

Stock Code: 1795



Lotus Pharmaceutical Co., Ltd.

Handbook for the 2024 Annual Meeting of Shareholders 【 Translation 】

Means: Physical Meeting

Meeting Time: 9:00am, Thursday, June 13th, 2024

Location: No. 85, Nangang 2nd Rd., Nantou City, Nantou County, Taiwan (R.O.C.)

In case of any discrepancy between the English and the Chinese version, the Chinese version shall prevail.

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Lotus Pharmaceutical Co., Ltd.

2024 Agenda of Annual Meeting of Shareholders

Means: Physical Meeting

Time: 9:00 a.m. on Thursday, June 13th, 2024

Location: No. 85, Nangang 2nd Rd., Nantou City, Nantou County, Taiwan (R.O.C.)

Call the Meeting to Order

Chairperson Remarks

Reporting Items

1. 2023 business and financial report.
2. Audit Committee's Review Report on 2023 Financial Statements.
3. 2023 profit distributable as employees' and directors' compensation.
4. 2023 distribution of cash dividends.
5. Report on the transfer of repurchased shares to employees.
6. Report on the revision of the "Procedures for Code of Business Conduct and Ethics."

Recognition Items

1. To adopt FY2023 Business Report and Financial Statements.
2. To adopt FY2023 earnings distribution.

Discussion Items

1. The proposed amendments to certain articles of the Company's "Procedures for Acquisition or Disposal of Assets."
2. The proposed amendments to certain articles of the Company's "Articles of Incorporation" ("AOI").
3. The proposed amendments to certain articles of the Company's "Rules and Procedures of Shareholders' Meeting."

Election Items

1. Election of all Directors prior to the expiration of the term of office of existing directors.

Other Items

1. The proposal for releasing the directors (Independent directors) and representative from the non-competition restrictions.

Special Motions

Adjournment

Reporting Items

Item No. 1: 2023 business and financial report.

Explanation: Please refer to Attachment 1 on page 6~26.

Item No. 2: Audit Committee's Review Report on 2023 Financial Statements.

Explanation: Please refer to Attachment 2 on page 27.

Item No. 3: 2023 profit distributable as employees' and directors' compensation.

Explanation: Please refer to Attachment 3 on page 28.

Item No. 4: 2023 distribution of cash dividends.

Explanation: Please refer to Attachment 4 on page 29.

Item No. 5: Report on the transfer of repurchased shares to employees.

Explanation: Please refer to Attachment 5 on page 30.

Item No. 6: Report on the revision of the "Procedures for Code of Business Conduct and Ethics."

Explanation: Please refer to Attachment 6 on page 31~38.

Recognition Items

Item No. 1: To adopt FY2023 Business Report and Financial Statements.

(Proposed by the Board of Directors)

Explanation:

(1) The Company's FY2023 Standalone and Consolidated Financial Reports and Business Report has been approved by the Audit Committee and the Board of Directors. Please refer to Attachment 1 on page 6~26 .

(2) Your ratification will be appreciated.

Resolution:

Item No. 2: To adopt FY2023 earnings distribution. (Proposed by the Board of Directors)

Explanation:

(1) Please refer to Attachment 4 on page 29.

(2) Your ratification will be appreciated.

Resolution:

Discussion Items

Item No. 1: The proposed amendments to certain articles of the Company’s “Procedures for Acquisition or Disposal of Assets.”

(Proposed by the Board of Directors)

Explanation:

- (1) Considering the operational status-quo of the Company, it is proposed to amend certain articles of the Company’s “Procedures for Acquisition or Disposal of Assets”, please refer to Attachment 7 on page 39~52 for the proposed amendment.
- (2) Please discuss and resolve.

Resolution:

Item No. 2: The proposed amendments to certain articles of the Company’s “Articles of Incorporation” (“AOI”)

(Proposed by the Board of Directors)

Explanation:

- (1) Considering the operational status-quo of the Company, it is proposed to amend certain articles of the Company’s “Articles of Incorporation” (“AOI”), please refer to Attachment 8 on page 53~61 for the proposed amendment.
- (2) Please discuss and resolve.

Resolution:

Item No. 3: The proposed amendments to certain articles of the Company’s “Rules and Procedures of Shareholders’ Meeting.”

(Proposed by the Board of Directors)

Explanation:

- (1) Considering the operational status-quo of the Company, it is proposed to amend certain articles of the Company’s “Rules and Procedures of Shareholders’ Meeting, please refer to Attachment 9 on page 62~80 for the proposed amendment.
- (2) Please discuss and resolve.

Resolution:

Election Items

Item No. 1: Election of all Directors prior to the expiration of the term of office of existing directors.
(Proposed by the Board of Directors)

Explanation:

- (1)The 3-year term of the existing Directors shall expire by June 14th, 2026. The Company proposes to duly re-elect all the Directors at 2024 Annual General Meeting and proposes the existing Directors to be discharged immediately after the re-election
- (2)According to Articles 13 and 13-1 of the Company's Articles of Incorporation, it is proposed to elect eleven directors (including three independent directors) for this term. The director election will follow a candidate nomination system.
- (3)The term of office of the newly elected Board of Directors will start from June 13th, 2024 and conclude on June 12th, 2027, please refer to Attachment 10 on page 81~82 for the candidates of Directors.
- (4)Please elect.

Resolution:

Other Items

Item No. 1: The proposal for releasing the directors (Independent directors) and representative from the non-competition restrictions.
(Proposed by the Board of Directors)

Explanation:

- (1)According to Paragraph 1 of Article 209 of the Company Act, any director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2)Since the directors (including independent directors) and their representatives nominated by the board of directors and newly elected by the general meeting of shareholders may invest in or operate other companies with the same or similar business scope as the Company, or serve as directors or supervisors of other companies on the premise of not damaging the interests of the Company, this proposal is submitted to the shareholders' meeting for approval in accordance with Paragraph 1 of Article 209 of the Company Act to discuss and agree to lift the restrictions on the non-competition of the new directors (including independent directors) and their representatives.
- (3)For the detailed list of the newly elected directors (including independent directors) and their representative candidates applicable to the lifting of non-compete restrictions, please refer to Attachment 11 on page 83 to 84.
- (4)Please discuss and resolve.

Resolution:

Special Motions

Adjournment

Attachment 1: 2023 Business and Financial Report

1. Operational Overview for the Year 2023

In 2023, Lotus once again demonstrated outstanding performance, continuing our streak of double-digit revenue and profit growth for five consecutive years. This achievement is attributed to our dual-engine growth strategy focusing on the Asia-Pacific and global export markets over the past five years, along with our transformation into a global pharmaceutical company with a diversified product portfolio. Consolidated revenue for Lotus in 2023 reached NT\$16.958 billion, marking a 16% increase compared to 2022. Consolidated net profit after tax amounted to NT\$4.106 billion, representing a significant 36% growth from the previous year, with earnings per share of NT\$15.72. This remarkable performance sets new records in Lotus's operational history.

2. FY2023 financial results

Unit: M NTD

Item		Year	FY2022	FY2023
P&L	Sales		14,633	16,958
	Gross profit		7,806	9,384
	Net Income		3,021	4,106
Profitability	ROE (%)		24.22%	26.32%
	Net Profits (%)		20.64%	24.21%
	EPS (NTD)		\$11.59	\$15.72

Note: The company does not prepare financial forecasts. The main expenditure items in the consolidated financial statements include R&D expenses, business development investments, and capital expenditures for equipment excellency, serving as the driving force for future product launches and profit growth.

3. R&D Ability and Regulatory Progress

Lotus has deepened its presence in the Asia-Pacific and global export markets. In 2023, revenue from the Asia-Pacific market grew by 21% compared to the previous year, driven by the growth in Taiwan and the steady expansion in Southeast Asian markets. Revenue from global export markets also increased by 10%, primarily due to the growth in sales of Buprenorphine/Naloxone and Lenalidomide. This growth is not incidental but a result of diligent execution by our management team. We focus on developing complex oral oncology generics and 505(b)2 drugs. In 2023, five products completed clinical bioequivalence testing, and seven new product development projects were initiated. We obtained 77 regulatory approvals in major markets worldwide, including significant milestones such as temporary approval for Nintedanib for the treatment of lung cancer in the United States, Pomalidomide for second line treatment for blood cancer in Canada, and Lenalidomide approval in Japan. Furthermore, we introduced a new drug for small cell lung cancer treatment Zepzelca, successfully obtaining accelerated approval in Taiwan, demonstrating Lotus's robust R&D capabilities and regulatory execution.

4. Product Portfolio and Licensing Agreements

Lotus's product portfolio is diverse, focusing on innovation and not limited by R&D capacity. In 2023, we signed 25 business development licensing agreements, including acquisition of global commercial rights for NRX-101, a drug for suicidal bipolar patients, enriching our future product portfolio. Additionally, we signed 29 product licensing out agreements for self-development products, further expanding our reach into global markets. In 2023, 27 skull of new products were launched globally.

5. Production Excellency and Quality Management

Our Nantou production facility has been certified by regulatory authorities in the United States, European Union, Brazil, Japan, China, and Taiwan, providing a crucial competitive advantage for Lotus's expansion into global export markets. We will continue to upgrade production equipment, enhance quality management systems, refine production process planning, and improve warehouse inventory management to sustain our growth and achieve sustainable development.

6. Market Outlook and Future Development

According to a study by IQVIA in April 2023, the global pharmaceutical market is projected to grow at a compound annual growth rate of 5.4% over the next five years, reaching \$1.8 trillion by 2027. Growth in regions such as North America, Western Europe, and Japan is expected to slow, while regions such as the Asia-Pacific, Latin America, India, and Africa/Middle East are poised for higher growth due to population expansion. In response to these international market trends, we are committed to implementing a dual-track growth strategy focusing on difficult-to-develop generic drugs and 505b2 drugs. We will also continue to expand our global market presence through licensing agreements, strengthen collaboration with global strategic partners, and provide affordable medicines to global patients, meeting market demands. This is a key factor in Lotus's continued success in achieving historic growth milestones.

7. Corporate sustainability

At Lotus, our mission is to provide affordable medical solutions to patients worldwide. In recent years, we have successfully transformed from a domestic company focusing on the development of complex generics into a global pharmaceutical company with hybrid product portfolio, attracting talented individuals from around the world. Currently, we have over 1,300 employees globally, with nearly 10% of our workforce in Taiwan hailing from 14 different countries. To promote cultural understanding and cooperation among employees, we have implemented thoughtful initiatives in internal communication, employee meals, and special celebrations. Additionally, with a gender ratio of parity among employees and a 6:4 ratio among senior executives, we provide equal opportunities for career advancement. In recognition of our efforts, Lotus received the "Asia's Best Employer Award" from HR Asia in 2023. In the same year, we achieved several breakthroughs, including the publication of our first sustainability report based on the GRI framework in both Chinese and English, and the report is which assurance by independent 3rd party, demonstrating our commitment to enhancing corporate governance.

8. Outlook

Lotus will continue to focus on implementing a dual-track growth strategy in the Asia-Pacific and global export markets, expanding our market presence, and enhancing our product portfolio to lay a solid foundation for long-term growth. We firmly believe that through relentless effort and ongoing innovation, Lotus will continue to create value, benefiting shareholders, employees, and society, and contribute to a brighter future for all.

Chairman: Vilhelm Róbert Wessman

CEO: Petar Antonov Vazharov

CFO: Eeling Chan

Independent Auditors' Report

To the Board of Directors of Lotus Pharmaceutical Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Lotus Pharmaceutical Co., Ltd. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Revenue Recognition

Refer to Note 4(14) “Revenue from contracts with customers” and Note 6(20) “Revenue from contracts with customers” to the consolidated financial statements, revenues are recognized by net values of contract prices, less sales returns and allowances, after controls of the products are transferred to the customers.

Key audit matters:

The Group's sales is mainly derived from the selling of pharmaceuticals and chemical drugs. Because the customers are diverse and numerous, it takes longer time to verify sales transactions and related arrangements. In addition, a portion of the revenues involved related-party transactions and profit-sharing arrangements. It requires management's estimate and judgments for the calculation and recognition. Therefore, revenue recognition is one of the important areas in performing our audit procedures.

How the matter was addressed in our audit:

In relation to the key audit matter, we have performed audit procedures including

- (1) Testing the design and the operating effectiveness of the internal control system of sales and collection operation;
- (2) Testing the selected samples of sales transaction before and after the balance sheet date to ensure the appropriate cut-off of sales revenue;
- (3) Substantively testing the selected samples of revenues (including sending related parties' confirmation letters), inspecting the related documents and contracts to identify performance obligations and testing the calculated amounts to ensure the adequacy and reasonableness of revenue recognition.

2. Goodwill Impairment Assessment

For the impairment assessment of goodwill, please refer to Note 4(11) "Intangible assets", Note 4(12) "Impairment of non-financial assets", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(8) "Goodwill" to the consolidated financial statements.

Key audit matters:

The Group's goodwill mainly arose from the reverse acquisition of the Company and Alvogen Korea. As the pharmaceutical industry is highly competitive and subject to volatility, it is important to assess the impairment of goodwill. The impairment assessment includes identifying cash generating units (CGUs), determining the valuation model used, determining significant assumptions made by the management, and calculating the recoverable amounts. Since the impairment assessment process and the subjective judgment made by the management on the assumptions used are quite complex, the impairment assessment of goodwill is considered one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included assessing whether there are impairment indications for the identified CGUs of the Group and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related CGU's future cash flows projection, useful lives, and weighted average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior period estimates and performing a sensitivity analysis of key assumptions and results. Furthermore, we appointed our internal valuation specialists to assess the reasonableness of expected growth rate, discount rate and other significant assumptions used in the evaluation model.

Other Matter

Lotus Pharmaceutical Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Wan-Yuan Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statements of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Lotus Pharmaceutical Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 1,770,880	5	1,983,383	7	2100	Short-term borrowings (note 6(11))	\$ 510,000	2	155,919	1
1140	Contract assets—current (notes 6(20) and 7)	128,782	-	258,779	1	2130	Contract liabilities—current (notes 6(20) and 7)	132,854	-	183,084	1
1170	Notes and accounts receivable, net (notes 6(4) and (10))	1,648,943	5	1,352,044	5	2170	Notes and accounts payable	624,918	2	1,320,775	4
1180	Accounts receivable—related parties (note 7)	4,606,390	14	3,040,407	10	2180	Accounts payable—related parties (note 7)	45,878	-	82,267	-
1200	Other receivables	14,303	-	114,474	-	2200	Other payables (note 6(9))	1,154,813	4	2,927,490	10
1210	Other receivables—related parties (note 7)	156,846	-	107,493	-	2220	Other payables—related parties (note 7)	177,752	-	310,380	1
1220	Current tax assets	61,976	-	54,269	-	2230	Current tax liabilities	436,556	1	731,151	3
1310	Inventories (note 6(5))	3,775,380	12	3,329,824	11	2250	Provisions—current (note 6(14))	32,250	-	30,316	-
1479	Other current assets (notes 8 and 9)	489,373	2	420,403	2	2280	Lease liabilities—current (note 6(13))	70,240	-	58,991	-
	Total current assets	<u>12,652,873</u>	<u>38</u>	<u>10,661,076</u>	<u>36</u>	2320	Current portion of long-term borrowings (notes 6(12) and 8)	1,302,963	4	59,949	-
	Non-current assets:					2399	Other current liabilities	36,053	-	32,696	-
1510	Financial asset at fair value through profit or loss—non-current (notes 6(2) and 7)	2,584,701	8	1,869,650	6		Total current liabilities	<u>4,524,277</u>	<u>13</u>	<u>5,893,018</u>	<u>20</u>
1517	Financial asset at fair value through other comprehensive income—non-current (note 6(3))	463,611	2	288,673	1		Non-current liabilities:				
1600	Property, plant and equipment (notes 6(6) and 8)	3,257,798	10	3,046,727	10	2527	Contract liabilities—non-current (note 6(20))	45,326	-	65,915	-
1755	Right-of-use assets (note 6(7))	253,419	1	101,516	-	2540	Long-term borrowings (notes 6(12) and 8)	9,519,386	29	8,596,290	29
1805	Goodwill (note 6(8))	5,669,621	18	5,667,605	19	2550	Provisions—non-current (note 6(14))	27,417	-	29,739	-
1821	Other intangible assets (notes 6(9) and 7)	7,364,995	22	7,315,373	25	2570	Deferred tax liabilities (note 6(16))	721,199	3	448,397	2
1840	Deferred tax assets (note 6(16))	411,687	1	390,119	2	2580	Lease liabilities—non-current (note 6(13))	182,200	-	46,819	-
1930	Long-term accounts receivable (note 6(10))	152,603	-	-	-	2640	Defined benefit liabilities, net (note 6(15))	481,302	2	353,268	1
1990	Other non-current assets (notes 8 and 9)	180,281	-	185,334	1	2670	Other non-current liabilities (note 6(9))	156,847	-	224,737	1
	Total non-current assets	<u>20,338,716</u>	<u>62</u>	<u>18,864,997</u>	<u>64</u>		Total non-current liabilities	<u>11,133,677</u>	<u>34</u>	<u>9,765,165</u>	<u>33</u>
	Total assets	<u>\$ 32,991,589</u>	<u>100</u>	<u>29,526,073</u>	<u>100</u>		Total liabilities	<u>15,657,954</u>	<u>47</u>	<u>15,658,183</u>	<u>53</u>
							Total liabilities and equity	<u>\$ 32,991,589</u>	<u>100</u>	<u>29,526,073</u>	<u>100</u>
						3100	Equity (note 6(17)):				
							Share capital	2,649,583	8	2,625,913	9
							Capital surplus	7,130,549	22	7,534,348	26
							Retained earnings	8,900,089	27	4,823,417	16
							Other equity	(1,295,489)	(4)	(1,058,434)	(4)
							Treasury shares	(51,097)	-	(57,354)	-
							Total equity	<u>17,333,635</u>	<u>53</u>	<u>13,867,890</u>	<u>47</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net revenue (notes 6(10), (20) and 7)	\$ 16,957,971	100	14,632,772	100
5000	Cost of sales (notes 6(5) and 7)	<u>7,574,159</u>	<u>45</u>	<u>6,826,623</u>	<u>47</u>
5900	Gross profit from operations	<u>9,383,812</u>	<u>55</u>	<u>7,806,149</u>	<u>53</u>
Operating expenses (note 7):					
6100	Selling expenses	2,540,013	15	2,124,665	14
6200	Administrative expenses	1,224,068	7	1,053,255	7
6300	Research and development expenses	720,826	4	520,449	4
6450	Reversal of expected credit loss (note 6(4))	<u>(4,037)</u>	<u>-</u>	<u>(3,334)</u>	<u>-</u>
	Total operating expenses	<u>4,480,870</u>	<u>26</u>	<u>3,695,035</u>	<u>25</u>
6900	Operating income	<u>4,902,942</u>	<u>29</u>	<u>4,111,114</u>	<u>28</u>
Non-operating income and expenses:					
7100	Interest income	31,548	-	3,508	-
7010	Other income (notes 6(3) and 7)	67,074	-	33,368	-
7020	Other gains and losses, net (note 6(22))	658,758	4	174,682	1
7050	Finance costs (notes 6(22) and 7)	<u>(557,397)</u>	<u>(3)</u>	<u>(382,460)</u>	<u>(2)</u>
		<u>199,983</u>	<u>1</u>	<u>(170,902)</u>	<u>(1)</u>
7900	Income before income tax	5,102,925	30	3,940,212	27
7950	Less: Income tax expense (note 6(16))	<u>997,299</u>	<u>6</u>	<u>919,455</u>	<u>6</u>
	Net income	<u>4,105,626</u>	<u>24</u>	<u>3,020,757</u>	<u>21</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurement of defined benefit plans (note 6(15))	(36,742)	-	130,206	-
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	189,978	1	(2,968)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(16))	<u>7,788</u>	<u>-</u>	<u>(28,181)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>161,024</u>	<u>1</u>	<u>99,057</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(1,769)</u>	<u>-</u>	<u>146,014</u>	<u>1</u>
	Components of other comprehensive income (loss) that may be reclassified to profit or loss	<u>(1,769)</u>	<u>-</u>	<u>146,014</u>	<u>1</u>
8300	Other comprehensive income, net	<u>159,255</u>	<u>1</u>	<u>245,071</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 4,264,881</u>	<u>25</u>	<u>3,265,828</u>	<u>22</u>
Earnings per share (note 6(19))					
9750	Basic earnings per share	<u>\$ 15.72</u>		<u>11.59</u>	
9850	Diluted earnings per share	<u>\$ 15.67</u>		<u>11.54</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity					Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial asset at fair value through other comprehensive income	Unearned share-based payments	Total	Treasury shares	
Balance at January 1, 2022	\$ 2,627,963	8,038,813	35,366	115,476	1,549,793	1,700,635	(908,356)	(268,975)	(63,616)	(1,240,947)	(57,754)	11,068,710
Net income	-	-	-	-	3,020,757	3,020,757	-	-	-	-	-	3,020,757
Other comprehensive income (loss)	-	-	-	-	102,025	102,025	146,014	(2,968)	-	143,046	-	245,071
Total comprehensive income (loss)	-	-	-	-	3,122,782	3,122,782	146,014	(2,968)	-	143,046	-	3,265,828
Appropriation of earnings:												
Legal reserve appropriated	-	-	143,898	-	(143,898)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	548,445	(548,445)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	(506,058)	-	-	-	-	-	-	-	-	-	(506,058)
Share-based payments	(2,050)	1,593	-	-	-	-	-	-	39,467	39,467	400	39,410
Balance at December 31, 2022	\$ 2,625,913	7,534,348	179,264	663,921	3,980,232	4,823,417	(762,342)	(271,943)	(24,149)	(1,058,434)	(57,354)	13,867,890
Net income	-	-	-	-	4,105,626	4,105,626	-	-	-	-	-	4,105,626
Other comprehensive income (loss)	-	-	-	-	(28,954)	(28,954)	(1,769)	189,978	-	188,209	-	159,255
Total comprehensive income (loss)	-	-	-	-	4,076,672	4,076,672	(1,769)	189,978	-	188,209	-	4,264,881
Appropriation of earnings:												
Legal reserve appropriated	-	-	312,278	-	(312,278)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	370,363	(370,363)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	(906,227)	-	-	-	-	-	-	-	-	-	(906,227)
Share-based payments	23,670	502,428	-	-	-	-	-	-	(425,264)	(425,264)	6,257	107,091
Balance at December 31, 2023	\$ 2,649,583	7,130,549	491,542	1,034,284	7,374,263	8,900,089	(764,111)	(81,965)	(449,413)	(1,295,489)	(51,097)	17,333,635

