

Formosa Laboratories, Inc.

2023 Annual Shareholders' Meeting

Meeting Handbook (Translation)

Time:

09:00 a.m., Jun 27(Tuesday), 2023

Location:

The Howard Plaza Hotel Taipei 3 F (Dragon Hall)
(3F, No.160, Sec. 3, Jen Ai Road, Taipei City, Taiwan)

Notice to readers

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

Contents

I. Meeting Procedure	1
II. Meeting Agenda	2
1. Reported Matters	3
2. Acknowledged Matters	4
3. Matters for Discussion	5
4. Election Matters	5
5. Other Matters Proposed for Discussion	6
6. Extemporaneous Motions	6
III. Annex	
1. 2022 Business Report.....	7
2. Audit Committee’s Review Report.....	9
3. Breakdown of individual remuneration for Directors in 2022.....	10
4. Certified Public Accountant Audit Report and 2022 Consolidated Financial Statements	11
5. Certified Public Accountant Audit Report and 2022 Individual Financial Statements	24
6. Nomination List for Independent Directors	37
7. Summary of Concurrent Positions Held by Independent Directors and Directors	38
IV. Appendix	
1. Procedures for Election of Directors	39
2. Rules of Procedure for Shareholders’ Meetings	41
3. Articles of Incorporation.....	45
4. Shareholdings of Directors.....	51

Formosa Laboratories, Inc.

2023 Annual Shareholders' Meeting Procedure

1. Call the Meeting to Order
2. Chairman Remarks
3. Reported Matters
4. Acknowledged Matters
5. Matters for Discussion
6. Election Matters
7. Other Matters Proposed for Discussion
8. Extemporaneous Motions
9. Adjournments

Formosa Laboratories, Inc.

2023 Annual Shareholders' Meeting Agenda

1. Time: 09:00 a.m., Jun 27(Tuesday), 2023
2. Location: 3F, No.160, Sec. 3, Jen Ai Road, Taipei City, Taiwan
3. Method of Meeting: Physical Shareholders' Meeting
4. Call the Meeting to Order
5. Chairman Remarks
6. Reported Matters
 - (1) 2022 Business Report.
 - (2) Audit Committee's Review Report on 2022 financial results.
 - (3) 2022 employees' and directors' and supervisors' remuneration.
 - (4) 2022 directors' remuneration payment report.
7. Acknowledged Matters
 - (1) 2022 Business Report and Financial Statements.
 - (2) Distribution of 2022 Earnings.
8. Matters for Discussion

To authorize the Board of Directors to handle matters related to the cash capital increase of Formosa Pharmaceuticals Inc. within the next year.
9. Election Matters: To elect Independent Directors.
10. Other Matters Proposed for Discussion

Proposed release of the Directors and their representatives from non-competition restrictions.
11. Extemporary Motions
12. Adjournments

1. 《Reported Matters》

- (1) Subject: 2022 Business Report.
Description: please refer to Annex 1 (pages 7-8) for 2022 Business Report
- (2) Subject: Audit Committee's Review Report on 2022 financial results.
Description: please refer to Annex 2 (page 9) for Audit Committee's Review Report
- (3) Subject: 2022 employees' and directors' and supervisors' remuneration.
 - (I) Pursuant to the resolution of the Board of Directors on March 9, 2023, it is proposed to distribute NT\$28,500,000 for employees' remuneration and NT\$7,998,000 for directors' and supervisors' remuneration.
 - (II) The aforementioned distribution amount of directors' and employees' remuneration are to be distributed in cash, and distribution targets include employees of subsidiaries that meet certain conditions.
 - (III) According to the Articles of Incorporation of the Company, if the Company makes a profit for the fiscal period, the Company shall, by a resolution adopted by a majority vote at a meeting of board of directors, appropriate not more than two percent of the profit as remuneration to the directors and supervisors, and the remuneration shall be determined based on their participation in the Company's operations and the Company's performance. The net profit after tax in 2021 was NT\$1,249,096 thousand, which was predominantly from the Net gain on financial assets at fair value through profit or loss. The net profit after tax in 2022 was NT\$409,359 thousand, mainly due to the increase in revenue and gross margin. Hence, the increase in directors' remuneration in 2022 compared with that of 2021, which was due to the growth in operating profits, is reasonable.
- (4) Subject: 2022 directors' remuneration payment report.
Description:
 - (I) The remuneration policies, systems, standards, and structures for directors and independent directors of the Company, and the correlation between the amount of remuneration and the responsibilities and risks assumed, are as follows:
 1. According to the Articles of Incorporation of the Company, the board of directors is authorized to determine the remuneration of the directors of the Company based on their level of participation in the operation of the Company and the value of their contributions, taking into account industry standards. It is also stipulated that if the Company makes a profit in the year, no more than 2% shall be appropriated as remuneration for directors by resolution of the board of directors.
 2. According to the Company's Regulations for Remuneration for Directors, Supervisors, Members of Various Functional Committees and Managers, the remuneration of directors of the Company shall commensurate with their level of participation in the operations of the Company and the value of their contributions. They may also receive a fee of NT\$20,000 as traveling fees for attending the board meeting. Independent directors of the Company do not participate in the distribution of profits. Regardless of the Company's profit or loss, independent directors will be paid a monthly remuneration of NT\$50,000 and may be paid up to NT\$30,000 for attending various meetings including the board meeting on the same day.
 - (II) Please refer to Annex 3 (page 10) for the breakdown of the respective remuneration of directors for 2022.

2. 《Acknowledged Matters》

(1) (Proposed by the Board of Directors)

Subject: 2022 Business Report and Financial Statements.

Description:

The Certified Public Accountants, Yen, Yu-Fang and Yu, Shu-Fen, of PwC Taiwan, have audited the Company's 2022 Consolidated and Individual Financial Statements, and have issued an unqualified audit report. The Audit Committee has reviewed and approved the Audit Report, along with the Business Report. On March 9, 2023, the Board of Directors of the Company passed the Audit Committee's Report by resolution. The Report is now submitted to the shareholders' meeting for recognition. Please refer to Annex 1, 2, 4, and 5 (pages 7-8, 9, 11-23, and 24-36) for the report.

(2) (Proposed by the Board of Directors)

Subject: Distribution of 2022 Earnings.

Description:

(I) The net profit after tax in 2022 is NT\$409,359,236 (as per below), and the 2022 earnings distribution statement prepared in accordance with the Company's Articles of Incorporation is as follows. The earnings distribution was passed by resolution of the Board of Directors on March 9, 2023, and submitted to the shareholders' meeting for recognition.

2022 Earnings Distribution Table

	Unit: NT\$
Unappropriated earnings at the beginning of the period	1,954,514,480
Net profit after tax for the period	409,359,236
Plus: Adjustment of retained earnings in 2022(Note)	425,946
Earnings available for appropriation for the period	<u>2,364,299,662</u>
Minus: Provision of legal reserve	(40,978,518)
Minus: Provision of special reserve	(54,964,362)
Appropriation	
Shareholders cash dividends (NT\$1 per share)	(120,255,963)
Total allocation	<u>(216,198,843)</u>
Unappropriated earnings at the end of the period	<u>2,148,100,819</u>

Note: Actuarial profit and loss impact of IFRS 19 Employee Benefits

Chairman:	President:	Accounting Supervisor:
Cheng, Chen-Yu	Cheng, Chen-Yu	Lo, Yu-Chen

(II) The shareholders' cash dividend will be distributed at a rate of NT\$1 per share based on the shareholding ratio recorded in the register of shareholders on the ex-dividend date. The distribution will be calculated by rounding down any amount below NT\$1. Any excess amount will be included in the Company's other income.

(III) After the approval of cash dividends distribution by the shareholders' meeting in 2023, the Chairman of the Board will be authorized to determine the ex-dividend date, payable date, and other relevant matters separately.

Resolution:

3. 《Matters for Discussion》 (Proposed by the Board of Directors)

Subject: To authorize the Board of Directors to handle matters related to the cash capital increase of Formosa Pharmaceuticals Inc. within the next year.

