



# **Lotus Pharmaceutical Co., Ltd.**

## **Handbook for the 2023 Annual Meeting of Shareholders 【 Translation 】**

**Means: Physical Meeting**

**Meeting Time: 9:00am, Thursday, June 15<sup>th</sup>, 2023**

**Location: No. 85, Nangang 2<sup>nd</sup> 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.

# Table of Contents

<b>I. Meeting Agenda .....</b>	<b>1</b>
i. Reporting Items .....	2
ii. Recognition Items.....	3
iii. Discussion Items.....	3
iv. Election Items .....	4
v. Other Items .....	6
vi. Special Motions .....	7
<b>II. Attachment .....</b>	<b>8</b>
1. 2022 Business Report .....	8
2. 2022 Audit Committee Review Report .....	14
3. 2022 Employees’ Profit-sharing Bonus and Directors’ Compensation .....	15
4. 2019 Private Placement Execution Report .....	16
5. 2022 CPA’s Audit Report and Consolidated Financial Statements .....	18
6. 2022 CPA’s Audit Report and Financial Statements .....	27
7. 2022 Earnings Distribution Statement.....	36
8. The Comparison Table of Amendments to “Articles of Incorporation”.....	37
9. Key matters of Employee Restricted Shares Awards .....	38
10. 2023 Employee Restricted Shares Awards Measures .....	41
11. Matters Shall be Explained for The Transfer of Shares to The Employees at a Price Lower Than Average Acquisition Price of The Share .....	44
12. Rules Governing Shares Repurchase and Transfer to Employees.....	45
<b>III. Appendix.....</b>	<b>47</b>
i. Articles of Incorporation .....	47
ii. Rules and Procedures of Shareholders’ Meeting.....	53
iii. Rules for Election of Directors.....	58
iv. Shareholding of Directors.....	61

# **Lotus Pharmaceutical Co., Ltd.**

## **2023 Agenda of Annual Meeting of Shareholders**

**Means: Physical Meeting**

**Time: 9:00 a.m. on Thursday, June 15<sup>th</sup>, 2023**

**Location: No. 85, Nangang 2<sup>nd</sup> Rd., Nantou City, Nantou County, Taiwan (R.O.C.)**

**Call the Meeting to Order**

**Chairperson Remarks**

**Reporting Items**

1. 2022 Business Report
2. Audit Committee's Review Report on 2022 Financial Statements
3. 2022 employees' profit-sharing bonus and directors' compensation
4. Cash distribution out of capital surplus report
5. Report on private placement to strategic investors in 2019

**Recognition Items**

1. To adopt FY2022 Business Report and Financial Statements
2. To adopt FY2022 earnings distribution

**Discussion Items**

1. Proposal for amendments to certain articles of the Company's "Articles of Incorporation"
2. Proposal for the issuance of Employee Restricted Stock Awards
3. Proposal for transfer of shares to employees at the price lower than the average acquisition cost

**Election Items**

1. Election of the 21<sup>st</sup> term Board of Directors

**Other Items**

1. Proposal for releasing the non-compete restriction on newly elected Directors

**Special Motions**

**Adjournment**

## **Reporting Items**

**Item No. 1:** 2022 Business Report.

**Explanation:** Please refer to Attachment 1.

**Item No. 2:** Audit Committee's Review Report on 2022 Financial Statements.

**Explanation:** Please refer to Attachment 2.

**Item No. 3:** 2022 employees' profit-sharing bonus and directors' compensation.

**Explanation:** Please refer to Attachment 3.

**Item No. 4:** Cash distribution out of capital surplus report.

**Explanation:** I. Pursuant to Article 241 of the Company Act, the Company plans to distribute cash of NT\$906,227,223 from capital surplus to the shareholders. The cash per share to be distributed is expected to be NT\$3.46;

II. Such cash payment shall be paid to the shareholders listed on the register of shareholders on the record date. Cash payment for each shareholder shall be paid at least NT\$1, and the total amount of the distributive amount of less than NT\$1 shall be included as other income of the Company; and

III. It is proposed to authorize the Chairman to handle all the matters related to the distribution, including but not limited to set the record date and payment date of the distribution, or any event related to the change of total outstanding shares resulting the revision of payout ratio.

**Item No. 5:** Report on private placement to strategic investors in 2019.

**Explanation:** Please refer to Attachment 4.

## **Recognition Items**

**Item No. 1:** To adopt FY2022 Business Report and Financial Statements. (Proposed by the Board of Directors)

**Explanation:** I. The Company's FY2022 Standalone and Consolidated Financial Reports have been audited and compiled by KPMG. The Company's 2022 Business Report has been approved by the Audit Committee and the Board of Directors; and  
II. The Company's 2022 Business Report, external Auditors' Report, and the aforementioned Financial Statements are attached hereto as Attachments 1, 5 and 6.

**Resolution:**

**Item No. 2:** To adopt FY2022 earnings distribution. (Proposed by the Board of Directors)

**Explanation:** Please refer to Attachment 7 for details.

**Resolution:**

## **Discussion Items**

**Item No. 1:** Proposal for amendments to certain articles of the Company's "Articles of Incorporation". (Proposed by the Board of Directors)

**Explanation:** Considering the operational needs of the Company, it is proposed to amend certain articles of the Company's "Articles of Incorporation". Please refer to Attachment 8 for details.

**Resolution:**

**Item No. 2:** Proposal for the issuance of Employee Restricted Stock Awards. (Proposed by the Board of Directors)

**Explanation:** I. To attract and retain talents, achieve Company medium and long-term goals, and so as to motivate employees accomplish the Company's operating goals, Company is proposing to issue Employee Restricted Stock Awards in accordance with Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (the "Offering Regulations") issued by Financial Supervisory Commission. Please refer to Attachment 9 and 10 for the details; and  
II. If certain revisions or adjustments have to be made due to the competent

authority’s instruction, amendment to the laws and regulations, financial market conditions or other objective circumstances, it is proposed that the Annual Shareholders’ Meeting authorizes the Board of Directors or the appointed person by the Board of Directors with full power and authority to handle all the issues regarding the issuance of Restricted Stock Awards.

**Resolution:**

**Item No. 3:** Proposal for transfer of shares to employees at the price lower than the average acquisition cost. (Proposed by the Board of Directors)

- Explanation:** I. There are 550,000 shares repurchased by the Company from the third time remained. In order to motivate employees and improve their cohesiveness, it is proposed to transfer the 100,000 shares to employees at a price lower than the actual average repurchase price of the shares. In accordance with Article 10-1 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. Please refer to Attachment 11 for the matters shall be explained for the transfer of shares to the employees at a price lower than average acquisition price of the shares; and
- II. The Company’s “Rules Governing Shares Repurchase and Transfer to Employees”. Please refer to Attachment 12 for the details.

**Resolution:**

**Election Items**

**Item No. 1:** Election of the 21<sup>st</sup> term Board of Directors. (Proposed by the Board of Directors)

- Explanation:** I. The 3-year term of the existing Directors shall expire by June 29<sup>th</sup>, 2023. The Company proposes to duly re-elect all the Directors of the 21<sup>st</sup> term Board of Directors at 2023 Annual General Meeting and proposes the existing Directors to be discharged immediately after the re-election;
- II. Considering the operational needs of the Company, it is proposed to elect three new Directors, in accordance with Article 13-1 of the Company’s Articles of Incorporation, among which candidate nomination system and procedures shall be applied to the election of Directors; and
- III. The term of office of the newly elected 21<sup>st</sup> term Board of Directors will start from June 15<sup>th</sup>, 2023 and conclude on June 14<sup>th</sup>, 2026. The candidates of Directors are as follows:

Title	Name	Gender	Shareholding	Major Education and Work Experience	Representative of Corporation	Reasons of Continuing to Nominate Independent Directors
Candidate of Independent Director	Hjorleifur Palsson	M	N/A	<ul style="list-style-type: none"> <li>● Cand Oecon Finance and Accounting, University of Iceland</li> <li>● Chairman of the Board of Directors/Chairman of the Board of</li> </ul>	N/A	Mr. Hjorleifur Palsson has served as the Company's independent director for over three sessions. Due to his extensive experience in finance and

Title	Name	Gender	Shareholding	Major Education and Work Experience	Representative of Corporation	Reasons of Continuing to Nominate Independent Directors
				<ul style="list-style-type: none"> <li>Trustees, Reykjavik University</li> <li>● Chairman of the Board, Vodafone Iceland</li> <li>● VP/CFO Össur hf. a global listed Orthotic and Prosthetic company</li> <li>● State Authorized Public Accountant, The Institute of State Authorized Public Accountants in Iceland</li> <li>● Partner and Director, Deloitte &amp; Touche Iceland "</li> </ul>		accounting and his experience as a corporate governance professional, he has obvious benefits to the company. He can be nominated as a candidate for independent director, with his expertise to give the board of directors timely supervision and professional advice when exercising the duties of an independent director.
Candidate of Independent Director	Karl Alexius Tiger Karlsson	M	N/A	<ul style="list-style-type: none"> <li>● MBA, Harvard Business School</li> <li>● Founder and CEO, Bluefish Pharmaceuticals</li> <li>● Founder and CEO, RDA Interactive LLC</li> </ul>	N/A	N/A
Candidate of Independent Director	Jennifer Wang	F	N/A	<ul style="list-style-type: none"> <li>● Master of Laws, University of Colvmbiae</li> <li>● Partner, Chen &amp; Lin Attorneys-at-Low</li> <li>● Independent Director, TXC Corporation</li> </ul>	N/A	N/A
Candidate of Director	Vilhelm Robert Wessman	M	134,064,369	<ul style="list-style-type: none"> <li>● University of Iceland</li> <li>● Founder of Alvotech ehf.</li> <li>● CEO of Actavis Generics Group</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Candidate of Director	Petar Antonov Vazharov	M	134,064,369	<ul style="list-style-type: none"> <li>● Medical Doctorate, Sofia University of Medicine</li> <li>● MBA, University of Sofia "St. Kliment Ohridski"</li> <li>● Senior Manager of Global Business Development, Actavis Generics</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Candidate of Director	Arni Hardarson	M	134,064,369	<ul style="list-style-type: none"> <li>● University of Iceland</li> <li>● Iceland Partner, Deloitte Iceland (responsible for heading the Tax and Legal departments)</li> <li>● Vice President of Tax and Structure, Actavis Generics</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Candidate of Director	Thor Kristjansson	M	134,064,369	<ul style="list-style-type: none"> <li>● Bachelor's degree in Business Administration and Management, University of Iceland</li> <li>● Deputy CEO, Actavis Generics</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Candidate of Director	Phannalin Mahawongtikul	F	134,064,369	<ul style="list-style-type: none"> <li>● MBA, Thammasat University, Thailand</li> <li>● CFO, PTT Public Company Limited</li> <li>● Director, PTTEP Energy Holding (Thailand) Company Limited</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Candidate of Director	Krisana Winithumkul	F	134,064,369	<ul style="list-style-type: none"> <li>● B.Sc. in Pharmacy, Chiang Mai University, Thailand</li> <li>● Director, Innobic (Asia) Co., Ltd.</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Candidate of Director	Oranee Tangphao Daniels	F	134,064,369	<ul style="list-style-type: none"> <li>● Master of Science (Cardiovascular Pharmacology), Mc Master University</li> <li>● CMO, Antiva Biosciences Pty</li> <li>● VP, Clinical Pharm &amp; Exp Medicine, Theravance</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Candidate of Director	Yves Hermes	M	134,064,369	<ul style="list-style-type: none"> <li>● Bachelor of Economics and Finance, University of Geneva, Switzerland</li> <li>● Founder and Managing Director, Yves Hermes Healthcare Consultancy</li> <li>● Area Director South East Asia, Zuellig Pharma Int'l Services</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A