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Income before income tax	\$ 5,102,925	3,940,212
Adjustments:		
Adjustments to reconcile income		
Depreciation expense	306,565	256,084
Amortization expense	904,074	680,782
Reversal of expected credit loss	(4,037)	(3,334)
Gains on financial asset at fair value through profit or loss	(715,051)	(286,808)
Finance costs	557,397	382,460
Interest income	(31,548)	(3,508)
Dividend income	(10,023)	(9,736)
Share-based payments	106,493	39,410
Losses (gains) on disposal of property, plant and equipment	24,745	(2,426)
Gains on disposal of intangible assets	-	(94)
Impairment loss on intangible assets	179,368	138,262
Reversal of impairment loss on property, plant and equipment	-	(1,595)
Unrealized foreign exchange losses (gains)	(186,837)	106,409
Write-downs of inventories	169,288	110,028
Losses from early repayment of loans	103,794	15,999
Gains on lease modifications	(66)	(143)
Total adjustments to reconcile income	<u>1,404,162</u>	<u>1,421,790</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	129,742	(176,456)
Notes and accounts receivable, net	(295,475)	(216,784)
Accounts receivable—related parties	(1,499,249)	(980,225)
Other receivables	30,817	(51,719)
Other receivables—related parties	(34,916)	8,993
Inventories	(623,175)	(313,294)
Other current assets	(143,087)	(147,233)
Long-term accounts receivable	(148,064)	-
Other non-current assets	(2,252)	(8,769)
Total changes in operating assets	<u>(2,585,659)</u>	<u>(1,885,487)</u>
Changes in operating liabilities:		
Contract liabilities	(69,331)	20,000
Notes and accounts payable	(623,182)	598,976
Accounts payable—related parties	(36,390)	49,414
Other payables	(76,979)	109,094
Other payables—related parties	(134,395)	202,896
Provisions	(3,787)	3,120
Other current liabilities	2,439	11,415
Defined benefit liabilities, net	90,030	(11,716)
Other non-current liabilities	(676)	(7,414)
Total changes in operating liabilities	<u>(852,271)</u>	<u>975,785</u>
Total changes in operating assets and liabilities	<u>(3,437,930)</u>	<u>(909,702)</u>
Total adjustments	<u>(2,033,768)</u>	<u>512,088</u>

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows generated from operations	3,069,157	4,452,300
Interest received	27,690	2,705
Interest paid	(446,254)	(290,699)
Income taxes paid	<u>(1,036,386)</u>	<u>(444,888)</u>
Net cash flows generated from operating activities	<u>1,614,207</u>	<u>3,719,418</u>
Cash flows from investing activities:		
Acquisition of financial asset at fair value through profit or loss	-	(1,582,842)
Acquisition of property, plant and equipment	(410,568)	(577,157)
Proceeds from disposal of property, plant and equipment	1,254	9,375
Proceeds from disposal of intangible assets (including capitalized development expenses)	-	94
Increase in refundable deposits	(29,032)	(4,472)
Acquisition of intangible assets (including capitalized development expenses)	(2,864,456)	(2,492,234)
Decrease (increase) in other current assets	43,489	(22,779)
Dividends received	<u>10,023</u>	<u>13,867</u>
Net cash flows used in investing activities	<u>(3,249,290)</u>	<u>(4,656,148)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,216,411	1,434,687
Repayments of short-term borrowings	(861,821)	(2,100,039)
Proceeds from long-term borrowings	20,475,693	6,250,240
Repayments of long-term borrowings	(18,414,260)	(3,174,915)
Decrease in other payables to related parties	-	(558,274)
Payments of lease liabilities	(107,722)	(83,910)
Payment of dividends	(906,227)	(506,058)
Treasury shares transferred to employees	<u>598</u>	<u>-</u>
Net cash flows generated from financing activities	<u>1,402,672</u>	<u>1,261,731</u>
Effect of exchange rate changes on cash and cash equivalents	<u>19,908</u>	<u>52,887</u>
Net increase (decrease) in cash and cash equivalents	<u>(212,503)</u>	<u>377,888</u>
Cash and cash equivalents at beginning of year	<u>1,983,383</u>	<u>1,605,495</u>
Cash and cash equivalents at end of year	<u>\$ 1,770,880</u>	<u>1,983,383</u>

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

To the Board of Directors of Lotus Pharmaceutical Co., Ltd.:

Opinion

We have audited the parent-company-only financial statements of Lotus Pharmaceutical Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follows:

1. Revenue Recognition

Refer to Note 4(13) “Revenue from contracts with customers” and Note 6(18) “Revenue from contracts with customers” to the parent-company-only financial statements, revenues are recognized by net values of contract prices, less sales returns and allowances, after controls of the products are transferred to the customers.

Key audit matters:

The Company's sales is mainly derived from the selling of pharmaceuticals and chemical drugs. Because the customers are diverse and numerous, it takes longer time to verify sales transactions and related arrangements. In addition, a portion of the revenues involved related-party transactions and profit-sharing arrangements. It requires management's estimate and judgments for the calculation and recognition. Therefore, revenue recognition is one of the important areas in performing our audit procedures.

How the matter was addressed in our audit:

In relation to the key audit matter, we have performed audit procedures including

- (1) Testing the design and the operating effectiveness of the internal control system of sales and collection operation;
- (2) Testing the selected samples of sales transaction before and after the balance sheet date to ensure the appropriate cut-off of sales revenue;
- (3) Substantively testing the selected samples of revenues (including sending related parties' confirmation letters), inspecting the related documents and contracts to identify performance obligations and testing the calculated amounts to ensure the adequacy and reasonableness of revenue recognition.

2. Impairment Assessment of Goodwill and Goodwill Impairment Assessment of Subsidiaries Accounted for Using Equity Method

For the investments in subsidiaries and the impairment assessment of Goodwill, please refer to Note 4(8) "Investments in subsidiaries", Note 4(11) "Intangible assets", Note 4(12) "Impairment of non-financial assets", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(8) "Goodwill" to the parent-company-only financial statements.

Key audit matters:

The Company's and the subsidiary Alvogen Korea's goodwill mainly arose from the reverse acquisition of the Company and Alvogen Korea's acquisition of Dream Pharmaceutical Co., Ltd. As the pharmaceutical industry is highly competitive and subject to volatility, it is important to assess the impairment of goodwill. The impairment assessment includes identifying cash generating units (CGUs), determining the valuation model used, determining significant assumptions made by the management, and calculating the recoverable amounts. Since the impairment assessment process and the subjective judgment made by the management on the assumptions used are quite complex, the impairment assessment of goodwill is considered one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included assessing whether there are impairment indications for the identified CGUs of the Company and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related CGU's future cash flows projection, useful lives, and weighted average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior period estimates and performing a sensitivity analysis of key assumptions and results. Furthermore, we appointed our internal valuation specialists to assess the reasonableness of expected growth rate, discount rate and other significant assumptions used in the evaluation model.

Responsibilities of Management and Those Charged with Governance for the Parent-company-only Financial Statements

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-company-only Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Wan-Yuan Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 1,304,787	5	1,226,433	5	2100	Short-term borrowings (note 6(10))	\$ 510,000	2	60,000	-
1140	Contract assets—current (notes 6(18) and 7)	128,782	-	258,779	1	2130	Contract liabilities—current (notes 6(18) and 7)	93,180	-	151,947	1
1170	Notes and accounts receivable, net (note 6(3))	892,144	3	526,132	2	2170	Notes and accounts payable	331,904	1	670,407	3
1180	Accounts receivable—related parties (note 7)	4,606,195	16	3,027,228	13	2180	Accounts payable—related parties (note 7)	129,714	-	270,423	1
1200	Other receivables	968	-	83,430	-	2200	Other payables (note 6(9))	696,202	3	2,382,530	10
1210	Other receivables—related parties (note 7)	173,280	1	103,365	-	2220	Other payables—related parties (note 7)	278,329	1	299,802	1
1220	Current tax assets	60,836	-	53,666	-	2230	Current tax liabilities	361,392	1	460,085	2
1310	Inventories (note 6(4))	1,780,397	6	1,883,338	8	2280	Lease liabilities—current (note 6(12))	19,356	-	15,896	-
1479	Other current assets (note 8)	<u>322,427</u>	<u>1</u>	<u>262,798</u>	<u>1</u>	2320	Current portion of long-term borrowings (notes 6(11) and 8)	763,386	3	-	-
	Total current assets	<u>9,269,816</u>	<u>32</u>	<u>7,425,169</u>	<u>30</u>	2399	Other current liabilities	<u>25,558</u>	<u>-</u>	<u>12,661</u>	<u>-</u>
Non-current assets:						Total current liabilities		<u>3,209,021</u>	<u>11</u>	<u>4,323,751</u>	<u>18</u>
1510	Financial asset at fair value through profit or loss—non-current (notes 6(2) and 7)	2,584,701	9	1,869,650	8	2527	Contract liabilities—non-current (note 6(18))	8,979	-	8,208	-
1550	Investments accounted for using equity method (note 6(5))	5,879,043	20	4,135,737	17	2540	Long-term borrowings (notes 6(11) and 8)	7,981,214	28	6,093,531	25
1600	Property, plant and equipment (notes 6(6) and 8)	2,430,089	8	2,205,431	9	2570	Deferred tax liabilities (note 6(14))	609,133	2	351,979	1
1755	Right-of-use assets (note 6(7))	50,770	-	35,265	-	2580	Lease liabilities—non-current (note 6(12))	32,297	-	20,482	-
1805	Goodwill (note 6(8))	2,751,253	10	2,751,253	11	2640	Defined benefit liabilities, net (note 6(13))	8,726	-	8,281	-
1821	Other intangible assets (notes 6(9) and 7)	6,093,703	21	6,124,134	25	2670	Other non-current liabilities (note 6(9))	<u>6,537</u>	<u>-</u>	<u>37,262</u>	<u>-</u>
1840	Deferred tax assets (note 6(14))	54,737	-	87,205	-	Total non-current liabilities		<u>8,646,886</u>	<u>30</u>	<u>6,519,743</u>	<u>26</u>
1900	Other non-current assets (note 9)	<u>75,430</u>	<u>-</u>	<u>77,540</u>	<u>-</u>	Total liabilities		<u>11,855,907</u>	<u>41</u>	<u>10,843,494</u>	<u>44</u>
	Total non-current assets	<u>19,919,726</u>	<u>68</u>	<u>17,286,215</u>	<u>70</u>	Equity (note 6(15)):					
						3100	Share capital	2,649,583	9	2,625,913	11
						3200	Capital surplus	7,130,549	24	7,534,348	29
						3300	Retained earnings	8,900,089	30	4,823,417	20
						3400	Other equity	(1,295,489)	(4)	(1,058,434)	(4)
						3500	Treasury shares	<u>(51,097)</u>	<u>-</u>	<u>(57,354)</u>	<u>-</u>
						Total equity		<u>17,333,635</u>	<u>59</u>	<u>13,867,890</u>	<u>56</u>
	Total assets	<u>\$ 29,189,542</u>	<u>100</u>	<u>24,711,384</u>	<u>100</u>	Total liabilities and equity		<u>\$ 29,189,542</u>	<u>100</u>	<u>24,711,384</u>	<u>100</u>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd.

Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	Net revenue (notes 6(18) and 7)	\$ 10,811,942	100	8,742,896	100
5000	Cost of sales (notes 6(4) and 7)	4,226,946	39	3,726,809	43
5900	Gross profit from operations	6,584,996	61	5,016,087	57
5910	Unrealized gains on transactions with subsidiaries	(14,283)	-	(10,817)	-
5950	Gross profit from operations	6,570,713	61	5,005,270	57
Operating expenses (note 7):					
6100	Selling expenses	1,173,726	11	842,117	9
6200	Administrative expenses	751,844	7	495,941	6
6300	Research and development expenses	555,188	5	376,060	4
6450	Reversal of expected credit loss (note 6(3))	(5,457)	-	(7,509)	-
	Total operating expenses	2,475,301	23	1,706,609	19
6900	Operating income	4,095,412	38	3,298,661	38
Non-operating income and expenses:					
7100	Interest income	23,674	-	991	-
7010	Other income (note 7)	24,993	-	13,235	-
7020	Other gains and losses, net (note 6(20))	694,697	7	136,459	1
7050	Finance costs (notes 6(20) and 7)	(317,432)	(3)	(123,597)	(1)
7060	Share of profit of subsidiaries accounted for using equity method (note 6(5))	509,683	5	364,074	4
		935,615	9	391,162	4
7900	Income before income tax	5,031,027	47	3,689,823	42
7950	Less: Income tax expense (note 6(14))	925,401	9	669,066	8
	Net income	4,105,626	38	3,020,757	34
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurement of defined benefit plans (note 6(13))	(813)	-	1,814	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method	161,674	1	97,606	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(14))	163	-	(363)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	161,024	1	99,057	1
8360	Components of other comprehensive income (loss) that may be reclassified to profit or loss				
8381	Exchange differences on translation of foreign financial statements	(1,769)	-	146,014	2
	Components of other comprehensive income (loss) that may be reclassified to profit or loss	(1,769)	-	146,014	2
8300	Other comprehensive income, net	159,255	1	245,071	3
8500	Total comprehensive income	\$ 4,264,881	39	3,265,828	37
Earnings per share (note 6(17))					
9750	Basic earnings per share	\$ 15.72		11.59	
9850	Diluted earnings per share	\$ 15.67		11.54	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd.

Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity					Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial asset at fair value through other comprehensive income	Unearned share-based payments	Total	Treasury shares	
Balance at January 1, 2022	\$ 2,627,963	8,038,813	35,366	115,476	1,549,793	1,700,635	(908,356)	(268,975)	(63,616)	(1,240,947)	(57,754)	11,068,710
Net income	-	-	-	-	3,020,757	3,020,757	-	-	-	-	-	3,020,757
Other comprehensive income (loss)	-	-	-	-	102,025	102,025	146,014	(2,968)	-	143,046	-	245,071
Total comprehensive income (loss)	-	-	-	-	3,122,782	3,122,782	146,014	(2,968)	-	143,046	-	3,265,828
Appropriation of earnings:												
Legal reserve appropriated	-	-	143,898	-	(143,898)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	548,445	(548,445)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	(506,058)	-	-	-	-	-	-	-	-	-	(506,058)
Share-based payments	(2,050)	1,593	-	-	-	-	-	-	39,467	39,467	400	39,410
Balance at December 31, 2022	\$ 2,625,913	7,534,348	179,264	663,921	3,980,232	4,823,417	(762,342)	(271,943)	(24,149)	(1,058,434)	(57,354)	13,867,890
Net income	-	-	-	-	4,105,626	4,105,626	-	-	-	-	-	4,105,626
Other comprehensive income (loss)	-	-	-	-	(28,954)	(28,954)	(1,769)	189,978	-	188,209	-	159,255
Total comprehensive income (loss)	-	-	-	-	4,076,672	4,076,672	(1,769)	189,978	-	188,209	-	4,264,881
Appropriation of earnings:												
Legal reserve appropriated	-	-	312,278	-	(312,278)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	370,363	(370,363)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	(906,227)	-	-	-	-	-	-	-	-	-	(906,227)
Share-based payments	23,670	502,428	-	-	-	-	-	-	(425,264)	(425,264)	6,257	107,091
Balance at December 31, 2023	\$ 2,649,583	7,130,549	491,542	1,034,284	7,374,263	8,900,089	(764,111)	(81,965)	(449,413)	(1,295,489)	(51,097)	17,333,635

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Income before income tax	\$ 5,031,027	3,689,823
Adjustments:		
Adjustments to reconcile income		
Depreciation expense	132,026	119,539
Amortization expense	717,969	482,404
Reversal of expected credit loss	(5,457)	(7,509)
Gains on financial asset at fair value through profit or loss	(715,051)	(286,808)
Finance costs	317,432	123,597
Interest income	(23,674)	(991)
Share-based payments	106,493	39,410
Share of profit of subsidiaries accounted for using equity method	(509,683)	(364,074)
Losses on disposal of property, plant and equipment	23,347	1,133
Impairment loss on intangible assets	185,944	101,438
Unrealized gain on transactions with subsidiaries	14,283	10,817
Unrealized foreign exchange losses (gains)	(194,390)	108,852
Write-downs of inventories	67,285	57,121
Losses from early repayment of loans	98,939	8,479
Gains on lease modifications	(292)	(128)
Total adjustments to reconcile income	<u>215,171</u>	<u>393,280</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	129,742	(176,456)
Notes and accounts receivable, net	(366,476)	(149,456)
Accounts receivable—related parties	(1,512,522)	(1,000,683)
Other receivables	(968)	(36,804)
Other receivables—related parties	(55,630)	25,142
Inventories	35,656	47,130
Other current assets	(52,433)	(94,403)
Total changes in operating assets	<u>(1,822,631)</u>	<u>(1,385,530)</u>
Changes in operating liabilities:		
Contract liabilities	(56,511)	37,209
Notes and accounts payable	(260,569)	386,275
Accounts payable—related parties	(139,149)	6,342
Other payables	41,472	133,964
Other payables—related parties	(20,547)	139,626
Other current liabilities	13,133	7,966
Defined benefit liabilities, net	(367)	122
Other non-current liabilities	-	(7,429)
Total changes in operating liabilities	<u>(422,538)</u>	<u>704,075</u>
Total changes in operating assets and liabilities	<u>(2,245,169)</u>	<u>(681,455)</u>
Total adjustments	<u>(2,029,998)</u>	<u>(288,175)</u>

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd.

Statements of Cash Flows (Continued)

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows generated from operations	3,001,029	3,401,648
Interest received	23,674	991
Interest paid	(251,873)	(78,806)
Income taxes paid	(736,633)	(248,027)
Net cash flows generated from operating activities	<u>2,036,197</u>	<u>3,075,806</u>
Cash flows from investing activities:		
Acquisition of financial asset at fair value through profit or loss	-	(1,582,842)
Acquisition of property, plant and equipment	(335,226)	(507,591)
Proceeds from disposal of property, plant and equipment	952	-
Decrease in refundable deposits	2,109	9,022
Acquisition of intangible assets (including capitalized development expenses)	(2,630,878)	(2,391,944)
Increase in other current assets	(6,000)	-
Net cash outflow on acquisition of new shares in subsidiary	(1,088,001)	(883,790)
Net cash flows used in investing activities	<u>(4,057,044)</u>	<u>(5,357,145)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,121,000	1,276,785
Repayments of short-term borrowings	(671,000)	(1,826,785)
Proceeds from long-term borrowings	18,412,890	6,250,240
Repayments of long-term borrowings	(15,850,102)	(1,733,014)
Decrease in other payables to related parties	-	(558,274)
Payments of lease liabilities	(23,646)	(20,668)
Cash dividends paid	(906,227)	(506,058)
Treasury shares sold to employees	598	-
Net cash flows generated from financing activities	<u>2,083,513</u>	<u>2,882,226</u>
Effect of exchange rate changes on cash and cash equivalents	<u>15,688</u>	<u>-</u>
Net increase in cash and cash equivalents	78,354	600,887
Cash and cash equivalents at beginning of year	1,226,433	625,546
Cash and cash equivalents at end of year	<u><u>\$ 1,304,787</u></u>	<u><u>1,226,433</u></u>

See accompanying notes to parent-company-only financial statements.

Attachment 2: 2023 Audit Committee Review Report

美時化學製藥股份有限公司
Lotus Pharmaceutical Co., Ltd.
審計委員會查核報告書
Audit Committee Review Report

董事會造具本公司民國一一二年度之財務報表及合併財務報表，業經安侯建業聯合會計師事務所鄭志安會計師及游萬淵會計師共同查核簽證完竣，連同營業報告書及盈餘分派表經本審計委員會查核，認為尚無不符，爰依證券交易法第十四條之四及公司法第二百零九條規定繕具報告，敬請 鑒核。

此致

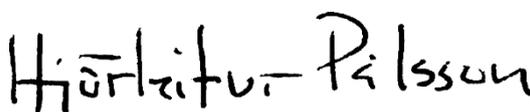
美時化學製藥股份有限公司一一三年股東常會

審計委員會召集人: Hjorleifur Palsson

To 2024 Annual General Meeting of Lotus Pharmaceutical Co., Ltd

The Company's 2023 standalone Financial Statements and consolidated Financial Statements prepared by the Board of Directors have been duly audited by KPMG. The Financial Statements, along with the Business Report and proposal for appropriation of earnings, have been reviewed and determined to be correct and accurate by the Audit Committee members of Lotus Pharmaceutical Co., Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Lotus Pharmaceutical Co., Ltd



Chairman of Audit Committee : Hjorleifur Palsson

中 華 民 國 一 一 三 年 三 月 十 四 日

Date: March 14th, 2024

Attachment 3: 2023 Employees' Profit-sharing Bonus and Directors' Compensation

For the year ended December 31, 2023, accruals for employees' remuneration and directors' remuneration were NTD 50,818 thousand and 0 thousand, respectively; see calculation below:

	TWD
Profits before tax before deducting remuneration to employees and directors	<u>5,081,845,029</u>
Calculation base to accrue remuneration to employees and directors	<u>5,081,845,029</u>
1% for remuneration to employees	<u>50,818,451</u>
0% for remuneration to directors	<u>-</u>

It is proposed that above-mentioned remuneration is to be paid in cash to employees.

Attachment 4: 2023 Statement of Proposal for Profits Distribution

Lotus Pharmaceutical Co., Ltd. Year 2023 Earnings Distribution Statement

Unit: TWD

Items		Amount
Undistributed earnings of prior years		\$3,297,590,767
Add (minus):		
Remeasurement of defined benefit plans recognized in unappropriated earnings	(28,954,475)	
Net income for the year	4,105,626,060	
Distributable earnings		7,374,262,352
Legal reserve (10%)	(407,667,159)	
Reversal of special reserve (Note)	188,209,631	
Cash dividend	(1,231,687,818)	
Undistributed earnings at the end of year		\$5,923,117,006
Note: It was the net amount of (1) \$189,978,414 unrealized gains from financial asset at fair value through other comprehensive income and (2) \$(1,768,783) exchange differences on translation of foreign financial statements. Please refer to statement of changes in equity for the year of 2023.		

Chairman: Vilhelm Róbert Wessman

CEO: Petar Antonov Vazharov

CFO: Eeling Chan

Attachment 5: The transfer of repurchased shares to employees report

1. In the third buyback of company shares in 2021, a total of 550,000 shares have been repurchased. In order to motivate employees and enhance their morale, it was resolved at the shareholders' meeting on June 15, 2023, to transfer 100,000 shares to employees at a price lower than the average price at which the shares were actually repurchased.
2. The situation of transferring shares to employees at a price lower than the average repurchased price of the 2023 AGM is as follows:

Period of transfer	Aug 2023	May 2024
Number of transferred shares	60,000 shares	27,000 shares
Price of shares transferred to employees	NT\$10	
The number of shares yet to be transferred at a price lower than the average price at which the shares were actually buyback of company shares	13,000 shares	
Total amount of buyback of company shares yet to be transferred	463,000 shares	

Attachment 6: The company's Procedures for Code of Business Conduct and Ethics

LOTUS PHARMACEUTICAL CO., LTD Procedures for Code of Business Conduct and Ethics

[English translation for reference only]

Approved on 2019/07/08

First Amended on 2024/01/31

Article 1 (Purpose of adoption and scope of application)

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. In order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Code of Business Conduct and Ethics (hereinafter, "Procedures") is adopted pursuant to the Lotus Code of Business Conduct and Ethics and its Standard Operating Procedure (collectively hereinafter, "Lotus CoC"), the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, to set forth standards to be complied with by all personnel of the Company in the course of performing their work.

The scope of application of these Procedures includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2 (Applicable subjects)

For the purposes of these Procedures, the term "personnel of this Corporation" refers to any director, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

Article 3 (Unethical conduct)

For the purposes of these Procedures, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4 (Types of benefits)

For the purposes of these Procedures, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 (Responsible unit and duties)

This Corporation shall designate the legal department as the solely responsible unit (hereinafter, "responsible unit") to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:

1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations as well as Lotus CoC.
2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis, adopting local specific programs to prevent unethical conduct and setting out the standard operating procedures and conduct guidelines in Lotus CoC or such program with respect to this Corporation's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.

Article 6 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Money, property or other benefits offered to or accepted from a person other than relatives or friends, or gifts of property given by another party to the majority of the personnel of this Corporation, provided it complies with general social norms or normal customs.

7. Property with a market value not exceeding the reasonable range of normal social customary practices received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
8. Other conduct that complies with the rules of this Corporation.

Article 7 (Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 of these Procedures, or cash gift, anything of value, or other benefits as stipulated in Lotus CoC, by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 1 week from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 1 week from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to and approved by the Chief Executive Officer.

Article 8 (Prohibition of and handling procedure for facilitating payments)

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 (Procedures for handling political contributions)

Political contributions by this Corporation shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$500,000 or more, it shall be made only after being reported to and approved by the board of directors:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

Article 10 (Procedures for handling charitable donations or sponsorships)

Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$1,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 (Recusal)

When a Company director, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, officer or stakeholder may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or

that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

Article 12 (Special unit in charge of confidentiality regime and its responsibilities)

This Corporation shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

Article 13 (Prohibition against unfair competition)

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14 (Prevention of damage caused by products and services to stakeholders)

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall, in compliance with Regulations for Medicament Recall issued by Ministry of Health and Welfare, depending on the class of the drug, within 1 to 6 months, recall those products or suspend the services, verify the facts and present a review and improvement plan. The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15 (Prohibition against insider trading and non-disclosure agreement)

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider

trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

Article 16 (Compliance and announcement of policy of ethical management)

This Corporation shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17 (Ethical management evaluation prior to development of commercial relationships)

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Corporation carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 (Statement of ethical management policy to counterparties in commercial dealings)

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19 (Avoidance of commercial dealings with unethical operators)

All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

Article 20 (Stipulation of terms of ethical management in contracts)

Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim for damages, and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 (Handling of unethical conduct by personnel of this Corporation)

This Company encourages insiders and outsiders to inform unethical or unseemly conduct. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

This Corporation shall internally establish and publicly announce on its website and the intranet of the independent mailbox lotus.speakup@lotuspharm.com, for Company insiders and outsiders to submit reports.

A whistleblower shall at least furnish the following information:

1. the whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.
2. the informed party's name or other information sufficient to distinguish its identifying features.
3. specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.

The responsible unit of this Corporation shall observe the following procedure:

1. An information shall be reported to the department head if involving the rank and file and to an independent director if involving a director or a senior executive.
2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.

3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of this Corporation shall submit to the Board of Directors regular report(s) on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 (Actions upon event of unethical conduct by others towards this Corporation)

If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.

Article 23 (Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The responsible unit of this Corporation might organize 1 awareness session each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation might link ethical management to employee performance evaluations and human resources policy. If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

Article 24 (Enforcement)

These Procedures, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be reported to the shareholders meeting.

When these Procedures are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Attachment 7: The comparison chart on “Procedures for Acquisition or Disposal of Assets.” and after amendments

Lotus Pharmaceutical Co. Ltd.

Procedures for Acquisition or Disposal of Assets Comparison Chart

Number	Proposal	Original	Description
	Approved on <u>2024/6/13</u>	Approved on <u>2022/6/30</u>	To update the amendment date
Article 4	<p>Operational procedures:</p> <p>1. The acquisition or disposal of the Company’s assets shall be handled in accordance with the following limits and procedures:</p> <p>I. ~ IV. (Omitted)</p> <p>V. The limits of amounts for the Company and each Subsidiary acquiring non-operating real estate and right-of-use assets or securities:</p> <p>i. The acquisition of real estate and right-of-use assets for non-operating purpose should not exceed 50% of the Company’s net worth.</p> <p>ii. The total amount of all long/short term security investments should not exceed <u>200%</u> of the Company’s net worth.</p> <p>iii. The amount of investment in each respective security should not exceed <u>100%</u> of the Company’s net worth.</p> <p>iv. <u>This requirement does not apply to investment in security of subsidiary in which the Company directly or indirectly owns more than 50%.</u></p>	<p>Operational procedures:</p> <p>1. The acquisition or disposal of the Company’s assets shall be handled in accordance with the following limits and procedures:</p> <p>I. ~ IV. (Omitted)</p> <p>V. The limits of amounts for the Company and each Subsidiary acquiring non-operating real estate and right-of-use assets or securities:</p> <p>i. The acquisition of real estate and right-of-use assets for non-operating purpose should not exceed 50% of the Company’s net worth.</p> <p>ii. The total amount of all long/short term security investments should not exceed <u>50%</u> of the Company’s net worth- <u>(except for 1-year fixed income securities).</u></p> <p>iii. The amount of investment in each respective security should not exceed <u>10%</u> of the Company’s net worth.</p>	<p>1. Wording changes</p> <p>2. Limits change</p>

LOTUS PHARMACEUTICAL CO., LTD

PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSETS

[English translation for reference only]

Amendments to be made at the shareholder's meeting on June 13, 2024.

Section 1 Acquisition or Disposal of Assets

Article 1

This procedure has been stipulated for the purpose of safeguarding assets and achieving data transparency.

This Company's acquisition or disposal of assets should be made in accordance with the following Procedures. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 2

1. The scope of "Assets":

- I . Long/short term security investments (including stocks, bonds, corporate bonds, bank indentures, fund securities, depository receipts, warrants, beneficiary securities, asset-based securities, etc.);
- II . Real estate (including lands, plants and buildings, and investment property), and equipment;
- III . Membership;
- IV . Patent, copyright, trademark, charter right, any intangible assets, etc.;
- V . Derivatives products;
- VI . Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
- VII . Assets that are acquired or disposed through merger, spin-off, acquisition or share transfer;
- VIII . Right-of-use assets;
- IX . Other major assets.

2. "Date of the Event" used herein should mean, in principle, the contracting day, the payment day, the transaction day, the title transferring day, the day of board resolution or other date when the transaction party and the transaction amount can be ascertained (whichever is earlier); for investments required to be approved by government authority, the Date of the Event will be any of the above-mentioned dates or the date on which the approval letter of government authority is received, whichever is earlier.

3. "Professional Appraiser" used herein should mean any appraisers/appraisal institutions specialized in real estate or other lawful appraisers/appraisal institutions of real estate and equipment.

4. "Related Parties" and "Subsidiaries" used herein should mean the companies meeting with the definition stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

5. "Latest Financial Statements" used herein should mean the financial statements of this Company audited or examined by certified public accountant which has been published in accordance with applicable regulation before the subject acquisition or disposal of assets.

6. “Mainland China area investment” used herein should refer to investments in the mainland China area in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area stipulated by the Investment Commission of the Ministry of Economic Affairs.
7. “Stock Exchange” used herein should refer to domestic Stock Exchange, it is referred to Taiwan Stock Exchange; for foreign Stock Exchange, it is referred to any stock exchange market which is operated by the juridical organization and administrated and supervised by the local securities authority.
8. “Over the Counter” used herein should refer to domestic Over the Counter, it is referred to the place in which the securities are traded over the counter specially provided by securities firms in accordance with Regulations Governing Securities Trading on the Taipei Exchange; For foreign Over the Counter, it is referred to the operation places of the financial institutions which are qualified to operate securities business and administrated and supervised by the foreign competent securities authority.

The term “10% of the company’s total asset” used herein shall be calculated based on the total asset stated in the most recent standalone financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Any unspecified terms in the Procedures shall be subject to the “Regulations Governing Acquisition or Disposal of Assets by Public Companies” announced by the regulatory authority.

Article 3

Evaluation procedures:

1. The ways to determine the price:

- I . The price of the securities acquired or disposed through the Centralized Trading Market or Taipei Exchange of the Republic of China shall be priced based on the trading price at that time.
- II . The price of the securities not acquired or disposed through the Centralized Trading Market or Taipei Exchange, the prices shall be determined with consideration of the net worth per share, profitability, potential of future development and with reference to the trading prices at that time; or to be determined with consideration of the interest rate prevalent in the market, interest rate on face of the bonds as well as the debtors’ creditability.
- III . The prices of real estate acquired or disposed shall be determined based on the current official land prices, the values appraised and the most recent transaction price of the real estate nearby.
- IV . The prices of equipment acquired or disposed shall be determined through any manner among price inquiry, price parity, price negotiations, or bidding.
- V . The prices of memberships acquired or disposed shall be determined through either manner of price parity or price negotiations.
- VI . The prices of intangible assets acquired or disposed shall be determined in accordance with the related laws and regulations and contract(s).
- VII . The prices of derivatives acquired or disposed shall be determined through the manner as set forth in Section 3 in the Procedures.
- VIII . The prices of assets acquired or disposed through mergers, spin-off, acquisitions, or transfer of shares shall be determined through the manner as set forth in Section 4 in the Procedures.

