

Stock Code: 1795



Lotus Pharmaceutical Co., Ltd.

Handbook for the 2022 Annual Meeting of Shareholders 【 Translation 】

Means: Physical Meeting

Meeting Time: 9:00am, Thursday, June 30th, 2022

Location: No.2, Songshou Rd., Xinyi Dist., Taipei, Taiwan

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

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Lotus Pharmaceutical Co., Ltd.

2022 Agenda of Annual Meeting of Shareholders

Means: Physical Meeting

Time: 9:00 a.m. on Thursday, June 30th, 2022

Location: No.2, Songshou Rd., Xinyi Dist., Taipei, Taiwan

Call the Meeting to Order

Chairperson Remarks

Reporting Items

1. 2021 Business Report
2. Audit Committee's Review Report on 2021 Financial Statements
3. 2021 employees' profit-sharing bonus and directors' compensation
4. Report on 2020 private placement execution
5. Report on amendments to the "Rules Governing Shares Repurchase and Transfer to Employees"
6. Report on the execution of share buyback program

Recognition Items

1. To adopt FY2021 Business Report and Financial Statements
2. To adopt FY2021 earnings distribution

Discussion Items

1. Proposal for cash distribution out of capital surplus
2. Proposal for amendments to certain articles of the Company's "Articles of Incorporation"
3. Proposal for amendments to certain articles of the Company's "Procedures for Loaning of Funds and Making of Endorsements and Guarantees"
4. Proposal for amendments to certain articles of the Company's "Procedures for Acquisition or Disposal of Assets"

Election Items

1. Election of Directors

Other Items

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

Special Motions

Adjournment

Reporting Items

Item No. 1: 2021 Business Report.

Explanation: Please refer to Attachment 1.

Item No. 2: Audit Committee's Review Report on 2021 Financial Statements.

Explanation: Please refer to Attachment 2.

Item No. 3: 2021 employees' profit-sharing bonus and directors' compensation.

Explanation: Please refer to Attachment 3.

Item No. 4: Report on 2020 private placement execution.

Explanation: Please refer to Attachment 4.

Item No. 5: Report on amendments to the "Rules Governing Shares Repurchase and Transfer to Employees".

Explanation: Please refer to Attachment 5.

Item No. 6: Report on the execution of share buyback program.

Explanation: Please refer to Attachment 6.

Recognition Items

Item No. 1: To adopt FY2021 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation: I. The Company's FY2021 Standalone and Consolidated Financial Reports have been audited and compiled by KPMG. The Company's 2021 Business Report has been approved by the Audit Committee and the Board of Directors; and

II. The Company's 2021 Business Report, external Auditors' Report, and the aforementioned Financial Statements are attached hereto as Attachments 1 and 7.

Resolution:

Item No. 2: To adopt FY2021 earnings distribution. (Proposed by the Board of Directors)

Explanation: Please refer to Attachment 8 for details.

Resolution:

Discussion Items

Item No. 1: Proposal for cash distribution out of capital surplus. (Proposed by the Board of Directors)

- Explanation:**
- I. Pursuant to Article 241 of the Company Act, the Company plans to distribute cash of NT\$506,058,182 from capital surplus to the shareholders. The cash per share to be distributed is expected to be NT\$1.93
 - 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.

Resolution:

Item No. 2: 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 9 for details.

Resolution:

Item No. 3: Proposal for amendments to certain articles of the Company's "Procedures for Loaning of Funds and Making of Endorsements and Guarantees". (Proposed by the Board of Directors)

Explanation: Considering the operational status-quo of the Company, it is proposed to amend certain articles of the Company's "Procedures for Loaning of Funds and Making of Endorsements and Guarantees". Please refer to Attachment 10 for details.

Resolution:

Item No. 4: Proposal for amendments to certain articles of the Company’s “Procedures for Acquisition or Disposal of Assets”. (Proposed by the Board of Directors)

Explanation: Considering the operational status-quo of the Company, it is proposed to amend certain articles of the Company’s “Procedures for Acquisition or Disposal of Assets”. Please refer to Attachment 11 for details.

Resolution:

Election Items

Item No. 1: Election of Directors. (Proposed by the Board of Directors)

Explanation: I. 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

II. The term of office of the newly elected Directors will start from June 30th, 2022 and conclude on June 29th, 2023. The candidates of Directors are as follows:

| Title | Name | Shareholding | Major Education and Work Experience | Representative of Corporation |
|-----------------------|------------------------|---------------------|---|--|
| Candidate of Director | Pannalin Mahawongtikul | 134,064,369 | <ul style="list-style-type: none">● MBA, Thammasat University, Thailand● CFO, PTT Public Company Limited● Director, PTTEP Energy Holding (Thailand) Company Limited | Alvogen Emerging Markets Holdings Ltd. |
| Candidate of Director | Oranee Tangphao | 134,064,369 | <ul style="list-style-type: none">● Master of Science (Cardiovascular Pharmacology), Mc Master University● CMO, Antiva Biosciences● VP, Clinical Pharm & Exp Medicine, Theravance | Alvogen Emerging Markets Holdings Ltd. |
| Candidate of Director | Yves Hermes | 134,064,369 | <ul style="list-style-type: none">● Bachelor of Economics and Finance, University of Geneva, Switzerland● Founder and Managing Director, Yves Hermes Healthcare Consultancy● Area Director South East Asia, Zuellig Pharma Int’l Services | Alvogen Emerging Markets Holdings Ltd. |

Resolution:

Other Items

Item No. 1: Proposal for releasing the non-compete restriction on 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 | Competitive Business | Representative of Juristic Person | Investment of Juristic Person |
|------------------------|--|--|-------------------------------|
| Pannalin Mahawongtikul | <ul style="list-style-type: none">● CFO, PTT Public Company Limited● Director/ Member of the Risk Management Committee, Thai Oil Public Company Limited | Representative of Alvogen Emerging Markets Holdings Ltd. | N/A |
| Oranee Tangphao | <ul style="list-style-type: none">● CMO, Antiva Biosciences● Director, Antiva Biosciences, Inc● Director, Soroptimist International of San Francisco | Representative of Alvogen Emerging Markets Holdings Ltd. | N/A |
| Yves Hermes | <ul style="list-style-type: none">● Managing Director, Yves Hermes Healthcare Consultancy | Representative of Alvogen Emerging Markets Holdings Ltd. | N/A |

Resolution:

Special Motions

Adjournment

Attachment 1

Business Report

1. Operational Results of 2021

1.1 Implement Results of Business Plan

2021 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. This is also the third year in a row for Lotus to deliver a double-digit growth in both top line and bottom line, which made Lotus outperform against other peers with another record high financials. For its Export Business, in addition to the successful launches of Buprenorphine/Naloxone sublingual film for the treatment of opioid dependence in the US, Lenalidomide for the treatment of multiple myeloma in certain patent-free countries across Europe, Gefitinib for the treatment of non-small-cell lung cancer in 20 European markets on the patent expiry date, and the first generic Vinorelbine in form of softgel capsules with high entry barrier across development and manufacturing, Lotus has also received the first tentative approval from the US FDA for its blockbuster product Lenalidomide. With this tentative approval, the Company expects to launch Lenalidomide as per its settlement agreement with the originator in the US beginning on a confidential date sometime after March 2022. For its Asian Business, Lotus has built solid fundamentals in both Taiwan and Korea markets which serve as stable contributors of cashflows to fund its continuous growth. We then aim to further penetrate into the fast-growing South East Asian countries and has partnered with PTT Public Company Limited, the largest publicly-listed conglomerate in Thailand via private placement to go beyond the countries across the region we've already had direct presence. Following the strategic partnership, Lotus has also established its wholly-owned subsidiaries in Malaysia and Philippines for the next-stage expansion.

Moreover, all these tremendous efforts we've done have been highly recognized by Global Generics & Biosimilars Awards 2021, the Oscar of generic industry. We have been nominated as one the finalists for "Company of Year, Asia Pacific", award with remarkable contenders including Samsung Bioepis. This achievement is not only a testimonial of our performance starting to draw attention of the global industry peers as a serious contender from a small isle nation of Taiwan but also a great recognition by global communities for Lotus being a rising star in Asia. We believe this is a strong testimonial and recognition of our strengthened competitiveness for long term growth.

FY2021 Financial Results

Unit: NTD'000

| Item | Year | | |
|--|--|------------|------------|
| | FY2021 | FY2020 | |
| Financial Revenue and Expenditure | Operating revenue | 12,649,189 | 10,728,583 |
| | Gross Profit | 5,640,120 | 4,596,623 |
| | Profit/loss before tax | 1,870,019 | 1,304,235 |
| Earnings Power | Return on equity (%) | 12.68% | 11.77% |
| | Profit before tax to capital ratio (%) | 71.16% | 53.16% |
| | Earnings per share (NTD) | \$5.50 | \$4.22 |

To provide affordable solutions to patients and to maximize benefits and values for our employees and shareholders are always Lotus's top priorities. Via out-licensing partnership with local leaders in each region, we can make our quality products assessible by all the patients around the world. We also keep investing in upgrading facilities in Nantou factory for developing and manufacturing cytotoxic and high potency products to reinforce our product manufacturing ability. We are confident that we will be the one of the most competitive players in global pharma industry with a strong foundation of all the differentiated expertise.

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

1.2 Implementation Results of Budget:

For the year of 2021, the Company only set its internal budget targets and did not make financial forecasts guidance to the public. The overall implementation results were generally consistent with the range contemplated by the Company.

1.3 Financial Income or Expenditure and Profitability Analysis:

For the year of 2021, the Company's main expenditure are 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.

1.4 Research and Development Status:

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

Lotus has successfully launched Buprenorphine/Naloxone in the US market. It also successfully developed and launched numerous oncology products including Lenalidomide for the treatment of multiple myeloma, Gefitinib for the treatment of NSCLC, and Vinorelbine for the treatment of breast cancer. So far, at least 10 license applications already at reviewing process by the regulatory authorities in the US, EU, and other countries across the world.

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 a high entry threshold, such as cytotoxic drugs for cancer treatment and hormone

medicines for women. 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 enters the European market successfully as well. The Company also commits to expand its market access through 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., focus on developing new compound drugs and incrementally modified drugs. In 2015, Alvogen Korea successfully launched antiplatelet drug, Sarpogrelate. The product soon gained 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 launch. The new pharmaceutical product Rosuvastatin/Candesartan was launched in 2017, successfully extending the life cycles of the product. In recent years, Lotus has achieved outstanding performance with its expansion into the market for oral contraceptives and cancer drugs through pipeline acquisitions. In 2019, it has another successful launch of Qysmia, a 2nd generation anti-obesity brand drug licensed from a third party, to further solidify its leading position in overall Korea anti-obesity market. Another licensed-in product, Mercilon, has also ranked 1st for 9 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. In terms of market coverage, it has established business teams in its major markets like Taiwan, Korea, Thailand, and Vietnam to serve local customers from hospitals, clinics, and pharmacies. The Company also provides global clients "One Stop Shopping" solution including R&D formulation, global regulatory consultation, global licensing partnership, and cost-efficient manufacturing in Taiwan. We wish to grow with all of 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 of 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 its excellent reputation in industry. As a company that has passed inspections by the drug regulatory agencies from US, Europe, Brazil, Japan, China and Taiwan, Lotus promises the greatest 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, 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 2017 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.

