

Formosa Laboratories, Inc.

2024 Annual Shareholders' Meeting Meeting Handbook(Translation)

Time:

09:30 a.m., Jun 25 (Tuesday), 2024

Location:

**The Monarch Skyline Hotel B1 Purple Cloud Hall 2
(No.108, Sec 1, Nankan Rd, Luzhu Dist., Taoyuan 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.

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FORMOSA LABORATORIES, INC.
2024 Annual Shareholders' Meeting Procedure

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

FORMOSA LABORATORIES, INC.
2024 Annual Shareholders' Meeting Agenda

1. Time: 09:30 a.m., Jun 25 (Tuesday), 2024
2. Location: Monarch Skyline Hotel B1 Purple Cloud Hall 2 (No.108, Sec 1, Nankan Rd, Luzhu Dist., Taoyuan City , Taiwan)
3. Method of Meeting: Physical Shareholders' Meeting
4. Call the Meeting to Order
5. Chairman Remarks
6. Reported Matters
 - (1) 2023 Business Report.
 - (2) Audit Committee's Review Report on 2023 financial results.
 - (3) 2023 Employees' and Directors' Remuneration Distribution.
 - (4) 2023 Directors' Remuneration Report.
7. Acknowledged Matters
 - (1) 2023 Business Report and Financial Statements.
 - (2) 2023 Earnings Distribution.
8. Matters for Discussion
 - (1) To authorize the Board of Directors to handle matters related to the cash capital increase of Formosa Pharmaceuticals Inc. within the next year.
 - (2) Proposed release of the Directors and their representatives from non-competition restrictions
9. Extemporaneous Motions
10. Adjournments

Reported Matters

Proposal 1

Subject: 2023 Business Report

Description: Please refer to Attachment 1 for the 2023 Annual Business Report (From page 9-10).

Proposal 2

Subject: Audit Committee's Review Report on 2023 financial results.

Description: Please refer to Attachment 2 (Page 11).

Proposal 3

Subject: 2023 Employees' and Directors' Remuneration Distribution.

Description: (1) In accordance of the resolution of the Board of Directors on March 12, 2023, it is expected to allocate employee compensation of NT\$15,944,000 and director compensation of NT\$3,900,000.

(2) The aforementioned employee compensation is proposed to be paid entirely in cash, and its recipients must include qualified employees of the Company's subsidiaries who meet certain conditions.

Proposal 4

Subject: 2023 Directors' Remuneration Report

Description: (1) With regards to the Company's policies, systems, standards, and structures governing the remuneration of directors and independent directors, and considering the correlation between their responsibilities, assumed risks, and remuneration amounts paid, the following is hereby articulated:

1. In accordance with the provisions outlined in the Company's "Articles of Incorporation," the remuneration of the Company's directors shall be established by the Board of Directors, taking into account their degree of involvement in the Company's operations and the significance of their contributions, while also referencing industry benchmarks. Additionally, it is mandated that if the Company generates a profit in any given year, the Board of Directors shall decide to allocate no more than 2% of said profit as remuneration for directors.

2. Per the guidelines outlined in the Company's "Remuneration Policy for Supervisors, Directors, Members of Functional Committees, and Managers," remuneration for general directors of the Company is determined according to their level of involvement in Company operations and their respective contributions. Furthermore, directors are eligible to receive an attendance fee of NT\$20,000 per board meeting. Our company's independent directors do not partake in profit distribution. Irrespective of the company's profitability, they are entitled to a monthly compensation of NT\$50,000. Moreover, they may receive an attendance fee of up to NT\$30,000 for attending both board of directors meetings and other meetings held on the same day.
- (2) Please refer to Attachment 3 (page 12) for the details of the individual remuneration of directors in 2023.

Acknowledged Matters

Proposal 1

(Proposed by the Board of Directors)

Subject: 2023 Business Report and Financial Statements

Description: The Company's consolidated financial statements and Parent Company only financial statements for 2023 underwent an audit conducted by CPAs Yen, Yu-Fang and Deng, Sheng-Wei from PricewaterhouseCoopers Taiwan, resulting in an unqualified audit report. Subsequently, the Audit Committee reviewed both the business report and the audit report, issuing its own report. On March 12, 2024, the Board of Directors approved these reports for presentation at the Shareholders' Meeting. Please refer to Attachments 1, 2, 4, and 5 (pages 9-10, page 11, pages 13-26, and pages 27-39) for detailed information.