**Resolution:****Other Items**

**Item No. 1:** Proposal for releasing the non-compete restriction on newly elected Directors.  
(Proposed by the Board of Directors)

**Explanation:** I. According to Article 209 of the Company Law of the Republic of China, a Director who does anything for himself/herself or on behalf of another person within the scope of the Company's business shall explain to the shareholders' meeting about the major contents of such act and obtain the shareholders' approval; and

II. To render supports from the Directors on their exceptional professions and valuable experience, it is proposed to obtain shareholders' approval to release the prohibition on Directors from participation in competitive business as following:

Name	Gender	Competitive Business	Representative of Corporation	Investment of Corporation
Hjorleifur Pálsson	M	<ul style="list-style-type: none"> <li>● Member, Investment Committee, Akur fjarfestingar slhf.</li> <li>● Director, Ankra ehf.</li> <li>● Director, Brunnur ventures slhf.</li> <li>● Member, Audit Committee, Landsbankinn hf.</li> <li>● Chairman, Nomination Committee, Icelandair Group hf.</li> <li>● Member, Audit Committee, Harpa Concert Hall and Conference c.</li> <li>● Director, UNICEF Iceland</li> <li>● Director, Festi hf.</li> </ul>	N/A	N/A
Karl Alexius Tiger Karlsson	M	<ul style="list-style-type: none"> <li>● Executive Chairman, Newbury Pharmaceuticals AB</li> </ul>	N/A	N/A
Jennifer Wang	F	<ul style="list-style-type: none"> <li>● Partner, Chen &amp; Lin Attorneys-at-Low</li> <li>● Independent Director, TXC Corporation</li> </ul>	N/A	N/A
Vilhelm Robert Wessman	M	<ul style="list-style-type: none"> <li>● Chairman and CEO, Alvogen Group</li> <li>● Director, Alvogen Lux Holdings S.A.R.L.</li> <li>● Director, Alvogen IPCo S.A.R.L.</li> <li>● Director, Alvogen Pharma US, Inc.</li> <li>● Director, Alvogen Iceland ehf.</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Arni Hardarson	M	<ul style="list-style-type: none"> <li>● Deputy CEO, Alvogen Group</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Phannalin Mahawongtikul	F	<ul style="list-style-type: none"> <li>● CFO, PTT Public Company Limited</li> <li>● Director/ Member of the Risk Management Committee, Thai Oil Public Company Limited</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Krisana Winitthumkul	F	<ul style="list-style-type: none"> <li>● Director, Innobic (Asia) Co., Ltd.</li> <li>● Consultant, Regulatory Affairs Pharmacy Association (Thailand)</li> <li>● Academic Sub-Committee, The College of Industrial Pharmacy of Thailand</li> <li>● Special Instructor at Faculty of Pharmaceuticals, Chiang Mai University</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Oranee Tangphao Daniels	F	<ul style="list-style-type: none"> <li>● CMO, Antiva Bioscience Pty</li> <li>● Director, Antiva Bioscience Pty</li> <li>● Director, Soroptimist International of San Francisco</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A
Yves Hermes	M	<ul style="list-style-type: none"> <li>● Managing Director, Yves Hermes Healthcare Consultancy</li> <li>● Director, Yves Hermes Healthcare Consultancy LLC</li> <li>● Director, Jaloux SA</li> </ul>	Alvogen Emerging Markets Holdings Ltd.	N/A

**Resolution:**

## **Special Motions**

## **Adjournment**

## Attachment 1.

# 2022 Business Report

## 1. Operational Results of 2022

### 1.1 Implement Results of Business Plan

2022 is another remarkable year for Lotus, marked by several notable achievements delivered through our unique two-pronged expansion strategies, turnkey business model, and first-to-market global launches. Lotus has shown four consecutive years of double-digit growth in the top and bottom lines, which made Lotus outperform other peers with record-high financials. For its Export Business, in addition to the successful launches of Lenalidomide for treating multiple myeloma in certain patent-free countries across Europe, it also launched in the US with the highest market share in the world. Furthermore, Gefitinib for the treatment of non-small-cell lung cancer in 20 European markets on the patent expiry date, Enzalutamide for the treatment of prostate cancer, and the first generic Vinorelbine in the form of softgel capsules with a high entry barrier across development and manufacturing, For its Asian Business, Lotus has built solid fundamentals in both Taiwan and Korea markets which serve as stable contributors of cash flows to fund its continuous growth. We then aim to penetrate the fast-growing South East Asian countries further and actively strengthen Vietnam and the Philippines for the next-stage expansion. Major awards, including Asia Pacific Enterprise Awards (AREA), have recognized all these tremendous efforts. We believe this is a strong testimonial and recognition of our strengthened competitiveness for long-term growth.

Lotus's top priorities are providing affordable solutions to patients and maximizing benefits and values for our employees and shareholders. Via out-licensing partnerships with local leaders in each region, we can make our quality products accessible to all patients worldwide. We also keep investing in upgrading facilities in the Nantou factory to develop and manufacture cytotoxic and high-potency products to reinforce our manufacturing ability. As a result, we are confident that we will be one of the most competitive players in the global pharma industry with a strong foundation of all differentiated expertise.

Lotus possesses unparalleled commercial networks in global markets, which enable Lotus to maximize R&D abilities and the value of the intellectual property. Therefore, we can grow firmly and steadily with diversified needs and portfolios while facing a dynamically changing environment in the global generic industry. Looking ahead, we will focus on expanding profit margins and geographical footprint. In addition, we make it a top priority to contribute our professional experiences in the pharmaceutical industry. We encourage young talents to pursue their career life in this sector. Our board members and management team will diligently continue advancing our goals.

### 1.2 Implementation Results of Budget:

For the year of 2022, the Company only set its internal budget targets and did not make financial forecasts guidance to the public. However, the overall implementation results were generally consistent with the range contemplated by the Company.

### 1.3 Financial Income or Expenditure and Profitability Analysis:

For 2022, the Company's main expenditure is R&D investment in generic drugs with high entry barriers. The Company's investment in R&D aims at accumulating the energy of future product launches and growth in operating income.

#### FY2022 Financial Results

Unit: NTD'000

Item	Year	FY2022	FY2021
		<b>Financial Revenue and Expenditure</b>	
	Operating revenue	14,632,772	12,649,189
	Gross Profit	7,806,149	5,640,120
	Profit/loss before tax	3,940,212	1,870,019
<b>Earnings Power</b>	Return on equity (%)	24.22%	14.16%
	Profit before tax to capital ratio (%)	150.05%	71.15%
	Earnings per share (NTD)	\$11.59	\$5.50

### 1.4 Research and Development Status:

Lotus is now an international corporation with a fully integrated ecosystem of R&D capabilities by combining all the strengths and efforts of the teams in Taiwan, Korea, and India.

Lotus has successfully launched Buprenorphine/Naloxone and Lenalidomide in the US market. It also successfully developed and launched numerous oncology products, including Lenalidomide for treating multiple myeloma, Gefitinib for treating NSCLC, Vinorelbine for treating breast cancer, and Enzalutamide for the treatment of prostate cancer. So far, at least ten license applications are already being reviewed by the regulatory authorities in the US, EU, and other countries worldwide.

## 2. Business Plan Outline of the Current Year

### 2.1 Management Guidelines:

#### 2.1.1 A solid foundation

##### 2.1.1.1 Continued optimization of portfolio:

The Company has chosen to develop medications with a high added value and entry threshold, such as cytotoxic drugs for cancer treatment and hormone medicines for women. As a result, Lotus is the first Taiwanese pharmaceutical firm to export generic cancer drugs to Japan, Korea, and Southeast Asia. Through the strategic partners' global network, Lotus also enters the European market successfully. The Company also commits to expanding its market access through a strategic partnership with regional leaders by leveraging its superior R&D capability and comprehensive business development networks for global launches.

Lotus' subsidiary, Alvogen Korea Co., Ltd., focuses on developing new compound and incrementally modified drugs. In 2015, Alvogen Korea successfully launched the antiplatelet drug, Sarpogrelate. The product soon gained a high percentage of market share. The launch of the lipid-lowering

compound drug Rosuvastatin/Ezetimibe in 2016 also generated significant returns in its first month's launch. The new pharmaceutical product Rosuvastatin/Candesartan was launched in 2017, successfully extending the product's life cycle. Lotus has achieved outstanding performance in recent years by expanding into the market for oral contraceptives and cancer drugs through pipeline acquisitions. In 2019, it had another successful launch of Qysmia, a 2nd generation anti-obesity brand drug licensed from a third party, to further solidify its leading position in the overall Korean anti-obesity market. Another licensed-in product, Mercilon, has also ranked 1st for nine consecutive years among oral contraceptive products and has been recognized as the most preferred OTC oral contraceptive brand in Korea. Alvogen Korea Co., Ltd. has also managed to excel in its area of expertise, taking the lion's share in the local market for anti-obesity drugs and oral contraceptives and breaking the shackles in Korea's competitive generics market, in which the market share of each pharmaceutical firm is usually in the single digit.

#### 2.1.1.2 Continued to provide outstanding service:

The Company has established a broad range of in-depth services. Regarding market coverage, it has established business teams in major markets like Taiwan, Korea, Thailand, and Vietnam to serve local customers from hospitals, clinics, and pharmacies. The Company also provides global clients with "One Stop Shopping" solutions, including R&D formulation, international regulatory consultation, global licensing partnership, and cost-efficient manufacturing in Taiwan. We wish to grow with all our strategic partners with possible business opportunities in global oncology and high-value generics markets.

#### 2.1.1.3 Continued quality assurance:

Since passing its first US FDA inspection in 2010, Lotus has never received any warning Letter from the US FDA. In July 2019, the Nantou manufacturing facility passed its 5th regular US FDA inspection. The Company continues to stand by its high-quality standards and thus has built an excellent industry reputation as a company that has passed inspections by the drug regulatory agencies from the US, Europe, Brazil, Japan, China, and Taiwan. Lotus promises the most outstanding quality assurance standards in each aspect to improve customers' and shareholders' benefits.

### 2.1.2 Seizing advantages in niche markets

#### 2.1.2.1 Target time-to-market in timely fashion:

Lotus has become a vertically integrated company with dedicated teams assigned to every stop across the supply chain, R&D, clinical trials, and pharmacovigilance to downstream distribution. Norwich Clinical Services Private Ltd., our Indian subsidiary based in Bengaluru, is a 72-bed contract research organization that provides professional bioequivalence studies, clinical research, and pharmacovigilance services to internal customers of the group, effectively reducing the cost and testing time of high value drugs such as cancer

drugs.