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一一〇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游萬淵會計師及鄭安志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一一一年股東常會
審計委員會召集人: Hjorleifur Palsson

To 2022 Annual General Meeting of Lotus Pharmaceutical Co., Ltd

The Company's 2021 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 一 年 三 月 十 六 日

Date: March 16th, 2022

Attachment 3

For the year ended December 31, 2021, accruals for employees' remuneration and directors' remuneration were NTD 17,276 thousand and NTD 8,638 thousand, respectively; see calculation below:

| | <u>TWD</u> |
|---|----------------------|
| Profits before tax before deducting remuneration to employees and directors | <u>1,727,577,299</u> |
| Calculation base to accrue remuneration to employees and directors | <u>1,727,577,299</u> |
| 1% for remuneration to employees | <u>17,275,773</u> |
| 0.5% for remuneration to directors | <u>8,637,886</u> |

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

Attachment 4

| | | | | | |
|---|---|---|---------------------|--------------------------------|-------------------------------------|
| Item | First private placement of securities in 2021 Issuing Date: May 18 th , 2021 | | | | |
| Types of the private placement | Common shares | | | | |
| Date and amount approved by shareholders meeting | June 30 th , 2020/ under 100,000,000 shares (Note) | | | | |
| The basis and rationale to determine the private placement price | <p>The issuance price of the common share via private placement shall not be lower than 80% of the reference price. The reference price of issuing common shares via private placement shall be the higher of the below standards of calculation:</p> <p>(1) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; and</p> <p>(2) The simple average closing price of the common shares of the Company for the 30 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</p> <p>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>According to the above calculation of issuance price, the Company designated the simple average closing price of the common shares of the Company for 5 business days before the pricing date that is NTD 82.0 to be the reference price of this private placement.</p> | | | | |
| The method to determine specific parties | <p>(1) 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; and</p> <p>(2) The investor(s) shall meet the above-mentioned qualifications and shall be a juristic person that, for the purpose of increasing the profit of the Company, provides assistance to the Company in terms of enhanced skills, improved quality, reduced cost, increased efficiency, enlarged market, or other benefits, achieved through vertical or horizontal integration in the industry or joint effort in product or market development or otherwise, and using the investor's own experience, skills, knowledge, brand, or channels; and</p> <p>(3) The Company plans to invite Innobic LL Holding Co., Ltd. to become the strategic investor and subscriber of this private placement of common shares.</p> | | | | |
| 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 21 st , 2021 | | | | |
| Information on subscribers | Buyers of the private placement | Qualification criteria | Subscription shares | Relationships with the Company | Participation in Company's business |
| | Innobic LL Holding Co., Ltd. | Qualified as per Article 43-6, paragraph 1, subparagraph 2 of Securities and Exchange Act | 17,517,348 shares | None | None |
| Shares of subscription price | NT\$80.7 per share | | | | |
| Differences between the actual subscription price and the reference price | Subscription price of the private placement is NT\$80.7 per share, which is 98.4% of the reference price of NT\$82.0. | | | | |

| Item | First private placement of securities in 2021 Issuing Date: May 18 th , 2021 |
|--|---|
| Effect on shareholders' equity by conducting private placement (such as resulted in the increase in cumulative losses, etc.) | A total of 17,517,348 shares were issued in this private placement of common stock and a total of NT\$1,413,649,984 was raised. The Company had a total paid-in capital of NT\$2,628,713,120 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 | The private placement funds have been fully used to enrich working capital and have been fully implemented in the second quarter of 2021. |
| Benefit result of private placement | In addition to being used for the Company's working capital, it strengthens capital dispatch capabilities, improving the financial structure and saving financial costs. Also, it can deeply cultivate the fast-growing ASEAN market through its abundant local resources by introducing Innobic, a 100% owned subsidiary of Thailand's largest enterprise group, PTT Public Company Limited. |

Note: The Company's Board of Directors has issued of 17,517,348 common shares at a price of NT\$80.7 per share on April 16th, 2021. Considering the authorization of the issuance will be due soon, the Company will not continue with the remaining private placement shares.

Attachment 5

**The Comparison Table of Amendments to
RULES GOVERNING SHARES REPURCHASE AND TRANSFER TO
EMPLOYEES**

| | Amended Provisions | Current Provisions | Remark |
|-----------|--|--|---|
| | 22 Dec 2011. First released 11 Aug 2014. First amendment 11 Sep 2015. Second amendment <u>24 Aug 2021. Third amendment</u> <u>11 Nov 2021 Fourth amendment</u> | 22 Dec 2011. First released 11 Aug 2014. First amendment 11 Sep 2015. Second amendment | To add the third and fourth amendment date. |
| Article 1 | In order to encourage employees and improve employee identity, the Company has stipulated Rules Governing Share Repurchase and Transfer to Employees <u>(the “Rules”)</u> 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. | In order to encourage employees and improve employee identity, the Company has stipulated Rules Governing Share Repurchase and Transfer to Employees 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 Securities and Futures Bureau of 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 these Rules. | Wording changes |
| Article 2 | (Type of shares transferred, the rights attaching thereto, and any restrictions on such rights) Shares transferred to employees shall be common shares with <u>the same</u> rights and obligations as <u>the</u> outstanding common shares of the Company, unless another act or regulation provides otherwise. | (Type of shares transferred, descriptions of the rights attaching thereto, and any restrictions on such rights) Shares transferred to employees shall be common shares with similar rights and obligations as those of other outstanding common shares of the Company, unless another act or regulation provides otherwise. | Wording changes |
| Article 3 | Repurchasing of shares shall be conducted in accordance with the provisions of the Rules, and <u>the shares repurchased</u> shall be transferred in a single or multiple installments to the employees within <u>5</u> years commencing from the date of repurchasing of the shares. | Repurchasing of shares shall be conducted in accordance with the provisions of these Rules, and shall be transferred in a single or multiple installments to the employees within 3 years commencing from the date of repurchasing of the shares. | Wording changes to follow the latest regulations |
| Article 4 | <u>Full-time employees of the Company and its domestic and overseas directly or indirectly held by the Company for more than 50% stake, who have been proposed by the Company's General Manager, and approved by the Board of Directors, are eligible to</u> | Any full time employee of the Company or its domestic and overseas affiliated companies (according to Statement of the Financial Accounting Standard No. 5, an affiliated company means a company directly or indirectly held by the Company for more than | Wording revisions as per the authorities' request |

| | Amended Provisions | Current Provisions | Remark |
|-----------|---|---|-----------------|
| | <p><u>purchase the Company's treasury stocks pursuant to the Rules.</u> 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 <u>the</u> stock subscription.</p> | <p>50% of voting shares) who has been employed for more than 1 year before the record date of eligibility or has made special contributions towards the Company, has not been subject to major penalties in the preceding year and the current year, and has been reported by the Company's Chief Executive Officer and General Manager and approved by the Board of Directors are eligible for purchasing treasury stocks pursuant to these Rules. Transferees who resign (or going on unpaid leave) during the period between the record date to the final date for stock subscription payment shall lose eligibility for stock subscription.</p> | |
| Article 5 | <p><u>(Number of shares that may be subscribed by employees)</u></p> <p>The stipulation of the number of shares that the <u>employees</u> may subscribe to or the number of shares that can be transferred to the <u>employees</u> of the Company shall be based on the <u>employees'</u> job <u>titles</u>, job responsibilities, tenure, and special contributions 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. The Board of Directors shall stipulate the standards for the number of subscription for employees based on the above.</p> <p>Employees <u>fail</u> to pay for subscription <u>upon</u> the subscription period <u>due</u> shall be regarded as <u>abandonment of</u> their rights. For any remaining balance resulting from inadequate subscription, the Chairman shall engage other employees for subscription. Any further outstanding balances shall be handled in accordance with the provisions in Article 9 <u>in the Rules.</u></p> | <p>(Procedures for transfer of shares) Number of shares that may be subscribed by employees</p> <p>1- The stipulation of the number of shares that the employee may subscribe to or the number of shares that can be transferred to the employee of the Company shall be based on the employee's job title, job responsibilities, tenure, and special contributions made towards the Company with consideration to the aggregate amount of repurchased shares held by the Company on the record date and maximum limits of the number of shares subscribed by a single employee. The Board of Directors shall stipulate the standards for the number of subscription for employees based on the above.</p> <p>2- Employees failing to pay for subscription when the subscription period has expired shall be regarded as having abandoned their rights. For any remaining balance resulting from inadequate subscription, the Chairman shall engage other employees for subscription. Any further outstanding balances shall be handled in accordance with the provisions in Article 9.</p> | Wording changes |
| Article 6 | <p><u>(Procedures for transfer of shares)</u></p> <p>Procedure for repurchase and transfer of shares to the employees:</p> <p>1. <u>Repurchase shall be executed</u> within an execution period in compliance with the resolution <u>made by Board of Directors and</u></p> | <p>Procedure for repurchase and transfer of shares to the employees:</p> <p>1. Shares of the Company shall be repurchased within an execution period in compliance with the resolution,</p> | Wording changes |

| | Amended Provisions | Current Provisions | Remark |
|------------|--|---|--|
| | <p><u>be announced and filed with relevant regulatory authorities.</u></p> <p>2. The Chairman shall, as authorized by the Board of Directors, stipulate and publicly announce the record dates, <u>criteria for the number of shares under subscription,</u> subscription payment periods, rights of <u>subscription,</u> restrictions of such rights, and other matters <u>relate to</u> the process.</p> <p>3. The Company then shall calculate the actual stocks subscribed and <u>fully</u> paid, and implement stocks transfer and registration.</p> | <p>announcement, and declaration of the Board of Directors.</p> <p>2. The Chairman shall, as authorized by the Board of Directors, stipulate and publicly announce the record dates, subscription payment periods, descriptions of the rights of the stocks and restrictions of such rights, and other matters regarding the process.</p> <p>3. The Company then shall calculate the actual stocks subscribed and paid for, and implement stocks transfer and registration.</p> | |
| 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. | For the 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. | Wording changes |
| Article 8 | For repurchased shares transferred to the employees <u>that</u> has been registered, unless another regulation provides otherwise, the rights and obligations of such shares shall be the same as the original shares. | For repurchased shares transferred to the employees where the transfer has been registered, unless another regulation provides otherwise, the rights and obligations of such shares shall be the same as the original shares. | Wording changes |
| Article 9 | Treasury stock purchased by the Company for the purpose of transferring shares to its employees shall be completely transferred within <u>5</u> 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. | Treasury stock purchased by the Company for the purpose of transferring shares to its employees shall be completely transferred within 3 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. | Wording changes to follow the latest regulations |
| Article 11 | | These Rules shall be submitted and reported to the Shareholders' meeting. The same shall apply to amendments. | Deleted |

Attachment 6

| | |
|---|---|
| Term of the repurchase | Third times |
| Purpose of the repurchase | Transfer to employees |
| Period of the repurchase | August 25 th , 2021 to September 24 th , 2021 |
| Price range of shares to be repurchased | NT\$90 per share to NT\$125 per share |
| Types and number of shares repurchased | 550,000 common shares |
| Total amounts of shares repurchased | NT\$57,354,108 |
| Average buyback price per share | NT\$104.28 |
| Percentage of repurchased shares of total shares to be repurchased (%) | 100% |
| Numbers of shares sold/transferred | - |
| Accumulated shares of the Company's own shares | 550,000 common shares |
| Percentage of accumulated shares of the Company's own issued shares (%) | 0.21% |

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 sheet as of December 31, 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the year 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, 2021, and its consolidated financial performance and its consolidated cash flows for the year 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 audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in the Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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, 2021. 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(15) “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(12) "Intangible assets" , Note 4(13) "Impairment of non-financial assets" , Note 5 " Major Sources of Accounting Judgments, Estimations and Assumptions of 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 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 discount rate through comparing the cost of capital assumptions of the CGUs and the similar return on asset;
- (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

1. Issuing the audit opinion on the parent-company-only financial statements

Lotus Pharmaceutical Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020. We have issued an unqualified opinion with other matter paragraph on the parent-company-only financial statements as of and for the year ended December 31, 2021. The parent-company-only financial statements as of and for the year ended December 31, 2020 were audited by another auditor, who have issued an unqualified opinion with emphasis of matter paragraph.

2. Predecessor auditor issued the audit opinion with emphasis of matter paragraph

The financial statements of the Group as of and for the year ended December 31, 2020 were audited by another auditor, who have issued an unqualified opinion with emphasis of matter paragraph on March 26, 2021.