Discussions:

Proposal 2**(Proposed by the Board of Directors)****Subject:** 2023 Earnings Distribution

Description: (1) The net profit after tax for 2023 stands at NT\$126,243,463. As per the company's articles of incorporation, the proposed earnings distribution table for 2023 is outlined below. This proposal received approval from the company's Board of Directors on March 12, 2024, and is now submitted to the shareholders' meeting for approval.

2023 Earnings Distribution

	Unit: NT\$
Undistributed earnings at the start of period	2,148,100,819
Profit after tax	126,243,463
Less: 2023 Adjustment of the retained earnings (Note)	(5,131,083)
Distributable profit for the period	2,269,213,199
Less: Provision for legal surplus reserve	(12,111,238)
Plus: Reversal of Special Reserve Earnings	54,964,362
Distribution Item	
Less: Cash dividend to shareholders (2 dollars per share)	(240,511,926)
Total	(197,658,802)
Undistributed retained earnings at end of period	2,071,554,397

Note: It is the impact of actuarial gains and losses under IFRS 19 "Employee Benefits".

Chairman:
Cheng, Chen Yu

President:
Cheng, Chen Yu

Accounting Supervisor:
Lo, Yu-Chen

- (2) The cash dividend for shareholders is determined by the shareholding ratio of shareholders recorded in the shareholder register on the ex-dividend date, with a distribution of NT\$2 per share. Fractional amounts less than one dollar are calculated using the "truncation method." Any total sum of fractional amounts will be accounted for as other income of the company.
- (3) The Chairman shall additionally set the ex-dividend date, distribution date, and other relevant matters after the 2024 Annual Shareholders' Meeting.

Discussions:

Matters for Discussion

Proposal 1

(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: (1) Our subsidiary, Formosa Pharmaceuticals, Inc., is advancing with a plan for stock listing (TWSE/TPEX). In alignment with pertinent laws and regulations, a proposal is made to seek authorization from the shareholders' meeting for the Board of Directors to oversee affairs concerning the cash capital increase of the subsidiary within the forthcoming year.

- (2) If Formosa Pharmaceuticals, Inc. decides to pursue a cash capital increase in the coming year, the pricing strategy must be based on the company's operational performance at that time, prevailing market conditions, and relevant regulatory requirements. Additionally, the pricing should not be lower than the net value per share as reported in the most recent financial statements audited or reviewed by an accountant.
- (3) If Formosa Pharmaceuticals, Inc. conducts a cash capital increase within the next year, except when it's conducted alongside an initial public offering (IPO) where existing shareholders waive their subscription rights, and when the company reserves 10% to 15% of the cash capital increase shares for employee subscription as required by law, any shares that the company waives based on its shareholding ratio will be offered for preferential subscription to shareholders listed in the company's latest shareholder register on the book closure date, in proportion to their respective shareholding ratios. If any shares are waived by the company's shareholders or if fractional shares cannot be fully subscribed, such shares will be subscribed by individuals designated by the chairman, as authorized by the board of directors.
- (4) The company's shareholding ratio in Formosa Pharmaceuticals, Inc., after its cash capital increase, shall in principle not exceed a cumulative decrease of 20% compared to the past three years.
- (5) In preparation for the future stock listing (TWSE/TPEX). of Formosa Pharmaceuticals, Inc.'s new drug and associated operations, the company will allocate shares to securities firms to conduct over-allotment and other procedures in accordance with pertinent laws, regulations, and stock listing

(TWSE/TPEX) guidelines. The quantity and price of shares will be collaboratively determined by Formosa Pharmaceuticals, Inc. and the underwriters, considering relevant laws and regulations, stock listing (TWSE/TPEX) guidelines, market conditions, and the company's operational status at the time.