2. Basis for pricing reference:

- I . Long/short term security investments: the Company shall, prior to the date of the event, obtain financial statements of the issuing company for the most recent period that was certified or reviewed by a certified public accountant as a reference for appraising the transaction price. If the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company shall engage a certified public accountant prior to the date of the event to provide an opinion on the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that are traded in a liquid market, or where otherwise provided by regulations of the securities regulatory authorities.
 - II . Real estate, equipment or right-of-use assets: unless dealing with a domestic government agency, engaging others to build on its own land, engaging others to build on a rental land, or acquiring or disposing any equipment or right-of-use assets for operating use, the Company shall obtain an appraisal report prior to the date of the event from a professional appraiser and further comply with the following provisions if the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million:
 - i. Where due to special circumstances it is necessary to set a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted to the Board of Directors for approval in advance. The same procedure shall also be applied if any further changes to the terms and conditions of the transaction;
 - ii. Where the transaction price exceeds NT\$1 billion, appraisal reports from two or more professional appraisers are required;
 - iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction price is 20% or more of the transaction price; or
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction price.
 - iv. The period between the issue date of appraisal report and the date of contract execution shall not be more than three (3) months, provided where the publicly announced current value for the same period is used within six months period, an opinion may be issued by the original professional appraiser.
 - III . Memberships or intangible assets or right-of-use assets: unless dealing with a domestic government agency, the Company shall engage a certified public accountant prior to the date of the event to render an opinion on the reasonableness of the transaction price if the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million.
 - IV . Derivatives: the transaction shall be duly handled in accordance with the procedures as set forth in Section 3.
 - V . Assets that are acquired or disposed through merger, spin-off, acquisition or share transfer: the transaction shall be duly handled in accordance with the procedures as set forth in Section 4.
3. Professional appraisers and their officers, certified public accounts, attorneys, and underwriters who provide appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions meet the following requirements:

- I . Shall not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Law of the Republic of China, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- II . Shall not be a related party or de facto related party of any party to the transaction.
- III . If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers shall not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the code of conducts of the commercial associations to which it belongs and the followings:

- I . Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - II . When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
 - III . They shall undertake an item-by-item evaluation of the comprehensiveness, appropriateness, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
 - IV . They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.
4. Where the Company acquires or disposes assets through the court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant's opinion.

Article 4

Operational procedures:

1. The acquisition or disposal of the Company's assets shall be handled in accordance with the following limits and procedures:
 - I . Other than investment in the mainland area, derivatives trading, and assets that are acquired or disposed through merger, spin-off, acquisition or share transfer, the acquisition or disposal of assets specified in Article 2 Paragraph 1 with transaction price of less than 20% of the Company's paid-in capital or NT\$300 million shall be duly handled in accordance with the Company's internal Delegation of Duty and Authority. Any transaction of transaction value more than 20% of the Company's paid-in capital or NT\$300 million shall be reviewed and approved by the Board of Directors.
 - II . The amount of transactions shall be calculated as follows:
 - i. The amount of each transaction.
 - ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.

iii. The cumulative transaction amount of real estate or right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) for the same development project within one year.

iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

The term “within one year” refers to one year preceding the Date of Event of the current transaction. Items that have been previously approved by the Board need not be counted toward the transaction amount.

III. The acquisition or disposal of derivatives: it shall be duly handled in accordance with the procedures as set forth in Section 3.

IV. that are acquired or disposed through merger, spin-off, acquisition or share transfer: it shall be duly handled in accordance with the procedures as set forth in Section 4.

V. The limits of amounts for the Company and each Subsidiary acquiring non-operating real estate and right-of-use assets or securities:

i. The acquisition of real estate and right-of-use assets for non-operating purpose should not exceed 50% of the Company’s net worth.

ii. The total amount of all long/short term security investments should not exceed 200% of the Company’s net worth.

iii. The amount of investment in each respective security should not exceed 100% of the Company’s net worth.

iv. This requirement does not apply to investment in security of subsidiary in which the Company directly or indirectly owns more than 50%.

2. Responsible Departments are as follows:

I . Long/short term securities investment: Finance Department.

II . Real estate and equipment or right-of-use assets: user department and other related departments.

III . Membership and intangible assets or right-of-use assets: user department and other related departments.

IV . Derivatives: to be assessed and executed by the Finance Department

V . Assets acquired or disposed through merger, spin-off, acquisition, or transfer of shares, and other material assets: the responsible person appointed by the chairman or the Project Team established shall take the responsibility for assessment and execution.

3. When a matter is submitted for discussion by the Board pursuant to the preceding paragraph, the Board shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

4. Material asset or derivatives products transactions shall be approved by a majority of the Audit Committee in accordance with relevant regulations and be approved by the Board.

5. The contracts, memorandum, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company’s acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be kept in the Company for at least five years.

Article 5

Public Announcement and Declaration:

1. Under any of the following circumstances, the Company shall publicly announce and report in accordance with relevant regulations in the appropriate format as prescribed by the regulations within two days from the date of the event:
 - I . Acquisition or disposal of real estate or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets from or to a related party where the transaction price exceeds 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, provided that this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds;
 - II . Merger, spin-off, acquisition, or transfer of shares;
 - III . Losses from derivative trading reach the limits on aggregate losses or losses on individual contracts set out in the Procedures;
 - IV . Where the asset acquired or disposed is equipment for business use or rights-of-use for such equipment, and the trading counterparty is not a related party:
 - i. For the Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more;
 - ii. For the Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
 - V . Where land is acquired under an arrangement on engaging third parties to build on the Company's own land, engaging third parties to build on rental land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and where the transaction counterparty is not a related party;
 - VI . Where an asset transaction other than any of those referred to in the preceding five items or investment in the mainland area, the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, provided that this shall not apply to the following circumstances:
 - i. Trading of domestic government bonds or foreign government bond with a credit rating not lower than the sovereign rating of Taiwan R.O.C;
 - ii. Trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds;
 - VII . The amount of transactions shall be calculated as follows:
 - i. The amount of each transaction.
 - ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.
 - iii. The cumulative transaction amount of real estate or right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) for the same development project within one year.
 - iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

The term "within one year" refers to one year preceding the Date of Event of the current transaction. Items that have been previously publicly announced need not be counted toward the transaction amount.

2. In the event that a public announcement made by the Company is found insufficient or erroneous which calls for correction, the Company shall redo the entire announcement publicly within 2 days immediately from the date of the notice.
3. Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to file and make public announcement accordingly within two days commencing immediately from the date of the event:
 - I . Amendment, termination or cancellation of the original agreement;
 - II . Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement;
 - III . Change to the originally publicly announced and reported information.

Article 6

The Company's subsidiaries shall follow the following procedures when acquiring or disposing an asset:

1. The Company's subsidiaries shall establish its own procedures for acquisition or disposal of assets in compliance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". Such procedures shall be discussed and approved by subsidiaries' board of directors and reported to the Company's Board of Directors. The same shall apply if any further amendment is made.
2. This procedure shall be applicable to the Company's subsidiaries if a subsidiary has not established its own procedures for acquisition or disposal of assets. The guidance related to transaction price shall be calculated based on the paid-in capital, total assets or net worth of the subsidiary.
3. If the acquisition or disposal of assets by the Company's subsidiaries reaches the reporting standard specified in Article 5 of the Procedures and such subsidiaries are not domestic public companies, the Company shall publish and report for such subsidiaries.
4. Where a subsidiary in the preceding paragraph is subject to the requirements of 20% of the paid-in capital or 10% of the total assets for public announcement and declaration specified in Article 5 of the Procedures, it shall refer to the Company's paid-in capital or total assets.

Section 2 Related Party Transactions

Article 7

When the Company engages in any acquisition or disposal of assets from or to a related party, the Company shall conduct in compliance with preceding procedures and the "Regulations Governing the Acquisitions and Disposal of Assets by Public Companies" by the competent authorities.

1. Acquisition or disposal of assets by the Company from or to a related party shall comply with Article 4 of the Procedures. The Company shall also obtain an appraisal report from a professional appraiser or an opinion from a certified public account in accordance with Article 3 of the Procedures if the transaction price exceeds 10% of the Company's total assets.
2. When the Company intends to acquire or dispose real estate or right-of-use assets from or to a related party, or when the Company intends to acquire or dispose assets or right-of-use assets other than real estate from or to a related party and the transaction price exceeds 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$ 300 million, with the exception of trading of domestic government bonds or bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds, the following information shall be, after being discussed and approved by a majority of Audit Committee, submitted to Board of Directors for approval, before entering into a transaction contract or executing a payment:

- I . The purpose, necessity and anticipated benefit of the acquisition or disposal of assets;
- II . The reason for choosing the related party as a trading counterparty; With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonable;
- III . ess of the preliminary transaction terms in accordance with relevant regulations and rules;
- IV . The date and price, original trading counterparty and the relationship of the said trading counterparty's with this Company and the related party regarding the original acquisition of the real property;
- V . Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and evaluation of the necessity of the transaction, and the reasonableness of the funds utilization;
- VI . An appraisal report from a professional appraiser or an opinion from a certified public accountant obtained in compliance with the provisions of the preceding paragraph; and
- VII . Restrictive covenants and other important stipulations associated with the transaction.

When a matter is submitted for discussion by the Board, the Board shall take into full consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

3. When the Company or its subsidiary that is not a domestic public offering company intends to engage the transaction as mentioned in paragraph 2, and the transaction amount is more than 10% of the total assets of the Company, the Company shall submit the information listed in paragraph 1 to the Shareholders' Meeting for approval before entering a transaction contract or executing a payment. Transaction between the Company and its parent company or subsidiaries, or between its subsidiaries is not subject to this restriction.
4. The calculation of the transaction price referred to in paragraph 2 and the preceding paragraph shall be made in accordance with Article 5 Paragraph 1 Item 7, and within the preceding year as used herein refers to the year preceding the date of the event; items which have been approved by the Audit Committee, the Board of Directors and the Shareholders' Meeting shall not be counted in the transaction price again.
5. Regarding to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to decide the transaction if the transaction price is within NT\$300 million; the transaction shall be subsequently submitted to and ratified in the next Board of Directors meeting:
 - I . Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
 - II . Acquisition or disposal of real property right-of-use assets held for business use.
6. When the Company obtains real estate property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs and the handling requirements when the result of appraisal is lower than the transaction price, in compliance with the "Regulations Governing the Acquisitions and Disposal of Assets by Public Companies".

Section 3 Derivatives Trading

Article 8

The Company shall, when engaging in derivatives trading, comply with Section 1 and this Section by conducting the relevant procedures and assessing reasonableness of the terms of transaction.

Article 9

Principles and guidelines for the transaction:

1. Transaction types:

I . Derivatives traded by the Company shall refer to transaction contracts whose values are derived from the forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, indexes of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. (such as forward contracts, options, futures, exchanges, and compound contracts arising from a combination of the products listed above)

II . When the Company engages in the trade of bond deposits, the transaction shall be conducted in accordance with the Procedures.

2. Operating and hedging strategies: derivatives trading of the Company shall be conducted for the purposes of risk hedging, where selection of derivatives traded shall be those that minimize the risks generated by the Company's business operations, where the currency held shall be consistent with actual foreign currencies needed for actual imports and exports of the Company in order to reduce the Company's overall foreign exchange risks and operating expenses.

3. Segregation of duties:

I . Finance and Accounting Department:

i. Trader:

1. Being responsible for formulating the overall financial product trading strategy for the Company;
2. Traders shall, on a regular basis, every two weeks, calculate trading positions, collect market data, determine market trends and carry out risk analysis, and formulate operating strategies. These evaluations shall be approved in compliance with the Company's internal Delegation of Duty and Authority and be used as a basis for trading;
3. Conducting derivatives trading in compliance with the Company's internal Delegation of Duty and Authority and establishing strategies;
4. When the financial market is undergoing major changes and the set strategies are considered no longer applicable to the situation as judged by the trader, the trader may, at any time, submit an evaluation report and reformulate trading strategies. The new evaluation report shall be approved in compliance with the Company's internal Delegation of Duty and Authority and be used as a basis for trading.

ii. Accountant:

1. Verifying the transactions;
2. Reviewing the transactions for compliance with the authorized restrictions and established strategies;
3. Conducting monthly evaluations. Evaluation reports shall be submitted to the responsible supervisors;
4. Accounting and bookkeeping;
5. Declaring items and establishing regulations according to the laws of the securities regulatory authorities.

- iii. Settlement personnel: conducting settlement of the derivatives trading.
 - II. Internal Auditor: regularly evaluating whether the derivatives trading is conducted in compliance with the defined procedures and the risks is bearable to the Company.
- 4. Approval authorization and limits for derivatives trading:
 - I. Single transaction that exceeds US\$1 million, or cumulative net positions that exceed US\$1.5 million, shall be submitted to the Board of Directors for approval before commencing the transaction. Other transactions may be conducted in accordance with the Company's internal Delegation of Duty and Authority.
 - II. Transactions for other specified purposes or non-hedge trades shall be approved by the Board of Directors before commencing with the transaction, regardless of the amount involved.
- 5. Total amount of derivatives contracts and maximum loss limit for total and individual contracts:
 - I. Total amount of derivative contracts:
 - i. Maximum limit for hedge trades: Finance Department shall be aware of the Company's overall position and the upper limit shall be the net position of foreign exchange transactions (including anticipated net positions).
 - ii. Transactions for other specified purposes or non-hedge trades shall only be conducted after being approved by the Board of Directors.
 - II. Maximum loss limit for total and individual contracts:
 - i. Hedge trades: The maximum loss limit of total contracts shall be five percent (5%) of the total amount of derivatives contracts; the maximum loss limit for individual contracts shall be five percent (5%) of the individual contract amount. Losses that exceed the maximum limit shall be reported to the General Manager as well as the Chairman. A necessary responding measure shall be reported to the Board of Directors.
 - ii. Other specified purposes or non-hedge trading: The maximum loss limit of total contracts shall be five percent (5%) of the total amount of derivatives contracts; the maximum loss limit for individual contracts shall be five percent (5%) of the individual contract amount. Losses that exceed the maximum limit shall be reported to the General Manager as well as the Chairman. A necessary responding measure shall be reported to the Board of Directors.
- 6. Performance evaluation:
 - I. Hedge trades:
 - i. Gains and losses generated based on the foreign exchange expenses recorded by the Company and the derivatives trading conducted shall be used as the basis for performance evaluation.
 - ii. The Company shall conduct gain-loss evaluations on a monthly basis in order to be fully aware and disclose the evaluated risks of derivatives trading. The accountant shall prepare the evaluation report and submit it to senior management personnel authorized by the Board of Directors for review.
 - II. Other specified purposes or non-hedge trades:
 - i. Actual gains and losses shall be served as the basis for performance evaluation on weekly basis. The accountant shall regularly prepare the evaluation report and submit it to senior management personnel authorized by the Board of Directors for review.

Article 10

As the market is impacted by a number of factors which could increase operational risks for derivatives. Therefore, the following principles shall be adopted for risk management:

1. Credit risk management:
 - I . Trading counterparty shall mainly be leading financial institutions in the country or overseas.
 - II . Derivatives trade shall mainly be financial products provided by leading financial institutions in the country or overseas.
 - III . Transaction amount for open positions with the same trading counterparty shall not exceed US\$500,000 unless approved by the General Manager.
2. Market price risk management: losses due to future market price fluctuations are uncertain; as such, follow-up tracking shall be strictly implemented after positions have been established. When losses exceed the pre-set loss limit, it shall be reported to the General Manager for further handling.
3. Liquidity risk management: products with higher liquidity (meaning that the position of the product may be covered in the market at any point of time) will be prioritized in order to ensure the liquidity of the derivatives. Financial institutions entrusted to perform the transaction shall have sufficient information and the ability to conduct trading at any market at any time.
4. Cash flow risk management: in order to ensure the stability of the working capital of the Company, the source of capital used in derivatives trading engaged by the Company shall be restricted to the Company's disposable funds. Working capital requirements (The anticipated cash inflow and outflow for the subsequent 3 months) shall be considered when deciding the transaction amount.
5. Operational risk management:
 - I . To ensure compliance to the Company's authorized limits, operating procedures, and to include the transactions into the scope of internal auditing to avoid operational risks.
 - II . Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 - III . Risk measurement, monitoring, and control personnel shall be assigned to a separate division of the personnel in the preceding procedures and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
 - IV . Derivatives trading positions held shall be evaluated at least once per week. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.
6. Product risk management: traders shall have comprehensive and correct professional knowledge of financial products. It is also important to have the bank fully disclose any risks involved.
7. Legal risk management: documentation to be signed with financial institutions shall be reviewed by professionals in foreign exchange, legal affairs or legal consultation before formally signing the said documentation.

Article 11

Internal auditing system

1. The internal auditors shall periodically understand the suitability of internal controls on derivatives, conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures and compile a report. Should there any material violations, the internal auditors shall inform all the independent directors in written.
2. The internal auditors shall upload the report on derivatives trading, along with the execution report of annual internal auditing plan, to the securities regulatory authority in the prescribed format through the Internet no later than the end of February of the next year. The performance

of corrective action in response to the irregularities shall be reported to the securities regulatory authority no later than end of May of the next year.

Article 12

Procedures of regular evaluation and handling of irregular circumstances are set forth as follows:

1. The designated senior managerial personnel shall pay continuous attention to monitoring and controlling derivatives trading risk and periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
2. The designated senior managerial personnel shall periodically evaluate and ensure the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures for engaging in derivatives trading formulated by the Company.
3. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; an independent director shall be present at the meeting and express an opinion.
4. The Company shall report the derivatives trading to the latest Board of Directors meeting when authorizing the relevant personnel to handle derivatives trading in accordance with the Procedures.

Article 13

The Company shall establish and maintain a reference book if engaging derivatives trading to record the details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated per the Procedures.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and upload the information in the prescribed format into the information reporting website designated by the competent authority in charge of securities by the 10th day of each month.

Section 4 Mergers, Spin-off, Acquisitions, and Transfer of Shares

Article 14

The term "Assets acquired or disposed through mergers, spin-off, acquisitions or transfer of shares in accordance with law" as set forth in the Procedures denotes the assets acquired or disposed through mergers, spin-off, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor under Article 156-3 of the Company Law of the Republic of China.