Description:

- (I) Formosa Pharmaceuticals, Inc. (hereinafter referred to as "Formosa Pharmaceuticals"), a subsidiary of our company, is planning to list its stocks on the TPEX market. To ensure compliance with relevant laws and regulations, the company intends to seek authorization from the shareholders' meeting for the Board of Directors to handle matters related to the cash capital increase of the subsidiary within the next year.
- (II) When Formosa Pharmaceuticals increases its cash capital in the upcoming year, it will consider the operating and capital market conditions of the company at that time. The price setting for the shares shall not be lower than the net value per share of the latest financial statements audited or reviewed by a CPA. The company will reserve 10-15% of the shares for subscription by its employees, as required by law. The shares subscribed to and abandoned by the company will be calculated based on the shareholding ratio, unless otherwise specified by laws and regulations. Priority subscription will be granted to the original shareholders recorded in the shareholders' register on the date of the most recent suspension of transfer of ownership at the time of subscription. Additionally, the company's subscription for the cash capital increase of Formosa Pharmaceuticals shall not exceed 20% of the cumulative decrease in shareholding ratio after the completion of the capital increase compared to the previous three years.
- (III) Regarding the cash capital increase subscription for Formosa Pharmaceuticals and other related matters mentioned above, in the event of any outstanding issues related to the subscription or the cash capital increase, it is proposed that the shareholders' meeting authorize the Board of Directors to handle them at their sole discretion.
- (IV) Proposed as above, for discussion please.

Resolution:

4. 《Election Matters》

Subject: To elect Independent Directors.

Description:

- (I) To reinforce the Board of Directors' function, improve corporate governance, and comply with legal requirements, the Company plans to designate two Independent Directors during the 2023 shareholders' meeting. Pursuant to the Company's Articles of Incorporation, the election of Independent Directors will follow a nomination system, while shareholders will elect Independent Directors from the slate of Independent Director candidates. The newly appointed Independent Directors will assume their roles immediately after their election, serving the same term as the current directors, commencing from the date of election and concluding on June 22, 2025. The new Independent Directors will also serve as ex officio members of the Audit Committee.
- (II) The Board of Directors of the Company reviewed and approved the list of Independent Director candidates on March 9, 2023. For pertinent details regarding the list of Independent Director candidates, please refer to Annex 6 (page 37).
- (III) For your necessary action please.

Resolution:

5. 《Other matters proposed for discussion》

Subject: Proposed release of the Directors and their representatives from non-competition restrictions.

Description:

- (I) According to Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
- (II) It is proposed at the shareholders' meeting to lift the restrictions on non-compete behavior for Independent Director candidates and Directors of the Company. This is due to the possibility that Independent Director candidates may engage in acts that are similar to the Company's business scope while holding other corporate positions concurrently. Additionally, the positions of the Directors and Director Representatives of the Company have changed since the 2022 annual general meeting. This proposal is being made without prejudice to the interests of the Company.
- (III) Please find attached in Annex 7 (page 38) the summary tables of concurrent positions held by Independent Director candidates and Directors.
- (IV) For discussion please.

Resolution:

6. 《Extemporaneous Motions》

7. 《Adjournments》

Annex 1

Formosa Laboratories, Inc. The 2022 Business Report

I. The 2022 Business Report:

(I) Implementation results of the business plan

In 2022, the Company's operating revenue reached NT\$3,765,504 thousand, representing a 19.83% increase from the previous year. The net profit after tax amounted to NT\$409,359 thousand, resulting in an earnings per share of NT\$3.40. The growth in profit was primarily driven by the increased shipment of Cholesterol and Phosphate Binders, Vitamin D Derivatives, and Respiratory Agents. Additionally, the strong appreciation of the US dollar contributed to a higher gross profit margin, leading to a rise in net operating revenue compared to 2021. However, the net profit before tax experienced a significant decline from the previous year, mainly due to the recognition of a substantial amount of non-operating income - financial asset evaluation gain in 2021.

(II) Analysis on revenue and expense and profitability

Item		Year	2022	2021
Financial structure	Debt ratio (%)		38.86	36.74
	Long term capital to properties, plant and equipment (%)		163.55	164.64
Debt service ability	Current ratio (%)		132.13	151.71
	Quick ratio (%)		78.30	79.66
Profitability	Return on total assets (%)		1.92	9.60
	Shareholders' return on total equity (%)		2.82	16.19
	Net margin (%)		5.76	33.21
	Earnings per share (NT\$)		3.40	10.92

II. 2023 Business Plan Outline

(I) Operation goals

1. Maintain a focus on one-stop customer service by developing a comprehensive product line that includes Active Pharmaceutical Ingredients (APIs), Antibody-Drug Conjugate Drug Substances (ADC DS), and Injectable Formulations.
2. Enhance project management capabilities and proactively expand our Contract Development and Manufacturing Organization (CDMO) business; To establish a leadership position in the ADC field.

3. Choose new products with high barriers to entry and unique features for research and development, increase customer loyalty, and solidify our position in future niche markets.
4. Increase our commitment to ESG by prioritizing energy conservation, carbon reduction, and environmental protection, and fulfilling our corporate social responsibility.

(II) Production plan

1. Active Pharmaceutical Ingredients (APIs):

Optimize production scheduling to increase capacity utilization and maximize output, resulting in reduced costs and increased profits.

2. Injectable formulations

Ensure minimal deviation and complete scheduled domestic and foreign official plant inspections.

(III) Research and Development plan

1. Commit to the development and use of injectable generic drugs using inhouse APIs and raise competition barriers.
2. Continuously accumulate and develop intellectual property that is both patentable and usable.

Chairman: Cheng, Chen-Yu President: Cheng, Chen-Yu Accounting Supervisor: Lo, Yu-Chen

Annex 2

Audit Committee's Review Report

2022 Business Report, Financial Statement (consolidated and individual financial statements) and Earnings Distribution of the Company submitted by the Board of Directors, have been audited by CPAs Yen, Yu-Fang and Yu, Shu-Fen of PWC. The Audit Committee has also reviewed all of the reports and statements mentioned above and found no inconsistencies. Therefore, the Audit Committee has acted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and clarified as above.

To

2023 Annual Shareholders' Meeting of Formosa Laboratories, Inc.

Audit Committee Convener: Chen, Yi-Fen

March 9, 2023

Breakdown of individual remuneration for Directors in 2022

Unit: NT\$ thousand

Role	Name	Remuneration						Remuneration as an employee				Sum of A, B, C, D, E, F and G and the sum as a percentage of net income		Remuneration from other than subsidiaries, or parent company.						
		Remuneration (A)		Pension upon retirement (B)		Directors' remuneration (C)		Service expenses (D)		Sum of A, B, C, and D and the sum as a percentage of net income		Salary, bonuses, special allowances (E)			Pension upon retirement (F)		Employees' compensation (G)			
		The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report		The Company	All companies contained in the financial report	Cash	Stock	The Company	All companies contained in the financial report
Director	Cheng, Chen-Yu Moraga Inc. representative: Lee, Chien- Hung (Note 1)	-	-	2,026	2,026	100	124	0.52	0.53	5,563	5,563	-	-	254	254	1.94	1.95	45		
		-	-	480	480	40	40	0.13	0.13	-	-	-	-	-	-	0.13	0.13	-		
		-	-	1,013	1,013	100	100	0.27	0.27	-	-	-	-	-	-	-	0.27	0.27	-	
		-	-	1,013	1,013	100	100	0.27	0.27	-	-	-	-	-	-	-	0.27	0.27	-	
Independent director (Note 4)	Yuan Qiang Investment Inc. representative: Shih, Hung-Min Sunleva International Inc. Ltd. representative: Lin, Tong- Ho (Note 1) Hygica Biotech Ltd. representative: Lee, Chien- Hung (Note 3) Wu, Ding-Kai Chuang, Tza-Zen Chen, Yi-Fen Lu, Ta-Jung Chang, Ting-Jung	-	-	1,013	1,013	100	100	0.27	0.27	-	-	-	-	-	-	0.27	0.27	-		
		-	-	480	480	20	20	0.12	0.12	-	-	-	-	-	-	0.12	0.12	-		
		-	-	533	533	60	60	0.14	0.14	-	-	-	-	-	-	0.14	0.14	-		
		300	300	-	-	20	20	0.08	0.08	-	-	-	-	-	-	0.08	0.08	-		
		300	300	-	-	40	40	0.08	0.08	-	-	-	-	-	-	0.08	0.08	-		
		300	300	-	-	110	110	0.10	0.10	-	-	-	-	-	-	0.10	0.10	-		
		300	300	-	-	110	110	0.10	0.10	-	-	-	-	-	-	0.10	0.10	-		
		218	218	-	-	110	110	0.08	0.08	-	-	-	-	-	-	0.08	0.08	-		

Note 1: Moraga Inc. and Sunleva International Inc. Ltd. were dismissed after the re-election at the shareholders' meeting on June 23, 2022.