- (6) Regarding the aforementioned matters concerning the cash capital increase subscription for Formosa Pharmaceuticals, Inc. and other related matters, if there is anything outstanding, it is proposed to request the shareholders' meeting to authorize the Board of Directors to handle it fully.
- (7) The above is requested for discussion.

Discussions:

Proposal 2

(Proposed by the Board of Directors)

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

- Description:**
- (1) Per Article 209 of the Company Act, if a director engages in activities for themselves or others within the scope of the company's business operations, they are required to elucidate the significant aspects of such actions to the shareholders' meeting and secure its approval.
 - (2) A proposal is made to seek the removal of restrictions on directors' competition prohibition. A summary of concurrent positions is provided in Attachment 6 (page 40) for reference.
 - (3) The above is requested for discussion.

Discussions:

Extemporaneous Motions

Adjournments

Attachment 1

FORMOSA LABORATORIES, INC. 2023 Business Report

1. The 2023 Business Report

(1) Implementation Results of the Business Plan

In 2023, the consolidated operating revenue soared to a record-breaking high of NT\$4,360,448 thousand, marking a remarkable growth of 15.80% compared to 2022. The consolidated net profit after tax amounted to NT\$126,243 thousand, translating to earnings per share after tax of NT\$1.05. The primary driver behind the profit growth was the heightened shipment volumes of cholesterol-lowering phosphate binders, anti-cancer active ingredients, and respiratory medications. Additionally, the robust performance of the US dollar bolstered gross profit margins, culminating in a notable surge in operating net profit compared to 2022. However, pre-tax net profit remained lower than the previous year, primarily attributable to the repercussions of financial asset valuation losses.

(2) Analysis on Revenue and Expense and Profitability

Item \ Year		2022	2023
Financial Structure	Debt to assets ratio	38.86	39.79
	Long-term fund to fixed assets ratio (%)	163.55	172.52
Debt Servicing Capability	Current ratio (%)	132.13	161.77
	Quick ratio (%)	78.30	109.12
Profitability	Return on total assets (%)	1.85	(0.13)
	Shareholders' return on total equity (%)	2.82	(0.65)
	Net margin (%)	5.76	(1.2)
	Earnings per share (NT\$)	3.40	1.05

2. 2024 Business Plan Outline

(1) Operation Goals

- A. Given our existing production capacity, we persist in maximizing revenue scale and optimizing cost-profit margins for Active Pharmaceutical Ingredient (API) products. Moreover, we are actively pursuing the identification and development of the next star API product.

- B. To expand the Contract Development and Manufacturing Organization (CDMO) business, establish strategic alliances, or acquire foreign companies with compatible partners to enter the market, serve local customers, and offer swift, high-quality, and cost-effective services.
- C. The vaccine manufacturing facility successfully underwent inspection by the U.S. Food and Drug Administration (FDA), enabling it to vie for orders from prominent companies.
- D. Assess the integration of cutting-edge tools or techniques such as microfluidics (Flow Chemistry), automated equipment, or Artificial Intelligence to enhance the efficiency of research and development, production processes, or the development of new drugs.
- E. Strive for achieving “zero defect” in business operations to enhance efficiency and effectively minimize various expenditures.
- F. Consistently assess investment targets to attain optimal investment returns.

(2) Production Plan

- A. Active Pharmaceutical Ingredient (API): By employing optimal production scheduling, enhance capacity utilization, maximize output, and consequently, diminish costs while augmenting profits.
- B. Injectable Pharmaceuticals: Pursuant to our objective of mitigating variances, we endeavor to expeditiously conclude official factory inspections within domestic and international jurisdictions, thereby actively pursuing orders from multinational enterprises.