Article 15

Assets acquired or disposed through mergers, spin-off, acquisitions, or transfer of shares shall be in accordance with the Procedures and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

Articles 15-1

The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio,

acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. Such engagement shall not apply to any of the following circumstances: where a public company merges with its directly or indirectly 100% held subsidiary, or the merge between its directly or indirectly 100% held subsidiaries.

Section 5 Others

Article 16

The Company's managers and persons-in-charge shall follow the Procedures in order to prevent this Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related internal rules of the Company. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 17

The Procedures shall be approved by a majority of the Audit Committee, the Board of Directors, and the Shareholders' Meeting. Any amendment is subject to the same procedures.

Attachment 8: The comparison chart on “Articles of Incorporation” (“AOI”) and after amendments

Lotus Pharmaceutical Co. Ltd.

“Articles of Incorporation” Amendment Comparison Chart

Article Number	Proposal	Original (Thirty-third amended on June 15, 2023)	Description
Article 16-1	During the term of the directors and key officers, the Company <u>shall</u> procure liability insurance for them for the potential claims for damages filed by parties of interest arising from their execution of duties within their scope of responsibilities.	During the term of the directors and key officers, the Company <u>may</u> procure liability insurance for them for the potential claims for damages filed by parties of interest arising from their execution of duties within their scope of responsibilities.	Adjust the wordings to reflect terms of relevant regulations.
Article 16-2	In consideration of strengthening supervision and management functions, the Board of Directors may form Audit, <u>Remuneration</u> , Nomination, Risk Management, <u>or</u> any other functional committees, taking into account the scale of the Board and the number of independent directors. An <u>Environment, Social and Governance (ESG)</u> or related committee may also be established based on the vision of corporate social responsibility and sustainable business operation.	In consideration of strengthening supervision and management functions, the Board of Directors may form Audit, Nomination, Risk Management any other functional committees, taking into account the scale of the Board and the number of independent directors. An <u>Environmental Protection</u> or related committee may also be established based on the vision of corporate social responsibility and sustainable business operation.	Correct textual error and adjust the wordings to reflect the Company’s practices.
Article 16-3	The Company establishes an Audit Committee pursuant to Article 14-4 of Securities and Exchange Act, composed by all independent directors. <u>The composition, powers and duties, rules of procedure, and other matters to be compiled with for the Audit Committee of the Company shall be handled in accordance with relevant laws and regulations and the bylaws of the Company.</u>	The Company establishes an Audit Committee pursuant to Article 14-4 of Securities and Exchange Act, composed by all independent directors.	Incorporate the provisions regarding the composition of the Audit Committee stipulated in Article 16-4 into the second paragraph of this article.

Article Number	Proposal	Original (Thirty-third amended on June 15, 2023)	Description
Article 16-4	<p><u>The Company establishes a Remuneration Committee pursuant to Article 14-6 of Securities and Exchange Act.</u></p> <p>The composition, powers and duties, rules of procedure, and other matters to be compiled with for the <u>Remuneration</u> Committee of the Company shall be handled in accordance with relevant laws and regulations and the bylaws of the Company.</p>	<p>The composition, powers and duties, rules of procedure, and other matters to be compiled with for the <u>Audit</u> Committee of the Company shall be handled in accordance with relevant laws and regulations and the bylaws of the Company.</p>	<p>Based on Article 14-6 of the Securities Exchange Act and the practical operation of our company, add provisions regarding the establishment and composition of the Compensation Committee.</p>
<u>Article 16-5</u>	<p><u>The board of directors of this company may establish additional functional committees, the organizational regulations of which shall be approved by the board of directors.</u></p>	Add the provision	<p>To accommodate regulatory requirements and other functional committees beyond legal provisions, as well as future operational needs of the company, add the following provision.</p>
Article 22	<p>These Articles of Incorporation are agreed to and signed on May 25th, 1966. (Omitted)</p> <p><u>The thirty-fourth Amendment was made on June 13th, 2024.</u></p>	<p>These Articles of Incorporation are agreed to and signed on May 25th, 1966 (Omitted)</p>	Add a record of the amendments made in this revision.

LOTUS PHARMACEUTICAL CO., LTD.

ARTICLES OF INCORPORATION

[English translation for reference only]

Section I — General Provisions

Article 1

The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 美時化學製藥股份有限公司 in the Chinese language, and Lotus Pharmaceutical Co., Ltd. in the English language.

Article 2

The scope of business of the Company shall be as follows:

1. C802041 Drugs and Medicines Manufacturing
2. F208021 Retail Sale of Drugs and Medicines
3. F208031 Retail sale of Medical Equipment
4. F401010 International Trade
5. C802110 Cosmetics Ingredients Manufacturing
6. F102170 Wholesale of Food and Grocery
7. F108040 Wholesale of Cosmetics
8. F203010 Retail sale of Food and Grocery
9. I199990 Other Consultancy
10. IG01010 Biotechnology Services
11. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3

The Company shall have its head office in Taipei, Taiwan, Republic of China, and shall be free, upon approval of government authorities in charge, to set up and dissolve factories, representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Board of Directors deem it necessary or advisable to carry out any or all of its activities.

Article 4

The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company paid-up capital. Any matters regarding the reinvestment must be approved and handled in accordance with the rules approved by the Board of Directors and the applicable laws and regulations.

Article 5

The Company may provide endorsement and guarantee and act as a guarantor to the matters related to the business of the Company.

Section II — Capital Stock

Article 6

The total capital of the Company is TWD 4 billion, divided into 400 million shares for a value of TWD 10 per share, to be issued in several tranches by the Board of Directors as authorized.

Among the total capital in the preceding paragraph, an amount of TWD 100 million shall be reserved, to be divided into 10,000,000 shares for a value of TWD 10 per share, to be issued as employee stock options in several tranches by the Board of Directors as authorized according to the Company Act of the Republic of China and the applicable laws of the Republic of China.

Article 6-1

The Company may distribute the shares by way of new shares to be issued by the Company or existing shares to be re-purchased by the Company to qualified employees. The Company may also enter into a share subscription right agreement with or issue restricted stock for qualified employees. Qualified employees herein include the employees of parent company or subsidiaries of the Company who meet certain requirements.

The Company may issue employee stock options to employee at a price lower than the closing price of the issuance date, or transfer the treasury shares to employees at a price lower than the Company's average acquisition cost providing such issuance or transfer proposal is approved by more than two-third (2/3) of attending shareholders with voting rights in the shareholders' meeting attended by shareholders holding the majority of the Company's total outstanding shares.

Article 7

The share certificates of the Company shall be name-bearing share certificates signed by or affixed with the signatures or personal seals of the director representing the Company and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance. The Company may issue shares without printing share certificates and the shares shall be registered with a domestic securities depository enterprise as per relevant rules and regulations.

Article 8

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 8-1

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations of the Republic of China.

Section III — Shareholders Meetings

Article 9

Shareholders' meetings of the Company are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened whenever necessary in accordance with the relevant laws, rules and regulations of the Republic of China. The Company's shareholders meeting shall be held via video conference or other communication media that announced by the regulatory authorities.

Article 9-1

Meeting notices, specifying the date, venue, and purposes of the meeting, shall be sent to each shareholder and publicly announced for the convening of shareholders' meetings, at least thirty (30) days prior to regular meetings, and at least fifteen (15) days prior to special meetings. With the consent of the counterparty, the notices may be sent by electronic means.

For shareholders holding less than one thousand registered shares, the notices prescribed in the preceding paragraph may be conducted via public announcement.

Article 10

If a shareholder is unable to attend a meeting, he/she may appoint a representative by providing a Shareholder Proxy Form issued by the Company, specifying the scope of the proxy's authorization, and signed by or affixed with the signatures or personal seals of the shareholder, to attend the meeting on his/her behalf.

Article 11

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act of the Republic of China.

Article 12

Except where otherwise provided by the Company Act of the Republic of China, resolutions of shareholders' meeting shall be adopted by an affirmative vote of a majority of the voting rights represented by shareholders in attendance at the meeting attended by shareholders representing more than one-half of the total issued shares. In accordance with regulations set by the regulatory authority, shareholders of this Company may also exercise their voting rights via an electronic voting system, and such electronic participation shall be deemed equivalent to attendance in person; all relevant matters of electronic voting shall be conducted in accordance with relevant laws and regulations.

Article 12-1

Resolutions of a shareholders' meeting shall be recorded in the meeting minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting and distributed to each shareholder within twenty (20) days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The distribution of the meeting minutes prescribed in the preceding paragraph may be conducted by means of a public announcement on the MOPS.

Such minutes shall record the year, month, day, and place of the meeting, the chairman's name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results, and shall be retained for the duration of the existence of the Company. The attendance book of shareholders and the proxy forms shall be retained for at least one year.. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act of the Republic of China, the attendance book and proxy forms shall be retained until the conclusion of the litigation.

Article 12-2

When withdrawing shares from public offering, it shall be carried out only after a special resolution is passed at a shareholders' meeting, and this provision shall remain unchanged throughout the listing period on Taiwan Stock Exchange.

Section IV — Directors

Article 13

The Company shall have five (5) to thirteen (13) directors with a term of three (3) years, to be elected from among the persons of legal capacity at the shareholders' meeting and eligible for reelection.

Article 13-1

Among the abovementioned number of directors, there shall be at least three (3) independent directors and no less than one-fifth (1/5) of the directors shall be independent directors.

The election of directors adopts the candidates nomination system as stipulated in Article 192-1 of the Company Act of the Republic of China. Matters related to the acceptance and announcement of director candidates' nomination shall be handled in accordance with relevant laws and regulations under the Company Act and the Security and Exchange Act of the Republic of China. Both independent directors and non-independent directors shall be elected at the same time, with the number of elected positions calculated separately for each category. Professional qualifications, restrictions on shareholding and concurrent jobs, determination of independence, nomination and election methods, exercise of powers and authority, and other matters to be compiled with for independent directors shall be handled in accordance with relevant regulations issued by the securities regulatory authorities of the Republic of China.

Article 13-2

The election of directors of the Company adopts cumulative voting method, where each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights may be combined to vote for one person, or divided to vote for several persons. Candidates receiving the ballots representing more voting rights will be elected as directors.

Article 14

The Board of Directors is comprised of directors. The directors shall elect a chairman from among themselves, requiring the approval of a majority of the attending directors at a meeting where two-thirds or more of the directors are present. The chairman of the Board represents the Company externally. The Board may also elect a vice chairman from among the directors in the same manner. In the case where the chairman of the Board is on leave or unable to exercise his/her duties for any reason, proxy shall be managed in accordance with Article 208 of the Company Act of the Republic of China.

Article 14-1

The meeting of the Board of Directors shall be held at least once every quarter upon a notice sent to each director, at least seven days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the reasons for convening a meeting. The notice for convening a Board of Directors' meeting may be issued through written communication, fax, email, or any other means.

Article 14-2

A meeting of the Board of Directors may only proceed if attended by more than half of the directors. A director may appoint another director, by issuing a proxy form stating the scope of authorization, to represent him/her at a board meeting, with a director limited to representing only one other Director. Resolutions at such meetings shall be adopted by the affirmative vote of a majority of the attending directors, unless otherwise stipulated in the Company Act of the Republic of China.

Article 15

If a Board of Directors' meeting is conducted by means of video conference, any Director attending the meeting via videoconference shall be deemed attendance in person.

The meeting minutes shall be signed or chopped by the chairman and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting, and the meeting minutes shall be deemed important corporate records and be retained during the existence of the Company.

The meeting minutes of paragraph 2 may be produced and distributed in electronic form.

Article 16

The Board of Directors are authorized to determine the remunerations of all directors based on their level of involvement and contribution to the operation of the Company, regardless of profitability of the Company, in accordance with the prevailing standards in the same industry.

Article 16-1

During the term of the directors and key officers, the Company shall procure liability insurance for them for the potential claims for damages filed by parties of interest arising from their execution of duties within their scope of responsibilities.

Article 16-2

In consideration of strengthening supervision and management functions, the Board of Directors may form Audit, Remuneration, Nomination, Risk Management or any other functional committees, taking into account the scale of Board and the number of independent directors. An Environment, Social and Governance (ESG) or related committee may also be established based on the vision of corporate social responsibility and sustainable business operation.

Article 16-3

The Company establishes an Audit Committee pursuant to Article 14-4 of Securities and Exchange Act, composed by all independent directors.

The composition, powers and duties, rules of procedure, and other matters to be compiled with for the Audit Committee of the Company shall be handled in accordance with relevant laws and regulations and the bylaws of the Company.

Article 16-4

The Company establishes a Remuneration Committee pursuant to Article 14-6 of Securities and Exchange Act.

The composition, powers and duties, rules of procedure, and other matters to be compiled with for the Remuneration Committee of the Company shall be handled in accordance with relevant laws and regulations and the bylaws of the Company.

Article 16-5

The board of directors of this company may establish additional functional committees, the organizational regulations of which shall be approved by the board of directors.

Section V — Management

Article 17

The Company may appoint one General Manager, and one President for registered branch, with their appointment, dismissal and remuneration handled in accordance with Article 29 of the Company Act of the Republic of China.

Section VI — Accounting

Article 18

After the close of each fiscal year, the following documents shall be prepared by the Board of Directors, and submitted to the Audit Committee for review and, in accordance with law, presented to the regular meeting of shareholders for recognition:

1. Business report,

2. Financial statements,
3. Proposals for profit distribution or deficit offset.

Article 19

The Company shall, if any profits earned by the Company for a fiscal year, distribute no less than 1% of the annual profits as employees' compensation and no more than 10% of the annual profit as directors' remuneration, provided that the Company shall reserve an amount of the profits in advance to offset any accumulated losses.

The term "profits earned by the Company" stipulated in the preceding paragraph refers to pre-tax profits for the year, before deducting the said employees' additional compensation and directors' remuneration.

The additional compensation to employees shall be distributed in the form of cash or stock. The distribution method, amount and stock numbers shall acquire approval of a majority of the attending directors at a meeting of Board of Directors attended by two-thirds or more of the directors and be reported to the shareholders' meeting.

The remuneration to directors' (including independent directors) shall be distributed in cash. The distribution ratio shall be recommended by the Remuneration Committee to the Board of Directors, which is authorized to determine the distribution ratio within the prescribed limit by adopting a resolution with the approval by a majority of the attending directors at a meeting of Board of Directors attended by two-third or more of the directors and reporting to the shareholders' meeting.

Employees who are entitled to employees' additional compensation are limited to those employed by the Company, formally appointed, and entitled to labor insurance benefits, including employees of subsidiaries who meet certain conditions. Temporary employees and probationary employees are not included.

Article 19-1

The Company shall, after covering all losses incurred in the past years and paying all taxes and dues, set aside a legal capital reserve at 10 % of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company, and then set aside special capital reserve in accordance with relevant laws or regulations of the Republic of China or as requested by the competent authorities. If any remaining profits are available, plus the beginning undistributed earnings, it will be the accumulated distributable earnings and Board of Directors will draft the proposal for earnings distribution or no distribution under scenarios approved by Board of Directors, and have it passed by the resolution of shareholders' meeting before distribution or modification.

The board of directors is authorized to pay dividends and bonuses, legal reserves, and capital surpluses in whole or in part in cash, providing a resolution has been adopted by a majority of the attending directors at a meeting of the Board of Directors attended by two-thirds or more of the directors and such a resolution shall be reported to the shareholders' meeting.

Article 19-2

Considering the Company is in an industry in a growth phase, profits may be distributed in total after taking into consideration financial, business, and operational factors, and to be distributed upon approved by the shareholders' meeting. It is expected that the dividends, subject to the shareholders' approval, are in the range of 10% to 100% of distributable profits of a year, among which cash dividend shall not be less than 10% of total distribution. Dividend payout may be adjusted by the Board of Directors based on changes in the internal and external environment.

Section VII — Supplementary Provisions

Article 20

In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

Article 21

The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 22

These Articles of Incorporation are agreed to and signed on May 25th, 1966.

The first Amendment was made on February 1st, 1974.

The second Amendment was made on August 17th, 1974.

The third Amendment was made on June 26th, 1975.

The fourth Amendment was made on August 13th, 1976.

The fifth Amendment was made on April 23rd, 1977.

The sixth Amendment was made on December 9th, 1978.

The seventh Amendment was made on April 24th, 1981.

The eighth Amendment was made on December 10th, 1982.

The ninth Amendment was made on July 16th, 1985.

The tenth Amendment was made on September 2nd, 1989.

The eleventh Amendment was made on October 11th, 1995.

The twelfth Amendment was made on June 16th, 1998.

The thirteenth Amendment was made on February 17th, 2001.

The fourteenth Amendment was made on April 20th, 2002.

The fifteenth Amendment was made on June 14th, 2003.

The sixteenth Amendment was made on August 23rd, 2003.

The seventeenth Amendment was made on June 18th, 2005.

The eighteenth Amendment was made on June 23rd, 2006.

The nineteenth Amendment was made on June 27th, 2008.

The twentieth Amendment was made on June 16th, 2009.

The twenty-first Amendment was made on June 17th, 2010.

The twenty-second Amendment was made on June 5th, 2012.

The twenty-third Amendment was made on June 3rd, 2013.

The twenty-fourth Amendment was made on February 17th, 2014.

The twenty-fifth amendment was made on March 3rd, 2015. The deletion of the articles in relation to Supervisors and the amendment to the articles in relation to the Audit Committee take effect on the date when the audit committee is established.

The twenty-sixth Amendment was made on June 27th, 2016.

The twenty-seventh Amendment was made on October 25th, 2016.

The twenty-eighth Amendment was made on December 16th, 2016.

The twenty-ninth Amendment was made on June 27th, 2017.

The thirtieth Amendment was made on June 24th, 2019.

The thirty-first Amendment was made on June 30th, 2020.

The thirty-second Amendment was made on June 30th, 2022.

The thirty-third Amendment was made on June 15th, 2023.

The thirty-fourth Amendment was made on June 13th, 2024.

Attachment 9: The comparison chart on “Rules and Procedures of Shareholders’ Meeting” and after amendments

Lotus Pharmaceutical Co. Ltd.

