream position in the pharmaceutical industry. Upstream raw materials primarily include natural animal and plant materials and general chemicals, while downstream consists of formulation manufacturers (including branded pharmaceutical companies and generic drug manufacturers).



Upstream, midstream, and downstream industries are described as follows:

(1) Upstream

The upstream consists of raw materials for API preparation, including natural animal and plant materials and general chemicals, mainly obtained through chemical synthesis or by extracting animal, plant, and microbial tissues and cells.

(2) Midstream

As the majority of APIs are small organic molecules, they are typically synthesized using biological or chemical methods. Chemical methods are preferred due to their convenience, speed, and competitive pricing, making them a widely used option in the API industry. There are various production methods for APIs depending on the source of raw materials. In addition to raw material preparation, such as fermentation, natural product processing involves extraction, separation, hydrogenation, alcoholysis, esterification, saponification, and purification (e.g. distillation, extraction, crystallization). General chemical preparation involves complex organic synthesis, separation, and purification. Genetic engineering preparation involves purification and recovery engineering. As a result, the production process for APIs in the precision biochemical industry is complex, with synthesis technology being the most sophisticated.

(3) Downstream

The downstream segment of the pharmaceutical industry chain encompasses the factories responsible for manufacturing pharmaceutical preparations. The production process for pharmaceutical preparations entails the addition of APIs to adjuvants, including excipients, adhesives, emulsifiers, and other substances, which are then reprocessed into convenient dosage forms.

3. Various development trends of products

For over 30 years, our Company has established a strong presence in the European, American, and Japanese markets, earning the trust of major pharmaceutical companies and cultivating a positive brand image. In addition, the Company has excellent international market development capabilities, with smooth channels and competitive pricing. It has become an API supplier for international pharmaceutical companies and has gained customer recognition. Currently, the Company's customers include the world's top three branded pharmaceutical companies, five of the top ten generic drug manufacturers in the United States, and the top three generic drug manufacturers in Japan.

The company has amassed experience in developing and producing APIs, resulting in a diverse range of products with unique characteristics. The following outlines the future market applications and development trends for these products.

(1) Active Pharmaceutical Ingredients (APIs)

The aging global population has increased the prevalence of chronic diseases such as cardiovascular diseases, cancer, and respiratory system diseases, leading to an increase in the demand for related treatment drugs and accelerating the growth in demand for APIs. As governments' health insurance demand for affordable healthcare increases, generic drugs are more cost-effective than patented drugs, making the importance of generic drugs increasing. The relatively low prices of generic drugs have also increased the population that can afford drug treatment and the overall usage of drugs, further driving the demand for APIs and promoting the growth of the APIs market. In addition, there are some other factors that directly or indirectly promote the growth of the APIs market, such as the support of government policies in various countries, the expiration of patents for major drugs, and the increase in the number of approved drugs in recent years. In the post-pandemic era, although the APIs market is undergoing significant changes, the global focus on the APIs supply chain is also increasing, which makes the prospect of the APIs market promising. According to data from MarketsandMarkets, the global APIs market is expected to continue expanding at a stable growth rate by 2030. In response to strong customer demand for APIs, Formosa Laboratories conducts annual production line optimization plans to increase capacity and improve yield. In 2024, the company added production lines for the Cholesterol Phosphate Binding Agent series products, which have passed US FDA inspection and entered commercial mass production, increasing output to meet customer demand.

(2) Injectable Formulations

At the 2023 BioAsia Conference, Aurelio Arias, Director of Global Thought Leadership at IQVIA, shared the latest trends in the global pharmaceutical industry. He particularly pointed out that biologics and injectable drugs are areas that have grown significantly over the past decade compared to small molecule drugs and oral medications. From 2016 to 2021, the global market value of injectable drugs grew by 10%, while tablets only grew by 3% and capsules only grew by 2%, indicating the increasing demand for injectable products year by year.

In 2018, Formosa Laboratories established a development team dedicated to the production of injectable formulations. The plant's hardware was designed by NNE Global, a globally recognized company, to fully comply with the aseptic filling requirements outlined in GMP. Additionally, a plant was constructed to produce anti-cancer injectable formulations that meet the highest international standards.

The production line adheres to the standards of the United States, the European Union, and Japan, and can be expanded to meet the needs of clients.

Formosa Laboratories has transformed and upgraded its operations from the manufacturing of APIs to injectable formulations. Additionally, the Company has established three production lines. In addition to the production lines related to cytotoxicity (anti-cancer drugs and ADCs), Formosa Laboratories has planned general production lines (small molecules and macromolecules) to provide clients with flexible production lines and capacity options. The production line has a maximum capacity of 10,000 to 250,000 vials per batch. In addition to the general production line, there is a cytotoxic/high-potency production line, which offers a comprehensive service that includes R&D and production of APIs and injectable formulations. This service reduces clients' R&D cycle and cost.

To accelerate market expansion and increase product capacity to seize business opportunities, new production lines are planned to be established, with completion estimated by 2027.

(3) Contract Research and Manufacturing Services

The Company has accumulated experience in customized contract research and development, with API process development as its core advantage, and continues to serve customers. In addition to providing customized synthesis services of small molecule APIs for clinical use to existing customers, the Company has also developed new products such as peptide series products, while expanding into formulations and ADC (Antibody-Drug Conjugate) products. In the field of innovation, leveraging years of focused synthesis experience, the company has developed its own ADC Payload-Linker platform, providing partners and potential customers with various candidate combinations of linkers and drugs, enhancing the drug-to-antibody ratio (DAR), and further expanding Formosa Laboratories' scope of one-stop services for antibody-drug conjugates. Formosa Laboratories, with its experienced Antibody Drug Conjugate (ADC) technology platform, provides customized services and is the best partner for customer success. To serve customers with increased capacity, a 200L production line has been expanded in 2024, with annual production capacity reaching up to 300KG, meeting customers' capacity requirements.

The Company achieves vertical integration of technology to develop and integrate the production of APIs and sterile injectable formulations, including special formulations such as pre-filled syringe cartridges and large volume lyophilized injectable formulations. The design, manufacturing process, validation, and registration of plants for sterile injectable formulations comply with international regulations. Consistent production from APIs to sterile injectable formulations significantly reduces production costs, increases product profitability, and enhances the Company's competitiveness.

(3) Technology and R&D Overview

1. R&D expenses (Company and subsidiaries)

Research and development expenses invested in 2024 and up to March 31, 2025, were NT\$796,424 thousand and NT\$177,348 thousand, respectively.

2. Successfully developed technologies or products

The successfully developed products in 2024 and up to the present are as follows:

Product names: Zavegepant, Ferric Carboxymaltose Injectable, etc.

(4) Short-term and Long-term Business Development Plans

1. Short-term Business Development Plans

- (1) Consolidate relationships with existing customer groups, actively expand new customers, and increase market share in the industry.
- (2) Strengthen communication with customers to fully understand their needs.
- (3) Focus on quality, maintain high standards of customer satisfaction.
- (4) Reduce costs to enhance competitiveness.

2. Long-term Business Development Plans

- (1) Strengthen relationships with upstream and downstream manufacturers, effectively link supply chain operations to accelerate meeting customer needs.
- (2) Form strategic alliances with customers, expand market share to create win-win situations.
- (3) Initiate at least 10 new R&D projects annually and commercialize at least 2 new products each year to maintain competitive advantage.
- (4) Improve existing equipment and processes to achieve maximum efficiency, in order to reduce costs and enhance market competitiveness.
- (5) Strengthen R&D contract manufacturing services, expand ADC and injection product customer base.
- (6) Cultivate talent to meet the company's continued future growth, foster organizational members' identification with corporate culture to establish an organizational culture with shared values, and achieve the common vision of sustainable operation.