(3) Research and Development Plan

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

Chairman:
Cheng, Chen-Yu

President:
Cheng, Chen-Yu

Accounting Supervisor:
Lo, Yu-Chen

Attachment 2

Audit Committee's Review Report

2023 Business Report, Financial Statement (consolidated and Parent Company only financial statements) and Earnings Distribution of the Company submitted by the Board of the Directors, have been audited by CPA Yen, Yu-Fang, Deng, Sheng-Wei 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

2024 Annual Shareholders' Meeting of Formosa Laboratories, Inc.

Audit Committee Convener: Chen, Yi-Fen

March 12, 2024

Attachment 3

Breakdown of Individual Remuneration for Directors in 2023

Unit: NTD thousand

Title	Name	Directors' Remuneration								Sum of A, B, C, and D and the Sum as a Percentage of Net Income		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 Investees Other Than Subsidiaries, or Parent Company
		Remuneration (A)		Pension Upon Retirement (B)		Directors' Remuneration (C)		Service Expenses (D)				Salaries, Bonuses, Special Allowances, etc. (E)(Note5)		Pension Upon Retirement (F)		Employees' Compensation (G)						
		The Company	All Companies Contained in the Financial Report (Note7)	The Company	All Companies Contained in the Financial Report (Note7)	The Company	All Companies Contained in the Financial Report (Note7)	The Company	All Companies Contained in the Financial Report (Note7)	The Company	All Companies Contained in the Financial Report (Note7)	The Company	All Companies Contained in the Financial Report (Note7)	The Company		All companies contained in the financial report (Note7)		The Company	All Companies Contained in the Financial Report (Note7)			
														Cash Amount	Stock Amount	Cash Amount	Stock Amount					
Director	Cheng, Chen-Yu	—	—	—	—	1,300	1,300	80	128	1,380 1.09	1,428 1.13	5,973	5,973	—	—	210	—	210	—	7,563 5.99	7,611 6.03	25
	Augusta Inc. Representative: Fang, Pei-Wei	—	—	—	—	650	650	80	80	730 0.58	730 0.58	—	—	—	—	—	—	—	—	730 0.58	730 0.58	—
	Yuan Qing Investment Inc. Representative: Shie, Hung-Min	—	—	—	—	650	650	80	80	730 0.58	730 0.58	—	—	—	—	—	—	—	—	730 0.58	730 0.58	—
	Hygica Biotech Ltd. Representative: Lee, Chien-Hung	—	—	—	—	650	650	80	80	730 0.58	730 0.58	—	—	—	—	—	—	—	—	730 0.58	730 0.58	—
	Heng Lang Limited Corporation. Representative: Hu, Yi-Kan	—	—	—	—	650	650	80	80	730 0.58	730 0.58	—	—	—	—	—	—	—	—	730 0.58	730 0.58	—
Independent Director	Chen, Yi-Fen	600	600	—	—	—	—	180	180	780 0.62	780 0.62	—	—	—	—	—	—	—	—	780 0.62	780 0.62	—
	Lu, Ta-Jung	600	600	—	—	—	—	210	210	810 0.64	810 0.64	—	—	—	—	—	—	—	—	810 0.64	810 0.64	—
	Chaung, Tza-Zen	300	300	—	—	—	—	60	60	360 0.29	360 0.29	—	—	—	—	—	—	—	—	360 0.29	360 0.29	—
	Chang, Ting-Jung	300	300	—	—	—	—	120	120	420 0.33	420 0.33	—	—	—	—	—	—	—	—	420 0.33	420 0.33	—

Attachment 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, 2023 and 2022, 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 material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these 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 2023 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 Company's 2023 consolidated financial statements are stated as follows:

Key audit matter - inventory valuation

Description

Refer to Note 4(13) 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 in 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 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 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 matter - Impairment assessment of investments accounted for using equity method

Description

As of December 31, 2023, the amount of the Company's reinvestment in Formosa Pharmaceuticals, Inc. was significant and the reinvestment generated goodwill. Refer to Note 4(18) for details of related accounting policies, and Notes 5(2) and 6(9) 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 adopted by the impairment assessment process belongs to significant accounting estimates, 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, 2023 and 2022.