In addition, Lotus has built up strategic partnership with local leaders who have the comprehensive business connections in every region around the world. Countries with niche dynamics or collaborations with local distributors ensure speedy entry of approved products into local markets. Lotus has the greatest global reach among Taiwanese generic pharmaceutical companies with an average post-approval time-to-market of less than six months.

#### 2.1.2.2 Increased profitability through sustainable pipeline strategy of high value drugs:

The Company incorporates different marketing strategies to cultivate the “global export markets” based on its core competences in oncology. Lotus is the most aggressive non-Indian pharmaceutical company to foster a pipeline with high value drugs, which in the long run will effectively improve the Company’s gross margin. The Company’s consolidated revenues has been gradually increasing. For better operational margin growth, Lotus will strictly keep control its SGNA to maximize and accelerate operational leverage.

#### 2.1.2.3 Continuous invest in high quality manufacturing facilities to ensure solid foundation for sustainable growth:

The Company’s manufacturing site in Nantou Taiwan has been approved by the regulatory authorities in US, EU, Brazil, Japan, China, and Taiwan and is the core competence for extending its addressable markets around the world. The facilities in Nantou Taiwan will also be the base for its next blockbuster products to be launched in more than 130 markets globally. Therefore, commitment to further upgrade the manufacturing equipment, overall quality management system, supply chain planning, and inventory management is important to the Company for expanding the export business and sustainable growth.

### 2.2 Sales Volume Forecasts of Products and the Forecasting Bases:

The Company will focus on executing its two-pronged strategy covering Asian Business and Export Business with developing complex prescription drugs for domestic, Asian and global markets to create critical mass use of its approved generic products as well as expanding its addressable markets through strategic partnership for its in-house developed pipeline or licensed-in products to further boost its sales momentum. The Company shall also focus on improving legacy business while maximizing operating cash inflow to serve as a strong financial foundation for long-term growth.

The Company shall utilize its own and the strategic partners’ global market reach to introduce its generic products or in-license brand name drugs to multiply the commercial potentials across domestic and global markets by securing pipelines. The Company shall continue to integrate into the Asian market through a flexible product strategy and financial structure.

The Company shall screen carefully when building its pipeline to ensure they represent high value, complex opportunities with limited competition. An active and robust R&D project management system can increase R&D hit rate, shorten development time, thus achieving

first-to-file or first-wave opportunities for major high-value generic drugs.

## 2.3 Major Production and Sales Policies:

### 2.3.1 Production policies:

2.3.1.1 Reductions in average production costs through proper planning of production lines and personnel efficiency management.

2.3.1.2 Follow-up on regulations stipulated by the US Food and Drug Administration (FDA), the European Medicines Agency (EMA), Brazil's ANVISA, and Japan's Pharmaceuticals and Medical Devices Agency (PMDA) to ensure the compliance of Company production procedures and manufacturing facility operations with these stringent standards. The Company was also one of the first in Taiwan to introduce serialized packaging system in order to meet the ever-tightening quality control standard of the US FDA.

2.3.1.3 Enhancement of quality control in outsourced production with initiation of 2nd sourcing project to ensure product quality and cost efficiency.

### 2.3.2 Sales policies:

2.3.2.1 Continued enhancement of strategic collaboration with global business network to ride on the tailwind of existing international marketing channels and increase opportunities for commercial licensing agreements.

2.3.2.2 Increased investment in sales efficiency training to enhance productivity per sales across new and existing portfolio.

2.3.2.3 Strategic M&A on generic portfolio or brand products to increase the market awareness and meet unmet medical needs of each market and to maximize product value.

2.3.2.4 Targeted client base and creation of customer management system to lead marketing strategy.

## 2.4 Impact of External Environment, Regulatory Environment, and Overall Business Environment:

The aggressive market entry efforts of Chinese and Indian pharmaceutical companies with low-cost products have made a reshuffling of the global generics market. Due to Taiwan's National Health Insurance policy, the Group Purchasing Order, and the Ministry of Health and Welfare's successive implementation of policies to upgrade the industry—including the Taiwan Drug Master File (TDMF), Good Clinical Practice (GCP), current Good Manufacturing Practice (cGMP), Pharmaceutical Inspection Co-operation Scheme (PIC/S), Data Exclusivity Protection, and the enforcement of the Patent Linkage System—the industry structure of Taiwanese pharmaceuticals has undergone major changes in the past 2 decades. Taiwanese generic pharmaceutical companies must therefore actively develop global markets and find a niche for their operations.

In recent years, the global pharmaceutical industry went through its most volatile transformation term. This was primarily caused by changes in the political environment in the US, which is the largest market place for generic drugs. Immediate obstacles such as increased bargaining power in regard to drug prices on the part of insurance institutions,

medical institutions, and pharmacy benefit managers (PBM) due to M&As; and long-term complications such as earnings shrinkages (including those experienced by leading pharmaceutical companies in Israel and India) caused by the entry of technology companies into the pharmaceutical and drug distribution market have hurt the industry. These changes sent impacts rippling across the entire pharmaceutical industry and have forced pharmaceutical companies to implement austerity and liquidation measures such as laying off employees or non-core business divestments. However, the general trend toward encouraging the use of low-cost generics by many governments has not changed. FDA has promised to increase the efficiency of the review and approval process for generic drugs in order to ensure a fair game between generic pharmaceutical companies and originators. Meanwhile, demand of generics in China is rising due to the National Healthcare Security Administration's implementation of its volume-based procurement program upon its establishment in 2018, creating new market opportunities for manufacturers of high quality generics.

In addition, the expiration of patents owned by original manufacturers will gradually extend from small molecule drugs to large molecule drugs, i.e., biologic drugs. This shall boost the demand for biosimilars and may spark a new wave of business growth in the pharmaceutical industry. The global biologic drug market is estimated US\$40 billion in 2027 with a growth rate of 20% from US\$2.5 billion in 2014. Humira, the world's best-selling drug for several years, will also lose its critical patent protection in Europe and the US. Given the complexity and difficulty to manufacture large molecule antibodies, many brand name pharmaceutical companies have been seeking shortcuts to the biosimilars market by forming alliances or conducting proprietary R&D.

In the face of international competition and regulatory policies, Lotus shall efficiently implement the growth strategies by utilizing its proprietary R&D and external licensing-in portfolio to aim for complex generic markets with high entry barriers. Through the deft use of commercial strategies, the Company will establish itself in the APAC region and acquire a global reach in the foreseeable future to reward its shareholders.

Attachment 2.

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一一一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安志會計師及游萬淵會計師共同查核完竣，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

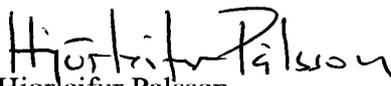
美時化學製藥股份有限公司一一二年股東常會  
審計委員會召集人: Hjorleifur Palsson

To 2023 Annual General Meeting of Lotus Pharmaceutical Co., Ltd

The Company's 2022 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 of 14-4 of the Securities and Exchange Act and Article of 219 of the Company Law, we hereby submit this report.

Lotus Pharmaceutical Co., Ltd

Chairman of Audit Committee : Hjorleifur Palsson



中 華 民 國 一 一 二 年 三 月 九 日

Date: March 9<sup>th</sup>, 2023

### Attachment 3.

## 2022 Employees' Profit-sharing Bonus and Directors' Compensation

For the year ended December 31, 2022, accruals for employees' remuneration and directors' remuneration were NTD 37,271 thousand and 0 thousand, respectively; see calculation below:

	<u>TWD</u>
Profits before tax before deducting remuneration to employees and directors	<u>3,727,093,753</u>
Calculation base to accrue remuneration to employees and directors	<u><u>3,727,093,753</u></u>
1% for remuneration to employees	<u><u>37,270,938</u></u>
0% for remuneration to directors	<u><u>-</u></u>

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

#### Attachment 4.

Item	First private placement of securities in 2019 Issuance Date: May 6 <sup>th</sup> , 2019.				
Types of the private placement	Common shares				
Date and amount approved by shareholders meeting	February 20 <sup>th</sup> , 2019/ under 12,000,000 shares (Note)				
The basis and rationale to determine the private placement price	<p>I. The Company's Board of Directors set March 19, 2019 as the base date for pricing and declared that the issue price for common stock may not be set lower than 80 percent of the reference price pursuant to the resolution reached at the special shareholders' meeting convened on February 20, 2019.</p> <p>II. (1) The private placement price shall be set at no less than 80% of the reference price. The reference price is set as the higher of the following two basis prices:</p> <p>A. The simple average closing price of the common shares of the Company for either the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.</p> <p>B. The simple average closing price of the common shares of the Company for the thirty business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</p> <p>(2) The above-mentioned pricing basis is determined in accordance with the applicable laws and regulations, the conditions and future development of the Company and considering the three-year lockup restriction. Therefore, it should be reasonable.</p> <p>(3) It is proposed to request the Shareholders Meeting to authorize the Board of Directors to determine the actual issuance price in accordance with the applicable laws and regulations, within the pricing range approved by the Shareholders Meeting and based on the market conditions; provided that the issuance price shall not be lower than the par value of the share (NT\$10).</p> <p>(4) The Chairman is authorized to determine the pricing date based on his discussion with the relevant investor(s).</p> <p>III. The reference price for this private placement of common stock was set at NT\$125.5. The actual issue price of the private placement was NT\$125.5, pursuant to the resolution reached at the special shareholders' meeting which declared that the issue price of the private placement be no lower than 80 percent of the reference price.</p>				
The method to determine specific parties	The investor(s) shall meet the qualifications set forth in Article 43-6 of the Securities Exchange Act and the relevant rulings promulgated by the competent authorities and shall not be an insider or affiliated person of the Company.				
Reasons not to conduct public offering	Considering the capital market condition, time effectiveness to raise capital, feasibility, issuance cost and the need to find strategic investor(s) as well as the three-year lockup which can ensure the long term cooperation between the Company and the strategic investor(s), the Company decides to conduct private placement, not public offering.				
Date of completing collecting the price of the shares in full	April 1 <sup>st</sup> , 2019.				
Information on subscribers	Buyers of the private placement	Qualification criteria	Subscription shares	Relationships with the Company	Participation in Company's business
	Fuji Pharma Co., Ltd.	Qualified as per Article 43-6, paragraph 1, subparagraph 2 of Securities and Exchange Act	4,913,220 shares	The Company's related parties Alvotech hf. shareholding is 4.2%.	None
Shares of subscription price	NT\$125.5 per share				

Item	First private placement of securities in 2019 Issuance Date: May 6 <sup>th</sup> , 2019.
Differences between the actual subscription price and the reference price	Subscription price of the private placement is NT\$125.5 per share, which is 100% of the reference price of NT\$125.5.
Effect on shareholders' equity by conducting private placement (such as resulted in the increase in cumulative losses, etc.)	A total of 4,913,220 shares were issued in this private placement of common stock and a total of NT\$616,609,110 was raised. The Company had a total paid-in capital of NT\$2,431,139,640 after the private placement, which was put towards ensuring the Company's stability and development and adding to shareholder equity.
Application of funds from private placement and the execution progress of the plan	After raising capital from the private placement, the Company invested a total of NT\$616,497,894 in Japanese firm Fuji Pharma Co., Ltd. The actual investment expenditure (including the remittance fee of NT\$309,247) amounted to NT\$616,807,141. As of the date of this Annual Report, the Company has invested a total of ¥2,225,222,500 (NT\$616,497,894; calculated at an exchange rate of 1 JPY = 0.27705 NTD) into the purchase of 1,219,300 shares of Fuji Pharma. The shares were traded at ¥1,825 a share and accounted for roughly 3.9 percent of the shares of Fuji Pharma.
Benefit result of private placement	<p>The Company added Fuji Pharma as a strategic investor through a private placement of common stock offered in April 2019. The transaction expanded the geographic reach of Lotus Pharmaceutical's business operations and helped the Company enter the Japanese market, which is the third largest pharmaceuticals market in the world. Fuji Pharma brings its experience in the Japanese pharmaceutical industry and its outstanding pipelines for women's health products, while Lotus contributes a wide range of oral oncology pipelines and an extensive network of operations in the Asian market. Both parties are committed to the co-development of pipelines to better serve patients in the Asia Pacific region.</p> <p>Since investing in Fuji Pharma, the Company has collaborated with Fuji Pharma to strengthen competitiveness, expand direct and indirect distribution channels, and provide a more diverse range of products.</p>

Note: The Company's Board of Directors has issued of 4,913,220 common shares at a price of NT\$125.5 per share on March 19<sup>th</sup>, 2019. Considering the authorization of the issuance will be due soon, the Company will not continue with the remaining private placement shares.