**Lotus Rules and Procedures of Shareholders' Meeting Amendment
Comparison Chart**

Number	Proposal	Original (First amended on June 30, 2020)	Description
Article 2	<p>The Company shall specify in its Meeting notices the time during which attendance registrations for shareholders, <u>solicitors and proxies</u> (collectively “shareholders”) will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the Meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.</p> <p>Shareholders shall attend the Meeting based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall prepare an attendance book for the attending shareholders to sign, or attending shareholders may submit a sign-in card in lieu of signing in.</p> <p><u>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card,</u></p>	<p>The Company shall specify in its Meeting notices the time during which attendance registrations for shareholders, will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the Meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.</p> <p>Shareholders <u>or those appoint proxy</u> shall attend the Meeting based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall prepare an attendance book for the attending shareholders to sign, or attending shareholders may submit a sign-in card in lieu of signing in.</p>	<p>Based on relevant laws, the text has been adjusted, and the provisions have been revised according to the announcement in letter No. 1110004250 issued by the Taiwan Stock Exchange on March 8, 111.</p>

Number	Proposal	Original (First amended on June 30, 2020)	Description
	<p><u>speaker's slips, voting slips, and other meeting materials. Where there is an election of directors , pre-printed ballots shall also be furnished.</u></p>		
Article 7	<p><u>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p> <p>The Chairman shall call the Meeting to order at the appointed meeting time <u>and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</u></p> <p>If the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the Chairman shall declare the Meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Article 175, paragraph 1 of the Company Act. The Company shall</p>	<p>The Chairman shall call the Meeting to order at the appointed meeting time.</p> <p>If the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the Chairman shall declare the Meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Article 175, paragraph 1 of the Company Act. The Company shall</p>	<p>According to relevant laws, add the following content as the first paragraph of this article.</p>

Number	Proposal	Original (First amended on June 30, 2020)	Description
	<p>notify all shareholders of the tentative resolution and call another Meeting within one (1) month.</p> <p>If, prior to conclusion of the Meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the Meeting in accordance with Article 174 of the Company Act.</p>	<p>notify all shareholders of the tentative resolution and call another Meeting within one (1) month.</p> <p>If, prior to conclusion of the Meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the Meeting in accordance with Article 174 of the Company Act.</p>	
Article 8	<p>The agenda of a Meeting shall be set by the Board of Directors if a Meeting is convened by the Board of Directors. Votes shall be cast on each individual proposal in the agenda <u>(including special motions and amendments to the original proposals set out in the agenda)</u>, and the Meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to Meetings convened by a person with the power to convene but not the Board of Directors.</p> <p>The Chairman may not declare the Meeting adjourned before the completion of deliberation on the meeting addenda of <u>the preceding two paragraphs</u> (including special motions), except by a resolution of the shareholders meeting. If the Chairman declares the Meeting adjourned in violation of the Rules and Procedures, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the Meeting.</p>	<p>The agenda of a Meeting shall be set by the Board of Directors if a Meeting is convened by the Board of Directors. Votes shall be cast on each individual proposal in the agenda, and the Meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to Meetings convened by a person with the power to convene but not the Board of Directors.</p> <p>The Chairman may not declare the Meeting adjourned before the completion of deliberation on the meeting addenda of <u>the preceding paragraph</u> (including special motions), except by a resolution of the shareholders meeting. If the Chairman declares the Meeting adjourned in violation of the Rules and Procedures, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the Meeting.</p>	Adjust the wordings and structure to reflect terms of relevant regulations.

Number	Proposal	Original (First amended on June 30, 2020)	Description
Article 9	<p>Unless otherwise specified by laws or regulations, the Meeting shall be convened by the Board of Directors.</p> <p><u>Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>The Company shall prepare electronic versions of the meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) thirty (30) days before the date of a regular Shareholders Meeting or fifteen (15) days before the date of a special Shareholders Meeting.</p> <p><u>The Company shall prepare electronic versions of the meeting agenda and supplemental meeting materials and upload them to the MOPS thirty (30) days before the date of a regular Shareholders Meeting or fifteen (15) days before the date of the special Shareholders Meeting. In addition, the Company shall also have prepared the meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time fifteen (15) days before the date of the shareholders meeting. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.</u></p> <p><u>The Company shall distribute meeting agenda and supplemental meeting materials, prescribed in the</u></p>	<p>Unless otherwise specified by laws or regulations, the Meeting shall be convened by the Board of Directors.</p> <p>The Company shall prepare electronic versions of the meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) thirty (30) days before the date of a regular Shareholders Meeting or fifteen (15) days before the date of a special Shareholders Meeting.</p>	<p>According to the letter No. 1110004250 issued by the Taiwan Stock Exchange on March 8, 2022, the second paragraph of this article is added. Additionally, the seventh and ninth paragraphs of this article are revised according to the letter No. 1090009468 issued by the Taiwan Stock Exchange on June 3, 2020.</p>

Number	Proposal	Original (First amended on June 30, 2020)	Description
	<p><u>preceding paragraph, on the date of and on-site at the Meeting to make them available to shareholders for review.</u></p> <p>When the relevant parties grant their consent, notification may be performed using electronic means. Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, <u>Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be enumerated in the meeting notice of the reasons for convening the Meeting and the main content thereof explained, and shall not be proposed as special motions in the Meeting.</p> <p>If the re-election of all Directors as well as the date of assumption of office are specified in the notice of the reasons for convening the Meeting, after the completion of the re-election in said Meeting, such date of assumption of office may not be changed by special motions or any other means during the same Meeting.</p> <p>Shareholders holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion for the regular Shareholders Meeting,</p>	<p>When the relevant parties grant their consent, notification may be performed using electronic means. Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act shall be enumerated in the meeting notice of the reasons for convening the Meeting and the main content thereof explained, and shall not be proposed as special motions in the Meeting.</p> <p>If the re-election of all Directors as well as the date of assumption of office are specified in the notice of the reasons for convening the Meeting, after the completion of the re-election in said Meeting, such date of assumption of office may not be changed by special motions or any other means during the same Meeting.</p> <p>Shareholders holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion for the regular Shareholders Meeting,</p>	

Number	Proposal	Original (First amended on June 30, 2020)	Description
	<p>provided that the number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the Meeting agenda. If a proposal put forth by shareholders falls under any of the circumstances specified in any subparagraph of Article 172-1, paragraph 4 of the Company Act, the Board of Directors may choose not to include it in the agenda. <u>A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the Meeting agenda.</u></p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce acceptance of shareholders' proposals in writing or electronically, and the location and time period for their submission, the period for submission of shareholder proposals. The period for submission may not be less than ten (10) days. Shareholder-submitted proposals are limited to three hundred (300) characters in length, And no proposal containing more than three hundred (300) characters will be included in the Meeting agenda. The shareholder making the proposal shall attend the regular Shareholders' Meeting in person or by proxy and participate in the discussion with regard to the proposed item.</p> <p>Prior to the date for issuance of notice of a Meeting, the Company shall inform the shareholders who</p>	<p>provided that the number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the Meeting agenda, <u>with an exception of proposal(s) for the Company to enhance the public interests or social responsibility.</u> If a proposal put forth by shareholders falls under any of the circumstances specified in any subparagraph of Article 172-1, paragraph 4 of the Company Act, the Board of Directors may choose not to include it in the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce acceptance of shareholders' proposals in writing or electronically, and the location and time period for their submission, the period for submission of shareholder proposals. The period for submission may not be less than ten (10) days. Shareholder-submitted proposals are limited to three hundred (300) characters in length, And no proposal containing more than three hundred (300) characters will be included in the Meeting agenda. The shareholder making the proposal shall attend the regular Shareholders' Meeting in person or by proxy and participate in the discussion with regard to the proposed item.</p> <p>Prior to the date for issuance of notice of a Meeting, the Company shall inform the shareholders who</p>	

Number	Proposal	Original (First amended on June 30, 2020)	Description
	submitted proposals of the proposal screening results, and shall list in the Meeting notice the proposals that conform to the aforesaid provisions. At the Meeting, the Board of Directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.	submitted proposals of the proposal screening results, and shall list in the Meeting notice the proposals that conform to the aforesaid provisions. At the Meeting, the Board of Directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.	
Article 12	<p>For each Meeting, a shareholder may appoint a proxy to attend the Meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given Meeting, and shall deliver the proxy form to the Company five (5) days before the date of the Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p><u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the Meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the Meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at the Meeting. Any juristic person appointed to attend as a proxy may designate only one person to represent it in the Meeting. If a juristic person shareholder appoints two or more representatives to attend a Meeting, only one of the</p>	<p>For each Meeting, a shareholder may appoint a proxy to attend the Meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given Meeting, and shall deliver the proxy form to the Company five (5) days before the date of the Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at the Meeting. Any juristic person appointed to attend as a proxy may designate only one person to represent it in the Meeting. If a juristic person shareholder appoints two or more representatives to attend a Meeting, only one of the</p>	According to relevant laws, add the following content as the third paragraph of this article.

Number	Proposal	Original (First amended on June 30, 2020)	Description
	representatives so appointed may speak on the same proposal.	representatives so appointed may speak on the same proposal.	
Article 14	<p>Voting at a Meeting shall be calculated based on the number of shares.</p> <p>With respect to resolutions of Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.</p> <p>The number of shares for which voting rights shall not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</p> <p><u>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</u></p>	<p>Voting at a Meeting shall be calculated based on the number of shares.</p> <p>With respect to resolutions of Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.</p> <p>The number of shares for which voting rights shall not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</p>	According to relevant laws, add the following content as the fifth paragraph of this article.
Article 16	A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.	A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.	Adjust the wordings and structure to reflect terms of relevant regulations.

Number	Proposal	Original (First amended on June 30, 2020)	Description
	<p>When the Company holds a Meeting, it shall adopt exercise of voting rights by either correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the Meeting in person and have waived his/her rights with respect to the special motions and amendments to original proposals of that Meeting.</p> <p><u>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two (2) days before the date of the Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</u></p> <p><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two (2) business days before the date of the Meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means</u></p>	<p>When the Company holds a Meeting, it shall adopt exercise of voting rights by either correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the Meeting in person and have waived his/her rights with respect to the special motions and amendments to original proposals of that Meeting.</p>	

Number	Proposal	Original (First amended on June 30, 2020)	Description
	<p><u>and by appointing a proxy to attend a Meeting, the voting rights exercised by the proxy in the Meeting shall prevail.</u></p> <p>Except otherwise specified in the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by an affirmative vote of a majority of the voting rights represented by the attending shareholders. In voting, <u>for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders,</u> shareholders shall vote on each agenda item individually. After the conclusion of the Meeting, the results for each proposal, based on the number of votes for and against and the number of abstentions, shall be entered into the MOPS.</p>	<p>Except otherwise specified in the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by an affirmative vote of a majority of the voting rights represented by the attending shareholders. In voting, shareholders shall vote on each agenda item individually. After the conclusion of the Meeting, the results for each proposal, based on the number of votes for and against and the number of abstentions, shall be entered into the MOPS.</p>	
Article 18	<p>The personnel to monitor and the personnel to count the ballots for the voting shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company. The result of voting shall be announced at the Meeting and placed on record. Vote counting for Meeting proposals or elections shall be conducted in public at the place of the Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the Meeting, and made as a record. <u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent, except for extraordinary motions,</u></p>	<p>The personnel to monitor and the personnel to count the ballots for the voting shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company. The result of voting shall be announced at the Meeting and placed on record. Vote counting for Meeting proposals or elections shall be conducted in public at the place of the Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the Meeting, and made as a record.</p>	Adjust the wordings and structure to reflect terms of relevant regulations.

Number	Proposal	Original (First amended on June 30, 2020)	Description
	<p><u>they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p> <p><u>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.</u></p> <p>The ballots for the election of <u>Directors</u> shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one (1) year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>The ballots for the election <u>referred to in the preceding paragraph</u> shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one (1) year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	
Article 21	<p>The Chairman may direct the proctors or security personnel to assist in maintaining order at the Meeting place. Such proctors or security personnel shall wear an identification card or badge marked “Proctors.”</p> <p><u>At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.</u></p> <p>When a shareholder violates the Rules and Procedures and defies the Chairman's correction, obstructing</p>	<p>The Chairman may direct the proctors or security personnel to assist in maintaining order at the Meeting place. Such proctors or security personnel shall wear an identification card or badge marked “Proctors.”</p> <p>When a shareholder violates the Rules and Procedures and defies the Chairman's correction, obstructing</p>	Adjust the wordings and structure to reflect terms of relevant regulations.

Number	Proposal	Original (First amended on June 30, 2020)	Description
	the proceedings and refusing to heed calls to stop, the Chairman may instruct the proctors or security personnel to escort the shareholder from the Meeting.	the proceedings and refusing to heed calls to stop, the Chairman may instruct the proctors or security personnel to escort the shareholder from the Meeting.	
Article 22	<p><u>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means and shall make an express disclosure of the same at the place of the shareholders meeting.</u></p> <p><u>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.</u></p>	New article added.	In accordance with the amended provision of this article in the letter dated March 8, 2022, with the subject 'Taiwan Stock Exchange Governance Letter No. 1110004250'.
Article 23	These Rules and Procedures shall be effective from the date it is approved by a Shareholders' Meeting. Subsequent amendments thereto shall be effected in the same manner.	These Rules and Procedures shall be effective from the date it is approved by a Shareholders' Meeting. Subsequent amendments thereto shall be effected in the same manner.	Article numbering adjusted; the original Article 22 adjusted to become Article 23.

LOTUS PHARMACEUTICAL CO., LTD

RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

[English translation for reference only]

First released on 2016/04/23

First amended on 2020/06/30

Amendments to be made at the shareholder's meeting on June 13, 2024.

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures of Shareholders' Meeting (hereinafter "Rules and Procedures") unless otherwise provided by relevant laws and regulations.
2. The Company shall specify in its Meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the Meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.

Shareholders shall attend the Meeting based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall prepare an attendance book for the attending shareholders to sign, or attending shareholders may submit a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

3. A Meeting shall be held at the head office of the Company or at any other place that is convenient for the shareholders to attend and suitable for a shareholders meeting. The time to start a Meeting shall not be earlier than 9 a.m. or later than 3 p.m., and full consideration shall be given to the opinions of the independent directors with respect to the place and time of the Meeting.
4. If a Meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall preside at the Meeting. In case the Chairman is on leave or for any reason unable to exercise his/her powers, the Vice Chairman shall act as chair. If there is no Vice Chairman or the Vice Chairman is also on leave or for any reason unable to exercise his/her powers, the Chairman shall designate one of the managing directors to act as chair. If there are no managing directors, the Chairman shall designate one of the directors to act as chair. If the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to act as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall apply to a representative of a juristic person director who serves as chair.

If a Meeting is convened by any person with power to convene but other than the Board of Directors, the convening party shall chair the Meeting. If there are two or more such convening persons, they shall mutually select from among themselves to act as chair.

5. The Company may appoint its designated legal counsels, certified public accountants (CPAs), or other related persons to attend a Meeting in a non-voting capacity.

Staff handling administrative affairs of a Meeting shall wear identification cards or badges.

6. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Meeting, and the voting and vote counting procedures. The recorded materials shall be retained for at least one year. If a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the recording shall be preserved until the conclusion of the litigation.

7. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The Chairman shall call the Meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

If the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the Chairman shall declare the Meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Article 175, paragraph 1 of the Company Act. The Company shall notify all shareholders of the tentative resolution and call another Meeting within one (1) month.

If, prior to conclusion of the Meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the Meeting in accordance with Article 174 of the Company Act.

8. The agenda of a Meeting shall be set by the Board of Directors if a Meeting is convened by the Board of Directors. Votes shall be cast on each individual proposal in the agenda (including special motions and amendments to the original proposals set out in the agenda), and the Meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to Meetings convened by a person with the power to convene but not the Board of Directors.

The Chairman may not declare the Meeting adjourned before the completion of deliberation on the meeting addenda of the preceding two paragraphs (including special motions), except by a resolution of the shareholders meeting. If the Chairman declares the Meeting adjourned in violation of the Rules and Procedures, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairman in accordance with

statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the Meeting.

9. Unless otherwise specified by laws or regulations, the Meeting shall be convened by the Board of Directors.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) thirty (30) days before the date of a regular Shareholders Meeting or fifteen (15) days before the date of a special Shareholders Meeting.

The Company shall prepare electronic versions of the meeting agenda and supplemental meeting materials and upload them to the MOPS thirty (30) days before the date of a regular Shareholders Meeting or fifteen (15) days before the date of the special Shareholders Meeting. In addition, the Company shall also have prepared the meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time fifteen (15) days before the date of the shareholders meeting. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall distribute meeting agenda and supplemental meeting materials, prescribed in the preceding paragraph, on the date of and on-site at the Meeting to make them available to shareholders for review.

When the relevant parties grant their consent, notification may be performed using electronic means.

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be enumerated in the meeting notice of the reasons for convening the Meeting and the main content thereof explained, and shall not be proposed as special motions in the Meeting.

If the re-election of all Directors as well as the date of assumption of office are specified in the notice of the reasons for convening the Meeting, after the completion of the re-election in said Meeting, such date of assumption of office may not be changed by special motions or any other means during the same Meeting.

Shareholders holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion for the regular Shareholders Meeting, provided that the number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the Meeting agenda. If a proposal put forth by shareholders falls under any of the circumstances specified in any subparagraph of Article 172-1, paragraph 4 of the Company Act, the Board of Directors may choose not to include it in the agenda.

A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the Meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce acceptance of shareholders' proposals in writing or electronically, and the location and time period for their submission, the period for submission of shareholder proposals. The period for submission may not be less than ten (10) days.

Shareholder-submitted proposals are limited to three hundred (300) characters in length, And no proposal containing more than three hundred (300) characters will be included in the Meeting agenda. The shareholder making the proposal shall attend the regular Shareholders' Meeting in person or by proxy and participate in the discussion with regard to the proposed item.

Prior to the date for issuance of notice of a Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the Meeting notice the proposals that conform to the aforesaid provisions. At the Meeting, the Board of Directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.

10. Before speaking, an attending shareholder must specify on a Speech Note the subject of the speech, the shareholder's account number (or attendance card number) and account name. The order in which shareholders speak shall be decided by the Chairman.

A shareholder in attendance who has submitted a Speech Note but does not actually speak shall be deemed to have not spoken. When the content of the speech of a shareholder is inconsistent with the subject given on the Speech Note, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chair and the shareholder that has the floor; the Chair shall stop any violation.

11. Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the preceding paragraph or exceeds the scope of the agenda item, the Chair may terminate the speech.

12. For each Meeting, a shareholder may appoint a proxy to attend the Meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given Meeting, and shall deliver the proxy form to the Company five (5) days before the date of the Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the Meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the Meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at the Meeting. Any juristic person appointed to attend as a proxy may designate only one person to represent it in the Meeting.

If a juristic person shareholder appoints two or more representatives to attend a Meeting, only one of the representatives so appointed may speak on the same proposal.

13. After a speech of an attending shareholder, the Chairman may respond in person or direct relevant personnel to respond.