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

Teng, Sheng-wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,526,013	11	\$ 1,279,462	10
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	153,065	1	197,519	2
1136	Financial assets at amortised cost - current	6(4)	831,410	6	153,550	1
1170	Accounts receivable, net	6(5)	948,175	7	798,849	6
1180	Accounts receivable - related parties	7	11,834	-	13,628	-
1200	Other receivables		63,325	-	14,590	-
1210	Other receivables - related parties	7	28	-	27	-
1220	Current income tax assets		1,090	-	33	-
130X	Inventory	6(6)	1,597,467	12	1,601,672	13
1410	Prepayments		109,244	1	89,488	1
1470	Other current assets		2,015	-	2,242	-
11XX	Total current assets		5,243,666	38	4,151,060	33
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,808,766	13	2,177,551	17
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	121,269	1	61,479	-
1550	Investments accounted for under equity method	6(7)	19,808	-	15,425	-
1600	Property, plant and equipment	6(8) and 8	6,025,139	44	5,875,256	46
1755	Right-of-use assets		42,537	-	43,325	-
1780	Intangible assets	6(9)	204,431	2	222,929	2
1840	Deferred income tax assets	6(28)	85,154	1	97,189	1
1900	Other non-current assets	6(8)(10) and 8	85,421	1	106,499	1
15XX	Total non-current assets		8,392,525	62	8,599,653	67
1XXX	Total assets		\$ 13,636,191	100	\$ 12,750,713	100

(Continued)

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 1,434,000	11	\$ 1,449,666	11
2110	Short-term notes and bills payable	6(13)	99,959	1	49,909	-
2130	Current contract liabilities	6(22)	174,875	1	55,775	1
2150	Notes payable		1,017	-	1,017	-
2170	Accounts payable		202,109	1	186,473	2
2200	Other payables	6(14)	653,159	5	584,625	5
2220	Other payables - related parties	7	2,636	-	-	-
2230	Current income tax liabilities		98,702	1	141,374	1
2280	Current lease liabilities		23,358	-	22,093	-
2320	Long-term liabilities, current portion	6(15) and 8	448,784	3	619,017	5
2399	Other current liabilities	9	102,792	1	31,700	-
21XX	Total current liabilities		3,241,391	24	3,141,649	25
Non-current liabilities						
2520	Financial liabilities at amortised cost - non-current	6(11) and 7	61,410	1	61,420	1
2527	Contract liabilities - non-current	6(22)	18,227	-	16,989	-
2540	Long-term borrowings	6(15) and 8	2,037,897	15	1,637,756	13
2570	Deferred income tax liabilities	6(28)	24,303	-	24,634	-
2580	Non-current lease liabilities		19,391	-	21,436	-
2600	Other non-current liabilities	9	23,371	-	50,556	-
25XX	Total non-current liabilities		2,184,599	16	1,812,791	14
2XXX	Total liabilities		5,425,990	40	4,954,440	39
Equity attributable to owners of parent						
	Share capital	1 and 6(18)				
3110	Common stock		1,202,560	9	1,202,560	9
	Capital surplus	6(17)(19)				
3200	Capital surplus		3,552,070	26	3,514,488	27
	Retained earnings	6(20)				
3310	Legal reserve		485,958	3	444,979	4
3320	Special reserve		54,984	-	20	-
3350	Unappropriated retained earnings		2,269,213	17	2,364,300	19
	Other equity interest	6(21)				
3400	Other equity interest		6,167	-	(5,703)	-
31XX	Equity attributable to owners of the parent		7,570,952	55	7,520,644	59
36XX	Non-controlling interest	4(3)	639,249	5	275,629	2
3XXX	Total equity		8,210,201	60	7,796,273	61
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	Total liabilities and equity		\$ 13,636,191	100	\$ 12,750,713	100