## Attachment 5.

### 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, 2022 and 2021, 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public 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, 2022. 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(19) “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 by 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, wherein the related procedures included:

- (1) Assessing the reasonableness of expected growth rate through comparing the previous operating conditions, the conditions of industrial environment and their future outlook;
- (2) Assessing the reasonableness of relevant parameters and assumptions of discount rate;

- (3) Inspecting the parameters and the calculation formula in the evaluation model and assessing whether there are any inconsistencies or errors that may have exist;
- (4) Applying the sensitivity analysis to the expected growth rate to understand the effect of future cash flows from the changes in key assumptions, as well as assessing whether the management have appropriately dealt with the potential effect of the estimation uncertainty.

### **Other Matter**

Lotus Pharmaceutical Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion and unqualified opinion with other matter paragraph, respectively.

### **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 9, 2023

#### **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' 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' 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, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(1))	\$ 1,983,383	7	1,605,495	8	2100	Short-term borrowings (note 6(10))	\$ 155,919	1	819,767	4
1140	Contract assets – current (notes 6(19) and 7)	258,779	1	82,050	-	2130	Contract liabilities – current (notes 6(19) and 7)	183,084	1	132,013	1
1170	Notes and accounts receivable, net (note 6(4))	1,352,044	5	1,102,845	5	2170	Notes and accounts payable	1,320,775	4	714,694	3
1180	Accounts receivable – related parties (note 7)	3,040,407	10	2,080,746	10	2180	Accounts payable – related parties (note 7)	82,267	-	32,853	-
1200	Other receivables	114,474	-	65,277	-	2200	Other payables (note 6(9))	2,927,490	10	784,663	4
1210	Other receivables – related parties (note 7)	107,493	-	23,664	-	2220	Other payables – related parties (note 7)	310,380	1	655,942	3
1220	Current tax assets	54,269	-	52,616	-	2230	Current tax liabilities	731,151	3	280,155	1
1310	Inventories (note 6(5))	3,329,824	11	3,073,404	15	2250	Provisions – current (note 6(13))	30,316	-	27,536	-
1479	Other current assets (note 8)	420,403	2	247,238	1	2280	Lease liabilities – current (note 6(12))	58,991	-	62,466	-
	<b>Total current assets</b>	<u>10,661,076</u>	<u>36</u>	<u>8,333,335</u>	<u>39</u>	2320	Current portion of long-term borrowings (notes 6(11) and 8)	59,949	-	794,901	4
<b>Non-current assets:</b>						2399	Other current liabilities	32,696	-	20,951	-
1510	Financial asset at fair value through profit or loss – non-current (notes 6(2) and 7)	1,869,650	6	-	-		<b>Total current liabilities</b>	<u>5,893,018</u>	<u>20</u>	<u>4,325,941</u>	<u>20</u>
1517	Financial asset at fair value through other comprehensive income – non-current (note 6(3))	288,673	1	301,728	1		<b>Non-current liabilities:</b>				
1600	Property, plant and equipment (notes 6(6) and 8)	3,046,727	10	2,541,975	12	2527	Contract liabilities – non-current (note 6(19))	65,915	-	85,957	1
1755	Right-of-use assets (note 6(7))	101,516	-	99,862	1	2540	Long-term borrowings (notes 6(11) and 8)	8,596,290	29	4,667,047	22
1805	Goodwill (note 6(8))	5,667,605	19	5,585,847	26	2550	Provisions – non-current (note 6(13))	29,739	-	27,683	-
1821	Other intangible assets (notes 6(9), 7 and 8)	7,315,373	25	3,863,034	18	2570	Deferred tax liabilities (note 6(15))	448,397	2	304,147	2
1840	Deferred tax assets (note 6(15))	390,119	2	310,816	2	2580	Lease liabilities – non-current (note 6(12))	46,819	-	43,411	-
1900	Other non-current assets (notes 8 and 9)	185,334	1	185,353	1	2640	Defined benefit liabilities, net (note 6(14))	353,268	1	485,378	2
	<b>Total non-current assets</b>	<u>18,864,997</u>	<u>64</u>	<u>12,888,615</u>	<u>61</u>	2670	Other non-current liabilities (note 6(9))	224,737	1	213,676	1
							<b>Total non-current liabilities</b>	<u>9,765,165</u>	<u>33</u>	<u>5,827,299</u>	<u>28</u>
							<b>Total liabilities</b>	<u>15,658,183</u>	<u>53</u>	<u>10,153,240</u>	<u>48</u>
							<b>Equity (note 6(16)):</b>				
						3100	Share capital	2,625,913	9	2,627,963	12
						3200	Capital surplus	7,534,348	26	8,038,813	38
						3300	Retained earnings	4,823,417	16	1,700,635	8
						3400	Other equity	(1,058,434)	(4)	(1,240,947)	(6)
						3500	Treasury shares	(57,354)	-	(57,754)	-
							<b>Total equity</b>	<u>13,867,890</u>	<u>47</u>	<u>11,068,710</u>	<u>52</u>
	<b>Total assets</b>	<u>\$ 29,526,073</u>	<u>100</u>	<u>21,221,950</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 29,526,073</u>	<u>100</u>	<u>21,221,950</u>	<u>100</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 Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	<b>2022</b>		<b>2021</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100 <b>Net revenue</b> (notes 6(19) and 7)	\$ 14,632,772	100	12,649,189	100
5110 <b>Cost of sales</b> (notes 6(5) and 7)	<u>6,826,623</u>	<u>47</u>	<u>7,009,069</u>	<u>55</u>
5900 <b>Gross profit from operations</b>	<u>7,806,149</u>	<u>53</u>	<u>5,640,120</u>	<u>45</u>
<b>Operating expenses</b> (note 7):				
6100 Selling expenses	2,124,665	14	1,808,748	14
6200 Administrative expenses	1,053,255	7	905,783	8
6300 Research and development expenses	520,449	4	595,925	5
6450 Expected credit loss (gain) (note 6(4))	<u>(3,334)</u>	<u>-</u>	<u>34,237</u>	<u>-</u>
<b>Total operating expenses</b>	<u>3,695,035</u>	<u>25</u>	<u>3,344,693</u>	<u>27</u>
6900 <b>Operating income</b>	<u>4,111,114</u>	<u>28</u>	<u>2,295,427</u>	<u>18</u>
<b>Non-operating income and expenses:</b>				
7100 Interest income	3,508	-	5,344	-
7010 Other income (notes 6(3) and 7)	33,368	-	38,525	-
7020 Other gains and losses, net (note 6(21))	174,682	1	(172,438)	(1)
7050 Finance costs (notes 6(21) and 7)	<u>(382,460)</u>	<u>(2)</u>	<u>(296,839)</u>	<u>(2)</u>
	<u>(170,902)</u>	<u>(1)</u>	<u>(425,408)</u>	<u>(3)</u>
7900 <b>Income before income tax</b>	3,940,212	27	1,870,019	15
7950 Less: Income tax expense (note 6(15))	<u>919,455</u>	<u>6</u>	<u>466,648</u>	<u>4</u>
<b>Net income</b>	<u>3,020,757</u>	<u>21</u>	<u>1,403,371</u>	<u>11</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311 Gains on remeasurements of defined benefit plans (note 6(14))	130,206	-	45,844	-
8316 Unrealized losses from investment in equity instrument measured at fair value through other comprehensive income	(2,968)	-	(66,466)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(15))	<u>(28,181)</u>	<u>-</u>	<u>(10,277)</u>	<u>-</u>
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>99,057</u>	<u>-</u>	<u>(30,899)</u>	<u>-</u>
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	<u>146,014</u>	<u>1</u>	<u>(371,164)</u>	<u>(3)</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>146,014</u>	<u>1</u>	<u>(371,164)</u>	<u>(3)</u>
8300 <b>Other comprehensive income (loss), net</b>	<u>245,071</u>	<u>1</u>	<u>(402,063)</u>	<u>(3)</u>
8500 <b>Total comprehensive income</b>	<u>\$ 3,265,828</u>	<u>22</u>	<u>1,001,308</u>	<u>8</u>
<b>Earnings per share</b> (note 6(18))				
9750 Basic earnings per share	<u>\$ 11.59</u>		<u>5.50</u>	
9850 Diluted earnings per share	<u>\$ 11.54</u>		<u>5.47</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, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Other equity					
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized losses on financial asset at fair value through other comprehensive income	Unearned share-based payments	Total	Treasury shares	Total equity
<b>Balance at January 1, 2021</b>	\$ 2,453,540	6,799,186	-	-	353,662	353,662	(537,192)	(202,509)	(121,273)	(860,974)	-	8,745,414
Net income	-	-	-	-	1,403,371	1,403,371	-	-	-	-	-	1,403,371
Other comprehensive income (loss)	-	-	-	-	35,567	35,567	(371,164)	(66,466)	-	(437,630)	-	(402,063)
Total comprehensive income (loss)	-	-	-	-	1,438,938	1,438,938	(371,164)	(66,466)	-	(437,630)	-	1,001,308
Appropriation of earnings:												
Legal reserve appropriated	-	-	35,366	-	(35,366)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	115,476	(115,476)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(92,005)	(92,005)	-	-	-	-	-	(92,005)
Issuance of ordinary shares for cash	175,173	1,238,477	-	-	-	-	-	-	-	-	-	1,413,650
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(57,354)	(57,354)
Share-based payments	(750)	1,150	-	-	40	40	-	-	57,657	57,657	(400)	57,697
<b>Balance at December 31, 2021</b>	<b>\$ 2,627,963</b>	<b>8,038,813</b>	<b>35,366</b>	<b>115,476</b>	<b>1,549,793</b>	<b>1,700,635</b>	<b>(908,356)</b>	<b>(268,975)</b>	<b>(63,616)</b>	<b>(1,240,947)</b>	<b>(57,754)</b>	<b>11,068,710</b>
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
<b>Balance at December 31, 2022</b>	<b>\$ 2,625,913</b>	<b>7,534,348</b>	<b>179,264</b>	<b>663,921</b>	<b>3,980,232</b>	<b>4,823,417</b>	<b>(762,342)</b>	<b>(271,943)</b>	<b>(24,149)</b>	<b>(1,058,434)</b>	<b>(57,354)</b>	<b>13,867,890</b>