II. Market and Sales Overview

(1) Market Analysis

1. Sales regions of main products

Unit: NT\$ thousand

Sales Region	2023	2024
India	1,031,114	1,056,918
United States	269,315	631,354
Netherlands	577,197	588,641
Taiwan	278,083	338,177
Japan	311,977	262,690
Germany	306,894	250,629
China	272,568	217,953
Switzerland	272,054	197,055
Other Countries	1,041,246	1,187,629
Total	4,360,448	4,731,046

2. Market share

(1) Active Pharmaceutical Ingredients (APIs)

A. Cholesterol Phosphate Binding Agent Series

The Cholesterol Phosphate Binding Agent product maintains a leading global market position, being one of the three major suppliers for generic drug manufacturers in the market, while also being the primary supplier for the US and European markets. Demand for each product line in this series is strong; due to robust customer demand, production lines have been optimized annually to increase capacity in order to meet customer needs. Product market share exceeds

70%, with one product reaching over 90% market share.

B. Vitamin D Derivative Series Products

The Vitamin D Derivatives product series holds multiple patents, has been well-received in European, American, Chinese, and Japanese markets, and has earned a good international reputation, making it the Company's signature product series. This product series has entered the original manufacturer supply chain, with three items being among the top three global suppliers, and one product reaching a global market share of 40%.

C. Corticosteroid Series Products

This product series has entered the U.S. original manufacturer supply chain, and the series is currently in stable production and shipping.

D. Respiratory System Products

This product series has demonstrated excellent sales performance with doubled revenue. In the second half of 2024, production line optimization has been completed to increase capacity to meet market demand.

E. Anticancer Drug Series Products

One product in this series has been approved by the U.S. FDA for market launch and has obtained Chinese pharmaceutical certification. This API achieved nearly 60% market share in the United States in 2024, and is currently in stable production and shipping.

(2) Injectable Formulations

The Company's injection production line meets the production requirements for both small molecule drugs and large molecule drugs, with three sterile injection production lines having an annual capacity of hundreds of millions of doses, while also being able to provide pre-clinical development customers with service capacity of millions of doses. Additionally, there is a cytotoxic product line with an annual capacity of tens of millions of doses, which passed the U.S. FDA inspection in 2024. The Company's production lines for injectable formulations are capable of meeting service capacity. By utilizing a joint development model, the Company has improved its product supply chain and sales network, accelerated market development, launched new products, seized business opportunities, and gradually improved operational performance. To accelerate market expansion and increase product capacity, seizing business opportunities, new production lines are planned to be established and estimated to be completed and put into production by 2027.

The Company's injection plant has developed a new product, a novel chemotherapy drug for advanced breast cancer, which has been approved by the TFDA for market launch and began generating sales and contributing to revenue in 2024. Sales contracts have also been signed with customers in the U.S. and European markets, with the global market reaching up to 370 million USD; of which, the U.S. market is approximately 130 million USD, while the Taiwan market is 450 million NTD.

(3) Contract Research and Manufacturing Services

Due to strong demand for contract manufacturing services, the Company's business model from R&D to mass production has demonstrated effectiveness, with service clients including international major manufacturers, and projects entering critical validation phases or commercial scale-up stages. Additionally, the ADC (antibody drug conjugate) technology service platform has gained international recognition, assisting multiple pharmaceutical companies in product research and development. The antibody drug conjugate (ADC) platform combined with injection development and contract manufacturing services has successively passed multiple

QP audit certifications since 2019, with clients obtaining Phase I clinical trial permits from the U.S. FDA, European EMEA, and Chinese NMPA, steadily providing ADC clinical drugs. In the innovation field, with years of focused synthesis experience, the Company has also developed its own ADC linker-payload platform, providing partners and potential customers with various combinations of linkers and drugs, enhancing the drug-to-antibody ratio (DAR). In light of the COVID-19 pandemic and the restructuring of the global supply chain, our Company has provided pharmaceutical filling clients with flexible and efficient solutions, as well as complete R&D and production supply chains. Providing one-stop services from active pharmaceutical ingredients to formulations, with cytotoxic production lines (anticancer drugs and ADC (antibody drug conjugate)), peptides, fermentation, and general production lines (small and large molecules). Among these, the general formulation filling line can provide service capacity ranging from millions of doses for pre-clinical customer development to hundreds of millions of doses for commercial mass production, offering customers flexible and diversified product services. In 2024, a 200L production line was expanded, with an annual production capacity reaching 300KG. Currently, collaboration projects with multiple internationally renowned pharmaceutical companies are gradually being launched.

3. Future Market Supply and Demand Conditions and Growth Potential

In recent years, due to the globalization of industry and economy, the API industry has gradually shifted to Asia for R&D, production, and OEM, due to the lower manufacturing and clinical trial costs and the rapid rise of the Asia-Pacific market. The proportion of bulk APIs and key intermediates produced in China and India has been increasing steadily. As a result, these two countries have become significant suppliers in the global market. However, their focus remains on producing inexpensive generic drugs. In contrast, the API markets in Western Europe, North America, and Japan are dominated by patented and high-priced new drugs. Consequently, the proportion of outsourced production in these regions is on the rise.

The API market will experience constant growth due to the accelerated launch of new drugs and increased use in emerging markets. It is projected that global sales of APIs will reach US\$208.05 billion by 2024, with a CAGR of 4.0% from 2019 to 2024. The primary markets for APIs will continue to be concentrated in the United States, Chinese mainland, and India.

In the future, the chemicals industry will experience accelerated consolidation of global API manufacturers, resulting in the elimination of small and medium-sized manufacturers lacking international competitiveness. Only manufacturers with good manufacturing specifications, cost advantages, and price competitiveness will survive. Therefore, small and medium-sized companies must develop new technologies, such as transitioning from small-molecule APIs to large-molecule products, expanding from CMO business to CDMO business, integrating upstream new drugs to increase profitability, partnering with downstream pharmaceutical manufacturers to lower costs, and finding a niche to survive in a competitive environment through transformation and upgrading.

Looking ahead, the company will continuously develop new products, adhere to strict GMP production management, strengthen R&D and OEM business, expand the client base for ADCs and injectable formulations, provide clients with higher quality products, and continue to expand market share.

4. Competitive Niche

The Company's extensive management experience has enabled it to effectively control the development and launch time of new products, positioning it as a market leader. The following are its main competitive niches:

(1) Strong R&D Team and Mass Production Experience

The Company boasts a robust R&D team dedicated to developing API processes and analytical methods. With over a decade of experience in process development and patents for relevant processes, the Company is well-equipped to provide clients with comprehensive, one-stop services. Its strong production capacity and practical expertise further enhance its ability to meet client needs. The Company has leveraged its extensive experience in R&D, manufacturing, and production of highly toxic drugs and plant equipment, as well as its long-standing training of talented individuals capable of handling highly toxic products, to establish a technology platform for ADCs. This platform covers the entire process from bulk drugs to preparations, and includes filling services for highly toxic preparations and injectable formulations.

(2) Excellent Product Quality

All of the Company's products conform to cGMP specifications and have passed both on-site inspections by the Taiwan Food and Drug Administration and inspections by foreign pharmaceutical manufacturers and official competent authorities, including the FDA, on an annual basis. Furthermore, our products have obtained drug certifications from the United States, Germany, Japan, and other countries. The Company also regularly participates in international biotechnology and medical drug exhibitions, which has helped establish our international reputation and demonstrates that our products undergo strict examination and are recognized by various countries.

(3) Stable Raw Materials Supply

The Company's main raw materials are sourced from long-standing partnerships with manufacturers, ensuring a secure supply and favorable pricing that maintains the Company's competitive advantage.

(4) International Marketing Capabilities

As the Company's business relies on exports for over 90% of its revenue, there are no market limitations on sales. Over the past decade, our Company has successfully established a robust international sales network that spans Europe, the United States, Japan, India, the Middle East, and Southeast Asia. We have experienced stable development and growth in all regions, which has been instrumental in expanding our market and diversifying our business risks. With clients evenly distributed around the world, we are well-positioned to continue our success in the global chemicals industry. Due to the Company's strong capacity for international market development and efficient pipeline, it has become a reliable supplier of APIs to global pharmaceutical manufacturers. This creates favorable conditions for the future development of our international market.

5. Favorable and Unfavorable Factors for Development Prospects and Countermeasures

(1) Favorable Factors

A. Aging Population Structure and Rising Living Standards

Currently, the world has entered an era of aging society. As the population structure continues to age, the demand for various drugs is expected to rise, leading to an expansion and growth of the market size for API manufacturers.