Note 2: The representative of Moraga Inc. was changed from Chung, Chih-Han to Fang, Pei-Wei, and the representative of Heng Lang Limited Corporation. was changed from Wang, Lu-Chieh to Hu, Yi-Kan after the re-election at the shareholders' meeting on June 23, 2022.

Note 3: Hygica Biotech Ltd. appointed a new director after the Shareholders' Meeting on June 23, 2022, and Lee, Chien-Hung was appointed as the representative.

Note 4: Former independent directors Wu, Ding-Kai and Chuang, Tza-Zen were dismissed, and Chen, Yi-Fen, Lu, Ta-Jung and Chang, Ting-Jung, were newly appointed as independent directors. Independent Director Chang, Ting-Jung resigned on November 12, 2022 after the re-election at the shareholders' meeting on June 23, 2022.

Annex 4

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Formosa Laboratories, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Formosa Laboratories, Inc. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Key audit matters - inventory valuation

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 6(6) for details of inventory, and Note 5(1) for uncertainty of accounting estimates and assumptions in relation to inventory valuation.

The Group is primarily engaged in the manufacturing and sales of active pharmaceutical ingredients. Due to the intensely competitive market and the restriction of expiry date of active pharmaceutical ingredients, there is a higher risk of loss on decline in market value of expired or obsolete inventories. As the determination of impairment of inventories involves subjective judgement and estimation uncertainty and considering that the amount of inventories is significant to the financial statements, we identified the inventory valuation a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Obtained an understanding of the Group's operations and industry, assessed the reasonableness of the accounting policy in recognising the allowance for inventory valuation losses, and ascertained whether the accounting policy was applied consistently for both periods.
- B. Obtained the net realisable value report of inventories, reviewed the calculation logic used and tested related parameters, including sales and purchase data files and other resource data.
- C. Obtained the expiry information date of each inventory item, checked against related supporting documents, and assessed the reasonableness of the provision of allowance for loss on inventory decline in market value.
- D. Verified the related documents we gathered during the physical inventory count and performed an inquiry with management and related personnel to verify whether the following have been addressed in the inventory list: a. Slow-moving inventory, b. Inventory that is over certain age, and c. Significant

amount of damaged inventory.

Key audit matters - Impairment assessment of investments accounted for using equity method

Description

As of December 31, 2022, the amount of the Company's reinvestment in Formosa Pharmaceuticals, Inc. was significant and the reinvestment generated goodwill. Refer to Notes 4(12) and (16) for details of related accounting policies, and Notes 5(2) and 6(7) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method.

The Company measured the recoverable amount of cash generating unit by discounting estimated future cash flows of related research and development projects as basis for impairment assessment. As the amount of investments accounted for using equity method was significant and the valuation model used in the impairment assessment involves significant accounting estimates, and the recoverable amount was determined based on projected future cash flows, we considered the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Obtained an understanding of the estimation process of projected cash flows to ascertain whether it was in agreement with the budget of the investee.
- B. Obtained the appraisal report of appraisers who were appointed by the management and performed the following audit procedures:
 - (1) Assessed whether the valuation model was reasonably matched with its industry, environment and assets to be valued.
 - (2) Compared the expected growth rate and net operating interest rate used in the estimation of future cash flows with historical result, economic documents and other external data.
 - (3) Assessed the discount rate used and compared with capital cost assumption of cash-generating units and return rates of similar assets.
- C. Confirmed and measured the recoverable amount of cash-generating units by discounting estimated future cash flows to determine whether the recoverable amount exceeds the book value.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Formosa Laboratories, Inc. as at and for the years ended December 31, 2022 and 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 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 supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

Yen, Yu-Fang

Yu, Shu-Fen

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022	December 31, 2021
Current assets			
1100	Cash and cash equivalents	\$ 1,279,462	\$ 729,535
1110	Financial assets at fair value through profit or loss - current	197,519	363,946
1136	Current financial assets at amortised cost, net	153,550	-
1150	Notes receivable, net	-	2,586
1170	Accounts receivable, net	798,849	758,855
1180	Accounts receivable - related parties	13,628	12,332
1200	Other receivables	14,590	29,382
1210	Other receivables - related parties	27	38
1220	Current income tax assets	33	-
130X	Inventory	1,601,672	1,639,197
1410	Prepayments	89,488	79,809
1470	Other current assets	2,242	3,810
11XX	Total current assets	4,151,060	3,619,490
Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	2,177,551	1,960,383
1517	Non-current financial assets at fair value through other comprehensive income	61,479	114,962
1550	Investments accounted for under equity method	15,425	8,113
1600	Property, plant and equipment	5,875,256	5,849,731
1755	Right-of-use assets	43,325	50,956
1780	Intangible assets	222,929	247,600
1840	Deferred income tax assets	97,189	72,302
1900	Other non-current assets	106,499	93,430
15XX	Total non-current assets	8,599,653	8,397,477
1XXX	Total assets	\$ 12,750,713	\$ 12,016,967

(Continued)

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022	December 31, 2021
Current liabilities			
2100	Short-term borrowings	6(11) and 8 \$ 1,449,666	\$ 1,017,388
2110	Short-term notes and bills payable	6(12) 49,909	159,939
2130	Current contract liabilities	6(22) 55,775	109,686
2150	Notes payable	1,017	1,636
2170	Accounts payable	186,473	202,418
2200	Other payables	6(13) 584,625	538,483
2230	Current income tax liabilities	141,374	22,891
2280	Current lease liabilities	22,093	27,736
2320	Long-term liabilities, current portion	6(14)(15) and 8 619,017	284,861
2399	Other current liabilities	6(32) and 9 31,700	20,752
21XX	Total current liabilities	<u>3,141,649</u>	<u>2,385,790</u>
Non-current liabilities			
2500	Non-current financial liabilities at fair value through profit or loss	6(2) and 7 61,420	-
2527	Non-current contract liabilities	6(22) 16,989	-
2540	Long-term borrowings	6(15) and 8 1,637,756	1,906,992
2570	Deferred income tax liabilities	6(29) 24,634	23,945
2580	Non-current lease liabilities	21,436	23,503
2600	Other non-current liabilities	6(32) and 9 50,556	74,572
25XX	Total non-current liabilities	<u>1,812,791</u>	<u>2,029,012</u>
2XXX	Total liabilities	<u>4,954,440</u>	<u>4,414,802</u>
Equity attributable to owners of parent			
Share capital			
3110	Common stock	1 and 6(18) 1,202,560	1,202,560
Capital surplus			
3200	Capital surplus	6(14)(19) 3,514,488	3,503,382
Retained earnings			
3310	Legal reserve	6(20) 444,979	319,935
3320	Special reserve	20	20
3350	Unappropriated retained earnings	2,364,300	2,320,072
Other equity interest			
3400	Other equity interest	6(21) (5,703)	49,261
31XX	Equity attributable to owners of the parent	<u>7,520,644</u>	<u>7,395,230</u>
36XX	Non-controlling interest	4(3) 275,629	206,935
3XXX	Total equity	<u>7,796,273</u>	<u>7,602,165</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments			
Significant Events after the Balance Sheet Date			
3X2X	Total liabilities and equity	<u>\$ 12,750,713</u>	<u>\$ 12,016,967</u>

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31	
		2022	2021
4000 Sales revenue	6(22) and 7	\$ 3,765,504	\$ 3,142,406
5000 Operating costs	6(6)(27)(28) and 7	(2,375,312)	(2,170,962)
5900 Net operating margin		1,390,192	971,444
Operating expenses	6(27)(28) and 7		
6100 Selling expenses		(187,120)	(170,921)
6200 General and administrative expenses		(234,219)	(282,214)
6300 Research and development expenses		(777,016)	(700,198)
6450 (Impairment loss) Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(28,348)	13,872
6000 Total operating expenses		(1,226,703)	(1,139,461)
6900 Operating profit (loss)		163,489	(168,017)
Non-operating income and expenses			
7100 Interest income	6(23)	2,144	357
7010 Other income	6(24)	2,551	23,609
7020 Other gains and losses	6(2)(25)	176,729	1,250,456
7050 Finance costs	6(26)	(19,319)	(28,051)
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	7,587	9,172
7000 Total non-operating income and expenses		169,692	1,255,543
7900 Profit before income tax		333,181	1,087,526
7950 Income tax expense	6(29)	(116,371)	(44,008)
8200 Profit for the year		<u>\$ 216,810</u>	<u>\$ 1,043,518</u>