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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 16, 2022

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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| Assets | | December 31, 2021 | | December 31, 2020 | | Liabilities and Equity | | December 31, 2021 | | December 31, 2020 | |
|----------------------------|--|----------------------|------------|-------------------|------------|-----------------------------|---|----------------------|------------|-------------------|------------|
| | | Amount | % | Amount | % | | | Amount | % | Amount | % |
| Current assets: | | | | | | Current liabilities: | | | | | |
| 1100 | Cash and cash equivalents (note 6(1)) | \$ 1,605,495 | 8 | 1,489,004 | 7 | 2100 | Short-term borrowings (note 6(10)) | \$ 819,767 | 4 | 410,000 | 2 |
| 1140 | Contract assets—current (notes 6(19) and 7) | 82,050 | - | 121,039 | 1 | 2130 | Contract liabilities—current (notes 6(19) and 7) | 132,013 | 1 | 132,098 | 1 |
| 1170 | Notes and accounts receivable, net (note 6(3)) | 1,102,845 | 5 | 1,109,140 | 6 | 2170 | Notes and accounts payable | 714,694 | 3 | 615,615 | 3 |
| 1180 | Accounts receivable—related parties (note 7) | 2,080,746 | 10 | 1,517,255 | 8 | 2180 | Accounts payable—related parties (note 7) | 32,853 | - | 1,116,109 | 6 |
| 1200 | Other receivables | 65,277 | - | 2,739 | - | 2200 | Other payables | 784,663 | 4 | 910,621 | 5 |
| 1210 | Other receivables—related parties (note 7) | 23,664 | - | 48,034 | - | 2220 | Other payables—related parties (note 7) | 655,942 | 3 | 19,754 | - |
| 1220 | Current tax assets | 52,616 | - | 2,416 | - | 2230 | Current tax liabilities | 280,155 | 1 | 226,619 | 1 |
| 1310 | Inventories (note 6(4)) | 3,073,404 | 15 | 2,208,490 | 11 | 2250 | Provisions—current (note 6(13)) | 27,536 | - | 37,908 | - |
| 1479 | Other current assets (note 8) | 247,238 | 1 | 284,614 | 1 | 2280 | Lease liabilities—current (note 6(12)) | 62,466 | - | 40,430 | - |
| | Total current assets | <u>8,333,335</u> | <u>39</u> | <u>6,782,731</u> | <u>34</u> | 2320 | Current portion of long-term borrowings (notes 6(11) and 8) | 794,901 | 4 | 1,359,086 | 7 |
| Non-current assets: | | | | | | 2399 | Other current liabilities | 20,951 | - | 14,841 | - |
| 1517 | Financial asset at fair value through other comprehensive income—non-current (note 6(2)) | 301,728 | 1 | 412,846 | 2 | | Total current liabilities | <u>4,325,941</u> | <u>20</u> | <u>4,883,081</u> | <u>25</u> |
| 1600 | Property, plant and equipment (notes 6(6) and 8) | 2,541,975 | 12 | 2,193,068 | 11 | | Non-current liabilities: | | | | |
| 1755 | Right-of-use assets (note 6(7)) | 99,862 | 1 | 112,377 | 1 | 2527 | Contract liabilities—non-current (note 6(19)) | 85,957 | 1 | 111,784 | 1 |
| 1805 | Goodwill (note 6(8)) | 5,585,847 | 26 | 5,895,681 | 30 | 2540 | Long-term borrowings (notes 6(11) and 8) | 4,667,047 | 22 | 4,947,560 | 25 |
| 1821 | Other intangible assets (notes 6(9) and 8) | 3,863,034 | 18 | 3,830,990 | 19 | 2550 | Provisions—non-current (note 6(13)) | 27,683 | - | 27,872 | - |
| 1840 | Deferred tax assets (note 6(15)) | 310,816 | 2 | 364,608 | 2 | 2570 | Deferred tax liabilities (note 6(15)) | 304,147 | 2 | 144,688 | 1 |
| 1900 | Other non-current assets (notes 8 and 9) | 185,353 | 1 | 161,117 | 1 | 2580 | Lease liabilities—non-current (note 6(12)) | 43,411 | - | 76,577 | - |
| | Total non-current assets | <u>12,888,615</u> | <u>61</u> | <u>12,970,687</u> | <u>66</u> | 2640 | Defined benefit liabilities, net (note 6(14)) | 485,378 | 2 | 570,071 | 3 |
| | | | | | | 2670 | Other non-current liabilities | 213,676 | 1 | 246,371 | 1 |
| | | | | | | | Total non-current liabilities | <u>5,827,299</u> | <u>28</u> | <u>6,124,923</u> | <u>31</u> |
| | | | | | | | Total liabilities | <u>10,153,240</u> | <u>48</u> | <u>11,008,004</u> | <u>56</u> |
| | | | | | | | Equity (note 6(16)): | | | | |
| | | | | | | | Equity attributable to parent company shareholders: | | | | |
| | | | | | | 3100 | Share capital | 2,627,963 | 12 | 2,453,540 | 12 |
| | | | | | | 3200 | Capital surplus | 8,038,813 | 38 | 6,799,186 | 34 |
| | | | | | | 3300 | Retained earnings | 1,700,635 | 8 | 353,662 | 2 |
| | | | | | | 3400 | Other equity | (1,240,947) | (6) | (860,974) | (4) |
| | | | | | | 3500 | Treasury shares | (57,754) | - | - | - |
| | | | | | | | Total equity attributable to parent company shareholders | <u>11,068,710</u> | <u>52</u> | <u>8,745,414</u> | <u>44</u> |
| | | | | | | | Total equity | <u>11,068,710</u> | <u>52</u> | <u>8,745,414</u> | <u>44</u> |
| | Total assets | <u>\$ 21,221,950</u> | <u>100</u> | <u>19,753,418</u> | <u>100</u> | | Total liabilities and equity | <u>\$ 21,221,950</u> | <u>100</u> | <u>19,753,418</u> | <u>100</u> |

See accompanying notes to the 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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

| | 2021 | | 2020 | |
|--|---------------------|------------|------------------|------------|
| | Amount | % | Amount | % |
| 4100 Net revenue (notes 6(19) and 7) | \$ 12,649,189 | 100 | 10,728,583 | 100 |
| 5110 Cost of sales (notes 6(4) and 7) | 7,009,069 | 55 | 6,131,960 | 57 |
| 5900 Gross profit from operations | <u>5,640,120</u> | <u>45</u> | <u>4,596,623</u> | <u>43</u> |
| Operating expenses (note 7): | | | | |
| 6100 Selling expenses | 1,808,748 | 14 | 1,574,276 | 15 |
| 6200 Administrative expenses | 905,783 | 8 | 904,969 | 8 |
| 6300 Research and development expenses | 595,925 | 5 | 505,379 | 5 |
| 6450 Expected credit loss (gain) (note 6(3)) | 34,237 | - | (664) | - |
| Total operating expenses | <u>3,344,693</u> | <u>27</u> | <u>2,983,960</u> | <u>28</u> |
| 6900 Operating income | <u>2,295,427</u> | <u>18</u> | <u>1,612,663</u> | <u>15</u> |
| Non-operating income and expenses: | | | | |
| 7100 Interest income | 5,344 | - | 3,763 | - |
| 7010 Other income (notes 6(2) and 7) | 38,525 | - | 30,058 | - |
| 7020 Other gains and losses, net (notes 6(21) and 7) | (172,438) | (1) | (12,247) | - |
| 7050 Finance costs (notes 6(21) and 7) | (296,839) | (2) | (333,780) | (3) |
| 7060 Share of profit of investment accounted for using the equity method (note 6(5)) | - | - | 3,778 | - |
| | <u>(425,408)</u> | <u>(3)</u> | <u>(308,428)</u> | <u>(3)</u> |
| 7900 Income before income tax | 1,870,019 | 15 | 1,304,235 | 12 |
| 7950 Less: Income tax expense (note 6(15)) | 466,648 | 4 | 274,584 | 2 |
| Net income | <u>1,403,371</u> | <u>11</u> | <u>1,029,651</u> | <u>10</u> |
| 8300 Other comprehensive income: | | | | |
| 8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | |
| 8311 Gains on remeasurement of defined benefit plans | 45,844 | - | 9,820 | - |
| 8316 Unrealized losses from financial asset at fair value through other comprehensive income | (66,466) | - | (32,060) | - |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(15)) | (10,277) | - | (2,380) | - |
| Components of other comprehensive loss that will not be reclassified to profit or loss | <u>(30,899)</u> | <u>-</u> | <u>(24,620)</u> | <u>-</u> |
| 8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | |
| 8361 Exchange differences on translation of foreign financial statements | (371,164) | (3) | (112,917) | (1) |
| 8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(15)) | - | - | 30,990 | - |
| Components of other comprehensive loss that will be reclassified to profit or loss | <u>(371,164)</u> | <u>(3)</u> | <u>(81,927)</u> | <u>(1)</u> |
| 8300 Other comprehensive loss, net | <u>(402,063)</u> | <u>(3)</u> | <u>(106,547)</u> | <u>(1)</u> |
| 8500 Total comprehensive income | <u>\$ 1,001,308</u> | <u>8</u> | <u>923,104</u> | <u>9</u> |
| Net income attributable to: | | | | |
| 8610 Owners of the Company | \$ 1,403,371 | 11 | 1,026,796 | 10 |
| 8615 Former owner of business combination under common control | - | - | 2,431 | - |
| 8620 Non-controlling interests | - | - | 424 | - |
| | <u>\$ 1,403,371</u> | <u>11</u> | <u>1,029,651</u> | <u>10</u> |
| Total comprehensive income attributable to: | | | | |
| 8710 Owners of the Company | \$ 1,001,308 | 8 | 918,758 | 9 |
| 8715 Former owner of business combination under common control | - | - | 4,167 | - |
| 8720 Non-controlling interests | - | - | 179 | - |
| | <u>\$ 1,001,308</u> | <u>8</u> | <u>923,104</u> | <u>9</u> |
| Earnings per share (note 6(18)) | | | | |
| 9750 Basic earnings per share | <u>\$ 5.50</u> | | <u>4.22</u> | |
| 9850 Diluted earnings per share | <u>\$ 5.47</u> | | <u>4.22</u> | |

See accompanying notes to the 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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to parent company shareholders

| | Retained earnings (accumulated deficits) | | | | | | Other equity | | | | Equity attributable to parent company shareholders | Equity attributable to former owner of business combination under common control | Non-controlling interests | Total equity | |
|--|--|------------------|---------------|-----------------|---|------------------|---|---|-------------------------------|--------------------|--|--|---------------------------|--------------|-------------------|
| | Share capital | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings (accumulated deficits) | 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 |
| Balance at January 1, 2020 | \$ 2,431,140 | 6,588,034 | - | - | (652,936) | (652,936) | (453,774) | (170,449) | - | (624,223) | - | 7,742,015 | (25,320) | 1,814 | 7,718,509 |
| Net income | - | - | - | - | 1,026,796 | 1,026,796 | - | - | - | - | - | 1,026,796 | 2,431 | 424 | 1,029,651 |
| Other comprehensive income (loss) | - | - | - | - | 7,440 | 7,440 | (83,418) | (32,060) | - | (115,478) | - | (108,038) | 1,736 | (245) | (106,547) |
| Total comprehensive income (loss) | - | - | - | - | 1,034,236 | 1,034,236 | (83,418) | (32,060) | - | (115,478) | - | 918,758 | 4,167 | 179 | 923,104 |
| Reorganization | - | - | - | - | (24,834) | (24,834) | - | - | - | - | - | (24,834) | 21,153 | - | (3,681) |
| Changes in ownership interests in subsidiaries | - | - | - | - | (522) | (522) | - | - | - | - | - | (522) | - | - | (522) |
| Share-based payments | 22,400 | 130,091 | - | - | - | - | - | - | (121,273) | (121,273) | - | 31,218 | - | - | 31,218 |
| Acquisition of non-controlling interests | - | - | - | - | (2,282) | (2,282) | - | - | - | - | - | (2,282) | - | (1,993) | (4,275) |
| Arising from adjustment of reverse acquisition | - | 81,061 | - | - | - | - | - | - | - | - | - | 81,061 | - | - | 81,061 |
| Balance at December 31, 2020 | 2,453,540 | 6,799,186 | - | - | 353,662 | 353,662 | (537,192) | (202,509) | (121,273) | (860,974) | - | 8,745,414 | - | - | 8,745,414 |
| Net income | - | - | - | - | 1,403,371 | 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) | - | - | (402,063) |
| Total comprehensive income (loss) | - | - | - | - | 1,438,938 | 1,438,938 | (371,164) | (66,466) | - | (437,630) | - | 1,001,308 | - | - | 1,001,308 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 35,366 | - | (35,366) | - | - | - | - | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 115,476 | (115,476) | - | - | - | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (92,005) | (92,005) | - | - | - | - | - | (92,005) | - | - | (92,005) |
| Issuance of ordinary shares for cash | 175,173 | 1,238,477 | - | - | - | - | - | - | - | - | - | 1,413,650 | - | - | 1,413,650 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - | (57,354) | (57,354) | - | - | (57,354) |
| Share-based payments | (750) | 1,150 | - | - | 40 | 40 | - | - | 57,657 | 57,657 | (400) | 57,697 | - | - | 57,697 |
| Balance at December 31, 2021 | \$ 2,627,963 | 8,038,813 | 35,366 | 115,476 | 1,549,793 | 1,700,635 | (908,356) | (268,975) | (63,616) | (1,240,947) | (57,754) | 11,068,710 | - | - | 11,068,710 |