An increasing number of countries are placing greater emphasis on healthcare. In order to provide medical resources to the majority of people, policies and regulations have been implemented to regulate drug prices, manage medical expenses, and enhance the overall quality of healthcare. This has prompted major global pharmaceutical manufacturers to seek out companies with low costs and quality systems that comply with international quality standards. This trend bodes well for the future growth of our marketing business.

B. Government Attention and Assistance

The government has identified the API industry as a crucial development project. Alongside investing in industrial technology R&D, the government has implemented several preferential measures on taxation and financing for manufacturers. These measures include the Guiding Measures for the Development of Leading New Products, the Regulations for Promoting Industrial Upgrading, and the Plan for Strengthening the Promotion of Biotechnology Industry. These regulations and measures provide the Company with external competitive advantages, create opportunities for domestic API manufacturers to expand globally, and facilitate the Company's growth in the international API market.

(2) Unfavorable Factors

- A. International regulations on key starting materials are becoming more stringent, reducing the number of qualified suppliers.
- B. Talent shortage, with the electronics industry poaching workers with high salaries, causing human resource imbalance.
- C. Price-cutting competition from India.

(3) Countermeasures

- A. In addition to cultivating current cooperative suppliers, we are adding secondary suppliers and actively seeking other supply resources. Furthermore, with the Company's rigorous GMP production management system and quality system that complies with international regulatory requirements, we are entering the intermediate supply chain. This not only maintains stability in raw material supply sources but also creates new niches.
- B. Establish a stable supply chain with suppliers, quickly obtain market information, respond to market changes in a timely manner, and adjust demand and inventory accordingly.
- C. Carefully select products to segment the market. Continue to maintain excellent product quality and the ability to obtain certifications in Europe, America, and Japan.

(2) Important uses and production processes of main products

1. Important uses of main products

The Company's current main products and their uses are as follows:

- (1) Cholesterol Phosphate Binding Agent: Mainly used to treat hyperlipidemia and hypophosphatemia in patients with low renal function.
- (2) Vitamin D derivatives: are primarily utilized to treat psoriasis, hyperparathyroidism, osteoporosis, and renal osteodystrophy resulting from uremia.
- (3) Drugs for Respiratory System Diseases: Mainly used to treat sensitive and allergic diseases of the upper respiratory tract.

(4) Anti-inflammatory and Analgesic Agents: Mainly used as an analgesic for ulcerative colitis and herpes zoster.

(5) Central Nervous System Drugs (CNS Agents): Mainly used for anti-depression.

2. Production Process of Main Products

(3) Supply status of main raw materials

Main Raw Materials	Main Suppliers	Supply Status
Chemical Raw Materials	Company G	Good

(4) List of Major Suppliers and Customers

1. The names and purchase amounts and ratios of suppliers accounting for more than 10% of total purchases in any year of the most recent two years, and explanation of the reasons for changes

Unit: NT\$ thousand; %

Item	2023				2024			
	Name	Amount	Ratio of Total Annual Net Purchases (%)	Relationship with the Issuer	Name	Amount	Ratio of Total Annual Net Purchases (%)	Relationship with the Issuer
1	Company F	128,860	11.59	None	Company G	133,333	10.68	None
2	Company E	112,293	10.10	None	Company E	—	—	None
	Others	870,414	78.31	—	Others	1,114,655	89.32	—
	Net Purchases	1,111,567	100	—	Net Purchases	1,247,988	100	—

Note: Reasons for increases/decreases in suppliers:

- (1) F Company primarily due to reduced procurement of raw materials for respiratory agents and cholesterol phosphate binding agents.
- (2) Although the annual purchase amount from E Company increased compared to the previous year (2023), due to the total net purchases also being higher than in 2023, the percentage of purchases from E Company fell to below 10%.
- (3) G Company primarily due to increased procurement of Vit. D Derivatives raw materials.

2. The names and purchase amounts and ratios of customers accounting for more than 10% of total sales in any year of the most recent two years, and explanation of the reasons for changes

Unit: NT\$ thousand; %

Item	2023				2024			
	Name	Amount	Ratio of Total Annual Net sale (%)	Relationship with the Issuer	Name	Amount	Ratio of Total Annual Net sale (%)	Relationship with the Issuer
1	Company AC	563,315	12.92	None	Company AC	583,404	12.33	None
	Others	3,797,133	87.08		Others	4,147,642	87.67	
	Net Sales	4,360,448	100	—	Net Sales	4,731,046	100	—

Note: Reasons for increases or decreases in clients:

AC Company: Due to increased demand for APIs from some customers in 2024, the annual sales amount grew compared to year 2023. In 2024, AC Company's sales percentage slightly decreased to 12.33%.

III. Employee Information

Unit: Person; Age; Years; %

Year		2023	2024	As of the 1st quarter of 2025
Number of Employees	Administrative and Sales	114	102	106
	R&D	136	139	140
	Technician	652	686	679
	Total	902	927	925
Average Age		35.8	36.1	37.1
Average Service Years		5.5	5.8	5.9
Education Distribution Ratio	Ph.D	4.77%	4.53%	4.54%
	Master	26.5%	27.29%	26.70%
	University/College	55.13%	53.40%	53.84%
	High School (Vocational)	12.64%	13.92%	14.38%
	Below High School	1.00%	0.86%	0.54%

Note: The numbers in the above table represent employees of the Company and its subsidiaries who were still employed at the end of each period.

IV. Environmental Protection Expenditure Information

- (I) Losses suffered due to environmental pollution in the most recent year and up to the printing date of the annual report (including compensation and results of environmental protection inspections showing violations of environmental regulations, specifying the disposition dates, disposition reference numbers, articles of law violated, content of violations, and content of dispositions), and disclosing an estimate of possible expenses

that could be incurred currently and in the future and the corresponding measures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

The Company has always been dedicated to environmental protection and preventing pollution. While it is currently difficult to estimate potential losses resulting from environmental pollution in the future, the Company will closely monitor the development of environmental protection laws and regulations, as well as changes in environmental pollution evaluation standards. The Company will respond to these evaluations with appropriate measures. In 2024, the Company incurred administrative penalties including minor violations or deficiencies in fire safety, environmental protection regulations, etc., with 7 penalty cases totaling NT\$633,000. All listed deficiencies have been corrected or are in the process of being improved.

- (II) For pollutants generated during the manufacturing process, such as waste (sewage) water, exhaust gas, waste materials, and toxic substances, the Company has installed relevant equipment, designated responsible personnel, and commissioned professional legal institutions for handling, as explained below:

1. Installation of Pollution Control Facilities or Discharge Permits

(1) Wastewater Treatment

The Environmental Protection Bureau of Taoyuan City Government has granted the Company the Water Pollution Prevention Permit (Taoyuan-Huan-Pai-Xu-Zi No. H0604-11). To manage the wastewater (sewage) produced during the production process, the Company has constructed a wastewater treatment plant, which is operated by designated personnel. The wastewater (sewage) is only discharged outside the factory after meeting the discharge standard. Additionally, Luzhu No.2 Plant has obtained the Wastewater (Sewage) Storage Permit (Taoyuan-Huan-Pai-Xu-Zi No. H3842-03) and has commissioned Luzhu Plant to treat wastewater (sewage).

(2) Exhaust Gas Treatment

The company has constructed Regenerative Thermal Oxidizers (RTOs) to improve the treatment of Volatile Organic Compounds (VOCs). These RTOs have a treatment efficiency of 95% or higher and can recycle and reuse waste heat, aligning with our commitment to environmental protection and energy conservation. Additionally, the company has obtained the Stationary Pollution Source Operating Permit in compliance with the Air Pollution Control Act and has designated specialized personnel to manage air pollution control.

Stationary Pollution Source Operating Permit	Permit No.
(Luzhu Plant) Other Western Medicine Manufacturing Procedure (M01)	Certificate No. H5698-05
(Luzhu No.2 Plant) Other Western Medicine Manufacturing Procedure (M01)	Certificate No. H5699-04
Boiler Steam Generation Procedure (M05)	Certificate No. H5368-07

(3) Industrial Waste Treatment

Recyclable waste generated during production will be recycled by resource recovery operators. Non-recyclable waste, such as solid waste, waste solvent, and garbage, will be cleaned and treated by qualified professional cleaners and treatment plants

approved by environmental protection units.