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, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 3,940,212	1,870,019
<b>Adjustments:</b>		
<b>Adjustments to reconcile income</b>		
Depreciation expense	256,084	239,885
Amortization expense	680,782	519,496
Expected credit loss (gain)	(3,334)	34,237
Gains on financial asset at fair value through profit or loss	(286,808)	-
Finance costs	382,460	296,839
Interest income	(3,508)	(5,344)
Dividend income	(9,736)	(8,912)
Share-based payments	39,410	57,657
Losses (gains) on disposal of property, plant and equipment	(2,426)	2,003
Losses (gains) on disposal of intangible assets	(94)	1,194
Impairment losses on intangible assets	138,262	233,182
(Reversal of) impairment loss on property, plant and equipment	(1,595)	1,635
Unrealized foreign exchange losses	106,409	13,674
Write-downs of inventories	110,028	136,779
Losses from early repayment of loans	15,999	43,417
Gains on lease modifications	(143)	(6)
<b>Total adjustments to reconcile income</b>	1,421,790	1,565,736
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	(176,456)	38,511
Notes and accounts receivable, net	(216,784)	(107,848)
Accounts receivable – related parties	(980,225)	(564,082)
Other receivables	(51,719)	(59,903)
Other receivables – related parties	8,993	55,511
Inventories	(313,294)	(1,125,413)
Other current assets	(147,233)	(27,304)
Other non-current assets	(8,769)	(4,275)
<b>Total changes in operating assets</b>	(1,885,487)	(1,794,803)
<b>Changes in operating liabilities:</b>		
Contract liabilities	20,000	(9,743)
Notes and accounts payable	598,976	128,829
Accounts payable – related parties	49,414	(1,109,812)
Other payables	109,094	(151,654)
Other payables – related parties	202,896	79,932
Provisions	3,120	(4,270)
Other current liabilities	11,415	(2,586)
Defined benefit liabilities, net	(11,716)	15,998
Other non-current liabilities	(7,414)	14,926
<b>Total changes in operating liabilities</b>	975,785	(1,038,380)
<b>Total changes in operating assets and liabilities</b>	(909,702)	(2,833,183)
<b>Total adjustments</b>	512,088	(1,267,447)

(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, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
Cash flows generated from operations	\$ 4,452,300	602,572
Interest received	2,705	4,581
Interest paid	(290,699)	(227,925)
Income taxes paid	(444,888)	(259,566)
<b>Net cash flows generated from operating activities</b>	<b>3,719,418</b>	<b>119,662</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial asset at fair value through profit or loss	(1,582,842)	-
Acquisition of property, plant and equipment	(577,157)	(572,729)
Proceeds from disposal of property, plant and equipment	9,375	110
Decrease (increase) in refundable deposits	(4,472)	12,445
Acquisition of intangible assets (including capitalized development expenses)	(2,492,234)	(1,043,021)
Proceeds from disposal of intangible assets (including capitalized development expenses)	94	-
Decrease (increase) in other current assets	(22,779)	70,848
Increase in other non-current assets	-	(48,804)
Dividends received	13,867	4,308
<b>Net cash flows used in investing activities</b>	<b>(4,656,148)</b>	<b>(1,576,843)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	1,434,687	1,290,643
Repayments of short-term borrowings	(2,100,039)	(870,800)
Proceeds from long-term borrowings	6,250,240	5,062,903
Repayments of long-term borrowings	(3,174,915)	(5,570,813)
Increase (decrease) in other payables to related parties	(558,274)	558,274
Payments of lease liabilities	(83,910)	(71,347)
Cash dividends paid	(506,058)	(92,005)
Proceeds from issuance of ordinary shares	-	1,413,650
Payments to acquire treasury shares	-	(57,354)
Cash dividends returned from unvested restricted stock awards	-	40
<b>Net cash flows generated from financing activities</b>	<b>1,261,731</b>	<b>1,663,191</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	52,887	(89,519)
<b>Net increase in cash and cash equivalents</b>	377,888	116,491
<b>Cash and cash equivalents at beginning of year</b>	1,605,495	1,489,004
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,983,383</b>	<b>1,605,495</b>

See accompanying notes to consolidated financial statements.

## Attachment 6.

### 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, 2022 and 2021, 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 significant 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, 2022 and 2021, 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 audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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, 2022. 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 follow:

##### 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 by 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 Arising from Acquisition of Subsidiaries

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, wherein the related procedures included:

- (1) Assessing the reasonableness of expected growth rate through comparing the previous operating conditions, the conditions of industrial environment and their future outlook;
- (2) Assessing the reasonableness of relevant parameters and assumptions of discount rate;
- (3) Inspecting the parameters and the calculation formula in the evaluation model and assessing whether there are any inconsistencies or errors that may have exist;
- (4) Applying the sensitivity analysis to the expected growth rate to understand the effect of future cash flows from the changes in key assumptions, as well as assessing whether the management have appropriately dealt with the potential effect of the estimation uncertainty.

### **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 the 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 9, 2023

#### **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' 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' 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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(1))	\$ 1,226,433	5	625,546	4	2100	Short-term borrowings (note 6(10))	\$ 60,000	-	610,000	4
1140	Contract assets – current (notes 6(18) and 7)	258,779	1	82,050	1	2130	Contract liabilities – current (notes 6(18) and 7)	151,947	1	106,185	1
1170	Notes and accounts receivable, net (note 6(3))	526,132	2	371,398	2	2170	Notes and accounts payable	670,407	3	292,454	2
1180	Accounts receivable – related parties (note 7)	3,027,228	13	2,047,119	14	2180	Accounts payable – related parties (note 7)	270,423	1	263,368	2
1200	Other receivables	83,430	-	46,248	-	2200	Other payables (note 6(9))	2,382,530	10	294,549	2
1210	Other receivables – related parties (note 7)	103,365	-	36,657	-	2220	Other payables – related parties (note 7)	299,802	1	715,691	5
1220	Current tax assets	53,666	-	52,595	-	2230	Current tax liabilities	460,085	2	150,207	1
1310	Inventories (note 6(4))	1,883,338	8	1,987,589	13	2280	Lease liabilities – current (note 6(12))	15,896	-	17,218	-
1479	Other current assets (note 8)	262,798	1	169,220	1	2320	Current portion of long-term borrowings (notes 6(11) and 8)	-	-	366,000	2
	<b>Total current assets</b>	<u>7,425,169</u>	<u>30</u>	<u>5,418,422</u>	<u>35</u>	2399	Other current liabilities	12,661	-	4,374	-
							<b>Total current liabilities</b>	<u>4,323,751</u>	<u>18</u>	<u>2,820,046</u>	<u>19</u>
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>					
1510	Financial asset at fair value through profit or loss – non-current (notes 6(2) and 7)	1,869,650	8	-	-	2527	Contract liabilities – non-current (note 6(18))	8,208	-	8,042	-
1551	Investments accounted for using equity method (note 6(5))	4,135,737	17	2,655,070	18	2540	Long-term borrowings (notes 6(11) and 8)	6,093,531	25	1,175,275	8
1600	Property, plant and equipment (notes 6(6) and 8)	2,205,431	9	1,714,921	11	2570	Deferred tax liabilities (note 6(14))	351,979	1	225,375	1
1755	Right-of-use assets (note 6(7))	35,265	-	30,560	-	2580	Lease liabilities – non-current (note 6(12))	20,482	-	14,758	-
1805	Goodwill (note 6(8))	2,751,253	11	2,751,253	18	2640	Defined benefit liabilities, net (note 6(13))	8,281	-	9,972	-
1821	Other intangible assets (notes 6(9) and 8)	6,124,134	25	2,609,190	17	2670	Other non-current liabilities (note 6(9))	37,262	-	13,692	-
1840	Deferred tax assets (note 6(14))	87,205	-	69,893	-		<b>Total non-current liabilities</b>	<u>6,519,743</u>	<u>26</u>	<u>1,447,114</u>	<u>9</u>
1900	Other non-current assets (note 9)	77,540	-	86,561	1		<b>Total liabilities</b>	<u>10,843,494</u>	<u>44</u>	<u>4,267,160</u>	<u>28</u>
	<b>Total non-current assets</b>	<u>17,286,215</u>	<u>70</u>	<u>9,917,448</u>	<u>65</u>		<b>Equity (note 6(15)):</b>				
						3100	Share capital	2,625,913	11	2,627,963	17
						3200	Capital surplus	7,534,348	29	8,038,813	52
						3300	Retained earnings	4,823,417	20	1,700,635	11
						3400	Other equity	(1,058,434)	(4)	(1,240,947)	(8)
						3500	Treasury shares	(57,354)	-	(57,754)	-
							<b>Total equity</b>	<u>13,867,890</u>	<u>56</u>	<u>11,068,710</u>	<u>72</u>
	<b>Total assets</b>	<u>\$ 24,711,384</u>	<u>100</u>	<u>15,335,870</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 24,711,384</u>	<u>100</u>	<u>15,335,870</u>	<u>100</u>

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

(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, 2022 and 2021**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
4100	\$ 8,742,896	100	6,629,829	100
5110	3,726,809	43	3,659,304	55
5900	5,016,087	57	2,970,525	45
5910	(10,817)	-	-	-
5920	-	-	1,163	-
5950	5,005,270	57	2,971,688	45
	<b>Operating expenses (note 7):</b>			
6100	842,117	9	531,799	8
6200	495,941	6	402,110	6
6300	376,060	4	418,892	6
6450	(7,509)	-	31,267	-
	1,706,609	19	1,384,068	20
6900	3,298,661	38	1,587,620	25
	<b>Non-operating income and expenses:</b>			
7100	991	-	1,347	-
7010	13,235	-	11,446	-
7020	136,459	1	(97,336)	(1)
7050	(123,597)	(1)	(70,914)	(1)
7070	364,074	4	269,501	4
	391,162	4	114,044	2
7900	3,689,823	42	1,701,664	27
7950	669,066	8	298,293	4
	3,020,757	34	1,403,371	23
8300	<b>Other comprehensive income:</b>			
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>			
8311	1,814	-	910	-
8330	97,606	1	(31,627)	-
8349	(363)	-	(182)	-
	99,057	1	(30,899)	-
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>			
8381	146,014	2	(371,164)	(6)
	146,014	2	(371,164)	(6)
8300	245,071	3	(402,063)	(6)
8500	\$ 3,265,828	37	\$ 1,001,308	17
	<b>Earnings per share (note 6(17))</b>			
9750	\$ 11.59		\$ 5.50	
9850	\$ 11.54		\$ 5.47	