See accompanying notes to the 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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|--------------|-------------|
| Cash flows from operating activities: | | |
| Income before income tax | \$ 1,870,019 | 1,304,235 |
| Adjustments: | | |
| Adjustments to reconcile income | | |
| Depreciation expense | 239,885 | 242,951 |
| Amortization expense | 519,496 | 466,673 |
| Expected credit loss (gain) | 34,237 | (664) |
| Finance costs | 296,839 | 333,780 |
| Interest income | (5,344) | (3,763) |
| Dividend income | (8,912) | (10,404) |
| Share-based payments | 57,657 | 31,218 |
| Share of profit of investment accounted for using the equity method | - | (3,778) |
| Losses on disposal of property, plant and equipment | 2,003 | 4,682 |
| Losses on disposal of intangible assets | 1,194 | - |
| Impairment loss on intangible assets | 233,182 | 127,675 |
| Impairment loss on property, plant and equipment | 1,635 | - |
| Unrealized foreign exchange losses (gains) | 13,674 | (25,333) |
| Write-down of inventories | 136,779 | 221,150 |
| Losses from early repayment of loans | 43,417 | 37,882 |
| Losses (gains) on lease modification | (6) | 1,396 |
| Total adjustments to reconcile income | 1,565,736 | 1,423,465 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Contract assets | 38,511 | (121,039) |
| Notes and accounts receivable | (107,848) | (54,834) |
| Accounts receivable—related parties | (564,082) | (320,424) |
| Other receivables | (59,903) | 39,608 |
| Other receivables—related parties | 55,511 | 95,671 |
| Inventories | (1,125,413) | (1,097,508) |
| Other current assets | (27,304) | (6,041) |
| Other non-current assets | (4,275) | 226,457 |
| Total changes in operating assets | (1,794,803) | (1,238,110) |
| Changes in operating liabilities: | | |
| Contract liabilities | (9,743) | 72,510 |
| Notes and accounts payable | 128,829 | 127,293 |
| Accounts payable—related parties | (1,109,812) | 869,160 |
| Other payables | (151,654) | 39,317 |
| Other payables—related parties | 79,932 | (166,127) |
| Provisions | (4,270) | (47,291) |
| Other current liabilities | (2,586) | (1,015) |
| Defined benefit liabilities, net | 15,998 | 32,789 |
| Other non-current liabilities | 14,926 | 12,471 |
| Total changes in operating liabilities | (1,038,380) | 939,107 |
| Total changes in operating assets and liabilities | (2,833,183) | (299,003) |
| Total adjustments | (1,267,447) | 1,124,462 |

(Continued)

See accompanying notes to the 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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|---------------------|--------------------|
| Cash flows generated from operations | 602,572 | 2,428,697 |
| Interest received | 4,581 | 2,993 |
| Interest paid | (227,925) | (393,361) |
| Income taxes paid | (259,566) | (89,647) |
| Net cash flows generated from operating activities | 119,662 | 1,948,682 |
| Cash flows from investing activities: | | |
| Proceeds from liquidation of investment accounted for using the equity method | - | 12,130 |
| Equity attributable to former owner of business combination under common control | - | (3,681) |
| Acquisition of property, plant and equipment | (572,729) | (413,791) |
| Proceeds from disposal of property, plant and equipment | 110 | 45 |
| Decrease in refundable deposits | 12,445 | 1,133 |
| Acquisition of intangible assets (including capitalized development expenses) | (1,043,021) | (1,583,749) |
| Decrease in other current assets | 70,848 | 407,019 |
| (Increase) decrease in other non-current assets | (48,804) | 364,596 |
| Dividends received | 4,308 | 10,404 |
| Arising from adjustment of reverse acquisition | - | 81,061 |
| Net cash flows used in investing activities | (1,576,843) | (1,124,833) |
| Cash flows from financing activities: | | |
| Proceeds from short-term borrowings | 1,290,643 | - |
| Repayments of short-term borrowings | (870,800) | (50,000) |
| Proceeds from long-term borrowings | 5,062,903 | 5,549,538 |
| Repayments of long-term borrowings | (5,570,813) | (3,539,579) |
| Increase (decrease) in other payables to related parties | 558,274 | (2,429,922) |
| Payments of lease liabilities | (71,347) | (76,690) |
| Increase in other non-current liabilities | - | 5,621 |
| Cash dividends paid | (92,005) | - |
| Proceeds from issuance of ordinary shares | 1,413,650 | - |
| Payments to acquire treasury shares | (57,354) | - |
| Acquisition of non-controlling interests | - | (4,275) |
| Cash dividends returned from unvested restricted stock awards | 40 | - |
| Net cash flows generated from (used in) financing activities | 1,663,191 | (545,307) |
| Effect of exchange rate changes on cash and cash equivalents | (89,519) | (66,403) |
| Net increase in cash and cash equivalents | 116,491 | 212,139 |
| Cash and cash equivalents at beginning of period | 1,489,004 | 1,276,865 |
| Cash and cash equivalents at end of period | \$ 1,605,495 | 1,489,004 |

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

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

Opinion

We have audited the parent-company-only financial statements of Lotus Pharmaceutical Co., Ltd. (“the Company”), which comprise the parent-company-only balance sheet as of December 31, 2021, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the year 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, 2021, and its financial performance and its cash flows for the year 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 auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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, 2021. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follows:

1. Revenue Recognition

Refer to Notes 4(14) “Revenue from contracts with customers” and Note 6(17) “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(9) "Investments in subsidiaries", Note 4(12) "Intangible assets", Note 4(13) "Impairment of non-financial assets", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(7) "Goodwill" to the parent company only financial statements.

Key audit matters:

The Company's and the subsidiary accounted for using the equity method, Alvogen Korea's goodwills 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 discount rate through comparing the cost of capital assumptions of the CGUs and the similar return on asset;
- (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

The financial statements of the Company as of and for the year ended December 31, 2020 were audited by another auditor, who have issued an unqualified opinion with emphasis of matter paragraph on March 26, 2021.

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 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 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 16, 2022

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the 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 parent-company-only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Lotus Pharmaceutical Co., Ltd.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| Assets | | December 31, 2021 | | December 31, 2020 | | Liabilities and Equity | | December 31, 2021 | | December 31, 2020 | |
|----------------------------|---|----------------------|------------|-------------------|------------|-----------------------------|---|----------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % | | | Amount | % | Amount | % |
| Current assets: | | | | | | Current liabilities: | | | | | |
| 1100 | Cash and cash equivalents (note 6(1)) | \$ 625,546 | 4 | 544,389 | 4 | 2100 | Short-term borrowings (note 6(9)) | \$ 610,000 | 4 | 410,000 | 3 |
| 1140 | Contract assets—current (notes 6(17) and 7) | 82,050 | 1 | 121,039 | 1 | 2130 | Contract liabilities—current (notes 6(17) and 7) | 106,185 | 1 | 86,934 | 1 |
| 1170 | Notes and accounts receivable, net (note 6(2)) | 371,398 | 2 | 242,203 | 2 | 2170 | Notes and accounts payable | 292,454 | 2 | 296,588 | 2 |
| 1180 | Accounts receivable—related parties (note 7) | 2,047,119 | 14 | 1,509,544 | 11 | 2180 | Accounts payable—related parties (note 7) | 263,368 | 2 | 1,190,455 | 9 |
| 1200 | Other receivables | 46,248 | - | - | - | 2200 | Other payables | 294,549 | 2 | 305,658 | 2 |
| 1210 | Other receivables—related parties (note 7) | 36,657 | - | 60,892 | - | 2220 | Other payables—related parties (notes 7) | 715,691 | 5 | 24,783 | - |
| 1220 | Current tax assets | 52,595 | - | 1,932 | - | 2230 | Current tax liabilities | 150,207 | 1 | 102,546 | 1 |
| 1310 | Inventories (note 6(3)) | 1,987,589 | 13 | 1,026,094 | 8 | 2280 | Lease liabilities—current (note 6(11)) | 17,218 | - | 14,437 | - |
| 1479 | Other current assets (note 8) | 169,220 | 1 | 103,237 | 1 | 2320 | Current portion of long-term borrowings (notes 6(10) and 8) | 366,000 | 2 | 948,979 | 7 |
| | Total current assets | <u>5,418,422</u> | <u>35</u> | <u>3,609,330</u> | <u>27</u> | 2399 | Other current liabilities | 4,374 | - | 19,907 | - |
| Non-current assets: | | | | | | | Total current liabilities | <u>2,820,046</u> | <u>19</u> | <u>3,400,287</u> | <u>25</u> |
| 1550 | Investments accounted for using the equity method (note 6(4)) | 2,655,070 | 18 | 3,667,814 | 27 | | Non-current liabilities: | | | | |
| 1600 | Property, plant and equipment (notes 6(5) and 8) | 1,714,921 | 11 | 1,274,245 | 9 | 2527 | Contract liabilities—non-current (note 6(17)) | 8,042 | - | 8,244 | - |
| 1755 | Right-of-use assets (note 6(6)) | 30,560 | - | 37,060 | - | 2540 | Long-term borrowings (notes 6(10) and 8) | 1,175,275 | 8 | 1,529,556 | 11 |
| 1805 | Goodwill (note 6(7)) | 2,751,253 | 18 | 2,751,253 | 20 | 2570 | Deferred tax liabilities (note 6(13)) | 225,375 | 1 | 43,754 | - |
| 1821 | Other intangible assets (notes 6(8) and 8) | 2,609,190 | 17 | 2,250,160 | 16 | 2580 | Lease liabilities—non-current (note 6(11)) | 14,758 | - | 24,248 | - |
| 1840 | Deferred tax assets (note 6(13)) | 69,893 | - | 112,491 | 1 | 2640 | Defined benefit liabilities, net (note 6(12)) | 9,972 | - | 10,739 | - |
| 1900 | Other non-current assets (notes 8 and 9) | 86,561 | 1 | 68,478 | - | 2650 | Credit balance of investments accounted for using the equity method (note 6(4)) | - | - | 8 | - |
| | Total non-current assets | <u>9,917,448</u> | <u>65</u> | <u>10,161,501</u> | <u>73</u> | 2670 | Other non-current liabilities | 13,692 | - | 8,581 | - |
| | | | | | | | Total non-current liabilities | <u>1,447,114</u> | <u>9</u> | <u>1,625,130</u> | <u>11</u> |
| | | | | | | | Total liabilities | <u>4,267,160</u> | <u>28</u> | <u>5,025,417</u> | <u>36</u> |
| | | | | | | | Equity (note 6(14)): | | | | |
| | | | | | | | Equity | | | | |
| | | | | | | 3100 | Share capital | 2,627,963 | 17 | 2,453,540 | 18 |
| | | | | | | 3200 | Capital surplus | 8,038,813 | 52 | 6,799,186 | 49 |
| | | | | | | 3300 | Retained earnings | 1,700,635 | 11 | 353,662 | 3 |
| | | | | | | 3400 | Other equity | (1,240,947) | (8) | (860,974) | (6) |
| | | | | | | 3500 | Treasury shares | (57,754) | - | - | - |
| | | | | | | | Total equity | <u>11,068,710</u> | <u>72</u> | <u>8,745,414</u> | <u>64</u> |
| | | | | | | | Total equity | <u>11,068,710</u> | <u>72</u> | <u>8,745,414</u> | <u>64</u> |
| | | | | | | | Total liabilities and equity | <u>\$ 15,335,870</u> | <u>100</u> | <u>\$ 13,770,831</u> | <u>100</u> |
| | Total assets | <u>\$ 15,335,870</u> | <u>100</u> | <u>13,770,831</u> | <u>100</u> | | | | | | |