(4) Pharmaceutical Waste Treatment

The Company has applied appropriate measures for the treatment of toxic chemicals and has complied with relevant laws and regulations.

2. Environmental Protection Department

The company has a dedicated environmental protection unit staffed with specialists in various environmental protection matters. The relevant information on these specialists is described below:

Item	Description
(Luzhu Plant) Wastewater Treatment Specialist	Specialist in charge of Class A wastewater treatment, Certificate No. (110) Huan-Shu-Xun Certificate No.GA370448
(Luzhu Plant) Air Pollution Specialist	Specialist in charge of Class B air pollution prevention and control, Certificate No. (103) Huan-Shu-Xun Certificate No. FB040400
(Luzhu No.2 Plant) Air Pollution Specialist	Possessing a Class A Air Pollution Control Specialist, Certificate No. (91) EPA Training Certificate No. FA060452
(Luzhu Plant) Waste Treatment Specialist	Possessing a Class A Waste Treatment Technician, Certificate No. (111) EPA Training Certificate No. HA080097
(Luzhu Plant) Toxic Chemical Treatment	Possessing a Class A Toxic Substance Treatment Technician, Certificate No. (112) EPA Training Certificate No. JA100251
(Luzhu No.2 Plant) Toxic Chemical Treatment	Possessing a Class A Toxic Substance Treatment Technician, Certificate No. (89) EPA Training Certificate No. JA190244

3. Future countermeasures (Including Improvement Measures) and Potential Expenditures:

The Company places great emphasis on environmental protection. In recent years, we have constructed wastewater treatment facilities and RTOs, and have strengthened our proper treatment of wastewater and air pollution generated during the production process to meet relevant environmental protection standards.

V. Labor Relations

(I) The Company's and its subsidiaries' employee welfare measures, continuing education, training, retirement system and implementation status, as well as the agreement between labor and management and the measures to safeguard employee rights and interests.

1. Welfare System

- (1) Free group insurance for employees and their family members (spouse, children) (including life insurance, medical insurance, accident insurance, and travel insurance for business trips), preferential group insurance for employees' relatives, and occupational accident insurance.
- (2) Performance bonuses, year-end bonuses and employee remuneration.
- (3) Free annual health examinations, special operations health examinations, and management health examinations.
- (4) Establishment of factory nurses and monthly on-site doctor health consultations.

- (5) Breastfeeding room for female employees.
- (6) Year-end annual dinner party, family day, and "2024 Formosa Laboratories Family Day" held on October 19 at Hsinchu Kiddy Land Science Theme Park, with a total of 887 employees and family members participating.
- (7) Fitness room, library, employee cafeteria, free employee car and motorcycle parking lot, and free employee dormitory for long-distance employees.
- (8) Establishment of an Employee Welfare Committee, providing various employee benefits, including holiday bonuses/welfare allowances, birthday gifts, birthday celebration activities, subsidies for colleague gatherings (social events), and subsidies for club formations.
- (9) Subsidies for employees' self-study degrees or language training, and scholarships for employees' children who are students. In 2024, a total of 3 colleagues received subsidies for degree advancement and language training, and 47 colleagues' children were awarded scholarships.
- (10) Held labor-management meetings every quarter to conduct two-way communication and negotiation with employees, with a total of four meetings held in 2024.
- (11) Monthly provision of mental and physical health promotion articles for employees and managers. The company offers Employee Assistance Programs (EAPs) providing psychological, legal, management, health, and other professional consultation services to employees. In March, June, and September of 2024, EAP educational training sessions were held, including mental stress relief courses and workplace communication seminars, with a total of 50 participants.
- (12) In 2024, health promotion activities such as group weight loss programs, rhythmic aerobics, and health promotion seminars were organized, with a total of 411 participants.
- (13) Organized blood donation activities, Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) usage courses, with a total of 146 participants.
- (14) In 2024, two sessions of influenza and COVID-19 vaccination activities were organized, with a total of 153 participants.

2. Employee Trainings

The company has developed procedures for education and training aimed at improving personal skills, training professionals, enhancing product quality and R&D capabilities, maintaining and strengthening our competitive position in the industry, fostering employee understanding of our corporate culture, and establishing a shared organizational culture. These efforts create opportunities for sustainable operations and promote common values.

The 2024 Training Outcomes , as follows:

Item	Training fee (NT\$)	Hours	Attendance
Core	19,848	167	2,242
Professional	271,343	1,534	1,222
General knowledge	140,000	139	326
Labor safety and health	683,621	1,364	887

Administration	154,044	19	52
Total	1,268,856	3,223	4,729

3. Retirement System and Implementation

(1) New Retirement System

In compliance with the Labor Pension Act, the Company has been contributing 6% of employees' monthly salaries to their individual pension fund accounts, as established by the Bureau of Labor Insurance, since July 1, 2015. This applies to both new and existing employees who have opted for the new labor retirement system.

Starting from July 1, 2005, for those who choose the "Labor Pension Act", the pension payment and calculation methods are as follows:

A. Individual Retirement Pension Accounts

a. Monthly Pension:

When reaching 60 years of age and being subject to the "Labor Pension Act" with 15 years of service, one may claim monthly pension payments.

The principal and accumulated returns in an employee's individual retirement account are calculated based on the annuity life table, using average life expectancy and interest rates as the basis to determine the amount for regular pension payments.

b. Lump-sum Pension:

When reaching 60 years of age but having less than 15 years of service under the Labor Pension Act, one must claim a lump-sum pension payment.

Receive the principal and accumulated returns from the employee's individual retirement account in a lump sum.

B. Annuity Insurance System: Payment amounts are determined according to the insurance contract.

C. For employees who choose to apply the retirement system under the "Labor Standards Act" and retain their years of service prior to the "Labor Pension Act," factors such as the number of employees, wages, years of service, and turnover rate are used to actuarially determine the contribution rate for the labor retirement reserve. Employers continue to make full monthly contributions to the labor retirement reserve fund within 5 years in accordance with Article 56, Paragraph 1 of the "Labor Standards Act," to be used for retirement payment purposes.

(2) Old Retirement System

At the same time, the Company continues to calculate the seniority for the original employees who chose to apply the old retirement pension system in accordance with the provisions of the "Labor Standards Act", and retains the old seniority for the original employees who chose to apply the new retirement pension system. The Company has also established a Labor Retirement Reserve Supervisory Committee, contributing 2% of the total employee salaries each month as retirement pension, and depositing it in a special account at the Bank of Taiwan and handling employee retirement matters in the name of the Labor Retirement Reserve Supervisory Committee.

A. Employees of the Company who meet one of the following conditions may apply for voluntary retirement:

- Those who have served for 15 years or more and have reached the age of 55.
- Those who have served for 25 years or more.
- Those who have served for 10 years or more and have reached the age of 60.

- B. The provisions for the payment of employee retirement pensions are as follows:
- a. The standard for the base amount of retirement pension is the average salary for one month at the time of approved retirement.
 - b. For each year of service, two base amounts are given; after 15 years, one base amount is given for each additional year, with a maximum total of 45 base amounts. Less than half a year is counted as half a year, and half a year or more is counted as one year.
 - c. For those who have lost their mental faculties or are physically disabled due to the performance of their duties, an additional 20% is given based on the previous provision.
 - d. The retirement pension for employees should be paid within 30 days from the date of the employee's retirement.

(3) Retirement Pension Contribution Status

1. For those applying for the new system under the "Labor Pension Act": The recognized pension expense for 2024 is NT\$38,165,382.
2. For those applying the old system under the "Labor Standards Act": As of the end of 2024, the retirement account balance is NT\$840,259.

In 2024, a total of 2 employees of the Company applied for retirement.

4. Agreement between labor and management and measures to safeguard employee rights and interests

The Company has always attached great importance to harmonious labor-management relationships and holds regular labor-management meetings to communicate views and maintain good relations.