See accompanying notes to the 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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity						
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated	Total	Exchange differences on translation of foreign financial statements	Unrealized losses on financial asset at fair value through other comprehensive income	Unearned share-based payments	Total	Treasury shares	Total equity
					retained earnings							
<b>Balance at January 1, 2021</b>	\$ 2,453,540	6,799,186	-	-	353,662	353,662	(537,192)	(202,509)	(121,273)	(860,974)	-	8,745,414
Net income	-	-	-	-	1,403,371	1,403,371	-	-	-	-	-	1,403,371
Other comprehensive income (loss)	-	-	-	-	35,567	35,567	(371,164)	(66,466)	-	(437,630)	-	(402,063)
Total comprehensive income (loss)	-	-	-	-	1,438,938	1,438,938	(371,164)	(66,466)	-	(437,630)	-	1,001,308
Appropriation of earnings:												
Legal reserve appropriated	-	-	35,366	-	(35,366)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	115,476	(115,476)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(92,005)	(92,005)	-	-	-	-	-	(92,005)
Issuance of ordinary shares for cash	175,173	1,238,477	-	-	-	-	-	-	-	-	-	1,413,650
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(57,354)	(57,354)
Share-based payments	(750)	1,150	-	-	40	40	-	-	57,657	57,657	(400)	57,697
<b>Balance at December 31, 2021</b>	<b>2,627,963</b>	<b>8,038,813</b>	<b>35,366</b>	<b>115,476</b>	<b>1,549,793</b>	<b>1,700,635</b>	<b>(908,356)</b>	<b>(268,975)</b>	<b>(63,616)</b>	<b>(1,240,947)</b>	<b>(57,754)</b>	<b>11,068,710</b>
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
<b>Balance at December 31, 2022</b>	<b>\$ 2,625,913</b>	<b>7,534,348</b>	<b>179,264</b>	<b>663,921</b>	<b>3,980,232</b>	<b>4,823,417</b>	<b>(762,342)</b>	<b>(271,943)</b>	<b>(24,149)</b>	<b>(1,058,434)</b>	<b>(57,354)</b>	<b>13,867,890</b>

See accompanying notes to the 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, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 3,689,823	1,701,664
<b>Adjustments:</b>		
<b>Adjustments to reconcile income</b>		
Depreciation expense	119,539	107,229
Amortization expense	482,404	306,473
Expected credit (gain) loss	(7,509)	31,267
Gains on financial asset at fair value through profit or loss	(286,808)	-
Finance costs	123,597	70,914
Interest income	(991)	(1,347)
Share-based payments	39,410	57,657
Share of profit of subsidiaries accounted for using the equity method	(364,074)	(269,501)
Losses on disposal of property, plant and equipment	1,133	1,867
Impairment losses on intangible assets	101,438	192,671
Unrealized gain on transactions with subsidiaries	10,817	-
Realized gain on transactions with subsidiaries	-	(1,163)
Unrealized foreign exchange losses	108,852	13,674
Write-downs of inventories	57,121	41,746
Losses from early repayment of loans	8,479	-
Gains on lease modifications	(128)	(6)
<b>Total adjustments to reconcile income</b>	<u>393,280</u>	<u>551,481</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	(176,456)	38,511
Notes and accounts receivable, net	(149,456)	(163,489)
Accounts receivable—related parties	(1,000,683)	(530,212)
Other receivables	(36,804)	(46,627)
Other receivables—related parties	25,142	63,680
Inventories	47,130	(1,003,241)
Other current assets	(94,403)	(22,736)
<b>Total changes in operating assets</b>	<u>(1,385,530)</u>	<u>(1,664,114)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	37,209	23,031
Notes and accounts payable	386,275	(4,387)
Accounts payable—related parties	6,342	(954,180)
Other payables	133,964	(38,264)
Other payables—related parties	139,626	134,011
Other current liabilities	7,966	(15,798)
Defined benefit liabilities, net	122	143
Other non-current liabilities	(7,429)	5,183
<b>Total changes in operating liabilities</b>	<u>704,075</u>	<u>(850,261)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(681,455)</u>	<u>(2,514,375)</u>
<b>Total adjustments</b>	<u>(288,175)</u>	<u>(1,962,894)</u>

(Continued)

See accompanying notes to the 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, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
Cash flows generated from (used in) operations	3,401,648	(261,230)
Interest received	991	13,388
Interest paid	(78,806)	(64,247)
Income taxes paid	(248,027)	(74,019)
<b>Net cash flows generated from (used in) operating activities</b>	<b>3,075,806</b>	<b>(386,108)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial asset at fair value through profit or loss	(1,582,842)	-
Net cash outflow on acquisition of new shares in subsidiary	(883,790)	-
Net cash inflow on disposal of subsidiaries	-	11
Proceed from capital reduction of investments accounted for using the equity method	-	860,419
Acquisition of property, plant and equipment	(507,591)	(496,025)
Decreases in refundable deposits	9,022	3,667
Acquisition of intangible assets (including capitalized development expenses)	(2,391,944)	(889,572)
Increase in other non-current assets	-	(65,000)
<b>Net cash flows used in investing activities</b>	<b>(5,357,145)</b>	<b>(586,500)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	1,276,785	1,070,800
Repayments of short-term borrowings	(1,826,785)	(870,800)
Proceeds from long-term borrowings	6,250,240	840,240
Repayments of long-term borrowings	(1,733,014)	(1,789,219)
(Decrease) increase in other payables to related parties	(558,274)	558,274
Payments of lease liabilities	(20,668)	(19,861)
Cash dividends paid	(506,058)	(92,005)
Proceeds from issuance of ordinary shares	-	1,413,650
Payments to acquire treasury shares	-	(57,354)
Cash dividends returned from unvested restricted stock awards	-	40
<b>Net cash flows generated from financing activities</b>	<b>2,882,226</b>	<b>1,053,765</b>
<b>Net increase in cash and cash equivalents</b>	600,887	81,157
<b>Cash and cash equivalents at beginning of year</b>	625,546	544,389
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,226,433</b>	<b>625,546</b>

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

Attachment 7.

**Lotus Pharmaceutical Co., Ltd.**  
**Year 2022 Earnings Distribution Statement**

Items		Unit: TWD
<b>Undistributed earnings of prior years</b>		\$857,450,579
Add (minus):		
Remeasurement of defined benefit plans recognized in unappropriated earnings	102,024,028	
Net income for the year	3,020,757,411	
<b>Distributable earnings</b>		3,980,232,018
Legal reserve (10%)	(312,278,144)	
Special reserve for the negative amounts in other equity (Note)	(370,363,107)	
Cash dividend	-	
<b>Undistributed earnings at the end of year</b>		\$3,297,590,767
<p>Note: It was the total amount of (1) \$513,409,254 undistributed earnings of prior years, (2) \$2,968,245 unrealized losses from financial asset at fair value through other comprehensive income, net of (3) \$146,014,392 exchange differences on translation of foreign financial statements. Please refer to statement of changes in equity for the year of 2022.</p>		

**Attachment 8.**

**The Comparison Table of Amendments to  
ARTICLES OF INCORPORATION**

No.	Amended Provisions	Current Provisions	Remark
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:	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, <del>after being submitted to Audit Committee for review:</del>	Wording changes
Article 22	These Articles of Incorporation are agreed to and signed on May 25 <sup>th</sup> , 1966. (omitted) <b><u>The thirtieth-third Amendment was made on June 15<sup>th</sup>, 2023</u></b>	These Articles of Incorporation are agreed to and signed on May 25 <sup>th</sup> , 1966. (omitted)	To add the thirtieth-third amendment date.

## Attachment 9. Key Matters of Employee Restricted Shares Awards

- I. Total amount of issuance: Not exceed 5,000,000 common shares with par value NT\$10, for a total amount of NT\$50,000,000.
- II. Terms of issuance:
  1. Issue price: free to qualified employees.
  2. Type of shares: newly issued common shares.
  3. Vesting conditions: Granted employees shall have no violation on any terms of the Company's employment agreement, employee handbook, or policies during the vesting period and shall achieve the performance goals which are agreed by both parties and Company goals. The personal performance shall be rated as meet expectation, and the Company's Earning Before Tax (EBT) of the Consolidated is not negative for the fiscal year prior to the vesting or EBITDA of the Consolidated for the fiscal year prior to the vesting is higher than the year proceeding. The award of Restricted Stock shall vest at a maximum rate of:
    - (1) 5-year plan: 1<sup>st</sup> anniversary – 20%, 2<sup>nd</sup> anniversary – 20%, 3<sup>rd</sup> anniversary – 20%, 4<sup>th</sup> anniversary – 20% and 5<sup>th</sup> anniversary – 20%.
    - (2) 3-year plan: 1<sup>st</sup> anniversary – 33%, 2<sup>nd</sup> anniversary – 33%, and 3<sup>rd</sup> anniversary – 34%.
  4. Handling of employees who do not meet the vested conditions:
    - (1) Conditions of the employee who fails to meet the vesting conditions or in the event of inheritance: in the event that an employee fails to meet the vesting conditions, the Company shall redeem and cancel all new restricted employee shares.
    - (2) During the vesting period if the employee has voluntarily resignation, terminated with clause or retrenchment, Company shall redeem and cancel the unvested shares.
  5. When the following reasons occur, the unvested new shares with restricted employee rights shall be handled in the following manner:
    - (1) LOA: The rights and obligations that shares have not yet vested are not affected; However, the actual shares that can be vested in the year, in addition to the conditions set out in these measures, need to be calculated in proportion to the actual number of service months of the employees in the target year, the remaining shares shall be redeemed and cancelled. If the vest day is still on leave, the rights to shares will resume from the date of return to the positions, and the above-mentioned regulations shall be followed.
    - (2) Transfer within Group: (a) by employee request: redeem and cancel all unvested shares on the date of confirmation; and (b) by managerial decision: the rights and obligations that shares have not yet vested are not affected, however the performance goals shall be decided by new entity.
    - (3) Retirement: For those who retire at the age of 65, the year of occurrence of the event that still needs to meet the vested conditions stipulated in these measures, other unvested shares should be acquired on the date of retirement; for those who retire under the age of 65, the unvested new shares shall be deemed to have fulfilled the vesting conditions or not and the available vesting ratio, is subject to the Board of Directors to approve in accordance with the actual situation, the remaining shares shall be redeemed and cancelled.
    - (4) Permanent illness or incapacity or disability (other than due to drug or alcohol dependency): In addition to the year of occurrence of the event that still needs to meet the vested conditions stipulated in these measures, other unvested shares should be acquired on the date of separation.
    - (5) Death: In addition to the year of occurrence of the event that still needs to meet the vested conditions stipulated in these measures, other unvested shares should be acquired on the date of separation, upon the legal heirs of the employee for its

inherited shares or rights after completing all required legal procedures and providing relevant supporting documentation.

- (6) Change of control (M&A): The unvested shares should be acquired on the date of separation.
  - (7) Special award: If an employee has made outstanding contributions to the Company, when the employment relationship is terminated, the unvested new shares shall be deemed to have fulfilled the vesting conditions or not and the available vesting ratio, is subject to the Board of Directors to approve in accordance with the actual situation, the remaining shares shall be redeemed and cancelled.
6. Restricted rights before employees meet the vesting conditions:
- (1) Except for inheritance, the restricted rights may not be sold, pledged, transferred, gifted to another person, used to create any encumbrance or otherwise dispose of.
  - (2) Restricted employee shares must be delivered to the trust for safekeeping immediately. And before the vested conditions are fulfilled, the employee shall not request the trustee to return the new shares with restricted employee rights for any reason or in any way.
  - (3) All the attending rights, proposal rights, motion rights, speech rights, voting rights and any other shareholder rights are the same as the issued ordinary shares of the Company and shall be exercised in accordance with the trust agreement.
  - (4) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the “Restricted Share and Cash Distribution”). For the avoidance of doubt, for the purpose of these measures, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.
  - (5) Other rights are the same as the issued ordinary shares of the Company and shall be exercised in accordance with the trust agreement.