14. Voting at a Meeting shall be calculated based on the number of shares.

With respect to resolutions of Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.

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

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

15. The Chairman shall allow ample opportunity during the Meeting for explanation and discussion of proposals, amendments or special motions proposed by shareholders; when the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote with sufficient time for voting.

16. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a Meeting, it shall adopt the exercise of voting rights by either correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the Meeting in person and have waived his/her rights with respect to the special motions and amendments to original proposals of that Meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two (2) days before the date of the Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two (2) business days before the date of the Meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Meeting, the voting rights exercised by the proxy in the Meeting shall prevail.

Except otherwise specified in the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by an affirmative vote of a majority of the voting rights represented by the attending shareholders. In voting, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, shareholders shall vote on each agenda item individually. After the conclusion of the Meeting, the results for each proposal, based on the number of votes for and against and the number of abstentions, shall be entered into the MOPS.

17. If there is an amendment or a substitute for a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one of them is adopted, others shall be deemed rejected, and no further voting shall be required.
18. The personnel to monitor and the personnel to count the ballots for the voting shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company. The result of voting shall be announced at the Meeting and placed on record. Vote counting for Meeting proposals or elections shall be conducted in public at the place of the Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the Meeting, and made as a record.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.

The ballots for the election of Directors shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one (1) year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

19. Matters relating to the resolutions of a Meeting shall be recorded in the Meeting minutes. The Meeting minutes shall be signed or sealed by the Chairman of the Meeting and a copy shall be distributed to each shareholder within twenty (20) days after the conclusion of the Meeting. The Meeting minutes may be produced and distributed in electronic form.

The Company may distribute the Meeting minutes of the preceding paragraph by means of a public announcement on the MOPS.

The Meeting minutes shall accurately record the year, month, day, and place of the Meeting, the Chairman's full name, the methods by which resolutions were adopted, a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each elected Director when there is an election of Directors. The minutes shall be retained for the duration of the existence of the Company.

20. During the Meeting, the Chairman may, at his/her discretion, set time for intermission. In the event of force majeure, the Chairman may rule the Meeting temporarily suspended and announce a time when, in view of the circumstances, the Meeting will be resumed.

If the Meeting venue is no longer available for continued use before all the items (including special motions) are resolved, the Meeting may adopt a resolution to resume the Meeting at another venue. A resolution may be adopted at a Meeting to defer or resume the Meeting within five (5) days in accordance with Article 182 of the Company Act.

21. The Chairman may direct the proctors or security personnel to assist in maintaining order at the Meeting place. Such proctors or security personnel shall wear an identification card or badge marked "Proctors."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the Rules and Procedures and defies the Chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the Chairman may instruct the proctors or security personnel to escort the shareholder from the Meeting.

22. On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means and shall make an express disclosure of the same at the place of the shareholders meeting.

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

23. These Rules and Procedures shall be effective from the date it is approved by a Shareholders' Meeting. Subsequent amendments thereto shall be effected in the same manner.

Attachment 10: List of Candidates for Directors

Seat	Title	Name	Gender	Shareholding (Shares)(Note)	Major Education and Work Experience	Reasons of Continuing to Nominate Independent Directors
1	Candidate of Director	Vilhelm Robert Wessman	M	0	Bachelor's degree in Business Administration and Management, University of Iceland Founder, Alvotech ehf. CEO, Actavis Generics Group Chairman and CEO, Alvogen Group Director, Alvogen Lux Holdings S.A.R.L. Director, Alvogen IPCo S.A.R.L. Director, Alvogen Pharma US, Inc. Director, Alvogen Iceland ehf.	N/A
2	Candidate of Director	Petar Antonov Vazharov	M	1,070,000	Medical Doctorate, Sofia University of Medicine MBA, University of Sofia "St. Kliment Ohridski" Senior Manager of Global Business Development, Actavis Generics CEO, Lotus Pharmaceutical Co., Ltd. Director, Alvogen Korea Holdings Ltd. Director, Alvogen Korea Co., Ltd. Director, Lotus International Pte. Ltd. Director, Alvogen (Thailand) Ltd. Director, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. Director, Lotus Japan Holdings Co., Ltd. Director, Lotus Healthcare Malaysia Sdn. Bhd. Director, Lotus Healthcare Philippines Corp. Director, Lotus Pharma Bulgaria EOOD Director, Meishi Pharma Services Pte. Ltd.	N/A
3	Candidate of Director	Arni Hardarson	M	0	Master's degree in law, University of Iceland Iceland Partner, Deloitte Iceland (responsible for heading the Tax and Legal departments) Vice President of Tax and Structure, Actavis Generics General Counsel of Alvogen Deputy CEO of Alvogen Teacher at Reykjavik University and Iceland University – International Tax Law and Corporate Law Board Director, Alvogen US Supervisor, Alvogen Korea Holdings Ltd. Supervisor, Alvogen Korea Co., Ltd. Co Chairman, Aztiq Pharma Partners Board Director, Alvotech	N/A
4	Candidate of Director	Oranee Tangphao Daniels	F	0	Master of Science in Cardiovascular Pharmacology, Mc Master University Former Chief Medical Officer, Antiva Bioscience and Antiva Biosciences Pty VP, Clinical Pharm & Exp Medicine, Theravance Director and Endowment Fund Administrator, Soroptimist International of San Francisco Independent Clinical Development Advisor for Pharma/Biotech industry	N/A
5	Candidate of Director	Yves Hermes	M	0	Bachelor of Economics and Finance, University of Geneva Founder and Managing Director, Yves Hermes Healthcare Consultancy Area Director South East Asia, Zuellig Pharma Managing Director, Yves Hermes Healthcare Consultancy Director, Jaloux SA	N/A

Seat	Title	Name	Gender	Shareholding (Shares)(Note)	Major Education and Work Experience	Reasons of Continuing to Nominate Independent Directors
6	Candidate of Director	Representative of Innobic LL Holding Company Limited. Nat Ativitavas	M	17,517,348	Civil Engineering, Chulalongkorn University Master of Science in Civil Engineering and Ph.D. in Civil Engineering, the University of Texas at Austin Executive Vice President, PTT Public Co., Ltd. Managing Director, Innobic (Asia) Co., Ltd. Director, Inter Pharma Public Co., Ltd. Director, Alvogen Emerging Markets Holdings Ltd. Director, Alvogen Korea Holdings Ltd.	N/A
7	Candidate of Director	Representative of Innobic LL Holding Company Limited. Phannalin Mahawongtikul	F	17,517,348	B.Acc., Thammasat University MBA, Thammasat University CFO, PTT Exploration and Production Public Co., Ltd. EVP – Corporate Finance, PTT Public Co., Ltd. Director, Energy Complex Co., Ltd. CFO, PTT Public Co., Ltd. Director and Chairman of the Risk Management Committee, Thai Oil Public Co., Ltd. Director, Golbal Power Synergy Public Co., Ltd.	N/A
8	Candidate of Director	Representative of Innobic LL Holding Company Limited. Krisana Winitthumkul	F	17,517,348	B.Sc. in Pharmacy, Chiang Mai University Director, Innobic (Asia) Co., Ltd. Consultant, Regulatory Affairs Pharmacy Association (Thailand) Academic Sub-Committee, The College of Industrial Pharmacy of Thailand Special Instructor at Faculty of Pharmaceuticals, Chiang Mai University	N/A
9	Candidate of Independent Director	Ivy Yang	F	0	Master of Business Administration in Accounting and management decision making, National Taiwan University Bachelor of National Cheng Kung University Independent Director of Forcelead Technology Corp Chief Financial Officer of DBS Bank (Taiwan) Ltd. Director of Citibank (Taiwan) Ltd.	None
10	Candidate of Independent Director	Karl Alexius Tiger Karlsson	M	0	Marketing and Business Administration, George Mason University Executive MBA, Harvard Business School Founder, Chief Executive Officer, and Board Member, Bluefish Pharmaceuticals Founder, Executive Chairman, and Board Member, Newbury Pharmaceuticals AB Board Member / Seed Investor, Alsakali Equity AB Board Member, One Genomics AI Labs AB	None
11	Candidate of Independent Director	Jennifer Wang	F	0	Master of Laws, Columbia University Master of Laws, National Taiwan University Bachelor's degree in Law, National Taiwan University Partner, Chen & Lin Attorneys-at-Law Independent Director, O-Bank Co., Ltd. Independent Director, TXC Co. Ltd	None

Note: It's the information of the book closure date (April 15) of the 2024 annual general meeting of shareholders.

Attachment 11: List of Directors (Independent Directors) and Representative Released from the Non-Competition Restrictions

Position	Name	Concurrent Positions in Other Companies
Director	Vilhelm Robert Wessman	<ul style="list-style-type: none"> • Chairman and CEO, Alvogen Group. • Director, Alvogen Lux Holdings S.A.R.L. • Director, Alvogen IPCo S.A.R.L. • Director, Alvogen Pharma US, Inc. • Director, Alvogen Iceland ehf.
Director	Petar Antonov Vazharov	<ul style="list-style-type: none"> • CEO, Lotus Pharmaceutical Co., Ltd. • Director, Alvogen Korea Holdings Ltd. • Director, Alvogen Korea Co., Ltd. • Director, Lotus International Pte. Ltd. • Director, Alvogen (Thailand) Ltd. • Director, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. • Director, Lotus Japan Holdings Co., Ltd. • Director, Lotus Healthcare Malaysia Sdn. Bhd. • Director, Lotus Healthcare Philippines Corp. • Director, Lotus Pharma Bulgaria EOOD. • Director, Meishi Pharma Services Pte. Ltd.
Director	Arni Hardarson	<ul style="list-style-type: none"> • Board Director, Alvogen US. • Supervisor, Alvogen Korea Holdings Ltd. • Supervisor, Alvogen Korea Co., Ltd. • Co Chairman, Aztiq Pharma Partners. • Board Director, Alvotech.
Director	Oranee Tangphao Daniels	<ul style="list-style-type: none"> • Director and Endowment Fund Administrator, Soroptimist International of San Francisco. • Independent Clinical Development Advisor for Pharma/Biotech industry.
Director	Yves Hermes	<ul style="list-style-type: none"> • Managing Director, Yves Hermes Healthcare Consultancy. • Director, Jaloux SA
Representative of Innobic LL Holding Company Limited.	Nat Ativitavas	<ul style="list-style-type: none"> • Managing Director, Innobic (Asia) Co., Ltd. • Director, Inter Pharma Public Co., Ltd. • Director, Alvogen Emerging Markets Holdings Ltd. • Director, Alvogen Korea Holdings Ltd.
Representative of Innobic LL Holding Company Limited.	Phannalin Mahawongtikul	<ul style="list-style-type: none"> • CFO, PTT Public Co., Ltd. • Director and Chairman of the Risk Management Committee, Thai Oil Public Co., Ltd. • Director, Golbal Power Synergy Public Co., Ltd.
Representative of Innobic LL Holding Company Limited.	Krisana Winitthumkul	<ul style="list-style-type: none"> • Director, Innobic (Asia) Co., Ltd. • Consultant, Regulatory Affairs Pharmacy Association (Thailand) • Academic Sub-Committee, The College of Industrial Pharmacy of Thailand • Special Instructor at Faculty of Pharmaceuticals, Chiang Mai University

Position	Name	Concurrent Positions in Other Companies
Independent director	Ivy Yang	<ul style="list-style-type: none"> • Independent Director of Forcelead Technology Corp.
Independent director	Karl Alexius Tiger Karlsson	<ul style="list-style-type: none"> • Founder, Executive Chairman, and Board Member, Newbury Pharmaceuticals AB • Seed Investor, Alsakali Equity AB • Board Member, One Genomics AI Labs AB
Independent director	Jennifer Wang	<ul style="list-style-type: none"> • Partner, Chen & Lin Attorneys-at-Law. • Independent Director, O-Bank Co., Ltd. • Independent Director, TXC Co. Ltd.

Appendix 1

ARTICLES OF INCORPORATION OF LOTUS PHARMACEUTICAL CO., LTD.

(before amendments)

[English translation for reference only]

Section I — General Provisions

Article 1

The Company shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 美時化學製藥股份有限公司 in the Chinese language, and Lotus Pharmaceutical Co., Ltd. in the English language.

Article 2

The scope of business of the Company shall be as follows:

1. C802041 Drugs and Medicines Manufacturing
2. F208021 Retail Sale of Drugs and Medicines
3. F208031 Retail sale of Medical Equipment
4. F401010 International Trade
5. C802110 Cosmetics Ingredients Manufacturing
6. F102170 Wholesale of Food and Grocery
7. F108040 Wholesale of Cosmetics
8. F203010 Retail sale of Food and Grocery
9. I199990 Other Consultancy
10. IG01010 Biotechnology Services
11. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3

The Company shall have its head office in Taipei, Taiwan, Republic of China, and shall be free, upon approval of government authorities in charge, to set up and dissolve factories, representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Board of Directors deem it necessary or advisable to carry out any or all of its activities.

Article 4

The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company paid-up capital. Any matters regarding the reinvestment must be approved and handled in accordance with the rules approved by the Board of Directors and the applicable laws and regulations.

Article 5

The Company may provide endorsement and guarantee and act as a guarantor to the matters related to the business of the Company.

Section II — Capital Stock

Article 6

The total capital of the Company is TWD 4 billion, divided into 400 million shares for a value of TWD 10 per share, to be issued in several tranches by the Board of Directors as authorized.

Among the total capital in the first paragraph, an amount of TWD 100 million shall be reserved, to be divided into 10,000,000 shares for a value of TWD 10 per share, to be issued as employee stock options in several tranches by the Board of Directors as authorized according to the Company Law of the Republic of China and the applicable laws of the Republic of China.

Article 6-1

The Company may distribute the shares by way of new shares to be issued by the Company or existing shares to be re-purchased by the Company to qualified employees. The Company may also enter into a share subscription right agreement with or issue restricted stock for qualified employees. Qualified employees herein include the employees of parent company or subsidiaries of the Company who meet certain requirements.

The Company may issue employee stock options to employee at a price lower than the closing price of the issuance date, or transfer the treasury shares to employees at a price lower than the Company's average acquisition cost providing such issuance or transfer proposal is approved by more than two-third (2/3) of attending shareholders with voting rights in the shareholders' meeting attended by shareholders holding the majority of the Company's total outstanding shares.

Article 7

The share certificates of the Company shall be name-bearing share certificates signed by or affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance. The Company may issue shares without printing share certificates and the shares shall be registered with a domestic securities depository enterprise as per relevant rules and regulations.

Article 8

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 8-1

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations of the Republic of China.

Section III — Shareholders Meetings

Article 9

Shareholders' meetings of the Company are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened whenever necessary in accordance with the relevant laws, rules and regulations of the Republic of China. The Company's shareholders meeting shall be held via video conference or other communication media that announced by the regulatory authorities.

Article 9-1

Written notices shall be sent to all shareholders at their latest places of residence as registered with the Company for the convening of shareholders' meetings, at least thirty (30) days in advance, in case of regular meetings; and at least fifteen (15) days in advance, in case of special meetings. The purpose(s) for convening any such meeting shall be clearly stated in the written notices and publicly announced. Upon agreed, the notices shall be sent by electronic means. The notices may be done via public announcement to the shareholders who have less than one thousand shares.

Article 10

If a shareholder is unable to attend a meeting, he/she may appoint a representative, with a Shareholder Proxy Form issued by the Company, to attend it, and to exercise, on his/her behalf, the rights specified in the Proxy Form at the meeting.

Article 11

Each share of stock shall be entitled to one vote, except shares under restrictions or shares held under Article 2 of 179 of the Company Law of the Republic of China.

Article 12

Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 12-1

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting and distributed to shareholders within twenty (20) days after the meeting. The meeting minutes may be distributed by electronic means or publicly announced. Such minutes with record of the taken month/date/year, place, chairman's name, minutes and resolutions, together with the attendance list and proxies, shall be filed and kept at the Company. The attending book of shareholders and the representative authorization forms shall be kept at least one year, or longer till the end of legal proceedings if shareholder file a lawsuit in accordance of Article 189 of the Company Law of the Republic of China.

Article 12-2

The Company shall only delist publicly-offered shares with special resolution of Shareholders' meeting, and shall not amend this article when shares are listed on Taiwan Stock Exchange.

Section IV — Directors

Article 13

The Company shall have five (5) to thirteen (13) Directors with a term of three (3) years, to be elected from among the persons of legal capacity at the general meeting and eligible for reelection.

Article 13-1

Among the above Directors, there shall be at least three (3) Independent Directors and no less than one-fifth (1/5) of the Directors shall be Independent Directors.

Directors shall be elected by adopting candidates' nomination system as specified in Article 192-1 of the Company Law of the Republic of China. The nomination of directors and related announcement shall comply with the relevant regulations of the Company Law of the Republic of China and the Securities and Exchange Law. Independent Directors and non-independent Directors shall be elected at the same time with their votes separately counted. Professional qualifications, restrictions on shareholding and concurrent jobs, determination of independence, nomination and election methods, exercise of powers and authority, and other compliances with regard to Independent Directors shall be governed by the applicable regulations established by the regulatory securities authorities of the Republic of China.

Article 13-2

For election of Directors, cumulative voting method shall apply where each share is entitled to a number of votes identical to the number of Directors to be elected. All votes may be cast for a single candidate or multiple candidates. The candidates receiving the ballots representing the most voting rights will be elected as Directors.

Article 14

The Directors shall elect from among themselves a Chairman of the Board of Directors, and require a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Company. In the case where the Chairman of the Board is absent or otherwise unable to perform his/her duties, matters conducted on behalf of the Chairman shall be handled in accordance with Article 208 of the Company Law of the Republic of China.

Article 14-1

The meeting of the Board of Directors shall be held at least once every quarter upon written notice mailed/faxed/e-mailed to all the other Directors, at least seven days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and its agenda.

Article 14-2

A meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting, unless otherwise provided in the Company Law of the Republic of China. A Director may, by written authorization, appoint another Director to attend on his/her behalf any meeting of the Board of Directors, and to vote for him/her on the matters specified in the written authorization at such meeting when he/she is unable to attend the meeting, but no Director may act as proxy for more than one other Director.

Article 15

Any Director attending the meeting via video conference shall be deemed to have attended the meeting in person.

The meeting minutes shall be signed or chopped by the Chairman and the recorder, and a copy of the minutes shall be distributed to each Director within 20 days after the meeting and shall be retained during the existence of the Company.

The meeting minutes under the preceding paragraph may be produced and distributed in electronic form.