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Lotus Pharmaceutical Co., Ltd.
Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

| | | 2021 | | 2020 | |
|--|--|--------------|-----|-----------|-----|
| | | Amount | % | Amount | % |
| 4100 | Net revenue (notes 6(17) and 7) | \$ 6,629,829 | 100 | 4,936,162 | 100 |
| 5110 | Cost of sales (notes 6(3) and 7) | 3,659,304 | 55 | 2,949,897 | 60 |
| 5900 | Gross profit from operations | 2,970,525 | 45 | 1,986,265 | 40 |
| 5910 | Less: unrealized gain on transactions with subsidiaries and associate | - | - | (790) | - |
| 5920 | Add: realized gain on transactions with subsidiaries and associate | 1,163 | - | - | - |
| 5920 | Gross profit from operations | 2,971,688 | 45 | 1,985,475 | 40 |
| Operating expenses (note 7): | | | | | |
| 6100 | Selling expenses | 531,799 | 8 | 507,406 | 10 |
| 6200 | Administrative expenses | 402,110 | 6 | 264,832 | 5 |
| 6300 | Research and development expenses | 418,892 | 6 | 255,400 | 5 |
| 6450 | Expected credit loss (note 6(2)) | 31,267 | - | 2,211 | - |
| | Total operating expenses | 1,384,068 | 20 | 1,029,849 | 20 |
| 6900 | Operating income | 1,587,620 | 25 | 955,626 | 20 |
| Non-operating income and expenses: | | | | | |
| 7100 | Interest income (note 7) | 1,347 | - | 3,450 | - |
| 7010 | Other income (note 7) | 11,446 | - | 12,185 | - |
| 7020 | Other gains and losses, net (note 6(19)) | (97,336) | (1) | (8,977) | - |
| 7050 | Finance costs (notes 6(19) and 7) | (70,914) | (1) | (111,040) | (2) |
| 7060 | Share of profit of subsidiaries and associate for using the equity method (note 6(4)) | 269,501 | 4 | 351,564 | 7 |
| | | 114,044 | 2 | 247,182 | 5 |
| 7900 | Income before income tax | 1,701,664 | 27 | 1,202,808 | 25 |
| 7950 | Less: Income tax expense (note 6(13)) | 298,293 | 4 | 173,581 | 4 |
| | Net income | 1,403,371 | 23 | 1,029,227 | 21 |
| 8300 | Other comprehensive loss, net: | | | | |
| 8310 | Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plan | 910 | - | (1,447) | - |
| 8330 | Share of other comprehensive losses of subsidiaries and associate accounted for using the equity method | (31,627) | - | (23,462) | - |
| 8349 | Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss (note 6(13)) | (182) | - | 289 | - |
| | Components of other comprehensive loss that will not be reclassified to profit or loss | (30,899) | - | (24,620) | - |
| 8360 | Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | (371,164) | (6) | (112,672) | (2) |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(13)) | - | - | 30,990 | - |
| | Components of other comprehensive loss that will be reclassified to profit or loss | (371,164) | (6) | (81,682) | (2) |
| 8300 | Other comprehensive loss, net | (402,063) | (6) | (106,302) | (2) |
| 8500 | Total comprehensive income | \$ 1,001,308 | 17 | 922,925 | 19 |
| Net income attributable to: | | | | | |
| 8610 | Owners of the Company | \$ 1,403,371 | 23 | 1,026,796 | 21 |
| 8615 | Former owner of business combination under common control | - | - | 2,431 | - |
| | | \$ 1,403,371 | 23 | 1,029,227 | 21 |
| Total comprehensive income attributable to: | | | | | |
| 8710 | Owners of the Company | \$ 1,001,308 | 17 | 918,758 | 19 |
| 8715 | Former owner of business combination under common control | - | - | 4,167 | - |
| | | \$ 1,001,308 | 17 | 922,925 | 19 |
| Earnings per share (note 6(16)) | | | | | |
| 9750 | Basic earnings per share | \$ 5.50 | | 4.22 | |
| 9850 | Diluted earnings per share | \$ 5.47 | | 4.22 | |

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

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

Lotus Pharmaceutical Co., Ltd.

Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | Retained earnings (accumulated deficits) | | | | | | Other equity | | | | Equity attributable to former owner of business combination under common control | Total equity | |
|---|--|------------------|---------------|-----------------|---|------------------|---|---|-------------------------------|--------------------|--|--------------|-------------------|
| | Share capital | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings (accumulated deficits) | 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 |
| | | | | | | | | | | | | | |
| Balance at January 1, 2020 | \$ 2,431,140 | 6,588,034 | - | - | (652,936) | (652,936) | (453,774) | (170,449) | - | (624,223) | - | (25,320) | 7,716,695 |
| Net income | - | - | - | - | 1,026,796 | 1,026,796 | - | - | - | - | - | 2,431 | 1,029,227 |
| Other comprehensive income (loss) | - | - | - | - | 7,440 | 7,440 | (83,418) | (32,060) | - | (115,478) | - | 1,736 | (106,302) |
| Total comprehensive income (loss) | - | - | - | - | 1,034,236 | 1,034,236 | (83,418) | (32,060) | - | (115,478) | - | 4,167 | 922,925 |
| Changes in equity of subsidiaries and associate for using the equity method | - | - | - | - | (2,804) | (2,804) | - | - | - | - | - | - | (2,804) |
| Reorganization | - | - | - | - | (24,834) | (24,834) | - | - | - | - | - | 21,153 | (3,681) |
| Share-based payments | 22,400 | 130,091 | - | - | - | - | - | - | (121,273) | (121,273) | - | - | 31,218 |
| Arising from adjustment of reverse acquisition | - | 81,061 | - | - | - | - | - | - | - | - | - | - | 81,061 |
| Balance at December 31, 2020 | <u>2,453,540</u> | <u>6,799,186</u> | <u>-</u> | <u>-</u> | <u>353,662</u> | <u>353,662</u> | <u>(537,192)</u> | <u>(202,509)</u> | <u>(121,273)</u> | <u>(860,974)</u> | <u>-</u> | <u>-</u> | <u>8,745,414</u> |
| 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 and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 35,366 | - | (35,366) | - | - | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 115,476 | (115,476) | - | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (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 |
| Balance at December 31, 2021 | <u>\$ 2,627,963</u> | <u>8,038,813</u> | <u>35,366</u> | <u>115,476</u> | <u>1,549,793</u> | <u>1,700,635</u> | <u>(908,356)</u> | <u>(268,975)</u> | <u>(63,616)</u> | <u>(1,240,947)</u> | <u>(57,754)</u> | <u>-</u> | <u>11,068,710</u> |

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

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Lotus Pharmaceutical Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|--------------|-----------|
| Cash flows from operating activities: | | |
| Income before income tax | \$ 1,701,664 | 1,202,808 |
| Adjustments: | | |
| Adjustments to reconcile income | | |
| Depreciation expense | 107,229 | 100,595 |
| Amortization expense | 306,473 | 293,042 |
| Expected credit loss | 31,267 | 2,211 |
| Finance costs | 70,914 | 111,040 |
| Interest income | (1,347) | (3,450) |
| Share-based payments | 57,657 | 31,218 |
| Share of profit of subsidiaries and associate for using the equity method | (269,501) | (351,564) |
| Losses on disposal of property, plant and equipment | 1,867 | 2,087 |
| Impairment loss on intangible assets | 192,671 | 85,475 |
| Unrealized gain on transactions with subsidiaries and associate | - | 790 |
| Realized gain on transactions with subsidiaries and associate | (1,163) | - |
| Unrealized foreign exchange losses (gains) | 13,674 | (21,766) |
| Write-down of inventories | 41,746 | 40,677 |
| Losses (gains) on lease modification | (6) | 129 |
| Total adjustments to reconcile income | 551,481 | 290,484 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Contract assets | 38,511 | (121,039) |
| Notes and accounts receivable | (163,489) | (9,980) |
| Accounts receivable—related parties | (530,212) | (373,605) |
| Other receivables | (46,627) | 994 |
| Other receivables—related parties | 63,680 | 100,855 |
| Inventories | (1,003,241) | (566,297) |
| Other current assets | (22,736) | (3,324) |
| Total changes in operating assets | (1,664,114) | (972,396) |
| Changes in operating liabilities: | | |
| Contract liabilities | 23,031 | 43,217 |
| Notes and accounts payable | (4,387) | 169,906 |
| Accounts payable—related parties | (954,180) | 872,466 |
| Other payables | (38,264) | 62,776 |
| Other payables—related parties | 134,011 | (127,801) |
| Other current liabilities | (15,798) | 8,381 |
| Defined benefit liabilities, net | 143 | 150 |
| Other non-current liabilities | 5,183 | 2,246 |
| Total changes in operating liabilities | (850,261) | 1,031,341 |
| Total changes in operating assets and liabilities | (2,514,375) | 58,945 |
| Total adjustments | (1,962,894) | 349,429 |

(Continued)

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

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Lotus Pharmaceutical Co., Ltd.

Statements of Cash Flows (Continued)

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------|-----------------------|
| Cash flows generated from (used in) operations | (261,230) | 1,552,237 |
| Interest received | 13,388 | 365 |
| Interest paid | (64,247) | (189,575) |
| Income taxes (paid) received | (74,019) | 203 |
| Net cash flows generated from (used in) operating activities | <u>(386,108)</u> | <u>1,363,230</u> |
| Cash flows from investing activities: | | |
| Proceeds from liquidation of investment accounted for using the equity method | - | 12,130 |
| Acquisition of investments accounted for using the equity method | - | (591,142) |
| Equity attributable to former owner of business combination under common control | - | (3,859) |
| Net cash inflow on disposal of subsidiaries | 11 | 2,111 |
| Proceeds from capital reduction of investments accounted for using the equity method | 860,419 | 1,143,387 |
| Acquisition of property, plant and equipment | (496,025) | (326,626) |
| Decrease in refundable deposits | 3,667 | 2,879 |
| Acquisition of intangible assets (including capitalized development expenses) | (889,572) | (435,449) |
| Increase in other non-current assets | (65,000) | (2,250) |
| Arising from adjustment of reverse acquisition | - | 81,061 |
| Net cash flows used in investing activities | <u>(586,500)</u> | <u>(117,758)</u> |
| Cash flows from financing activities: | | |
| Proceeds from short-term borrowings | 1,070,800 | - |
| Repayments of short-term borrowings | (870,800) | (50,000) |
| Proceeds from long-term borrowings | 840,240 | 1,830,000 |
| Repayments of long-term borrowings | (1,789,219) | (421,540) |
| Increase (decrease) in other payables to related parties | 558,274 | (2,273,700) |
| Payment of lease liabilities | (19,861) | (19,937) |
| Increase in other non-current liabilities | - | 5,621 |
| Cash dividends paid | (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 | - |
| Net cash flows generated from (used in) financing activities | <u>1,053,765</u> | <u>(929,556)</u> |
| Net increase in cash and cash equivalents | 81,157 | 315,916 |
| Cash and cash equivalents at beginning of period | <u>544,389</u> | <u>228,473</u> |
| Cash and cash equivalents at end of period | <u><u>\$ 625,546</u></u> | <u><u>544,389</u></u> |