- (II) In the most recent year and up to the printing date of the annual report, any losses incurred by the Company due to labor disputes (including violations of the Labor Standards Act as determined by labor inspections, which should specify the date of disposition, disposition reference number, violated provisions, content of violations, and content of disposition), and disclosure of current and potential future estimated amounts and countermeasures. If a reasonable estimate cannot be made, the fact that a reasonable estimate cannot be made should be stated: The Company did not incur any fines for violations of the Labor Standards Act in 2024.

(III) Measures to protect the work environment and personal safety of employees

The Company is in the biotechnology and medical industry. To maintain safety throughout the facility, smoking is prohibited in all areas 24/7. Additionally, annual health examinations are provided for all employees, with additional examination items for personnel involved in special operations and those working in high-toxicity plants. This encourages employees to engage in self-health management. The Company also employs professional nursing staff and physicians who regularly visit the facility to provide consultation services, offering colleagues prevention and treatment of occupational and general injuries and illnesses, health consultations, first aid, and emergency handling. Fire drill education (including independent emergency response drills, advanced emergency response equipment training, emergency evacuation drills) and fire alarm testing are regularly conducted every year. Occupational safety and health education and training courses are conducted in accordance with regulations to establish risk awareness and ensure employees pay attention to their personal safety while performing their duties.

VI. Information Security Management

- (I) Describe the information security risk management framework, information security policies, specific management programs, and resources invested in information security management.

1. The Company has long been dedicated to cybersecurity and safeguarding personal data. To this end, we have developed Security Management Measures for Information Systems, which are implemented by the Information Section's Network Management Team. Currently, the team consists of three members. The following outlines our primary management plans and policies:

- (1) Only authorized personnel and administrators are permitted to access the physical servers, network equipment, and other related equipment used in the information system platform architecture. The architecture utilizes redundancy, fault tolerance, and clustering to guarantee the system and hardware equipment's high availability.
- (2) Disk arrays and redundancy are utilized in physical devices for data storage and backup to improve data protection and availability.
- (3) Security devices are configured to block various network intrusions, preventing deliberate destruction, attacks, or tampering by external illegal users. Additionally, the built-in feature library identifies attack behavior and system weaknesses, providing administrators with early warning, evidence collection, and records.
- (4) The user must create a password that is at least 6-8 characters long and meets the criteria for password complexity.
- (5) The file system and connection transmissions are encrypted to prevent malicious tampering.
- (6) The anti-virus software console manages the hardware and software information and status of the client. It regularly connects to the original manufacturer to update attribute codes and anti-virus applications. The client also connects to the server regularly to update attribute codes and anti-virus applications. This ensures that the operating system is protected from threats such as viruses, Trojan horses, worms, spyware, adware, or malicious web pages.
- (7) The company has implemented a reliable backup schedule for both data and systems, and conducts routine restoration exercises to ensure the integrity and accessibility of data, systems, and storage media.
- (8) The company has implemented a data leakage protection scheme to prevent unauthorized computer usage by employees, thereby mitigating the risk of data leakage incidents from internal sources to external ones.

2. Specific Measures in 2024

- (1) Completed regular review of the validation status of computer systems in January 2024. Based on the annual review and evaluation items, it is determined whether re-validation is required. The evaluation conclusions are recorded in the computer system validation status review form. If re-validation is required, it is added to the main validation plan for the year for tracking and management to ensure that the computer systems comply with GAMP5 regulations.
- (2) In January 2024, two in-person "Social Engineering Prevention Education and Training" sessions were conducted, and in July, online training courses were scheduled using the online training system to provide "Social Engineering Prevention Education and Training" for all company employees.
- (3) In July, November, and December of 2024, a total of 3 disaster recovery drills for critical company systems were conducted.

- (4) In August 2024, completed the update of the SPAM email protection system.
- (5) In September 2024, updated the Email system.
- (6) In October 2024, completed the replacement and implementation of a next-generation Firewall (with AI machine learning), and activated a comprehensive information security protection package.
- (7) In October 2024, completed the replacement of the old IPS (Intrusion Prevention System).
- (8) In October 2024, completed the installation of a Log Server for consolidating, analyzing, and managing system equipment logs, as well as providing alert notifications.
- (9) In November 2024, completed the establishment of an NMS (Network Management System) integration platform for network management monitoring system.
- (10) In December 2024, conducted social engineering drills, continuously promoted that information security is everyone's responsibility & strengthened employees' information security awareness.
- (11) In December 2024, conducted a review of permissions for the company's critical systems.

3. The Company has resolved by the Board of Directors to establish a dedicated information security unit (Information Security Section) and formulate the "Information Security Policy". The Information Security Section has one dedicated information security supervisor and one dedicated information security personnel. The Information Security Section Supervisor has reported the implementation status of information security management for 2024 to the Board of Directors on November 14, 2024.

- (II) List of major information security incidents, their impact, and response measures in the most recent year and up to the printing date of the annual report; if reasonable estimation is not possible, the fact that reasonable estimation cannot be made should be stated: None.

VII. Important Contracts

Contract Nature	Parties	Contract Term	Main Content	Restrictive Clauses
Sales Contract	Company AF	2009.09.04 - Automatic one-year extension upon expiration	Product Supply Contract	Confidentiality Clause
Sales Contract	Company AG	2000.12.01 - 5 years after product launch	Product Supply Contract	Confidentiality Clause
Sales Contract	Company AH	2001.04.11 - Annual automatic renewal	Product Supply Contract	Confidentiality Clause
Sales Contract	Company BP	2000.12.31 - Automatic update	Product Supply Contract	Confidentiality Clause
Sales Contract	Company AJ	2014.01.09 - Automatic update	Labor Contract	Confidentiality Clause
Sales Contract	Company AK	2013.02.06 - Completion of product delivery	Labor Contract	Confidentiality Clause
Sales Contract	Company AS	2017.02.09 - 2027.02.08	Product Supply Contract	Confidentiality Clause
Sales Contract	Company AT/ Company AU	2018.02.27 - 5 years after product launch	Product Supply Contract	Confidentiality Clause

Sales Contract	Company AX	2019.01.16 - 2024.01.16	Product Supply Contract	Confidentiality Clause
Sales Contract	Company AJ	2019.01.21 ~ 2023.01.21 (automatically extended for 1 year annually until someone proposes termination)	Product Supply Contract	Confidentiality Clause
Development and Sales Contract	Company BA	2019.08.16~2034.09.30	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company BD	2020.07.29 - Renew once every five years	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company BA	2020.05.04-2027.05.04	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company BE	2020.09.05	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company BF	2020.06.30-2030.07.30	Product Supply Contract	Confidentiality Clause
CDMO	Company BG	2021.01.01~2021.12.31 (renewed annually)	Product Supply Contract	Confidentiality Clause
CDMO	Company AO	2020.10.01 ~ 2030.10.01	Development and Product Supply Contract	Confidentiality Clause
CDMO	Company BH	2021.01.13~2027.01.12	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company BL	2020.07.17 ~ 2025.07.16	Product Supply Contract	Confidentiality Clause
CDMO	Company AA	2021.05.04~2028.05.03	Development and Product Supply Contract	Confidentiality Clause
CDMO	Company BO	2020.10.01 ~ 2025.10.01	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company AI	2021.10.15~2026.12.31	Product Supply Contract	Confidentiality Clause
CDMO	Company AS	2021.07.20~2026.07.19	Development and Product Supply Contract	Confidentiality Clause
CDMO	Company BQ	2022.11.28 ~ 2032.11.27	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company BX	NA	Product Supply Contract	Confidentiality Clause
CDMO	Company BR	2022.10.01 ~ 2026.10.01	Development and Product Supply	Confidentiality Clause