(Continued)

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31	
		2022	2021
Other comprehensive (loss) income			
Components of other comprehensive income that will not be reclassified to profit or loss			
8311 Gains on remeasurements of defined benefit plans	6(16)	\$ 531	\$ 1,682
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(53,483)	55,972
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	(106)	(336)
8310 Other comprehensive (loss) income that will not be reclassified to profit or loss		(53,058)	57,318
Components of other comprehensive income that will be reclassified to profit or loss			
8361 Financial statements translation differences of foreign operations		(3,797)	(14,673)
8399 Income tax relating to the components of other comprehensive income	6(29)	370	1,611
8360 Other comprehensive loss that will be reclassified to profit or loss		(3,427)	(13,062)
8300 Total other comprehensive (loss) income for the year		(\$ 56,485)	\$ 44,256
8500 Total comprehensive income for the year		\$ 160,325	\$ 1,087,774
Profit (loss) attributable to:			
8610 Owners of the parent		\$ 409,359	\$ 1,249,096
8620 Non-controlling interest		(192,549)	(205,578)
		\$ 216,810	\$ 1,043,518
Comprehensive income (loss) attributable to:			
8710 Owners of the parent		\$ 354,820	\$ 1,299,971
8720 Non-controlling interest		(194,495)	(212,197)
		\$ 160,325	\$ 1,087,774
Earnings per share (in dollars)	6(30)		
9750 Basic earnings per share		\$ 3.40	\$ 10.92
9850 Diluted earnings per share		\$ 3.39	\$ 10.32

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										Total	Non-controlling interest	Total equity	
	Capital Reserves			Retained Earnings			Other Equity Interest							
	Share capital - common stock	Total capital surplus, additional paid-in capital	Capital Surplus, changes in ownership interests in subsidiaries	Stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income					
2021														
	Balance at January 1, 2021	\$ 1,083,126	\$ 2,472,917	\$ 226,326	\$ 33,387	\$ 280,144	\$ 20	\$ 1,109,421	\$ 2,123	\$ 1,855	\$ 5,205,073	\$ 80,644	\$ 5,285,717	
	Profit (loss) for the year	-	-	-	-	-	-	1,249,096	-	-	1,249,096	(205,578)	1,043,518	
	Other comprehensive income (loss)	-	-	-	-	-	-	1,346	(6,443)	55,972	50,875	(6,619)	44,256	
	Total comprehensive income (loss)	-	-	-	-	-	-	1,250,442	(6,443)	55,972	1,299,971	(212,197)	1,087,774	
6(20)	Appropriation and distribution of retained earnings	-	-	-	-	-	-	(39,791)	-	-	-	-	-	
	Legal reserve	-	-	-	-	39,791	-	-	-	-	-	-	-	
6(14)	Conversion of convertible bonds	119,434	610,659	-	(33,387)	-	-	-	-	-	696,706	-	696,706	
6(31)	Changes in ownership interests in subsidiaries	-	-	193,480	-	-	-	-	-	-	193,480	338,488	531,968	
	Balance at December 31, 2021	\$ 1,202,560	\$ 3,083,576	\$ 419,806	\$ -	\$ 319,935	\$ 20	\$ 2,320,072	\$ 8,566	\$ 57,827	\$ 7,395,230	\$ 206,935	\$ 7,602,165	
2022														
	Balance at January 1, 2022	\$ 1,202,560	\$ 3,083,576	\$ 419,806	\$ -	\$ 319,935	\$ 20	\$ 2,320,072	\$ 8,566	\$ 57,827	\$ 7,395,230	\$ 206,935	\$ 7,602,165	
	Profit (loss) for the year	-	-	-	-	-	-	409,359	-	-	409,359	(192,549)	216,810	
	Other comprehensive income (loss)	-	-	-	-	-	-	425	(1,481)	53,483	54,539	(1,946)	56,485	
	Total comprehensive income (loss)	-	-	-	-	-	-	409,784	(1,481)	53,483	354,820	(194,495)	160,325	
6(20)	Appropriations and distribution of retained earnings	-	-	-	-	-	-	(125,044)	-	-	-	-	-	
	Legal reserve	-	-	-	-	125,044	-	-	-	-	-	-	-	
	Cash dividends	-	-	-	-	-	-	(240,512)	-	-	(240,512)	-	(240,512)	
	Changes in ownership interests in subsidiaries	-	-	9,902	-	-	-	-	-	-	9,902	261,806	271,708	
6(31)	Amortisation of compensation cost of employee stock options	-	-	1,204	-	-	-	-	-	-	1,204	1,383	2,587	
6(17)	Balance at December 31, 2022	\$ 1,202,560	\$ 3,083,576	\$ 430,912	\$ -	\$ 444,979	\$ 20	\$ 2,364,300	\$ 10,047	\$ 4,344	\$ 7,520,644	\$ 275,629	\$ 7,796,273	

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 333,181	\$ 1,087,526
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	442,452	445,664
Amortisation	6(27)	28,463	29,335
Expected credit impairment loss (gain)	12(2)	28,348	(13,872)
Net gains on financial assets at fair value through profit or loss	6(25)	(178,784)	(1,295,548)
Interest expense	6(26)	19,319	28,051
Interest income	6(23)	(2,144)	(357)
Share of profit of associates accounted for using equity method	6(7)	(7,587)	(9,172)
Gains on disposal of property, plant and equipment	6(25)	(51)	(114)
Gain from lease modification	6(25)	(24)	(139)
Compensation cost of employee stock options	6(17)	2,587	-
Expenses transferred from prepayments for equipment (shown as other non-current assets)		12,801	8,085
Contingent consideration	6(25)	-	37,043
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		263	1,126
Contract assets		-	275
Notes receivable		2,586	(2,586)
Accounts receivable		(68,342)	(238)
Accounts receivable - related parties		(1,296)	2,149
Other payables		14,759	(10,584)
Other receivables - related parties		11	2,736
Inventory		37,525	(188,146)
Prepayments		(9,679)	13,603
Other current assets		1,568	2,943
Other non-current assets		(231)	(1,999)
Changes in operating liabilities			
Contract liabilities		(36,922)	67,631
Notes payable		(619)	1,636
Accounts payable		(15,945)	(5,720)
Other payables		55,842	144,411
Other current liabilities		10,948	14,295
Other non-current liabilities		11,294	8,471
Cash inflow generated from operations		680,323	366,505
Interest received		2,144	357
Interest paid		(17,734)	(19,785)
Income taxes paid		(21,647)	(35,920)
Net cash flows from operating activities		643,086	311,157

(Continued)

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(\$ 14,976)	(\$ 200,440)
Proceeds from disposal of financial assets at fair value through profit or loss		142,756	167,394
Share of loss of associates accounted for using equity method dividends received		45	-
(Increase) decrease in financial assets at amortised cost		(158,750)	20,000
Acquisition of investments accounted for under the equity method		-	51
Acquisition of property, plant and equipment	6(32)	(380,940)	(383,383)
Losses on disposal of property, plant and equipment		51	310
Acquisition of intangible assets	6(9)	(1,553)	(5,043)
(Increase) decrease in refundable deposits		(1,099)	8,045
Acquisition of subsidiaries	6(32)	(29,871)	(71,030)
Prepayments for equipment (shown as other non-current assets)	6(8)	(57,489)	(125,395)
Prepayments for investments (shown as other non-current assets)		(38,895)	-
Net cash flows used in investing activities		(540,721)	(589,491)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of financial liabilities at fair value through profit or loss		58,390	-
Increase (decrease) in short-term loans	6(33)	432,278	(80,680)
Decrease in short-term notes and bills payable	6(33)	(110,030)	(9,958)
Proceeds from long-term debt	6(33)	3,396,000	3,450,203
Repayments of long-term debt (including current portion)	6(33)	(3,331,080)	(3,420,040)
Payments of lease liabilities	6(33)	(28,809)	(29,973)
Maturity repayment of corporate bonds	6(33)	-	(2,500)
Cash dividends paid	6(20)	(240,512)	-
Subsidiary cash increase and employee stock options	6(31)	271,708	531,968
Net cash flows from financing activities		447,945	439,020
Effect of exchange rate changes on cash and cash equivalents		(383)	(12,160)
Net increase in cash and cash equivalents		549,927	148,526
Cash and cash equivalents at beginning of year		729,535	581,009
Cash and cash equivalents at end of year		\$ 1,279,462	\$ 729,535

The accompanying notes are an integral part of these consolidated financial statements.