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

Attachment 8

Lotus Pharmaceutical Co., Ltd.
Year 2021 Earnings Distribution Statement

| Items | | Unit: TWD |
|---|---------------|---------------|
| Undistributed earnings of prior years | | \$110,814,844 |
| Add (minus): | | |
| Remeasurement of defined benefit plans recognized in unappropriated earnings | 35,566,848 | |
| Net income for the year | 1,403,370,862 | |
| Cash dividends returned from unvested RSA | 40,250 | |
| Distributable earnings | | 1,549,792,804 |
| Legal reserve (10%) | (143,897,796) | |
| Special reserve for the negative amounts in other equity (Note) | (548,444,429) | |
| Cash dividend | - | |
| Undistributed earnings at the end of year | | \$857,450,579 |
| <p>Note: Consisted of (i) \$110,814,844 undistributed earnings of prior years, (ii) \$371,163,667 exchange differences on translation of foreign financial statements, and (iii) \$66,465,918 unrealized losses on financial asset at fair value through other comprehensive income. Please refer to the Statement of Changes in Equity for the year of 2021.</p> | | |

Attachment 9

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

| No. | Amended Provisions | Current Provisions | Remark |
|--------------------|---|---|--------------------------------|
| <u>Article 6-1</u> | <p><u>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.</u></p> <p><u>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.</u></p> | | Newly-added |
| Article 9 | <p>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. <u>The Company's shareholders meeting shall be held via video conference or other communication media that announced by the regulatory authorities.</u></p> | <p>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.</p> | To match the operational needs |
| Article 13 | <p>The Company shall have five (5) to <u>thirteen (13)</u> 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.</p> | <p>The Company shall have five (5) to eleven (11) 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.</p> | To match the operational needs |
| Article 19 | <p>(the above is omitted) Employees who are entitled to employees' additional compensation are those officially hired by the Company with labor insurance</p> | <p>(the above is omitted) Employees who are entitled to employees' additional compensation are those officially hired by the Company with labor insurance</p> | Wording changes |

| No. | Amended Provisions | Current Provisions | Remark |
|--------------|---|---|---|
| | and benefits and the employees of subsidiaries under certain conditions. Temporary employees and probationary employees are not included. | and benefits and the employees of subsidiaries under certain conditions. Temporary employees and probationary employees are not included. The Company may distribute the shares by way of new shares to be issued by the Company or existing shares to be repurchased 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. Qualification requirements of the employees include the employees of parent company or subsidiaries of the Company who meet certain requirements. | |
| 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. <u>The board of directors is authorized to pay dividends and bonuses, legal reserves, and capital surpluses in whole or in part in cash, providing</u> 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 <u>such a resolution shall be reported</u> to the shareholders' meeting. | 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. If the Company would like to distribute the distributable dividends and bonuses in whole or in part in cash, such cash dividends and bonuses can be distributed after 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 report to the shareholders' meeting. | To match the operational needs |
| Article 22 | These Articles of Incorporation are agreed to and signed on May 25 th , 1966. (omitted) <u>The thirtieth-second Amendment was made on June 30th, 2022</u> | These Articles of Incorporation are agreed to and signed on May 25 th , 1966. (omitted) | To add the thirtieth-second amendment date. |

Lotus Pharmaceutical Co., Ltd.
The Comparison Table of Amendments to
PROCEDURES FOR LOANING OF FUNDS AND MAKING OF
ENDORSEMENTS AND GUARANTEES

| No. | Amended Provisions | Current Provisions | Remark |
|-----------|---|---|-------------------------------|
| | <u>Approved on 2022/06/30</u> | Approved on 2020/06/30 | To update the amendment date. |
| Article 2 | <p>The party to whom the Company may lend its funds shall be limited to:</p> <ol style="list-style-type: none"> 1. Companies having business relationship with the Company; or 2. Companies in need of short-term <u>financing facility which limited to the following conditions:</u> <ol style="list-style-type: none"> I. A company where fifty percent (50%) of the voting shares is directly or indirectly held by the Company that needs short-term financing; or II. A company directly and indirectly holding more than fifty percent (50%) of the voting shares of the Company that needs short-term financing; or III. Other necessary short-term financing and financial loans that have been approved by the Board of Directors of the Company. <p>“Short-term period” hereof shall mean the period of one (1) year.</p> | <p>The party to whom the Company may lend its funds shall be limited to:</p> <ol style="list-style-type: none"> 1. Companies having business relationship with the Company where the funding needs result from the business; or 2. Companies in need of funds for a short-term period, provided that such financing amount shall not exceed forty percent (40%) of the Company's net worth. Such short term lending shall only be made to: <ol style="list-style-type: none"> I. A company where fifty percent (50%) of the voting shares is directly or indirectly held by the Company that needs short-term financing for its financial operations; or II. A company directly and indirectly holding more than fifty percent (50%) of the voting shares of the Company that needs short-term financing for its financial operations; or III. Major customers or vendors of the Company that needs short term financing for material purchasing or business operations; or IV. Other necessary short-term financing and financial loans that have been approved by the | Wording change. |

| No. | Amended Provisions | Current Provisions | Remark |
|-----------|--|---|---|
| | | Board of Directors of the Company. “Short-term period” hereof shall mean the period of one (1) year | |
| Article 3 | <p>The total amount for lending purpose and the maximum amount available to any borrower are set forth below:</p> <ol style="list-style-type: none"> 1. The total amount available for lending purpose shall not exceed forty percent (40%) of the Company’s net worth. 2. The total amount for lending to companies having business relationship with the Company shall not exceed twenty percent (20%) of the Company’s net worth. The amount for lending to a single company having business relationship with the Company shall not exceed ten percent (10%) of the Company’s net worth and <u>shall not exceed</u> the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending. <u>Having business relationship with the Company refers to purchase amount or sales amount of the goods between the parties, whichever is higher, in the current one (1) year or during the current year.</u> 3. The total amount for lending to companies and <u>to a single company</u> for funding for a short-term period shall not exceed forty percent (40%) of the Company’s net worth. 4. <u>The aggregate amount of inter-company loans of funds between offshore companies whose voting shares are 100% owned, directly or indirectly, by the</u> | <p>The total amount for lending purpose and the maximum amount available to any borrower are set forth below:</p> <ol style="list-style-type: none"> 1. The total amount available for lending purpose shall not exceed forty percent (40%) of the Company’s net worth. 2. The total amount for lending to companies having business relationship with the Company shall not exceed twenty percent (20%) of the Company’s net worth. The amount for lending to a single company having business relationship with the Company shall not exceed ten percent (10%) of the Company’s net worth and the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending. 3. The total amount for lending to companies for funding for a short-term period shall not exceed forty percent (40%) of the Company’s net worth. The amount for lending to a single company for funding for a short-term period shall not exceed forty percent (40%) of the Company’s net worth. <p>The company’s subsidiaries who do not intend to lend funds to others or make endorsements or guarantees for others may, after passage by the board of directors, be exempt from the obligation of formulating the operating procedures for the loan of funds</p> | <ol style="list-style-type: none"> 1. Wording change. 2. Adding Paragraph 4 pursuant to Regulations Governing Loaning of Funds and Making of Endorsement s/Guarantee by Public Companies. 3. Moving to Article 13. |

| No. | Amended Provisions | Current Provisions | Remark |
|-----------|--|---|-----------------|
| | <p><u>Company, or the loans of fund to the Company by any offshore companies in which the Company holds, directly or indirectly, 100% of the voting shares shall not exceed one hundred percent (100%) of the lending company's net worth; the amount of such loan permitted to a single company shall not exceed one hundred percent (100%) of the lending company's net worth. The duration of such loan shall not exceed ten (10) years.</u></p> <p>Where the Company's responsible persons violate the provisions of <u>Article 2 and Article 3</u>, the principal shall be jointly and severally liable for repayment with the borrower; and such principal shall also be liable for damages incurred by the Company therefrom.</p> | <p>and others or endorsements/ guarantees. If you want to handle it later, you should still follow the relevant rules of the handling guidelines.</p> <p>Where the Company's responsible persons violates the provisions of Paragraph 1, the principal shall be jointly and severally liable for repayment with the borrower; and such principal shall also be liable for damages incurred by the Company therefrom.</p> | |
| Article 4 | <p>Duration and interest calculation:</p> <p><u>1. Duration of Loan</u> The term of each loan shall not exceed one (1) year.</p> <p><u>2. Interest Calculation</u> The interest rate shall not be lower than the short-term borrowing rate quoted by financial institutions. The interests shall be calculated on a monthly basis. <u>If there is special circumstance to adjust the interest rate, the Board of Directors' approval shall be obtained for the adjustment. For offshore companies that prescribed in Paragraph 4 of Article 3, the interest rate shall not be lower than the short-term borrowing rate</u></p> | <p>Duration and interest calculation: The term of each loan shall not exceed one (1) year. The interest rate shall not be lower than the short-term borrowing rate quoted by financial institutions. The interests shall be calculated on a monthly basis.</p> <p>The restriction of the duration in the previous paragraph shall not apply to inter-company loans of funds between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, nor to loans of fund to the Company by any offshore company in which the Company holds, directly or indirectly, 100% of the voting shares. The Company shall still prescribe limits on the aggregate</p> | Wording change. |

| No. | Amended Provisions | Current Provisions | Remark |
|-----------|--|--|-----------------|
| | <p><u>quoted by the local financial institutions. If there is special circumstance to adjust the interest rate, the Board of Directors' approval shall be obtained for the adjustment.</u></p> | <p>amount of such loans and on the amount of such loans permitted to a single borrower and shall specify limits on the durations of such loans. The interest rate shall not be lower than the short term borrowing rate quoted by financial institutions. The interests shall be calculated on a monthly basis.</p> | |
| Article 9 | <p>Any lending of the Company's funds shall be evaluated with and subject to the relevant regulations announced by the securities regulatory authority and the Procedures, and then submitted, together with the result of the evaluation made as described in Article 5 and Article 6, to the Board of Directors for its approval and no delegation shall be made to any person in this regard. However, lending of funds shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for a resolution</p> <p>Lending between the Company and its Parent company, subsidiaries, or among the subsidiaries, shall be approved by the Board of Directors of the Company, which the Board may authorize the Chairman to lend funds to a specific borrowing counterparty, within a certain pre-approved monetary amount and within a period not exceeding one year, in one or several drawdowns or via a revolving credit line. The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most</p> | <p>Any lending of the Company's funds shall be evaluated with and subject to the relevant regulations announced by the securities regulatory authority and the Procedures, and then submitted, together with the result of the evaluation made as described in Article 5 and Article 6, to the Board of Directors for its approval and no delegation shall be made to any person in this regard. However, material lending of funds shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for a resolution</p> <p>Lending between the Company and its Parent company, subsidiaries, or among the subsidiaries, shall be approved by the Board of Directors of the Company, which the Board may authorize the Chairman to lend funds to a specific borrowing counterparty, within a certain pre-approved monetary amount and within a period not exceeding one year, in one or several drawdowns or via a revolving credit line. The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most</p> | Wording change. |