### III. Employee eligibility and the allocation of shares:

#### 1. Employee eligibility:

- (1) To protect the rights and interests of shareholders, the Company will carefully manage the awards program. The program shall apply to employee of the Company and the domestic and overseas controlled or affiliated companies of the Company who has been a regular employee on the date of the grating of restricted stock award shares. Such employee shall reach certain level of performance and fulfill the following conditions: (a) highly relevant to the future strategy and development of the Company, (b) critical to the Company’s business operation, (c) key technical talent.
- (2) The number of grantable restricted stock award shares shall be determined by the tenure, position, performance, overall contribution, special contribution and other meaningful factors in management. The number of grantable shares shall be reviewed by the Chairman of the Board of Directors and submitted to the Board of Directors for resolution.
- (3) Those who are in the managerial position should first obtain the approval from the Remuneration Committee, and those who do not in the managerial position should first obtain the approval from the Audit Committee.

2. Where the Company issues employee stock warrants under Article 56-1, paragraph 1, the cumulative number of shares subscribable by a single employee of the employee stock warrants, in combination with the cumulative number of new restricted employee shares obtained by the single employee, may not exceed 0.3 percent of the Company's total issued shares. And the above in combination with the cumulative number of shares subscribable by a single employee of employee stock warrants issued under the Company under Article 56, paragraph 1, may not exceed 1 percent of the Company's total issued shares. If there is any update by the authorities, it shall be handled in accordance with the updated laws and regulations.
- IV. The necessity: To attract and retain professional talents, motivate employees and enhance internal cohesion within the Company to create the benefits for the Company and its shareholders, and to ensure that employees' interests are aligned with shareholders'.
- V. Calculated expense amounts, dilution of earnings per share (EPS), and other matters affecting the interest of shareholders:
1. Based on the closing stock price on April 14<sup>th</sup>, 2023 (which was the last trading day before the date the Audit Committee was called) and the estimated vesting period, the calculated expense amount: (1) If all the qualified employees are under 5-year plan, the estimated cost during the fiscal years 2023 to 2028 will be NT\$252,118,000, NT\$494,667,000, NT\$284,875,000, NT\$170,778,000, NT\$91,646,000, and NT\$30,917,000, respectively; (2) If all the qualified employees are under 3-year plan, the estimated cost during the fiscal years 2023 to 2026 will be NT\$335,851,000, NT\$623,854,000, NT\$277,698,000, and NT\$87,597,000, respectively.
  2. (1) If all the qualified employees are under 5-year plan, the dilution to the Company's EPS during the fiscal years 2023 to 2028 is estimated to be approximately in the amount of NT\$0.96, NT\$1.89, NT\$1.09, NT\$0.65, NT\$0.35 and NT\$0.12, respectively; (2) If all the qualified employees are under 3-year plan, the dilution of the Company's EPS during the fiscal years 2023 to 2026 is estimated to be approximately in the amount of NT\$1.28, NT\$2.38, NT\$1.06, and NT\$0.33, respectively. Considering the Company's continuous growth in sales and profits, the dilution of the Company's EPS is limited, so there is no material impact on shareholders' equity.

## Attachment 10.

### **Lotus Pharmaceutical Co., Ltd. 2023 Employee Restricted Shares Awards Measures**

#### Article 1 Purpose

To attract and retain the required professional talents, motivate employees and enhance the solidarity of employees, so as to jointly create the interests of the company and shareholders, and ensure that the interests of the company's employees and shareholders are combined, Company sets the issuance of Employee Restricted Stock Awards in accordance with Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (the "Offering Regulations") issued by Financial Supervisory Commission.

#### Article 2 Issuance Date

Within two years from the date of the approval from authorities, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranches of the restricted shares for the employees. The Chairman of the Board of Directors is authorized to determine the actual issuance date.

#### Article 3 Employee eligibility

- I. To protect the rights and interests of shareholders, the Company will carefully manage the awards program. The program shall apply to employee of the Company and the domestic and overseas controlled or affiliated companies of the Company who has been a regular employee on the date of the grating of restricted stock award shares. Such employee shall reach certain level of performance and fulfill the following conditions: (a) highly relevant to the future strategy and development of the Company, (b) critical to the Company's business operation, (c) key technical talent.
- II. The number of grantable restricted stock award shares shall be determined by the tenure, position, performance, overall contribution, special contribution and other meaningful factors in management. The number of grantable shares shall be reviewed by the Chairman of the Board of Directors and submitted to the Board of Directors for resolution.
- III. Those who are in the managerial position should first obtain the approval from the Remuneration Committee, and those who do not in the managerial position should first obtain the approval from the Audit Committee.
- IV. Where the Company issues employee stock warrants under Article 56-1, paragraph 1, the cumulative number of shares subscribable by a single employee of the employee stock warrants, in combination with the cumulative number of new restricted employee shares obtained by the single employee, may not exceed 0.3 percent of the Company's total issued shares. And the above in combination with the cumulative number of shares subscribable by a single employee of employee stock warrants issued under the Company under Article 56, paragraph 1, may not exceed 1 percent of the Company's total issued shares. If there is any update by the authorities, it shall be handled in accordance with the updated laws and regulations.

#### Article 4 Total shares of issuance

Total shares of issuance: Not exceed 5,000,000 common shares with par value NT\$10, for a total amount of NT\$50,000,000.

#### Article 5 Terms of issuance:

- I. Issue price: free to qualified employees.
- II. Type of shares: newly issued common shares.
- III. Vesting conditions: Granted employees shall have no violation on any terms of the Company's employment agreement, employee handbook, or policies during the vesting period and shall achieve the performance goals which are agreed by both parties and Company goals. The

personal performance shall be rated as meet expectation, and the Company's Earning Before Tax (EBT) of the Consolidated is not negative for the fiscal year prior to the vesting or EBITDA of the Consolidated for the fiscal year prior to the vesting is higher than the year proceeding. The award of Restricted Stock shall vest at a maximum rate of:

1. 5-year plan: 1<sup>st</sup> anniversary – 20%, 2<sup>nd</sup> anniversary – 20%, 3<sup>rd</sup> anniversary – 20%, 4<sup>th</sup> anniversary – 20% and 5<sup>th</sup> anniversary – 20%.
2. 3-year plan: 1<sup>st</sup> anniversary – 33%, 2<sup>nd</sup> anniversary – 33%, and 3<sup>rd</sup> anniversary – 34%.

IV. Handling of employees who do not meet the vested conditions:

1. Conditions of the employee who fails to meet the vesting conditions or in the event of inheritance: the Company shall redeem and cancel unvested restricted employee shares.
2. During the vesting period if the employee has voluntarily resignation, terminated with clause or retrenchment, Company shall redeem and cancel the unvested shares.

V. When the following reasons occur, the unvested new shares with restricted employee rights shall be handled in the following manner:

1. LOA: The rights and obligations that shares have not yet vested are not affected; However, the actual shares that can be vested in the year, in addition to the conditions set out in these measures, need to be calculated in proportion to the actual number of service months of the employees in the target year, the remaining shares shall be redeemed and cancelled. If the vest day is still on leave, the rights to shares will resume from the date of return to the positions, and the above-mentioned regulations shall be followed.
2. Transfer within Group: (a) by employee request: redeem and cancel all unvested shares on the date of confirmation; and (b) by managerial decision: the rights and obligations that shares have not yet vested are not affected, however the performance goals shall be decided by new entity.
3. Retirement: For those who retire at the age of 65, the year of occurrence of the event that still needs to meet the vested conditions stipulated in these measures, other unvested shares should be acquired on the date of retirement; for those who retire under the age of 65, the unvested new shares shall be deemed to have fulfilled the vesting conditions or not and the available vesting ratio, is subject to the Board of Directors to approve in accordance with the actual situation, the remaining shares shall be redeemed and cancelled.
4. Permanent illness or incapacity or disability (other than due to drug or alcohol dependency): In addition to the year of occurrence of the event that still needs to meet the vested conditions stipulated in these measures, other unvested shares should be acquired on the date of separation.
5. Death: In addition to the year of occurrence of the event that still needs to meet the vested conditions stipulated in these measures, other unvested shares should be acquired on the date of separation, upon the legal heirs of the employee for its inherited shares or rights after completing all required legal procedures and providing relevant supporting documentation.
6. Change of control (M&A): The unvested shares should be acquired on the date of separation.
7. Special award: If an employee has made outstanding contributions to the Company, when the employment relationship is terminated, the unvested new shares shall be deemed to have fulfilled the vesting conditions or not and the available vesting ratio, is subject to the Board of Directors to approve in accordance with the actual situation, the remaining shares shall be redeemed and cancelled.

VI. Restricted rights before employees meet the vesting conditions:

1. Except for inheritance, the restricted rights may not be sold, pledged, transferred, gifted to another person, used to create any encumbrance or otherwise dispose of.
2. Restricted employee shares must be delivered to the trust for safekeeping immediately. And before the vested conditions are fulfilled, the employee shall not request the trustee to return the new shares with restricted employee rights for any reason or in any way.

3. All the attending rights, proposal rights, motion rights, speech rights, voting rights and any other shareholder rights are the same as the issued ordinary shares of the Company and shall be exercised in accordance with the trust agreement.
4. The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the “Restricted Share and Cash Distribution”). For the avoidance of doubt, for the purpose of these measures, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.
5. Other rights are the same as the issued ordinary shares of the Company and shall be exercised in accordance with the trust agreement.

#### Article 6 Agreement signing off & Confidentiality

1. Employees who are qualified to this program are required to complete the signing of the agreement and to handle the relevant trust custody procedures in accordance with the notice of the company's contractors. Failure to complete the relevant document signatories in accordance with the provisions will be treat as renouncement.
2. All employees who have granted restricted shares shall comply with the company confidentiality provisions, shall not inquire about others or disclose the content and quantity of new shares granted, or inform others of the relevant contents and personal rights and interests in this case, if there is a violation, the company shall have the right to redeem and cancel the unvested shares.

#### Article 7 Taxes

All taxes incurred by employees due to the allocation of new shares that restrict the rights of employees shall be handled in accordance with the laws and regulations of the Republic of China at that time.

#### Article 8 Other important stipulations

1. The Restricted Stock Awards issued shall be deposited in a security trust account.
2. New shares with restrictions on employee rights shall be negotiated, signed, amended, extended, discharged, terminated and instructions for the delivery, use and disposal of the Trust/Custody Property during the Trust Delivery Period by the Company's sole agent employees and the Share Trust/Custodian, (including but not limited to) Trust/Custody Contract.
3. Any revision thereof shall take effect upon approval by a majority vote at a Board of Directors meeting attended by two thirds of all directors and further approval by the competent authority. The Chairman is authorized to make revisions upon receipt of any request from the competent authority during the application, then submit the revisions to the Board of Directors for approval before issuing the Employee Restricted Stock Awards.
4. Matters not provided in these measures shall be governed by the relevant laws and regulations. It is proposed to authorize the Chairman or the person to be designated by the Chairman with full power and authority to handle all the matters related to the issuance.