Annex 5

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Formosa Laboratories, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Formosa Laboratories, Inc. (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 Company's 2022 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Key audit matters - Inventory valuation

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 6(6) for details of inventory, and Note 5(1) for uncertainty of accounting estimates and assumptions in relation to inventory valuation.

The Company is primarily engaged in the manufacturing and sales of active pharmaceutical ingredients. Due to the intensely competitive market and the restriction of expiry date of active pharmaceutical ingredients, there is a higher risk of loss on decline in market value of expired or obsolete inventories. As the determination of impairment of inventories involves subjective judgement and estimation uncertainty and considering that the amount of inventories is significant to the financial statements, we identified the inventory valuation a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Obtained an understanding of the Company's operations and industry, assessed the reasonableness of the accounting policy in recognising the allowance for inventory valuation losses, and ascertained whether the accounting policy was applied consistently for both periods.
- B. Obtained the net realisable value report of inventories, reviewed the calculation logic used and tested related parameters, including sales and purchase data files and other resource data.
- C. Obtained the expiry information date of each inventory item, checked against related supporting documents, and assessed the reasonableness of the provision of allowance for loss on inventory decline in market value.
- D. Verified the related documents we gathered during the physical inventory count and performed an inquiry with management and related personnel to verify whether the following have been addressed

in the inventory list: a. Slow-moving inventory, b. Inventory that is over certain age, and c. Significant amount of damaged inventory.

Key audit matters - Impairment assessment of investments accounted for using equity method

Description

As of December 31, 2022, the amount of the Company's reinvestment in Formosa Pharmaceuticals, Inc. was significant and the reinvestment generated goodwill. Refer to Notes 4(12) and (16) for details of related accounting policies, and Notes 5(2) and 6(7) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method.

The Company measured the recoverable amount of cash generating unit by discounting estimated future cash flows of related research and development projects as basis for impairment assessment. As the amount of investments accounted for using equity method was significant and the valuation model used in the impairment assessment involves significant accounting estimates, and the recoverable amount was determined based on projected future cash flows, we considered the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Obtained an understanding of the estimation process of projected cash flows to ascertain whether it was in agreement with the budget of the investee.
- B. Obtained the appraisal report of appraisers who were appointed by the management and performed the following audit procedures:
 - (1) Assessed whether the valuation model was reasonably matched with its industry, environment and assets to be valued.
 - (2) Compared the expected growth rate and net operating interest rate used in the estimation of future cash flows with historical result, economic documents and other external data.
 - (3) Assessed the discount rate used and compared with capital cost assumption of cash-generating units and return rates of similar assets.
- C. Confirmed and measured the recoverable amount of cash-generating units by discounting estimated future cash flows to determine whether the recoverable amount exceeds the book value.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

Yen, Yu-Fang

Yu, Shu-Fen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022	%	December 31, 2021	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 994,993	8	\$ 505,438	4
1110	Current financial assets at fair value through profit or loss	6(2) and 8	195,592	2	361,708	3
1150	Notes receivable, net	6(4)	-	-	2,586	-
1170	Accounts receivable, net	6(4)	798,849	6	758,855	7
1180	Accounts receivable - related parties	7	22,808	-	18,986	-
1200	Other receivables		14,590	-	28,634	-
1210	Other receivables - related parties	7	598	-	675	-
130X	Inventory	6(5)	1,601,672	13	1,639,197	14
1410	Prepayments		72,967	1	63,765	1
1470	Other current assets		2,133	-	3,792	-
11XX	Total current assets		<u>3,704,202</u>	<u>30</u>	<u>3,383,636</u>	<u>29</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,177,551	18	1,960,383	17
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	61,479	-	114,962	1
1550	Investments accounted for under equity method	6(6)	273,688	2	192,433	2
1600	Property, plant and equipment	6(7) and 8	5,871,964	48	5,844,675	50
1755	Right-of-use assets		36,438	-	47,822	-
1780	Intangible assets		27,213	-	35,139	-
1840	Deferred income tax assets	6(26)	97,189	1	72,302	-
1900	Other non-current assets	6(7)(8) and 8	105,826	1	92,777	1
15XX	Total non-current assets		<u>8,651,348</u>	<u>70</u>	<u>8,360,493</u>	<u>71</u>
1XXX	Total assets		<u>\$ 12,355,550</u>	<u>100</u>	<u>\$ 11,744,129</u>	<u>100</u>

(Continued)

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022	%	December 31, 2021	%	
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 1,449,666	12	\$ 1,017,388	9
2110	Short-term notes and bills payable	6(9)	49,909	-	159,939	1
2130	Current contract liabilities	6(19) and 7	75,440	1	120,220	1
2150	Notes payable		1,017	-	1,636	-
2170	Accounts payable		186,473	2	202,418	2
2200	Other payables	6(11)	552,535	4	528,374	5
2230	Current income tax liabilities		141,374	1	22,891	-
2280	Current lease liabilities		19,597	-	24,979	-
2320	Long-term liabilities, current portion	6(12)(13) and 8	619,017	5	284,861	2
2399	Other current liabilities		31,560	-	20,233	-
21XX	Total current liabilities		<u>3,126,588</u>	<u>25</u>	<u>2,382,939</u>	<u>20</u>
Non-current liabilities						
2527	Non-current contract liabilities	6(19) and 7	16,989	-	-	-
2540	Long-term borrowings	6(13) and 8	1,637,756	14	1,906,992	17
2570	Deferred income tax liabilities	6(26)	19,695	-	18,512	-
2580	Non-current lease liabilities		17,030	-	23,080	-
2600	Other non-current liabilities	6(14)	16,848	-	17,376	-
25XX	Total non-current liabilities		<u>1,708,318</u>	<u>14</u>	<u>1,965,960</u>	<u>17</u>
2XXX	Total liabilities		<u>4,834,906</u>	<u>39</u>	<u>4,348,899</u>	<u>37</u>
Share capital						
		1 and 6(15)				
3110	Common stock		1,202,560	10	1,202,560	10
Capital surplus						
		6(12)(16)				
3200	Capital surplus		3,514,488	28	3,503,382	30
Retained earnings						
		6(17)				
3310	Legal reserve		444,979	4	319,935	3
3320	Special reserve		20	-	20	-
3350	Unappropriated retained earnings		2,364,300	19	2,320,072	20
Other equity interest						
		6(18)				
3400	Other equity interest		(5,703)	-	49,261	-
3XXX	Total equity		<u>7,520,644</u>	<u>61</u>	<u>7,395,230</u>	<u>63</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments						
		9				
Significant Events after the Balance Sheet Date						
		11				
3X2X	Total liabilities and equity		<u>\$ 12,355,550</u>	<u>100</u>	<u>\$ 11,744,129</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount))

Items	Notes	Year ended December 31				
		2022	%	2021	%	
4000	Operating revenue	6(19) and 7	\$ 3,804,145	100	\$ 3,169,023	100
5000	Operating costs	6(5)(24)(25)	(2,386,736)	(63)	(2,189,585)	(69)
5900	Gross profit		1,417,409	37	979,438	31
5910	Unrealised profit from sales		-	-	(14,025)	(1)
5920	Realised profit from sales		3,102	-	2,693	-
5950	Net operating margin		1,420,511	37	968,106	30
	Operating expenses	6(24)(25)				
6100	Selling expenses		(187,120)	(5)	(170,921)	(5)
6200	General and administrative expenses		(208,970)	(5)	(261,684)	(8)
6300	Research and development expenses		(471,194)	(12)	(351,326)	(11)
6450	(Impairment loss) impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(28,348)	(1)	13,872	-
6000	Total operating expenses		(895,632)	(23)	(770,059)	(24)
6900	Operating income		524,879	14	198,047	6
	Non-operating income and expenses					
7100	Interest income	6(20) and 7	1,654	-	298	-
7010	Other income	6(21) and 7	3,747	-	25,277	1
7020	Other gains and losses	6(2)(22)	178,199	5	1,280,396	41
7050	Finance costs	6(23)	(18,327)	(1)	(25,844)	(1)
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(6)	(164,286)	(4)	(187,467)	(6)
7000	Total non-operating income and expenses		987	-	1,092,660	35
7900	Profit before income tax		525,866	14	1,290,707	41
7950	Income tax expense	6(26)	(116,507)	(3)	(41,611)	(2)
8200	Profit for the year		\$ 409,359	11	\$ 1,249,096	39