| No. | Amended Provisions | Current Provisions | Remark |
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| | current financial statements of the lending company, except in cases of companies in compliance with <u>Paragraph 4 of Article 3 of the Procedures.</u> | current financial statements of the lending company, except in cases of companies in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. | |
| Article 11 | The Company shall establish and maintain a reference book to record all its lendings and related information in accordance with the relevant regulations. <u>The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</u> | The Company shall establish and maintain a reference book to record all its lendings and related information in accordance with the relevant regulations. | Adding Paragraph 2, which moving from current Article 13. |
| Article 13 | <p><u>The Company's subsidiaries who do not intend to lend funds to others may, after approval by the Board of Directors, be exempt from the obligation of formulating the operating procedures for the loan of funds and others or endorsements/guarantees.</u></p> <p><u>Where the Company's subsidiary who has not formulate the operating procedures for the loan of funds, its operation of loan of funds to other should be complying to this Procedures; and the monetary limits shall be based on the net worth of the respective subsidiaries.</u></p> <p>When lending to other parties is contemplated by the subsidiary of the Company, a credit assessment report and comments, together with the proposed terms and conditions of lending, should be submitted to and approved by the</p> | <p>When lending to other parties is contemplated by the Company's subsidiary, the Company shall mandate the subsidiary to establish relevant procedures for lending funds to other parties. Such procedures shall be approved by the subsidiary's Board of Directors and/or Shareholders' Meeting and become effective thereafter. The Company should also mandate the subsidiary to handle lending in accordance with its procedures.</p> <p>When lending to other parties is contemplated by the subsidiary of the Company, a credit assessment report and comments, together with the proposed terms and conditions of lending, should be submitted to and approved by the Board of Directors of the subsidiary.</p> <p>Relevant information of any lending granted by the Company's subsidiary shall be provided</p> | <ol style="list-style-type: none"> 1. Replacing Paragraph 1 with current Article 3. 2. Adding Paragraph 2. 3. Moving to Article 11. |

| No. | Amended Provisions | Current Provisions | Remark |
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| | <p>Board of Directors of the subsidiary.</p> <p>Relevant information of any lending granted by the Company's subsidiary shall be provided regularly to the Company for inspection.</p> | <p>regularly to the Company for inspection.</p> <p>The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</p> | |
| Article 15 | <p>The party to whom the Company may provide endorsement and/or guarantee include the following:</p> <ol style="list-style-type: none"> 1. Any company who has business relationship with the Company; and 2. Any subsidiary whose voting shares are fifty percent (50%) or more owned, directly or indirectly by the Company; and 3. Any company who directly or through its subsidiaries indirectly own fifty percent (50%) or more of the Company's voting shares. <p>Subsidiaries whose voting shares are at least 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other, the total amount of such endorsement/guarantee shall not exceed 10% of the Company's net worth. The limit restriction shall not apply to endorsement/guarantee when such subsidiaries' voting shares are 100% owned, directly or indirectly, by the Company.</p> | <p>The party to whom the Company may provide endorsement and/or guarantee include the following:</p> <ol style="list-style-type: none"> 1. Any company who has business relationship with the Company; and 2. Any subsidiary whose voting shares are fifty percent (50%) or more owned, directly or indirectly by the Company; and 3. Any company who directly or through its subsidiaries indirectly own fifty percent (50%) or more of the Company's voting shares. <p>Subsidiaries whose voting shares are at least 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other, and the total amount of such endorsement/guarantee shall not exceed 10% of the Company's net worth. The limit restriction shall not apply to endorsement/guarantee when such subsidiaries' voting shares are 100% owned, directly or indirectly, by the Company.</p> | Wording change. |
| Article 17 | <p>The total amount of endorsement/guarantee provided by the Company; or by the Company and its subsidiaries is subject to the following limits:</p> | <p>The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries is subject to the following limits:</p> | Wording change. |

| No. | Amended Provisions | Current Provisions | Remark |
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| | <p>1. The total amount of endorsement/guarantee shall not exceed fifty percent (50%) of the Company's net worth.</p> <p>2. The total amount of the endorsement/guarantee to any single company shall not exceed fifty percent (50%) of the Company's net worth.</p> <p>3. The total amount of endorsement/guarantee provided by the Company to any single company deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee where the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher.</p> <p>In case the above limits have to be exceeded to accommodate business needs, the approval from the Audit Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p> | <p>1. The total amount of endorsement/guarantee shall not exceed fifty percent (50%) of the Company's net worth.</p> <p>2. The total amount of the endorsement/guarantee to any single company shall not exceed fifty percent (50%) of the Company's net worth.</p> <p>3. The total amount of endorsement/guarantee provided by the Company to any single company deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee where the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher.</p> <p>In case the above limits have to be exceeded to accommodate business needs, the approval from the Audit Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p> | |
| Article 19 | The procedures and authority level for providing endorsement | The procedures and authority level for providing endorsement | 1. Wording change. |

| No. | Amended Provisions | Current Provisions | Remark |
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| | <p>and/or guarantee are defined as follows:</p> <p>1. Any endorsement and/or guarantee to be provided by the Company shall be evaluated with the "Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies" announced by the securities regulatory authority, and the Procedures. Finance Department shall then evaluate the necessity and rationality of the endorsement/guarantee, the credibility and risk of involved parties, the impact towards the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral. Such evaluation results, along with comments and opinions provided by other related departments, shall be submitted to the <u>Audit Committee for approval and then submitted to the Board of Directors for a resolution.</u> A pre-determined limit <u>not exceeding ten percent (10%) of the Company's net worth</u> may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification.</p> <p>2. In case the Company contemplates to provide endorsement and/or guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, the</p> | <p>and/or guarantee are defined as follows:</p> <p>1. Any endorsement and/or guarantee to be provided by the Company shall be evaluated with the "Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies" announced by the securities regulatory authority, and the Procedures. Finance Department shall then evaluate the necessity and rationality of the endorsement/guarantee, the credibility and risk of involved parties, the impact towards the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral. Such evaluation results, along with comments and opinions provided by other related departments, shall be submitted to the Board of Directors for approval. A pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification.</p> <p>2. Material endorsements and/or guarantees shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for a resolution.</p> <p>3. In case the Company contemplates to provide endorsement and/or guarantee for the benefit of a subsidiary</p> | <p>2. Delete Paragraph 2.</p> |

| No. | Amended Provisions | Current Provisions | Remark |
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| | <p>Company shall request the subsidiary to provide improvements for its business, financial, and credit statuses as well as sources of repayment. The improvement measures shall be approved by the Board of Directors before being implemented. Where the Board of Directors does not consent with the improvement measures proposed, a plan shall be formulated in order to discharge the amount in excess within a given time limit. For purposes of determining the paid-in capital of the above-mentioned subsidiary who has no par value or has a par value other than NT\$10, the sum of the share capital plus "capital surplus - additional paid-in capital" shall be deemed as its paid-in capital.</p> <p><u>3.</u> The Company shall establish and maintain a reference book to record all endorsement/guarantee-related information in accordance with the relevant regulations.</p> <p><u>4.</u> The Company shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.</p> | <p>whose net worth is lower than half of its paid-in capital, the Company shall request the subsidiary to provide improvements for its business, financial, and credit statuses as well as sources of repayment. The improvement measures shall be approved by the Board of Directors before being implemented. Where the Board of Directors does not consent with the improvement measures proposed, a plan shall be formulated in order to discharge the amount in excess within a given time limit. For purposes of determining the paid-in capital of the above-mentioned subsidiary who has no par value or has a par value other than NT\$10, the sum of the share capital plus "capital surplus - additional paid-in capital" shall be deemed as its paid-in capital.</p> <p><u>4.</u> The Company shall establish and maintain a reference book to record all endorsement/guarantee-related information in accordance with the relevant regulations.</p> <p><u>5.</u> The Company shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.</p> | |
| Article 20 | | When providing endorsement/guarantee to another company, the Company may require the endorsee/guarantee company to provide collaterals. | Deleted. |

| No. | Amended Provisions | Current Provisions | Remark |
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| <p>Article 21 Article 20</p> | <p>The seals for endorsement/guarantee should be the official corporate seals registered with the Ministry of Economic Affairs and shall be kept separately by persons appointed and authorized by the Board of Directors. <u>The Seal Management Regulations of the Company</u> must be followed for sealing purposes. When providing endorsement/guarantee to a foreign company, the endorsement/guarantee letter should be executed and signed by the person delegated by the Board of Directors.</p> | <p>The seals for endorsement/guarantee should be the official corporate seals registered with the Ministry of Economic Affairs and shall be kept separately by persons appointed and authorized by the Board of Directors. Internal-procedures must be followed for sealing purposes. When providing endorsement/guarantee to a foreign company, the endorsement/guarantee letter should be executed and signed by the person delegated by the Board of Directors.</p> | <ol style="list-style-type: none"> 1. Number change. 2. Wording Change. |
| <p>Article 22 Article 21</p> | <p>Should there be any endorsement/guarantee which is required to be reported to the governmental authority-in-charge or to be publicly announced, such report or public announcement shall be made by the Company in accordance with the relevant laws, rules and regulations. If there is any reporting and announcement required for the Company's subsidiary which is not a domestic public company, the Company will follow the requirement on behalf of its subsidiary.</p> | <p>Should there be any endorsement/guarantee which is required to be reported to the governmental authority-in-charge or to be publicly announced, such report or public announcement shall be made by the Company in accordance with the relevant laws, rules and regulations. If there is any reporting and announcement required for the Company's subsidiary which is not a domestic public company, the Company will follow the requirement on behalf of its subsidiary.</p> | <p>Number change.</p> |
| <p>Article 23 Article 22</p> | <p><u>Where the Company's subsidiaries do not intend to make endorsements or guarantees for others may, after approval by the Board of Directors, be exempt from the obligation of formulating the operating procedures for the endorsements/ guarantees. Where the Company's subsidiary who has not formulate the operating procedures for the endorsements/ guarantees intend to make endorsements or guarantees for others, its</u></p> | <p>When endorsement/guarantee extended to other parties is contemplated by the Company's subsidiary, the Company shall mandate the subsidiary to establish relevant procedures for endorsement/guarantee. Such procedures shall be approved by the Board of Directors and/or Shareholders' Meeting of the subsidiary, and become effective thereafter. The Company should also mandate the subsidiary to handle endorsement/guarantee in accordance with its procedures.</p> | <ol style="list-style-type: none"> 1. Number change. 2. State the procedures about subsidiaries make endorsement s of guarantees for others. |

| No. | Amended Provisions | Current Provisions | Remark |
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| | <p><u>operation of endorsements or guarantees for others should be complying to this Procedures; and the monetary limits shall be based on the net worth of the respective subsidiaries.</u></p> <p>Relevant information of the endorsement/guarantee extended by the Company's subsidiary should be provided regularly to the Company for inspection. The endorsement/guarantee made between the subsidiaries, whose voting shares are at least 90% owned, directly or indirectly, by the Company, shall be submitted to the Board of Directors for approval in advance, provided, however, this approval requirement shall not apply to endorsement/guarantee made between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.</p> | <p>Relevant information of the endorsement/guarantee extended by the Company's subsidiary should be provided regularly to the Company for inspection. The endorsement/guarantee made between the subsidiaries, whose voting shares are at least 90% owned, directly or indirectly, by the Company, shall be submitted to the Board of Directors for approval in advance, provided, however, this approval requirement shall not apply to endorsement/guarantee made between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.</p> | |
| <p>Article 24 Article 23</p> | <p>The Company's internal auditors shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.</p> | <p>The Company's internal auditors shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.</p> | <p>Number change.</p> |
| <p>Article 25 Article 24</p> | <p>The Company's managers and persons-in-charge shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related internal rules of the Company or change of work scope.</p> | <p>The Company's managers and persons-in-charge shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related internal rules of the Company or change of work scope.</p> | <p>Number change.</p> |
| <p>Article 26 Article 25</p> | <p>When the Procedures are submitted to the Board of Directions for deliberation, the opinions of independent directors shall be taken into full account.</p> | <p>When the Procedures are submitted to the Board of Directions for deliberation, the opinions of independent directors shall be taken into full account.</p> | <p>Number change.</p> |

| No. | Amended Provisions | Current Provisions | Remark |
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| | <p>The objections or reservations of the independent directors, if any, shall be stated in the meeting minutes of the Board of Directors. The establishment or amendment of the Procedures shall be approved by more than half of the Audit Committee, and submitted to the Board of Directors for resolution. If such establishment or amendment fails to be approved by more than half of the Audit Committee, it shall be approved by more than two thirds of all directors, and the resolution of the Audit Committee shall be stated in the meeting minutes of the Board of Directors.</p> <p>All members of the Audit Committee and all directors of the Board of Directors as mentioned in the preceding paragraph shall be subject to the actual incumbents.</p> <p>The Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders' Meeting. Any amendment is subject to the same procedure.</p> | <p>The objections or reservations of the independent directors, if any, shall be stated in the meeting minutes of the Board of Directors. The establishment or amendment of the Procedures shall be approved by more than half of the Audit Committee, and submitted to the Board of Directors for resolution. If such establishment or amendment fails to be approved by more than half of the Audit Committee, it shall be approved by more than two thirds of all directors, and the resolution of the Audit Committee shall be stated in the meeting minutes of the Board of Directors.</p> <p>All members of the Audit Committee and all directors of the Board of Directors as mentioned in the preceding paragraph shall be subject to the actual incumbents.</p> <p>The Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders' Meeting. Any amendment is subject to the same procedure.</p> | |