			Contract	
CDMO	Company BY	NA	Development and Product Supply Contract	Confidentiality Clause
CDMO	Company AO	2022.05.27 ~ 2032.05.26	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company BS	2021.11.18 ~ 2026.11.18	Product Supply Contract	Confidentiality Clause
Sales Contract	Company AS	2023.05.04 ~ 5 years after product registration approval (after expiration, automatically extended for 2 years until someone proposes termination)	Product Supply Contract	Confidentiality Clause
CDMO	Company BT	2023.05.12 ~ 2028.05.12	Product Development Contract	Confidentiality Clause
CDMO	Company BU	2020.04.01 ~ 2028.12.31	Development and Product Supply Contract	Confidentiality Clause
CDMO	Company BV	2023.07.20 ~	Development and Product Supply Contract	Confidentiality Clause
CDMO	Company BW	2024.01.01 ~ 2024.12.31	Development and Product Supply Contract	Confidentiality Clause
Sales Contract	Company BZ	2023.12.27 ~	Product Supply Contract	Confidentiality Clause
CDMO	Company CA	2024.01.01 ~ Ends upon project completion	Product Development Contract	Confidentiality Clause
Distribution License Agreement	Company CB	2024.08.15 ~ 2029.08.15	Product Distribution License Agreement	Confidentiality Clause
CDMO	Company CC	2024.07.01 ~ 2030.06.30	Development and Product Supply Contract	Confidentiality Clause
CDMO	Company CD	2024.08.01 ~ 2027.07.31	Product Development Contract	Confidentiality Clause
CDMO	Company CE	2024.09.04 ~ 2029.09.03	Development and Product Supply Contract	Confidentiality Clause
CDMO	Company BT	2024.08.16 ~ 2026.08.16	Product Development Contract	Confidentiality Clause

CDMO	Company AW	2024.08.01 ~ 2029.12.31	Product Supply Contract	Confidentiality Clause
Medium-term Loan	East Taoyuan Branch, Sunny Bank,	2024.02.28~2025.05.20	Mortgage Loan	Pledge of land and plant
Medium-term Loan	East Taoyuan Branch, Sunny Bank,	2024.02.28~2027.05.20	Mortgage Loan	Pledge of machinery and equipment
Medium-term Loan	Pateh Branch, Mega International Commercial Bank	2025.02.25~2028.02.24	Mortgage Loan	Pledge of land and plant
Medium-term Loan	Nankan Branch, E.SUN BANK	2024.02.06~2027.02.06	Credit Loan	None
Medium-term Loan	Chungli Branch, Bank of Shanghai	2022.07.28~2025.07.28	Mortgage Loan	Pledge of machinery and equipment
Medium-term Loan	Business Department, O-Bank	2023.06.15~2025.06.14	Credit Loan	None
Medium-term Loan	Jianbei Branch, Taishin Bank	2023.07.31~2025.07.31	Credit Loan	None
Medium-term Loan	Taoyuan Branch, Chang Hwa Bank	2024.06.30~2027.06.30	Credit Loan	None
Short-term Loan	Nankan Branch, First Bank	2023.08.30~2024.08.30	Mortgage Loan	Pledge of land and plant

Chapter V. Review and Analysis of Financial Status, Financial Performance, and Risk Management

I. Financial Status

Unit: NT\$ thousand

Item \ Year	2023	2024	Difference	
			Amount	%
Current Assets	5,243,666	5,868,020	624,354	11.91
Property, Plant, and Equipment	6,025,139	6,097,341	72,202	1.2
Intangible Assets	204,431	215,040	10,609	5.19
Other Assets	2,162,955	1,714,980	(447,975)	(20.71)
Total Assets	13,636,191	13,895,381	259,190	1.9
Current Liabilities	3,241,391	2,355,793	(885,598)	(27.32)
Non-current Liabilities	2,184,599	2,892,816	708,217	32.42
Total Liabilities	5,425,990	5,248,609	(177,381)	(3.27)
Equity Attributable to Owners of Parent Company	7,570,952	7,684,075	113,123	1.49
Share Capital	1,202,560	1,202,560	0	0
Capital surplus	3,552,070	3,773,468	221,398	6.23
Retained Earnings	2,810,155	2,726,245	(83,910)	(2.99)
Other Equity	6,167	(18,198)	(24,365)	(395.09)
Non-controlling Interests	639,249	962,697	323,448	50.6
Total Shareholders' Equity	8,210,201	8,646,772	436,571	5.32
Reasons for and impact of changes: (The change before and after reaches 20% or more, and the amount of change reaches NT\$10 million.)				
1. Decrease in Other Assets Ratio: Mainly due to the decrease in valuation of financial assets at fair value through profit or loss in 2024.				
2. Increase in Current Liabilities Ratio: Mainly due to the decrease in short-term borrowings in 2024.				
3. Increase in Non-current Liabilities Ratio: Due to the increase in long-term borrowings in 2024.				
4. Decrease in Other Equity Ratio: Mainly due to the impairment in valuation of financial assets at fair value through other comprehensive income in 2024.				
5. The increase in the ratio of non-controlling interests: Due to the change in shareholding ratio resulting from the cash capital increase of subsidiaries.				

II. Financial Performance

(I) Analysis of Operating Results for the most recent Two Years

Unit: NT\$ thousand

Year Item	2023	2024	Increase (Decrease) Amount	Variation (%)
Operating Revenue	4,360,448	4,731,046	370,598	8.5
Operating Costs	2,437,119	2,682,330	245,211	10.06
Operation Gross Profit	1,923,329	2,048,716	125,387	6.52
Operating Expenses	1,248,354	1,322,820	74,466	5.97
Operating Profit	674,975	725,896	50,921	7.54
Non-operating Revenue and Expenses	(532,584)	(527,745)	4,839	0.91
Earning Before Tax	142,391	198,151	55,760	39.16
Income Tax Expense	194,650	134,075	(60,575)	(31.12)
Net Profit for the Period	(52,259)	64,076	116,335	222.61
Other Comprehensive Income (Net)	345	(57,231)	(57,576)	(16,688.7)
Total Comprehensive Income for the Period	(51,914)	6,845	58,759	113.19
Net Profit for the Period Attributable to Owners of the Parent Company	126,243	157,268	31,025	24.58
Net Profit for the Period Attributable to Non-controlling Interests	(178,502)	(93,192)	85,310	47.79
Total Comprehensive Income Attributable to Owners of the Parent Company	132,982	132,237	(745)	(0.56)
Total Comprehensive Income Attributable to Non-controlling Interests	(184,896)	(125,392)	59,504	32.18
<p>Explanation of major changes: (The percentage increase or decrease exceeded 20%, and the amount of change was equal to or greater than NT\$10 million.)</p> <ol style="list-style-type: none"> 1. Increase in Pre-tax Net Profit, Net Profit for the Period, Total Comprehensive Income for the Period, and Net Profit for the Period Attributable to Owners of the Parent Company: This is mainly due to the increase in the Company's operating income in 2024 and the recognition of royalty income by the subsidiary, Formosa Pharmaceuticals, Inc. 2. Decrease in Other Comprehensive Income (Net): This is mainly due to the impairment of financial assets measured at fair value through other comprehensive income in 2024 and the decrease in cumulative translation adjustments of non-controlling interests. 3. Decrease in Income Tax Expense: This is mainly due to the increase in tax credits in 2024. 4. Decrease in Net Profit for the Period Attributable to Non-controlling Interests and Total Comprehensive Income Attributable to Non-controlling Interests: This is mainly because the subsidiary, Formosa Pharmaceuticals, Inc., recognized royalty income in 2024, resulting in reduced losses, therefore the recognized loss of non-controlling interests relatively decreased for this period. 				

(II) Foreseeing Sales Volume for the Coming Year and Its Basis, Possible Impact on the Company's Future Financial and Business Operations, and Response Plans: Not applicable.

III. Cash Flow

(I) Analysis of Cash Flow Changes in the Most Recent Year

Unit: NT\$ thousand; %

Year Item	2023	2024	Increase (Decrease) Amount	Variation (%)
Cash Flows from Operating Activities	826,600	726,334	(100,266)	(12%)
Cash Flows from Investing Activities	(1,257,426)	(1,025,673)	231,753	18%
Cash Flows from Financing Activities	700,144	132,091	(568,053)	81%
Major Change Project Description: (Changes of 50% or more between before and after, and the change amount reaches 5% of the actual paid-in capital) Financing Activities: This is mainly due to the decrease in short-term borrowings in 2024 and the increase in cash dividend distribution compared to 2023.				

(II) Improvement Plan for Liquidity Deficiency:
Not applicable.