Article 16

The Board of Directors shall be generally authorized to review and determine the remunerations for the Directors based on the involvement and contribution to the operation of the Company, regardless profits or losses of the Company, in consistent with the prevailing standards in the same industry.

Article 16-1

During the term of the Directors and key employees and to the extent of their performance of work, the Company may procure the liability insurance for them for damage claims filed by parties in interest.

Article 16-2

In consideration of strengthening supervision and management over the Company, Board of Directors may form Audit, Nomination, Risk Management or any other functional committees, taking into account the scale of Board of Directors and the number of Independent Directors. An Environmental Protection or related committee may also be included based on the consideration of corporate social responsibility and sustainable operation.

Article 16-3

The Company shall establish Audit Committee pursuant to Article 14-4 of Securities and Exchange Act which shall be composed by all Independent Directors.

Article 16-4

The composition, duty and authority, rules governing the proceedings of meetings and other rules governing the Audit Committee shall follow the applicable laws and regulations of the Republic of China and the bylaws of the Company.

Section V — Management

Article 17

The Company may appoint one General Manager, and one President for registered branch, and such officers designation, discharge and remuneration shall be in accordance with Article 29 of the Company Law of the Republic of China.

Section VI — Accounting

Article 18

After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular meeting of shareholders for recognition:

1. Business report,
2. Financial statements,
3. Proposal for distribution of profits or compensation for losses.

Article 19

The Company shall, if any profits earned by the Company for a fiscal year, pay no less than 1% of the profits earned by the company as employees' additional compensation and pay no more than 10% as directors' remuneration on condition that the Company shall first use the profits to offset any accumulated losses.

The aforesaid "profits earned by the Company" refers to pre-tax profits before deducting the said employees' additional compensation and directors' remuneration.

The Company may pay such employees' additional compensation in the form of cash or stock. The distribution method, amount and stock numbers shall be approved by a majority vote at a meeting of board of directors attended by at least two-thirds of the total number of directors and then reported to the shareholders' meeting.

The Company shall pay such directors' remuneration in cash. The distribution ratio shall be recommended by Remuneration Committee to the board of directors. The board of directors is authorized to determine the distribution ratio not exceeding the above upper limit. The distribution ratio will be approved by a majority vote at a meeting of board of directors attended by at least two-third of the total number of directors and then reported to the shareholders' meeting.

Employees who are entitled to employees' additional compensation are those officially hired by the Company with labor insurance and benefits and the employees of subsidiaries under certain conditions. Temporary employees and probationary employees are not included.

Article 19-1

The Company shall, after covering all losses incurred in the past years and paying all taxes and dues, set aside a legal capital reserve at 10 % of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company, and then set aside special capital reserve in accordance with relevant laws or regulations of the Republic of China or as requested by the authorities. If any remaining profits are available, plus the beginning undistributed earnings, it will be the accumulated distributable earnings and Board of Directors will draft the proposal for earnings distribution or no distribution under scenarios approved by Board of Directors, and have it passed by the resolution of shareholders' meeting before distribution or modification.

The board of directors is authorized to pay dividends and bonuses, legal reserves, and capital surpluses in whole or in part in cash, providing a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and such a resolution shall be reported to the shareholders' meeting.

Article 19-2

Considering the Company is in an industry in a growth phase, profits may be distributed in total after taking into consideration financial, business, and operational factors, and to be distributed upon approved by the shareholders' meeting. It is expected that the dividends, subject to the shareholders' approval, are in the range of 10% to 100% of distributable profits of a year, among which cash dividend shall not be less than 10% of total distribution. Dividend payout may be adjusted by the Board of Directors based on changes in the internal and external environment.

Section VII — Supplementary Provisions

Article 20

In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

Article 21

The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 22

These Articles of Incorporation are agreed to and signed on May 25th, 1966.

The first Amendment was made on February 1st, 1974.

The second Amendment was made on August 17th, 1974.

The third Amendment was made on June 26th, 1975.
The fourth Amendment was made on August 13th, 1976.
The fifth Amendment was made on April 23rd, 1977.
The sixth Amendment was made on December 9th, 1978.
The seventh Amendment was made on April 24th, 1981.
The eighth Amendment was made on December 10th, 1982.
The ninth Amendment was made on July 16th, 1985.
The tenth Amendment was made on September 2nd, 1989.
The eleventh Amendment was made on October 11th, 1995.
The twelfth Amendment was made on June 16th, 1998.
The thirteenth Amendment was made on February 17th, 2001.
The fourteenth Amendment was made on April 20th, 2002.
The fifteenth Amendment was made on June 14th, 2003.
The sixteenth Amendment was made on August 23rd, 2003.
The seventeenth Amendment was made on June 18th, 2005.
The eighteenth Amendment was made on June 23rd, 2006.
The nineteenth Amendment was made on June 27th, 2008.
The twentieth Amendment was made on June 16th, 2009.
The twenty-first Amendment was made on June 17th, 2010.
The twenty-second Amendment was made on June 5th, 2012.
The twenty-third Amendment was made on June 3rd, 2013.
The twenty-fourth Amendment was made on February 17th, 2014.
The twenty-fifth amendment was made on March 3rd, 2015. The deletion of the articles in relation to Supervisors and the amendment to the articles in relation to the Audit Committee take effect on the date when the audit committee is established.
The twenty-sixth Amendment was made on June 27th, 2016.
The twenty-seventh Amendment was made on October 25th, 2016.
The twenty-eighth Amendment was made on December 16th, 2016.
The twenty-ninth Amendment was made on June 27th, 2017.
The thirtieth Amendment was made on June 24th, 2019.
The thirtieth-first Amendment was made on June 30th, 2020.
The thirtieth-second Amendment was made on June 30th, 2022.
The thirtieth-third Amendment was made on June 15th, 2023.

Appendix 2

LOTUS PHARMACEUTICAL CO., LTD RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

(before amendments)

[English translation for reference only]

Approved on 2020/06/30

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures unless otherwise provided by relevant laws and regulations.
2. The Company shall specify in its Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the Meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations. Shareholders or those appoint proxy shall attend the Meeting based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. Shareholders attending the Meeting shall sign in on a sign-in book prepared by the Company or submit the attendance card for the purpose of signing in.
3. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9am or later than 3pm, and full consideration shall be given to the opinions of the independent directors with respect to the place and time of the Meeting.
4. If the Meeting is convened by the Board of Directors, the Chairman of Board of Directors shall preside at the Meeting. In case the Chairman is absence or otherwise unable to perform his/her duties, the Vice Chairman shall sit in as meeting chairman. If there is no Vice Chairman or the Vice Chairman is also absence or otherwise unable to perform his/her duties, the Chairman shall designate a managing director to sit in as meeting chairman. If there is no managing director, the Chairman shall designate a director to sit in as meeting chairman. If the Chairman does not designate a director, the managing directors or directors shall elect one from among themselves to act in lieu of the meeting chairman.

When a managing director or director serves as meeting chairman, as referred to in the preceding Paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same rules shall apply for a representative of a juristic person director that serves as meeting chairman.

If the Meeting is convened by any person other than the Board of Director, who is entitled to convene the Meeting, the said person shall preside at the Meeting. If there are more than two persons calling for the Meeting, they shall elect from among themselves to act in lieu of the meeting chairman.
5. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.

Persons handling affairs of the Meeting shall wear ID cards or badges.

6. The Company, starting from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Meeting, and the voting and vote counting procedures. The recorded materials shall be retained for at least one (1) year. If a shareholder lawsuit has been instituted in accordance with Article 189 of the Company Law of the Republic of China, the tapes shall be preserved until the legal proceedings of the lawsuit have been concluded.

7. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If the quorum has not met after two postponements and the attending shareholders still represent less than one-third (1/3) of the total issued shares, the chairman shall declare the Meeting adjourned.

If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third (1/3) of the total issued shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. The Company shall notify the shareholders of the tentative resolution and call another Meeting within 1 month.

If during the process of the Meeting the number of shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions of the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

8. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda and approve the proposals by vote in sequence.

The aforesaid provision applies *mutatis mutandis* to cases where the Meeting is convened by any person other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. If the chairman declares the Meeting adjourned in violation of the Rules, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the Meeting.

9. Except otherwise specified in the relevant laws or regulations, the Meeting of the Company shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the notice and proxy forms, and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) thirty (30) days before the date of a regular Shareholders Meeting or fifteen (15) days before the date of a special Shareholders Meeting. The agenda of the Meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their consent, notification may be performed using electronic means.

The election or dismissal of directors, amendment to the Articles of Incorporation, the dissolution, merger, split up of the Company, or any other matters specified in Section 1 of Article 185 of the Company Law of the Republic of China shall be stated in the agenda of convention and shall not be proposed as special motions in the Meeting.

If an election is specified in the agenda of convention, the date of assumption of office shall also be specified and shall not be changed by special motion or other means during the same Meeting.

Shareholders holding at least 1% of the total number of issued shares may submit annual general meeting proposal to the Company for one discussion item. Any proposal with more than one discussion items shall not be included in the agenda of the Meeting, with an exception of proposal(s) for the Company to enhance the public interests or social responsibility. A proposal involving any matters specified in Section 4 of Article 172-1 of the Company Law of the Republic of China may not be included in the agenda by resolution of the Board of Directors.

The Company shall publicly announce acceptance of shareholders' proposals, the place of acceptance, and the acceptance period before the book closure date prior to the annual general meeting. The acceptance period may not be shorter than ten (10) days.

Shareholders' proposal shall be within three hundred (300) characters in length. A proposal exceeding three hundred (300) characters in length shall not be included in the agenda. Proposing shareholders shall attend the annual general meeting in person or by proxy and participate in the discussion with regard to the proposed item.

The Company shall notify those shareholders who submit proposals of the results of process of their proposals prior to the notification of annual general meeting and include the proposals complied with aforesaid provisions in the agenda. With regard to any proposals not included in the agenda, the Board of Directors shall explain the reasons in the Meeting.

10. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders shall be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders; otherwise the chairman shall stop such interruption.

11. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times and exceeding 5 minutes each time.

In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

12. For each Meeting, a shareholder may appoint a proxy to attend the Meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given Meeting, and shall deliver the proxy form to the Company five (5) days before the date of the Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at the Meeting. Any legal entity designated as proxy by shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

13. After the speech of a shareholder, the chairman may respond himself/ herself or appoint an appropriate person to respond.

14. Voting at the Meeting shall be calculated based the number of shares.

With respect to resolutions of the Meeting, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder shall not vote on that item, and shall not exercise voting rights as proxy for any other shareholder.

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

15. The chairman shall allow ample time during the Meeting for explanation and discussion of proposals, amendments or extraordinary motions proposed by shareholder(s); when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion concluded and call for a vote.

16. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Law of the Republic of China.

When the Company holds a Meeting, it shall adopt exercise of voting rights by either correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the Meeting in person and have waived his/ her rights with respect to the extraordinary motions and amendments to original proposals of that Meeting.

Except otherwise specified in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting and announced on the MOPS with the details of voting results after the Meeting.

17. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

18. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record. Vote counting for the proposals or elections shall be conducted in public at the place of the Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the Meeting, and made as the record.

The ballots for the election referred to in the preceding Paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one (1) year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Law of the Republic of China, the ballots shall be retained until the conclusion of the litigation.

19. Matters relating to the resolutions of a Meeting shall be recorded in the Meeting minutes. The Meeting minutes shall be signed or sealed by the chairman of the Meeting and a copy shall be distributed to each shareholder within twenty (20) days after the conclusion of the Meeting. The Meeting minutes may be produced and distributed in electronic form.

The Company may distribute the Meeting minutes of the preceding Paragraph by means of a public announcement on the MOPS.

The Meeting minutes shall accurately record the year, month, day, and place of the Meeting, the chairman's full name, the methods by which resolutions were adopted, a summary of the deliberations and their results, and the voting number of each elected director when there's an election, and shall be retained for the duration of the existence of the Company.

20. During the Meeting, the chairman may, at his/her discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume.

If the Meeting cannot continue to proceed at the place of Meeting before all the discussion items (including special motions) resolved, the Meeting shall be continued in any other place by resolution of the shareholders present at the Meeting. The Meeting may be resumed or postponed within five (5) days by resolution of the shareholders present at the Meeting in accordance with Article 182 of the Company Law of the Republic of China.

21. The chairman may conduct the disciplinary officers or the security guards to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.

When a shareholder violates the Rules and defies the chairman's correction, obstructs the proceedings and refuses to heed calls to stop, the chairman may instruct the disciplinary officers or security guards to escort the shareholder from the Meeting.

22. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Appendix 3

LOTUS PHARMACEUTICAL CO., LTD RULES FOR ELECTION OF DIRETORS

[English translation for reference only]

Approved on 2020/06/30

1. Unless otherwise provided in the relevant laws or regulations or the Articles of Incorporation of the Company, the Directors of the Company shall be elected in accordance with these Rules.
2. The Directors of the Company shall be elected from the persons with capacity. The election shall be conducted in accordance with the candidate nomination system and procedures and held at the shareholders' meeting. The composition of the Board of Directors shall be determined by taking diversity into consideration and the Company shall formulate an appropriate policy on diversity based on the its business operations, types of operation, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

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

Each Board member shall have the necessary knowledge, skill, and experience to perform his/her duties. The capability criteria shall include but not limit to the following:

- I . The ability to make judgments about operations.
- II . Accounting and financial analysis ability.
- III . Business management ability.
- IV . Crisis management ability.
- V . Knowledge of the industry.
- VI . An international market perspective.
- VII . Leadership ability.
- VIII . Decision-making ability.

In the election of Directors of the Company, the cumulative voting method shall be used for election. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights may be combined to vote for one person, or divided to vote for several persons.

The following relationships shall not exist among more than half or the Company's Directors:

- I . Spouse;
- II . A familial relationship within the second degree of kinship.

The Board of Directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

3. At the beginning of the election, the chairman shall appoint persons each to check and record the ballots. The persons to check the ballots shall be appointed among the shareholders.
4. In election of Directors of the Company, the voting rights for Independent Directors and Non-independent Directors shall be separately calculated, and based on the voting rights for the

number of seats set forth in the Articles of Incorporation of the Company, candidates who acquire more votes, based on the number of votes received, shall win the seats of Directors. If two or more persons acquire the same number of votes, such persons acquiring the same votes shall draw lots to decide who shall win the seats, and the chairman shall draw lots on behalf on the candidate who is not present.

5. The qualification of the Company's Independent Directors shall be in compliance with Article 2, 3 and 4 of "Rules Governing Establishment of Independent Directors for Public Companies".

The election of the Company's Independent Directors shall be in compliance with Article 5, 6, 7, 8, and 9 of "Rules Governing Establishment of Independent Directors for Public Companies" and Article 24 of "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies".

When the number of directors falls below the lower limit number of the directors prescribed in the Company's Articles of Incorporation due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next Shareholders Meeting. When the number of directors falls short by one third of the total number prescribed in the Company's Articles of Incorporation, the Company shall call a special Shareholders Meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the provision of Article 14-2, Paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation Rules Governing the Review of Listings, a by-election shall be held at the next Shareholders Meeting to fill the vacancy. When the independent directors are dismissed en masse, a special Shareholders Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Among the seats of the Company's Directors, no less than two (2) seats and no less than one-fifth (1/5) of total seats of Directors shall be Independent Directors.

6. The Board of Directors shall prepare ballots for Directors numbered according to the number of Attendance Card with a note of number of voting rights, which shall then be distributed to the attending shareholders at the Shareholders Meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
7. If the candidate is a shareholder of the Company, voters shall fill in the candidate's name and the shareholder's number of the candidate in the "candidate" column. If the candidate is a government or corporate shareholder, the full name of the government or corporate shareholder or the name of government or corporate shareholder and the name of its representative shall be filled in the "candidate" column. If there are multiple representatives, the names of each respective representative shall be entered. If the candidate is not a shareholder of the Company, voters shall fill in the candidate's name and the candidate's ID number in the "candidate" column.
8. Ballots shall be deemed invalid in either one of the following conditions:
 - I . Ballots not prepared by the Board of Directors;
 - II . Blank ballots not completed by the voters and placed in the ballot box;
 - III . Illegible writing or being erased or changed;
 - IV . Ballots with other written characters or symbols in addition to candidate's name or shareholder's number (ID number) and the number of voting rights allotted;

- V. The name of the candidates filled in the ballots being the same as another candidates name and respective shareholder's number (ID number) not indicated to distinguish them;
 - VI. If the candidate is a shareholder of the Company, the name or the shareholder's number of the candidate filled in the ballot inconsistent with the shareholder's register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
9. The ballots shall be calculated during the meeting right after the vote casting and the results of the election shall be announced by the chairman at the meeting. The ballots for the election referred shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Law of the Republic of China, the ballots shall be retained until the conclusion of the litigation.
 10. Any other items not specified herein shall be conducted in accordance with the Company Law of the Republic of China and relevant regulations.
 11. These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

Appendix 4

Lotus Pharmaceutical Co., Ltd. Shareholding of Directors

1. Our company's paid-in capital is NT\$2,649,583,120, with a total of 264,958,312 ordinary shares issued.
2. As of the book closure date (April 15, 2024) shares retained by directors and independent directors are as follows:

Position	Name	Shareholding (Shares)	Shareholding ratio (%)
Chairman	Representative of Alvogen Emerging Markets Holdings Limited Vilhelm Robert Wessman	108,968,519	41.13
Director	Representative of Alvogen Emerging Markets Holdings Limited Petar Antonov Vazharov	108,968,519	41.13
Director	Representative of Alvogen Emerging Markets Holdings Limited Arni Hardarson	108,968,519	41.13
Director	Representative of Alvogen Emerging Markets Holdings Limited Oranee Tangphao Daniels	108,968,519	41.13
Director	Representative of Alvogen Emerging Markets Holdings Limited Yves Hermes	108,968,519	41.13
Director	Representative of Alvogen Emerging Markets Holdings Limited Nat Ativitavas	108,968,519	41.13
Director	Representative of Alvogen Emerging Markets Holdings Limited Phannalin Mahawongtikul	108,968,519	41.13
Director	Representative of Alvogen Emerging Markets Holdings Limited Krisana Winitthumkul	108,968,519	41.13
Independent Director	Hjorleifur Palsson	0	0
Independent Director	Karl Alexius Tiger Karlsson	0	0
Independent Director	Jennifer Wang	0	0
Total		108,968,519	41.13

Note: All directors collectively hold a number of shares reaching the statutory minimum requirement of 12,000,000 shares.