(Continued)

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount))

Items	Notes	Year ended December 31				
		2022	%	2021	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Gains on remeasurements of defined benefit plan	6(14)	\$ 531	-	\$ 1,682	-
8316	Unrealised (loss) gain from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(53,483)	(2)	55,972	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(106)	-	(336)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(53,058)	(2)	57,318	2
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(1,851)	-	(8,054)	-
8399	Income tax relating to the components of other comprehensive loss	6(26)	370	-	1,611	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(1,481)	-	(6,443)	-
8300	Total other comprehensive (loss) income for the year		<u>(\$ 54,539)</u>	<u>(2)</u>	<u>\$ 50,875</u>	<u>2</u>
8500	Total comprehensive income for the year		<u>\$ 354,820</u>	<u>9</u>	<u>\$ 1,299,971</u>	<u>41</u>
Earnings per share (in dollars) 6(27)						
9750	Basic earnings per share		<u>\$ 3.40</u>		<u>\$ 10.92</u>	
9850	Diluted earnings per share		<u>\$ 3.39</u>		<u>\$ 10.32</u>	

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Reserves				Retained Earnings			Other Equity Interest			Total equity
		Common stock	Capital surplus, additional paid-in capital	Capital Surplus, changes in ownership interests in subsidiaries	Stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
<u>2021</u>												
Balance at January 1, 2021		\$ 1,083,126	\$ 2,472,917	\$ 226,326	\$ 33,387	\$ 280,144	\$ 20	\$ 1,109,421	\$ 2,123	\$ 1,855	\$ 5,205,073	
Profit for the year		-	-	-	-	-	-	1,249,096	-	-	1,249,096	
Other comprehensive income (loss)		-	-	-	-	-	-	1,346	(6,443)	55,972	50,875	
Total comprehensive income (loss)		-	-	-	-	-	-	1,250,442	(6,443)	55,972	1,299,971	
Appropriation and distribution of retained earnings: 6(17)		-	-	-	-	39,791	-	(39,791)	-	-	-	
Legal reserve		-	-	-	-	-	-	-	-	-	-	
Conversion of convertible bonds	6(12)	119,434	610,659	-	(33,387)	-	-	-	-	-	696,706	
Changes in ownership interests in subsidiaries	6(28)	-	-	193,480	-	-	-	-	-	-	193,480	
Balance at December 31, 2021		\$ 1,202,560	\$ 3,083,576	\$ 419,806	\$ 319,935	\$ 319,935	\$ 20	\$ 2,320,072	\$ 8,566	\$ 57,827	\$ 7,395,230	
<u>2022</u>												
Balance at January 1, 2022		\$ 1,202,560	\$ 3,083,576	\$ 419,806	\$ -	\$ 319,935	\$ 20	\$ 2,320,072	\$ 8,566	\$ 57,827	\$ 7,395,230	
Profit for the year		-	-	-	-	-	-	409,359	-	-	409,359	
Other comprehensive income (loss)		-	-	-	-	-	-	425	(1,481)	(53,483)	(54,539)	
Total comprehensive income (loss)		-	-	-	-	-	-	409,784	(1,481)	(53,483)	354,820	
Appropriations and distribution of retained earnings: 6(17)		-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	-	125,044	-	(125,044)	-	-	-	
Cash dividends		-	-	-	-	-	-	(240,512)	-	-	(240,512)	
Changes in ownership interests in subsidiaries	6(28)	-	-	11,106	-	-	-	-	-	-	11,106	
Balance at December 31, 2022		\$ 1,202,560	\$ 3,083,576	\$ 430,912	\$ -	\$ 444,979	\$ 20	\$ 2,364,300	\$ 10,047	\$ 4,344	\$ 7,520,644	

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 525,866	\$ 1,290,707
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	437,651	439,938
Amortisation	6(24)	11,753	12,770
Expected credit impairment loss (gain)	12(2)	28,348	(13,872)
Net gains on financial assets at fair value through profit or loss	6(22)	(178,832)	(1,292,184)
Interest expense	6(23)	18,327	25,844
Interest income	6(20)	(1,654)	(298)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	164,286	187,467
(Realised) unrealised gain on inter-affiliate accounts		(3,102)	11,332
Losses on disposal of property, plant and equipment	6(22)	(51)	(310)
Gain from lease modification	6(22)	(24)	(139)
Expenses transferred from prepayments for equipment (shown as other non-current assets)		12,801	8,041
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		-	275
Notes receivable		2,586	(2,586)
Accounts receivable		(68,342)	(238)
Accounts receivable - related parties		(3,822)	(911)
Other receivables		14,311	(9,836)
Other receivables - related parties		77	2,294
Inventory		37,525	(188,146)
Prepayments		(9,202)	17,681
Other current assets		1,659	1,222
Other non-current assets		(231)	(1,955)
Changes in operating liabilities			
Current contract liabilities		(44,780)	78,165
Non-current contract liabilities		16,989	-
Notes payable		(619)	1,636
Accounts payable		(15,945)	(5,720)
Other payables		33,863	141,816
Other current liabilities		11,327	14,439
Cash inflow generated from operations		990,765	717,432
Interest received		1,654	298
Interest paid		(16,742)	(19,710)
Income taxes paid		(21,728)	(33,030)
Net cash flows from operating activities		953,949	664,990

(Continued)

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		\$ -	\$ 20,000
Acquisition of financial assets at fair value through profit or loss		(14,976)	(200,440)
Proceeds from disposal of financial assets at fair value through profit or loss		142,756	167,394
Acquisition of investments accounted for using equity method		(233,229)	(79,506)
Received cash dividends from investments accounted for using equity method		45	51
Acquisition of property, plant and equipment (including capitalised interests)	6(29)	(380,940)	(383,162)
Proceeds from disposal of property, plant and equipment		51	310
Acquisition of intangible assets		(1,553)	(4,216)
(Increase) decrease in refundable deposits		(1,078)	8,045
Increase in prepayments for business facilities (shown as other non-current assets)	6(7)	(57,488)	(125,395)
Prepayments for investments (shown as other non-current assets)		(38,895)	-
Net cash flows used in investing activities		(585,307)	(596,919)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans	6(30)	432,278	(80,680)
Decrease in short-term notes and bills payable	6(30)	(110,030)	(9,958)
Proceeds from long-term debt	6(30)	3,396,000	3,450,203
Repayments of long-term debt (including current portion)	6(30)	(3,331,080)	(3,420,040)
Payments of lease liabilities		(25,743)	(26,943)
Cash dividends paid	6(19)	(240,512)	-
Repayment of matured corporate bonds	6(12)	-	(2,500)
Net cash flows from (used in) financing activities		120,913	(89,918)
Net increase (decrease) in cash and cash equivalents		489,555	(21,847)
Cash and cash equivalents at beginning of year		505,438	527,285
Cash and cash equivalents at end of year		\$ 994,993	\$ 505,438

The accompanying notes are an integral part of these parent company only financial statements.

Annex 6

Formosa Laboratories Inc.