(III) Cash Flow Analysis for the Coming Year

Unit: NT\$ thousand

Beginning Cash Balance	Expected Annual Net Cash Flow From Operating Activities	Expected Annual Cash Outflow	Expected Cash Balance(Deficit)	Remedial Measures for Cash Deficit	
				Investment Plan	Financial Management Planning
1,364,538	1,287,116	(1,741,633)	910,021	—	—
1. Analysis of cash flow changes in the next year: (1) Operating activities: The primary reason for this was the projected cash inflow resulting from the Company's operations. (2) Investing activities: The primary reason for the cash outflow was the acquisition of machinery and associated equipment, as well as the maintenance and replacement of production and research equipment. (3) Financing activities: Mainly bank financing and distribution of cash dividends. 2. Remedial measures for expected cash deficit and liquidity analysis: Not applicable.					

IV. Impact of Major Capital Expenditures on Financial Operations in the most recent year

The capital expenditure of the Company and its subsidiaries for the year 2024 is approximately NT\$585,953 thousand, mainly for the payment of construction of Cholesterol Phosphate Binding Agent production line, injection plant production line equipment development, additional purchase of related machinery and equipment for CDMO business, and replacement and repair of existing plant equipment. Favorable for increasing the supply capacity of API products, and for future expansion from APIs to the production of injectable dosage form products, providing customers with one-stop value-added services, which will have a positive impact on the financial and business operations of the Company and its subsidiaries.

V. Investment Policy for the most recent year, Main Reasons for Profit or Loss, Improvement Plans for the coming Year.

(I) Reinvestment policy of the Company and its subsidiaries: The Company's reinvestment in other companies follows the "Investment Cycle" and "Procedures for Acquisition or Disposal of Assets" of the internal control system.

(II) Main reasons for profit or loss and improvement plan

Unit: NT\$ thousand

Investment business transfer	Profit or Loss of the Invested Company (2024)	Main reasons for profit or loss	Improvement plan
Formosa Pharmaceuticals Inc.	(201,014)	This is mainly because the product is still in the initial market sales stage, and there are other new drug development projects continuing to proceed, so losses are still ongoing.	1. The APP13007 R&D project has passed the new drug application review by the U.S. Food and Drug Administration (FDA) in March 2024, and was approved for marketing. For external licensing, APP13007 has completed exclusive licensing agreements with Faranda Pharmaceutical (China) in 2021, and with Eyenovia, Inc. (USA) in 2023, and in 2024 successively signed exclusive licensing agreements with Cristália, Tabuk, Tzamal, Apotex, DÁVI, and Medvisis for Brazil, the Middle East and North Africa, Israel, Canada, Portugal, Switzerland, and Liechtenstein regions. 2. TSY-0110 R&D project is a biosimilar of the ADC) Kadcyla®. In March 2022, Formosa Pharmaceuticals entered into an authorization contract with EirGenix, Inc. for TSY-0110. Pursuant to the agreement, Formosa Pharmaceuticals will receive royalties in stages.

			EirGenix will have the right to share profits, and both parties will share the related earnings resulting from the R&D of TSY-0110. TSY0110 is currently seeking suitable international licensing partners, and will proceed with clinical trial applications in 2025.
Epione Pharmaceuticals, Inc.	(139)	The Company is currently in the research and development phase of new drugs, which has led to ongoing financial losses.	Currently, the Company is focused on the application and development of biotechnology and new drugs, with an emphasis on discovering and exploring novel pharmaceuticals.
A.R.Z Taiwan Ltd.	(352)	Decline in commission business.	—
Epione Investment Cayman Limited	(3,242)	This is mainly due to the recognition of investment losses from Epione Investment HK Limited and Shanghai Epione Enterprise Co., Ltd.	—
Epione Investment HK Limited	(3,076)	This is mainly due to the recognition of investment losses from Shanghai Epione Enterprise Co., Ltd.	—
Shanghai Epione Enterprise Co., Ltd	(3,014)	Commissioned by the Company to apply for drug licenses to Chinese pharmaceutical regulatory authorities.	—
Activus Pharma Co., Ltd.	10,649	The increase in accounts receivable was primarily due to the appreciation of the US dollar.	In the future, the Company will persist in seeking drug development and licensing opportunities for its patented nano R&D technology.
Formosa	(5,009)	This is mainly due to	—

Labarotories Japan, Inc.		the additional recognition of corporate tax, local tax, and income of NT\$4,636 thousand for 2023.	
SynChem-Formosa, Inc.	(14,955)	This is mainly due to declining business.	Continuously and steadily expanding CDMO business in North America, with three clinical stage projects currently in execution, and several other projects under negotiation.

(III) Investment plan for the coming year

The Company's reinvestment policy maintains a prudent attitude. If there are investment targets that can enhance the overall operational value of the Company, the feasibility and risks of such investments will be evaluated in accordance with the "Procedures for Acquisition or Disposal of Assets" and relevant regulations, and will be carried out after necessary resolution procedures.

VI. Risk Management and Assessment

(I) Impact of Changes in Interest Rates, Exchange Rates, and Inflation on the Company's Profits and Future Countermeasures

1. Changes in Interest Rates

The Company and its subsidiaries' interest income for 2023 and 2024 were NT\$23,708 thousand and NT\$32,235 thousand respectively, accounting for 0.54% and 0.68% of net operating revenue; while interest expenses for 2023 and 2024 were NT\$34,735 thousand and NT\$39,614 thousand, accounting for 0.8% and 0.84% of net operating revenue. The fluctuation in interest rates has minimal impact on the overall profitability of the Company and its subsidiaries. The Company and its subsidiaries will stay informed of fluctuations in interest rates in order to secure more advantageous rates and mitigate interest rate risk.

2. Effects of Changes in Foreign Exchange

The Company and its subsidiaries primarily import and sell in USD, with a small portion of sales in EUR. To mitigate the impact of exchange rate fluctuations on income, the financial departments of the Company and its subsidiaries regularly gather exchange rate information, monitor major currency changes in the international foreign exchange market, and maintain good relationships with banks to obtain favorable exchange rate quotations. The Company aims to achieve a balance between foreign currency assets and liabilities to achieve natural hedging and minimize the impact of exchange rate fluctuations on income.

Exchange loss of NT\$65,776 thousand in 2023 and exchange gain of NT\$25,978 thousand in 2024, mainly due to the fluctuation in the exchange rate of USD against NTD.

The Company and its subsidiaries have taken the following measures in response to changes in exchange rates:

- (1) Regarding net foreign asset positions, our financial personnel collect and evaluate relevant information and trends in the foreign exchange market. They then exchange foreign currency in a timely manner to reduce risk based on the

company's capital needs, in addition to the natural hedge provided by purchase and sale payments denominated in foreign currencies.

(2) The company maintains close contact with major correspondent banks to stay informed of changes in the foreign exchange market. We appoint relevant personnel to provide timely quotations that reflect changes in the exchange rate.

(3) The company has developed the Procedures for Acquiring or Disposing of Assets, which the Shareholders' Meeting has approved by resolution. These procedures aim to regulate the operating procedures related to derivative financial products. The Company may take necessary measures to mitigate foreign exchange risks that may arise from its business operations, based on its foreign currency positions and fluctuations in foreign exchange rates.

3. Inflation

Inflation has not had a significant impact on the profits and losses of the Company and its subsidiaries. In the event of increased purchase costs due to inflation, the Company and its subsidiaries adjust sales prices accordingly.

(II) The policy for engaging in high-risk, highly leveraged investments, lending funds to others, endorsement guarantees, and derivative product transactions, as well as the main reasons for profits or losses and future response measures

1. Policy for high-risk, high-leverage investments, main reasons for profit or loss, and future response measures

The company and its subsidiaries concentrate solely on their core business and have refrained from entering other high-risk industries. The company's financial policy is characterized by prudence and conservatism. It refrains from making highly leveraged investments and all investments are executed only after careful evaluation.