## Attachment 11.

### **Matters Shall be Explained for The Transfer of Shares to The Employees at a Price Lower Than Average Acquisition Price of The Share**

The following matters shall be explained for the transfer of shares to the employees at a price lower than the actual average repurchase price of the shares:

- I. The exercise price, the valuation percentage, the bases of calculations, and the reasonableness thereof:  
The price for transferring treasury shares to employees is determined as NT\$10, which is 9.59% of the average repurchase price NT\$104.28. The discount ratio is reasonable as judged based on current economic conditions and the Company's operating status in the future.
- II. The number of shares to be transferred, the purpose, and the reasonableness thereof:
  - (1) Number of shares to be transferred: 100,000 shares
  - (2) Purpose: To motivate employees and improve their cohesiveness.
  - (3) Reasonableness: It is reasonable to motivate employees appropriately by offering 9.59% of the average repurchase price, and that the proposed number of shares to be transferred to employees complies with Article 10-1 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies and such accumulated shares does not exceed 5% of the company's total issued shares.
- III. Qualification requirements for employees subscribing to shares, and the number of shares they are allowed to subscribe for:
  - (1) Qualification requirements for share subscribers: subject to Article IV of the "Rules Governing share Repurchase and Transfer to Employees".
  - (2) The number of shares employees are allowed to subscribe for: subject to Article V of the "Rules Governing share Repurchase and Transfer to Employees".
- IV. Factors affecting shareholders' equity:
  - (1) The expensable amount, and dilution of the company's earnings per share:
    - A. Possible expense amount is: (market price (the closing price on the base date of subscription) - actual transfer price) x actual number of shares transferred.
    - B. Dilution of the Company's EPS: Dilution of earnings per share = possible expense amount ÷ number of outstanding shares of the Company
  - (2) Explain what financial burden will be imposed on the company by transferring shares to employees at less than the average actual share repurchase price: If the Company transfers treasury shares to its employees at a price lower than the actual average repurchase price of the shares, the difference between the transfer amount and the costs to be obtained is expected to be NT\$9,428 thousand. Based on the closing stock price on April 14<sup>th</sup>, 2023, the estimated expense will be NT\$25,500 thousand. After the transfer of treasury stocks to employees, the Company will increase the funds available for use in a total amount of NT\$1,000 thousand, and the Company continues to make profits, so this should not cause major financial burden to the Company. Based on the calculation of the current number of outstanding shares, the dilution of earnings per share due to the expensable amount is a total of approximately NT\$0.10, which will not have a significant impact on shareholders' equity.

**Attachment 12.**

**LOTUS PHARMACEUTICAL CO., LTD**  
**RULES GOVERNING SHARE REPURCHASE AND TRANSFER TO**  
**EMPLOYEES**

22 Dec 2011. First released  
11 Aug 2014. First amendment  
11 Sep 2015. Second amendment  
24 Aug 2021. Third amendment  
11 Nov 2021. Fourth amendment  
11 Nov 2022. Fifth amendment

Article 1. In order to encourage employees and improve employee identity, the Company has stipulated Rules Governing Share Repurchase and Transfer to Employees (the “Rules”) in accordance with the provisions of Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies released by the Financial Supervisory Commission. The repurchase and transfer of shares to employees shall be conducted in accordance with the relevant statutory regulations and also in compliance with the Rules.

(Type of shares transferred, the rights attaching thereto, and any restrictions on such rights)

Article 2. Shares transferred to employees shall be common shares with the same rights and obligations as the outstanding common shares of the Company, unless another act or regulation provides otherwise.

(Transfer period)

Article 3. Repurchasing of shares shall be conducted in accordance with the provisions of the Rules, and the shares repurchased shall be transferred in a single or multiple installments to the employees within 5 years commencing from the date of repurchasing of the shares.

(Eligibility requirements for transferees)

Article 4. Full-time employees of the Company and its domestic and overseas directly or indirectly held by the Company for more than 50% stake, may be in accordance with the provisions in Article 5 in the Rules are eligible to purchase the Company’s treasury stocks. Transferees who resign (or going on unpaid leave) during the period between the record date to the due date for stock subscription payment shall lose eligibility for the stock subscription.

(Number of shares that may be subscribed by employees)

Article 5. The stipulation of the number of shares that the employees may subscribe to or the number of shares that can be transferred to the employees of the Company shall be based on the employees’ job titles, job responsibilities, tenure, work performance, overall contributions, special merits, or other management requirements made towards the Company with consideration to the aggregate amount of repurchased shares held by the Company on the record date and maximum limit of the number of shares subscribed by a single employee shall be proposed by the Company’s General Manager and approved by the Board of Director to decide for the qualification and number of shares of subscription.

Subscriber holding the position of manager should be approved by Remuneration Committee and then submitted to the Board of Directors for resolution, subscriber who are not managers should be approved by Audit Committee and then submitted to the Board of Directors for resolution.

Employees fail to pay for subscription upon the subscription period due shall be regarded as abandonment of their rights. For any remaining balance resulting from inadequate subscription, the Company shall within the transfer period as mentioned in Article 9 of the Rules; engage other employees for the subscription. Company shall base on the subscriber's job position, submit to the Remuneration Committee or the Audit Committee for approval, and then submit it to the board of directors for resolution.

(Procedures for transfer of shares)

Article 6. Procedure for repurchase and transfer of shares to the employees:

1. Repurchase shall be executed within an execution period in compliance with the resolution made by Board of Directors and be announced and filed with relevant regulatory authorities.
2. The Chairman shall, as authorized by the Board of Directors, stipulate and publicly announce the record dates, criteria for the number of shares under subscription, subscription payment periods, rights of subscription, restrictions of such rights, and other matters relate to the process.
3. The Company then shall calculate the actual stocks subscribed and fully paid, and implement stocks transfer and registration.

(Agreed transfer price per share)

Article 7. For transfer of repurchased shares, the transfer price shall be the average price of actual repurchases. However, when the number of the Company's issued common shares has increased prior to the transfer, the price may be adjusted according to the ratio of the increase in issued shares.

According to Articles of Incorporation of the Company, if the Company would like to repurchase shares of the Company and transfer them to employees at the price lower than the average acquisition cost, the Company shall submit the proposal to the latest shareholders' meeting and shall be approved by more than two-third (2/3) of attending shareholders with voting rights in the shareholders' meetings attended by shareholders holding the majority of total outstanding shares.

(Rights and obligations subsequent to the transfer)

Article 8. For repurchased shares transferred to the employees that has been registered, unless another regulation provides otherwise, the rights and obligations of such shares shall be the same as the original shares.

(Other rights and obligations related to the Company and its employees)

Article 9. Treasury stock purchased by the Company for the purpose of transferring shares to its employees shall be completely transferred within 5 years commencing from the date of purchase. Shares that have not been transferred within this duration shall be regarded as unissued shares of the Company and shall undergo cancellation of the changes to shares registration in accordance with statutory regulations.

(Others)

Article 10. These Rules come into force after being resolved upon by the Board of Directors; changes may be resolved upon by the Board of Directors as well.

## Appendix 1

# ARTICLES OF INCORPORATION of LOTUS PHARMACEUTICAL CO., LTD. [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, after being submitted to Audit Committee for review:

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 25<sup>th</sup>, 1966.

The first Amendment was made on February 1<sup>st</sup>, 1974.

The second Amendment was made on August 17<sup>th</sup>, 1974.

The third Amendment was made on June 26<sup>th</sup>, 1975.

The fourth Amendment was made on August 13<sup>th</sup>, 1976.

The fifth Amendment was made on April 23<sup>rd</sup>, 1977.

The sixth Amendment was made on December 9<sup>th</sup>, 1978.

The seventh Amendment was made on April 24<sup>th</sup>, 1981.

The eighth Amendment was made on December 10<sup>th</sup>, 1982.

The ninth Amendment was made on July 16<sup>th</sup>, 1985.

The tenth Amendment was made on September 2<sup>nd</sup>, 1989.

The eleventh Amendment was made on October 11<sup>th</sup>, 1995.

The twelfth Amendment was made on June 16<sup>th</sup>, 1998.

The thirteenth Amendment was made on February 17<sup>th</sup>, 2001.

The fourteenth Amendment was made on April 20<sup>th</sup>, 2002.

The fifteenth Amendment was made on June 14<sup>th</sup>, 2003.

The sixteenth Amendment was made on August 23<sup>rd</sup>, 2003.

The seventeenth Amendment was made on June 18<sup>th</sup>, 2005.

The eighteenth Amendment was made on June 23<sup>rd</sup>, 2006.

The nineteenth Amendment was made on June 27<sup>th</sup>, 2008.

The twentieth Amendment was made on June 16<sup>th</sup>, 2009.

The twenty-first Amendment was made on June 17<sup>th</sup>, 2010.

The twenty-second Amendment was made on June 5<sup>th</sup>, 2012.

The twenty-third Amendment was made on June 3<sup>rd</sup>, 2013.

The twenty-fourth Amendment was made on February 17<sup>th</sup>, 2014.

The twenty-fifth amendment was made on March 3<sup>rd</sup>, 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 27<sup>th</sup>, 2016.

The twenty-seventh Amendment was made on October 25<sup>th</sup>, 2016.

The twenty-eighth Amendment was made on December 16<sup>th</sup>, 2016.

The twenty-ninth Amendment was made on June 27<sup>th</sup>, 2017.

The thirtieth Amendment was made on June 24<sup>th</sup>, 2019.

The thirtieth-first Amendment was made on June 30<sup>th</sup>, 2020.

The thirtieth-second Amendment was made on June 30<sup>th</sup>, 2022.

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

## 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**

Book closure date: April 17<sup>th</sup>, 2023

Position	Name	Date elected	Term	Current shareholding	
				Shares	Shareholding ratio (%)
Chairman	Robert Wessman (Alvogen Emerging Markets Holdings representative)	2020/06/30	3 years	134,064,369	51.05%
Director	Petar Antonov Vazharov (Alvogen Emerging Markets Holdings representative)	2020/06/30	3 years	134,064,369	51.05%
Director	Arni Hardarson (Alvogen Emerging Markets Holdings representative)	2020/06/30	3 years	134,064,369	51.05%
Director	Thor Kristjansson (Alvogen Emerging Markets Holdings representative)	2020/06/30	3 years	134,064,369	51.05%
Director	Krisana Winitthumkul (Alvogen Emerging Markets Holdings representative)	2020/06/30	3 years	134,064,369	51.05%
Director	Phannalin Mahawongtikul (Alvogen Emerging Markets Holdings representative)	2022/06/30	1 year	134,064,369	51.05%
Director	Oranee Tangphao (Alvogen Emerging Markets Holdings representative)	2022/06/30	1 year	134,064,369	51.05%
Director	Yves Hermes (Alvogen Emerging Markets Holdings representative)	2022/06/30	1 year	134,064,369	51.05%
Independent Director	Benjamin Ku	2020/06/30	3 years	0	0
Independent Director	Hjorleifur Palsson	2020/06/30	3 years	0	0
Independent Director	Hanfei Lin	2020/06/30	3 years	7,000	0.003%