Nomination List for Independent Directors

Role	Name	Education and work background	No. of shares held and proportion (%) (Note)
Independent Director	Chaung, Tza-Zen	<p>Education background: Ph.D. in Chemical Engineering, MIT, Massachusetts Institute of Technology Master of Chemical Engineering, West Virginia University, USA Bachelor of Chemical Engineering, National Taiwan University</p> <p>Current: Technical Director, SCH Life Sciences Co., Ltd. Independent Director, General Biologicals Corporation</p> <p>Experience: President/CEO, China Chemical & Pharmaceutical Co., Ltd. Research and Development Center, Taiwan Biotechnology Production Process Group Leader, Bristol-Myers Squibb Company, USA Drug Synthesis Process Research Investigator, Hoffmann La Roche, USA Air Products R&D Assistant Vice President and Special Gas Plant/Plant Manager, Sanfu Chemical Co., Ltd, Taiwan Senior Chemical Engineer, Merck & Company, USA</p>	0 shares/ 0%
Independent Director	Chang, Ting-Jung	<p>Education background: Master of Quantitative Finance, Master of Business Management, Doctoral Program in Accounting, Rutgers University Bachelor of Commerce, Department of Statistics, Chengchi University</p> <p>Current: President, Ensure & Co., CPAs Director, Foundation of Pacific Basin Financial Research and Development</p> <p>Experience: Chairman, Rong Wei Investment Co. Chairman, Ace Venture Consulting Corporation Supervisor, JKO Asset Management Director, Foundation of Pacific Basin Financial Research and Development Group Leader/Assistant Manager, Traditional Industry, Research Department, Investment Advisory Office, Cathay Futures/Securities Analyst/Assistant Manager, Yuanta Consulting Research Center (Foreign Investment Group) Senior Researcher/Assistant Manager, Domestic/Foreign Investment Group, Polaris Financial Group Research Center Financial and Systems Analyst, Formosa Plastics Management Center, USA Chief Accountant, Woodtextures/Lifestyle Home, Dayton, New Jersey</p>	0 shares/ 0%

Note: shareholding status as of April 29, 2023.

Annex 7**Formosa Laboratories Inc.****Summary of Concurrent Positions Held by Independent Directors and Directors****I. Summary of Concurrent Positions Held by Independent Director Candidates**

Title	Name	Concurrent positions in other companies to be relinquished
Independent Director	Chaung, Tza-Zen	Technical Director of SCH Life Sciences Company Limited. Independent Director of General Biologicals Corp.
Independent Director	Chang, Ting-Jung	President of Ensure & Co., CPAs Director of Foundation of Pacific Basin Financial Research and Development

II. Summary of Concurrent Positions Held by Directors

Title	Name	Concurrent positions in other companies to be relinquished
Chairman	Cheng, Chen-Yu	Perennial Consultant of Forward Asset management Ltd.
Director	Lee, Chien-Hung	Director of Forward Asset Management Ltd. Chairman and president of PharmaStar Investment Cooperative Ventures, Inc. Chairman of Chia La Wei Erh Ltd.

Appendix 1

Formosa Laboratories Inc. Procedures for Election of Directors

- Article 1 Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 2 The Company shall employ the registered cumulative voting method for the election of its directors. Each share shall be entitled to a number of voting rights equal to the number of directors to be elected and may be cast for a single candidate or distributed among multiple candidates.
The election of directors shall be calculated separately based on the election of independent directors and non-independent directors.
The Company has implemented a candidate nomination system for the election of directors. All matters related to the acceptance and announcement of candidates will be handled in compliance with the relevant laws and regulations outlined in the Company Act and the Securities and Exchange Act.
- Article 3 The number of directors of the Company shall be determined in accordance with the provisions of the Company's Articles of Incorporation, and those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 4 The Board of Directors will prepare separate ballots for the directors to be elected, with the number of ballots corresponding to the number of positions available. The number of voting rights associated with each ballot will be specified and the ballots will be distributed to attending shareholders at the shareholders' meeting. Instead of recording the names of voting shareholders, attendance card numbers printed on the ballots may be used. Prior to the election, the chair will appoint individuals with shareholder status to serve as vote monitoring and counting personnel. The Board of Directors will prepare the ballot boxes, which will be publicly checked by the vote monitoring personnel before voting begins.
- Article 5 A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by a person with the right to convene.
 2. A blank ballot is placed in the ballot box.
 3. The writing is unclear and indecipherable or has been altered.
 4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
 5. Other words or marks are entered in addition to the number of voting rights allotted.
- Article 6 The eligibility of independent directors shall be aligned with provisions of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- Article 7 The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skills, and experience to perform their duties, and their overall

competencies should be selected with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 8 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair or specific personnel on the site.

Article 9 The Board of Directors of the Company shall issue notifications to the persons elected as directors.

Article 10 These Rules were enacted in the regular shareholders' meeting on April 23, 2009, and any amendments hereto shall be implemented after being resolved in the shareholders' meetings.

The 1st amendment was made on June 27, 2017.

The 2nd amendment was made on June 23, 2022.

Appendix 2

Formosa Laboratories Inc.

Rules of Procedure for Shareholders' Meetings

- Article 1 The rules of procedure for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Association, shall be as provided in these Rules.
- Article 2 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 3 The Company shall furnish the attending shareholders or agents entrusted by the shareholders (hereinafter referred to as "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished. Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 4 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. It is advisable that shareholders' meetings convened by the Board of Directors be attended by a majority of the directors. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
- Article 5 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

- Article 6 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- Article 7 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal on the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
- The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.
- The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
- Article 8 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
- A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of a speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the Rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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

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

Article 9

Voting at a shareholders' meeting shall be calculated based on the number of shares. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

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

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

Article 10

Unless otherwise provided by relevant laws and regulations, a shareholder shall be entitled to one vote for each share held.

Except as otherwise provided in the Company Act and in the Company's Articles of Association, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (MOPS)

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting shall be reported on-site at the meeting, and a record made of the vote.

Article 11

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

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 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

- Article 12 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.
The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 13 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 14 These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.
- Article 15 These Rules were established on April 23, 2009.
The 1st amendment was made on June 18, 2012.
The 2nd amendment was made on June 17, 2017.
The 3rd amendment was made on June 29, 2020.
The 4th amendment was made on June 23, 2022.

Appendix 3

Formosa Laboratories, Inc. Articles of Incorporation

Chapter 1. General

- Article 1: The Company shall be incorporated under the Company Act of the Republic of China as a company limited by shares, and its name shall be 台耀化學股份有限公司 in Chinese. The English name of the Company shall be Formosa Laboratories, Inc.
- Article 2: The scope of business of the Company shall be as follows:
1. F107010 Wholesale of paints, coating and varnishes.
 2. F107020 Wholesale of dyes and pigments.
 3. F107030 Wholesale of cleaning supplies.
 4. F107060 Toxic and concerned chemical substances wholesale trade.
 5. F107070 Wholesale of veterinary drugs.
 6. F107080 Wholesale of environmental agents.
 7. F207070 Retail sale of veterinary drugs.
 8. F207080 Retail sale of environmental agents
 9. F108021 Wholesale of western pharmaceutical.
 10. F208021 Retail sale of western pharmaceutical.
 11. F108040 Wholesale of cosmetics.
 12. F401010 International trade.
 13. I103010 Enterprise management consultancy.
 14. IC01010 Medicine inspection.
 15. C801030 Precision chemical material manufacturing.
 16. C802030 Paints and varnishes manufacturing.
 17. C802090 Manufacture of cleaning preparations.
 18. C802080 Environmental agents manufacturing.
 19. C802060 Veterinary drug manufacturing.
 20. C802041 Manufacture of drugs and medicines.
 21. C802100 Cosmetics manufacturing.
 22. C802110 Cosmetic pigment manufacturing.
 23. F102030 Wholesale of tobacco and alcohol.
 24. F203020 Retail sale of tobacco and alcohol.
 25. F401171 Alcohol products importation.
 26. IG01010 Biotechnology services.
 27. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company may reinvest in other companies as limited shareholders. The total amount of reinvestment may exceed 40% of the Company's paid-in share capital.
- Article 4: The Company may provide external guarantees for its business needs.

Article 5: The headquarters of the Company is set up in Taoyuan City, and if necessary, it may set up branch offices domestically or abroad with a resolution by the Board of Directors.

Article 6: The announcement method of the Company shall be handled in accordance with Article 28 of the Company Act.

Chapter 2. Shares

Article 7: The total capital of the Company is NT\$1.6 billion, divided into 160 million shares with a nominal value of NT\$10 per share. The Board is authorized to issue outstanding shares in installments. Of the abovementioned total capital, 8 million shares is reserved for the exercise of stock options, special stocks with stock options, or corporate bonds with stock options, which may be issued in installments in accordance with the resolution of the Board of Directors.

The issuance of new shares with restricted rights to employees, employee stock options, right of subscribing new shares to employees, and transfer of purchased shares may include the employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board shall be authorized to determine the requirements and distribution methods.