LOTUS PHARMACEUTICAL CO., LTD
PROCEDURES FOR ACQUISITION OR DISPOSAL OF
ASSETS

| | Amended Provisions | Current Provisions | Remark |
|-----------|--|---|---|
| | Approved on 2022/6/30 | Approved on 2021/8/31 | To update the amendment date |
| Article 3 | <p>Evaluation procedures:</p> <p>1. (Omitted)</p> <p>2. Basis for pricing reference:</p> <p style="padding-left: 20px;">I. Long/short term security investments: the Company shall, prior to the date of the event, obtain financial statements of the issuing company for the most recent period that was certified or reviewed by a certified public accountant as a reference for appraising the transaction price. If the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company shall engage a certified public accountant prior to the date of the event to provide an opinion on the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that are traded in a liquid market, or where otherwise provided by regulations of the securities regulatory authorities.</p> <p style="padding-left: 20px;">II. Real estate, equipment or right-of-use assets: unless dealing with a domestic government agency, engaging others to build on its own land, engaging others to build on a rental land, or acquiring or disposing any equipment or right-of-use assets for operating use, the Company shall obtain an appraisal report prior to the date of the event from a professional appraiser and further comply with the following</p> | <p>Evaluation procedures:</p> <p>1. (Omitted)</p> <p>2. Basis for pricing reference:</p> <p style="padding-left: 20px;">I. Long/short term security investments: the Company shall, prior to the date of the event, obtain financial statements of the issuing company for the most recent period that was certified or reviewed by a certified public accountant as a reference for appraising the transaction price. If the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company shall engage a certified public accountant prior to the date of the event to provide an opinion on the reasonableness of the transaction price. If the certified public accountant needs to use an expert report as supporting document, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (“ARDF”). This requirement does not apply, however, to publicly quoted prices of securities that are traded in a liquid market, or where otherwise provided by regulations of the securities regulatory authorities.</p> <p style="padding-left: 20px;">II. Real estate, equipment or right-of-use assets: unless dealing with a</p> | Wording changes to follow the latest regulations. |

| | Amended Provisions | Current Provisions | Remark |
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| | <p>provisions if the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million:</p> <p>i. ~ ii. :(Omitted)</p> <p>iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(Omitted)</p> <p>III. Memberships or intangible assets or right-of-use assets: unless dealing with a domestic government agency, the Company shall engage a certified public accountant prior to the date of the event to render an opinion on the reasonableness of the transaction price if the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million.</p> <p>IV~V. :(Omitted)</p> <p>3. Professional appraisers and their officers, certified public accounts, attorneys, and underwriters who provide appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions meet the following</p> | <p>domestic government agency, engaging others to build on its own land, engaging others to build on a rental land, or acquiring or disposing any equipment or right-of-use assets for operating use, the Company shall obtain an appraisal report prior to the date of the event from a professional appraiser and further comply with the following provisions if the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million:</p> <p>i. ~ ii. :(Omitted)</p> <p>iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDE and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(Omitted)</p> <p>III. Memberships or intangible assets or right-of-use assets: unless dealing with a domestic government agency, the Company shall engage a</p> | |

| | Amended Provisions | Current Provisions | Remark |
|--|--|--|--------|
| | <p>requirements: I.~ III. (Omitted) When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the code of conducts of the commercial associations to which it belongs and the following</u>:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the comprehensiveness, <u>appropriateness</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and reasonable</u> and accurate, and that they have complied with applicable laws and regulations.</p> <p>(Cut below)</p> | <p>certified public accountant prior to the date of the event to render an opinion on the reasonableness of the transaction price if the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. The certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF to provide the opinion.</p> <p>IV~V. :(Omitted)</p> <p>3. Professional appraisers and their officers, certified public accounts, attorneys, and underwriters who provide appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions meet the following requirements: I.~ III. (Omitted) When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> | |

| | Amended Provisions | Current Provisions | Remark |
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| | | <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p> <p>(Cut below)</p> | |
| Article 4 | <p>Operational procedures:</p> <p>1. The acquisition or disposal of the Company's assets shall be handled in accordance with the following limits and procedures:</p> <p>I. Other than derivatives trading, and assets that are acquired or disposed through merger, spin-off, acquisition or share transfer, the acquisition or disposal of assets specified in Article 2 Paragraph 1 with transaction price of less than 20% of the Company's paid-in capital or NT\$300 million shall be duly handled in accordance with the Company's internal Delegation of Duty and Authority. Any transaction of transaction value more than 20% of the Company's paid-in capital or NT\$300 million shall be reviewed and approved by the Board of Directors.</p> <p>(Cut below)</p> | <p>Operational procedures:</p> <p>1. The acquisition or disposal of the Company's assets shall be handled in accordance with the following limits and procedures:</p> <p>I. Other than investment in the mainland area, derivatives trading, and assets that are acquired or disposed through merger, spin-off, acquisition or share transfer, the acquisition or disposal of assets specified in Article 2 Paragraph 1 with transaction price of less than 20% of the Company's paid-in capital or NT\$300 million shall be duly handled in accordance with the Company's internal Delegation of Duty and Authority. Any transaction of transaction value more than 20% of the Company's paid-in capital or NT\$300 million shall be reviewed and approved by the Board of Directors.</p> <p>(Cut below)</p> | Wordings change |
| Article 5 | <p>Public Announcement and Declaration:</p> <p>1. Under any of the following circumstances, the Company shall publicly announce and report in accordance with relevant regulations in the appropriate format as prescribed by the regulations within two days from the date of the event:</p> <p>I. ~V. (Omitted)</p> <p>VI. Where an asset transaction other than any of those referred to in the preceding five items or</p> | <p>Public Announcement and Declaration:</p> <p>1. Under any of the following circumstances, the Company shall publicly announce and report in accordance with relevant regulations in the appropriate format as prescribed by the regulations within two days from the date of the event:</p> <p>I. ~V. (Omitted)</p> <p>VI. Where an asset transaction other than any of those referred to in the preceding five items or</p> | Wording changes to follow the latest regulations |

| | Amended Provisions | Current Provisions | Remark |
|-----------|---|--|--|
| | <p>investment in the mainland area, the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, provided that this shall not apply to the following circumstances:</p> <p>i. Trading of domestic government bonds <u>or foreign government bond with a credit rating not lower than the sovereign rating of Taiwan R.O.C;</u></p> <p>(Cut below)</p> | <p>investment in the mainland area, the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, provided that this shall not apply to the following circumstances:</p> <p>i. Trading of domestic government bonds;</p> <p>(Cut below)</p> | |
| Article 7 | <p>When the Company engages in any acquisition or disposal of assets from or to a related party, the Company shall conduct in compliance with preceding procedures and the "Regulations Governing the Acquisitions and Disposal of Assets by Public Companies" by the competent authorities.</p> <p>1. (Omitted)</p> <p>2. I.~ V. (Omitted)</p> <p>VI. An appraisal report from a professional appraiser or an opinion from a certified public accountant obtained in compliance with the provisions of the preceding <u>paragraph;</u> and</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>When a matter is submitted for discussion by the Board, the Board shall take into full consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</u></p> <p>3. <u>When the Company or its</u></p> | <p>When the Company engages in any acquisition or disposal of assets from or to a related party, the Company shall conduct in compliance with preceding procedures and the "Regulations Governing the Acquisitions and Disposal of Assets by Public Companies" by the competent authorities.</p> <p>1. (Omitted)</p> <p>2. I.~ V. (Omitted)</p> <p>VI. An appraisal report from a professional appraiser or an opinion from a certified public accountant obtained in compliance with the provisions of the preceding articles; and</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> | <p>Sequence change; Wording changes to follow the latest regulations</p> |

| | Amended Provisions | Current Provisions | Remark |
|--|---|--|--------|
| | <p><u>subsidiary that is not a domestic public offering company intends to engage the transaction as mentioned in paragraph 2, and the transaction amount is more than 10% of the total assets of the Company, the Company shall submit the information listed in paragraph 1 to the Shareholders' Meeting for approval before entering a transaction contract or executing a payment.</u></p> <p><u>Transaction between the Company and its parent company or subsidiaries, or between its subsidiaries is not subject to this restriction.</u></p> <p><u>4.</u> The calculation of the transaction price referred to in <u>paragraph 2</u> <u>and</u> the preceding paragraph shall be made in accordance with Article 5 Paragraph 1 Item <u>7</u>, and within the preceding year as used herein refers to the year preceding the date of the event; items which have been approved by the Audit Committee, the Board of Directors <u>and the Shareholders' Meeting</u> shall not be counted in the transaction price again.</p> <p><u>5.</u> Regarding to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to decide the transaction if the transaction price is within NT\$300 million; the transaction shall be subsequently submitted to and ratified in the next Board of Directors meeting:</p> | <p>The calculation of the transaction price referred to in the preceding paragraph shall be made in accordance with Article 5 Paragraph 1 Item-4, and within the preceding year as used herein refers to the year preceding the date of the event; items which have been approved by the Audit Committee and the Board of Directors shall not be counted in the transaction price again.</p> <p>3. Regarding to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to decide the transaction if the transaction price is within NT\$300 million; the transaction shall be subsequently</p> | |

| | Amended Provisions | Current Provisions | Remark |
|--|---|--|--------|
| | <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>6. When <u>the Company</u> obtains real estate property or right-of-use assets thereof from a related party <u>shall evaluate the reasonableness of the transaction costs and the handling requirements when the result of appraisal is lower than the transaction price, in compliance with the “Regulations Governing the Acquisitions and Disposal of Assets by Public Companies”.</u></p> | <p>submitted to and ratified in the next Board of Directors meeting:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>4. When a matter is submitted for discussion by the Board pursuant to the preceding paragraph, the Board shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>5. When a public company obtains real estate property or right-of-use assets thereof from a related party, it shall also comply with the preceding paragraphs if there is other evidence indicating that the acquisition was not an arm’s length transaction.</p> | |

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 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.

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 eleven (11) 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.

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. Qualification requirements of the employees include the employees of parent company or subsidiaries of the Company who meet certain requirements.

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. If the Company would like to distribute the distributable dividends and bonuses in whole or in part in cash, such cash dividends and bonuses can be distributed after 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 report to the shareholders’ meeting.

Article 19-2

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

Section VII - Supplementary Provisions

Article 20

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

Article 21

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

Article 22

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

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

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

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

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.

Lotus Pharmaceutical Co., Ltd. Shareholding of Directors

Book closure date: May 2nd, 2022

| 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 | 51.02% |
| Director | Petar Antonov Vazharov (Alvogen Emerging Markets Holdings representative) | 2020/06/30 | 3 years | 134,064,369 | 51.02% |
| Director | Arni Hardarson (Alvogen Emerging Markets Holdings representative) | 2020/06/30 | 3 years | 134,064,369 | 51.02% |
| Director | Thor Kristjansson (Alvogen Emerging Markets Holdings representative) | 2020/06/30 | 3 years | 134,064,369 | 51.02% |
| Director | Amporn Charoensomsak (Alvogen Emerging Markets Holdings representative) | 2020/06/30 | 3 years | 134,064,369 | 51.02% |
| Director | Hirofumi Imai | 2020/06/30 | 3 years | 0 | 0 |
| 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% |