2. Policy for lending funds to others, main reasons for profit or loss, and future response measures

The Company and its subsidiaries have developed the Procedures for Lending Funds to Others, which have received approval from both the Board of Directors and the Shareholders' Meeting. These procedures serve as the foundation for the Company and its subsidiaries to conduct relevant transactions. The Company and its subsidiaries engage in lending funds to others in accordance with the policies and countermeasures established by the "Operational Procedures for Lending Funds to Others." All relevant operations have taken into consideration the risk situations and relevant regulations, and have been carried out prudently.

3. Policy for endorsements and guarantees, main reasons for profit or loss, and future response measures

The company and its subsidiaries have developed the Procedures for Endorsements/Guarantees, which have received approval from the Board of Directors and Shareholders' Meeting for forthcoming endorsements and guarantees. The Company and its subsidiaries have not provided any endorsements or guarantees for any other parties during the previous fiscal year or up to the date of publication of this Annual Report.

4. Policy for derivative financial instruments transactions, main reasons for profit or loss, and future response measures

The Company and its subsidiaries trade derivative products in accordance with relevant regulations from competent authorities and the Procedures for Acquiring or Disposing of Assets. The primary objective is to mitigate market risk associated with net assets

and liabilities denominated in foreign currency due to fluctuations in exchange rates and interest rates. This activity is not intended for arbitrage or speculative purposes. The Company and its subsidiaries only engage with creditworthy banks as counterparties, ensuring low credit risk. The Company and its subsidiaries did not participate in any derivative trading during 2024.

(III) Future research and development plans and projected R&D expenditures

To enhance industrial competitiveness, the Company and its subsidiaries continue to engage in innovative research and development. The ratio of R&D expenditures to revenue in 2023 and 2024 is expected to be 19.31% and 16.83%, respectively. The expected future R&D expenditure will continue to be maintained above a certain amount; R&D expenses focus on upgrading the Company's APIs technology, continuously improving towards automation and reducing environmental impact, including expanding Flow Chemistry process development and application, while extending from existing API research and production to downstream formulations, and venturing into injectable product research and manufacturing. Currently, the Company currently operates traditional API production lines (including chemical and peptide drugs) and cytotoxic production lines (anti-cancer drugs and ADCs). The Company also continuously monitors products with expiring patents from original drug developers, selecting appropriate items to expand our future generic drug sales markets. Additionally, we are constantly strengthening our customized research and contract manufacturing business (CDMO business), providing clients with not only customized synthesis services for small molecule APIs for clinical use, but also customized development and synthesis services for antibody drug conjugate (ADC) APIs. Our goal is to leverage Sci Pharmtech's technology patents to strengthen competitive barriers for clients' new drug development. Formosa Pharmaceuticals Inc., a subsidiary company, has successfully completed the new drug application review with the U.S. Food and Drug Administration (FDA) for its ophthalmic drug APP13007, which is currently under development, and has received approval for market launch in March 2024. Another new drug development project, TSY-0110 (indicated for breast cancer), signed a licensing agreement with EirGenix, Inc. in 2022. According to the agreement, Formosa Pharmaceuticals will receive milestone payments, while EirGenix will obtain future profit-sharing rights. Both parties will share the related revenues derived from the R&D results of TSY-0110. It is expected that an application for Phase I clinical trials will be submitted in 2025. The expected R&D expenditure for 2025 is approximately NT\$996 million.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's financial operations, and corresponding countermeasures

The Company and its subsidiaries conduct daily operations in accordance with applicable domestic and international laws and regulations. Furthermore, they monitor the development of domestic and international policies and changes in laws and regulations, gather relevant information to inform management decisions, and adjust operating strategies accordingly. As of the date up to the publication date of this Annual Report, the financial operations of the Company and its subsidiaries have not been impacted by significant changes in domestic or foreign policies and laws.

(V) The impact of technological changes (including information security risks) and industrial changes on the Company's financial operations, and corresponding measures

The Company and its subsidiaries stay up-to-date with product and technological advancements in their respective industry. They consistently enhance product quality and manufacturing processes, promptly identify industry trends and market information, and implement sound financial management strategies to sustain market competitiveness.

To promote information and communication security-related policies, implement incident reporting and related response handling, the Company and its subsidiaries regularly assess information and communication risks, conduct information and communication security education and training, and formulate auditing systems for information and communication security plans to implement information and communication security risk management.

In the future, the Company and its subsidiaries will monitor changes in related product trends, evaluate their impact on operations, and make necessary adjustments to enhance business development and financial standing. There have been no significant changes in technology or industry that have materially impacted the Company and its subsidiaries during the most recent year up to the publication date of this Annual Report.

(VI) The impact of corporate image changes on corporate crisis management and countermeasures

Since its establishment, the Company and its subsidiaries have strived to uphold their corporate image and adhere to laws and regulations. As of the date up to the publication date of this Annual Report, there have been no incidents that have had an impact on the corporate image.

(VII) Expected benefits, potential risks, and countermeasures for mergers and acquisitions

The Company's merger and acquisition plans are prudently evaluated and the specific benefits are carefully considered in accordance with the Company's "Procedures for Acquisition or Disposal of Assets" and relevant laws and regulations, to effectively protect the interests of the Company and shareholders.

(VIII) Expected benefits, potential risks, and countermeasures for plant expansion

1. Expected benefits

The Company's cholesterol phosphate product maintains its leading market position, with a positive outlook for the year; the new antibody drug conjugate (ADC) production line equipment has completed validation and can provide production at commercial scale; the injectable plant has successively completed official inspections by domestic and foreign authorities, developing commercial production services for injectable filling business.

2. Potential risks and countermeasures

The Company's plant expansion aims to increase production capacity and product quality, while the injectable facility can also provide one-stop services to customers. To uphold the Company's commitment to quality, continuous efforts will be made to improve and enhance quality, thereby contributing to the reduction of operational risks.

(IX) Risks and countermeasures for concentrated procurement or sales

1. Assessment and response measures for concentrated procurement risks

The Company produces major raw materials by collaborating with at least two qualified suppliers, ensuring that purchases from a single supplier do not exceed 30%. This principle mitigates the risk of excessive concentration of purchases at present.

2. Assessment and response measures for concentrated sales risks

In 2023 and 2024, the Company's largest client accounted for 12.92% and 12.33% of annual sales, respectively, without exceeding 30%. As a result, there was no sales concentration risk.

(X) Directors, supervisors, or major shareholders holding more than 10% of shares, the impact, risks, and countermeasures of significant transfers or replacements of

their shareholdings: None.

(XI) The impact, risks, and countermeasures for the company due to changes in management control

There have been no changes to the Company's operating rights in the most recent year and up to the printing date of the annual report.

(XII) Litigation or non-litigation matters

1. The Company's litigation, non-litigation, or administrative disputes that have been finalized by judgment or are still pending as of in the most recent year and up to the printing date of the annual report, where the outcome may have a significant impact on shareholders' equity or securities prices, shall disclose the disputed facts, amount involved, litigation commencement date, main parties involved, and current status: None.

2. The Company's directors, supervisors, president, de facto responsible persons, major shareholders with shareholding percentage exceeding ten percent, and affiliated companies, for the past two years and up to the printing date of the annual report, litigation, non-litigation, or administrative disputes that have been finalized by judgment or are still pending, where the outcome may have a significant impact on the Company's shareholders' equity or securities prices: None.

(XIII) Other important risks and response measures: None.

VII. Other important matters: None.

Chapter VI. Special Disclosures

I. Information on Affiliated Companies

The Company's consolidated business report of affiliated enterprises, consolidated financial statements of affiliated enterprises, and affiliated reports for the year 2024 are disclosed on the Market Observation Post System (MOPS). Please refer to the MOPS website, path: (https://mopsov.twse.com.tw/mops/web/t57sb01_q10), Homepage > Single Company > Electronic Document Download > Affiliated Enterprises Three Statements and Reports Section.

II. Privately placement of securities in the most recent year and up to the printing date of the annual report: None.

III. Other necessary supplementary information: None.

Chapter VII. In the most recent year and up to the printing date of the annual report, matters that have a significant impact on shareholders' equity or securities prices as stipulated in Paragraph 3, Subparagraph 2, Article 36 of the Securities and Exchange Act: None.

Formosa Laboratories, Inc.

Chairman: Cheng, Chen-Yu