Article 8: The shares of the Company shall be numbered and signed or sealed by the Company's representative as well as attested by the bank that should be the attestor according to the laws before issuance. However, the shares of the Company may be exempt from being prepared in a printed format but subjected to registration with a centralized securities depository institution. The same shall apply to other securities.

Article 9: Shares transfer registration shall not be transferred within sixty days prior to the convening of the general shareholders' meeting, or within thirty days prior to the convening date of an extraordinary shareholders' meeting, or within five days prior to the base date in which the Company decides to distribute dividends, bonus or other benefits.

Article 10: The Company shall handle share transactions in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Article 11: Shareholders' meetings shall be of two kinds: general meetings and extraordinary meetings. The general shareholders' meeting will be held once a year and will be convened within six months after the end of each fiscal year. The extraordinary shareholders' meeting will be convened according to law when necessary.

The notice to convene a shareholders' meeting may be given in writing or electronic form with the consent of the shareholders.

The shareholders' meeting may be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 12: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. In case the Chairman of the Board of

Directors is or absent, he/she shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the Board of Directors. Whereas for a shareholders' meeting convened by any other person having the right to do so, he/she shall act as the chair of that meeting provided, however, that if there are two or more persons having the right to convene, the chair of the meeting shall be elected from among them.

Chapter 3.Shareholders' meeting

- Article 13: In case a shareholder is unable to attend a shareholders' meeting, he/she/it may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. In addition to the provisions of Article 177 of the Company Act, the measures for appointing proxy by shareholders shall be handled in accordance with the requirements of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority.
- Article 14: Unless otherwise provided by relevant laws and regulations, shareholders of the Company shall have one voting right per share, which may be exercised in writing or electronically.
- Article 15: Unless otherwise provided by relevant laws and regulations, the resolution of the shareholders' meeting shall be carried out by the presence of shareholders representing a majority of the total number of issued shares and shall be carried out with the consent of a majority of the voting rights of the shareholders present.
- Article 16: A shareholders' resolution shall be adopted before the Company withdraws its public offering of shares, and this provision shall not be amended while the Company is still listed (or TPEX listed).

Chapter 4.Board of Directors and Audit Committee

- Article 17: The Company shall establish a Board consisting of from seven to eleven individuals, all to be elected from among individuals with legal capacities by the shareholders for terms of three years. The Company shall purchase liability insurance in accordance with relevant laws and regulations for its Directors for carrying out the scope of their responsibilities during the terms of office for said Directors.
- The Company shall appoint independent directors among the above number of directors, the number of independent directors shall not be less than three and not less than one-fifth of the number of directors. The professional qualifications, shareholding, part-time restrictions, nomination and other matters to be followed by independent directors shall be handled in accordance with relevant laws and regulations.
- The election of directors of the Company adopts a candidate nomination system, and matters related to the acceptance and announcement of candidate nominations shall

be handled in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act. Among them, independent directors and non-independent directors shall be elected together, and the number of elected directors shall be calculated separately.

During the election of directors at a shareholders' meeting, each share will have voting rights in number equal to the directors to be elected and may be cast for a single candidate or split among multiple candidates, and those receiving ballots representing the highest numbers of voting rights will be elected.

The aggregate shareholding ratio of all directors of the Company shall be handled in accordance with the regulations of the competent securities authority.

The Company shall establish an audit committee composed of all independent directors in accordance with the law. The exercise of the responsibilities and powers of the audit committee and its members and related matters shall be handled in accordance with the provisions of the Securities and Exchange Act and related laws and regulations.

Article 18: The Board of Directors is organized by the directors and shall elect a Chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman of the Board of Directors shall externally represent the Company. In case the Chairman of the Board of Directors is on leave or absent or unable to exercise his power and authority for any cause, the designation of his/her proxy shall be in accordance with Article 208 of the Company Act.

Article 19: Board meetings shall be convened by the Chairman. The Board of Directors shall be notified in writing seven days prior to convening a board meeting. In case of emergency, however, a board meeting may be convened at any time. The board meeting notice shall specify the time, venue, and reason for the meeting, and may be sent by fax or email instead of written notice.

Article 20: When a director is unable to attend a board meeting, the director shall appoint other directors to attend the board meeting by issuing a power of attorney and specifying his/her authorized rights of the convening reason. The proxy shall be only appointed by one person. Unless otherwise provided by the Company Act, a director has one voting right. Unless otherwise provided by relevant laws and regulations, the resolutions of the Board of Directors shall be carried out by the presence of a majority of the directors and the consent of a majority of the directors present. In case a meeting of the Board of Directors is proceeded via video conference, then the directors taking part in such a video conference shall be deemed to have attended the meeting in person.

Article 21: Directors shall be entitled to remuneration when executing the business for the Company regardless of the gain or loss of the Company's business. The Board shall be authorized to determine the compensation of all directors on the basis of the

involvement and contribution of the directors, and prevailing standards in the industry.

Chapter 5. Manager

Article 22: The Company may appoint managers and their appointment, dismissal and remuneration shall be conducted in accordance with Article 29 of the Company Act.

Chapter 6. Accounting

Article 23: The fiscal year of the Company starts on January 1 and ends on December 31 every year. At the end of each fiscal year, a final account shall be made. The Board of Directors shall compile the following statements in accordance with the Company Act and file them to the general shareholders' meeting for recognition.

(I) Business Report

(II) Financial Statements

(III) Proposal for the distribution of earnings or the provision of losses.

Article 24: If the Company records a profit for the year, the Board of Directors shall resolve to allocate not less than five percent for employee remuneration and not more than two percent for directors' remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance and report to the shareholders' meeting.

The remuneration of employees in the preceding paragraph shall be paid to employees of controlled or subordinate companies who meet certain conditions, and the method shall be determined by the Board of Directors.

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

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

Chapter 7. Appendix

Article 25: Matters not specified in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act, and other relevant law and regulations.

Article 26: The Articles of Incorporation was established on December 12, 1995.
The 1st amendment was made on January 5, 1998.
The 2nd amendment was made on October 1, 1998.
The 3rd amendment was made on May 10, 1999.
The 4th amendment was made on January 15, 2000.
The 5th amendment was made on June 20, 2000.
The 6th amendment was made on March 25, 2001.
The 7th amendment was made on May 10, 2001.
The 8th amendment was made on March 25, 2002.
The 9th amendment was made on December 16, 2002.
The 10th amendment was made on October 9, 2003.
The 11th amendment was made on October 9, 2003.
The 12th amendment was made on December 9, 2005.
The 13th amendment was made on June 7, 2006.
The 14th amendment was made on March 12, 2007.
The 15th amendment was made on November 7, 2007.
The 16th amendment was made on June 6, 2008.
The 17th amendment was made on April 23, 2009.
The 18th amendment was made on May 11, 2010.
The 19th amendment was made on June 16, 2011.
The 20th amendment was made on June 18, 2012.
The 21st amendment was made on June 30, 2014.
The 22nd amendment was made on June 22, 2015.
The 23rd amendment was made on June 28, 2016.
The 24th amendment was made on June 27, 2017.
The 25th amendment was made on June 19, 2018.
The 26th amendment was made on June 29, 2020.
The 27th amendment was made on June 23, 2022.

Formosa Laboratories Inc.

Chairman: Cheng, Chen-Yu

Appendix 4

Formosa Laboratories Inc.

Shareholdings of Directors

I. The statutory number of directors and shares of the Company are as follows:

Types of shares issued by the Company and total number of shares: 120,255,963 ordinary shares

Statutory minimum number of shares to be held by all directors: 8,000,000 shares

II. As of April 29, 2023, the date of suspension of ownership transfer at this shareholders' meeting, the number of shares held by all directors:

Account number	Position	Name	Shares held	Representative	Note
2	Chairman	Cheng, Chen-Yu	7,743,848		
223	Director	Augusta Investment Inc.	2,269,000	Fang, Pei-Wei	
197	Director	Yuan Qing Investment Inc.	1,257,511	Shie, Hung-Min	
14338	Director	Hygica Biotech Ltd.	1,530,452	Lee, Chien-Hung	
220	Director	Heng Lang Limited Corporation.	483,525	Hu, Yi-Kan	
–	Independent director	Chen, Yi-Fen	0		
–	Independent director	Lu, Ta-Jung	0		
		Actual number of shares held by all directors	13,284,336		
		Percentage of total issued shares (%)	11.05%		