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, 2023 AND 2022

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

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7		\$ 4,360,448	100	\$ 3,765,504	100
5000 Operating costs	6(6)(26)(27) and 7		(2,437,119)	(56)	(2,375,312)	(63)
5900 Net operating margin			<u>1,923,329</u>	<u>44</u>	<u>1,390,192</u>	<u>37</u>
Operating expenses	6(26)(27) and 7					
6100 Selling expenses			(187,772)	(4)	(187,120)	(5)
6200 General and administrative expenses			(245,173)	(6)	(234,219)	(6)
6300 Research and development expenses			(841,872)	(19)	(777,016)	(21)
6450 Impairment gain (impairment loss)	12(2)		<u>26,463</u>	<u>-</u>	<u>(28,348)</u>	<u>(1)</u>
6000 Total operating expenses			(1,248,354)	(29)	(1,226,703)	(33)
6900 Operating profit			<u>674,975</u>	<u>15</u>	<u>163,489</u>	<u>4</u>
Non-operating income and expenses						
7100 Interest income	6(23)		23,708	1	2,144	-
7010 Other income			6,881	-	2,551	-
7020 Other gains and losses	6(2)(24)		(534,000)	(12)	176,729	5
7050 Finance costs	6(25)		(34,735)	(1)	(19,319)	-
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)		<u>5,562</u>	<u>-</u>	<u>7,587</u>	<u>-</u>
7000 Total non-operating income and expenses			(532,584)	(12)	<u>169,692</u>	<u>5</u>
7900 Profit before income tax			142,391	3	333,181	9
7950 Income tax expense	6(28)		(194,650)	(4)	(116,371)	(3)
8200 (Loss) profit for the year			<u>(\$ 52,259)</u>	<u>(1)</u>	<u>\$ 216,810</u>	<u>6</u>

(Continued)

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss) for the year					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 (Losses) gains on remeasurements of defined benefit plans	6(17)	(\$ 6,414)	-	\$ 531	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	12,995	-	(53,483)	(2)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	1,283	-	(106)	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		7,864	-	(53,058)	(2)
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(8,428)	-	(3,797)	-
8399 Income tax relating to the components of other comprehensive income	6(28)	909	-	370	-
8360 Other comprehensive loss that will be reclassified to profit or loss		(7,519)	-	(3,427)	-
8300 Total other comprehensive income (loss) for the year		<u>\$ 345</u>	<u>-</u>	<u>(\$ 56,485)</u>	<u>(2)</u>
8500 Total comprehensive income for the year		<u>(\$ 51,914)</u>	<u>(1)</u>	<u>\$ 160,325</u>	<u>4</u>
Profit (loss) attributable to:					
8610 Owners of the parent		\$ 126,243	3	\$ 409,359	11
8620 Non-controlling interest		(178,502)	(4)	(192,549)	(5)
		<u>(\$ 52,259)</u>	<u>(1)</u>	<u>\$ 216,810</u>	<u>6</u>
Comprehensive income (loss) attributable to:					
8710 Owners of the parent		\$ 132,982	3	\$ 354,820	9
8720 Non-controlling interest		(184,896)	(4)	(194,495)	(5)
		<u>(\$ 51,914)</u>	<u>(1)</u>	<u>\$ 160,325</u>	<u>4</u>
Earnings per share (in dollars)	6(29)				
9750 Basic earnings per share		<u>\$ 1.05</u>		<u>\$ 3.40</u>	
9850 Diluted earnings per share		<u>\$ 1.05</u>		<u>\$ 3.39</u>	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Capital Reserves			Retained Earnings			Other Equity Interest				
	Share capital - common stock	Capital surplus, additional paid-in capital	Capital Surplus, changes in ownership interests in subsidiaries	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
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
Appropriations of 2021 retained earnings											
Legal reserve	-	-	-	125,044	-	(125,044)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(240,512)	-	-	(240,512)	-	(240,512)
Changes in ownership interests in subsidiaries	-	-	9,902	-	-	-	-	-	9,902	261,806	271,708
Amortisation of compensation cost of employee stock options	-	-	1,204	-	-	-	-	-	1,204	1,383	2,587
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
2023											
Balance at January 1, 2023	\$ 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
Profit (loss) for the year	-	-	-	-	-	126,243	-	-	126,243	(178,502)	(52,259)
Other comprehensive income (loss)	-	-	-	-	-	(5,131)	(3,638)	15,508	6,739	(6,394)	345
Total comprehensive income (loss)	-	-	-	-	-	121,112	(3,638)	15,508	132,982	(184,896)	(51,914)
Appropriations of 2022 retained earnings											
Legal reserve	-	-	-	40,979	-	(40,979)	-	-	-	-	-
Special reserve	-	-	-	-	54,964	(54,964)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(120,256)	-	-	(120,256)	-	(120,256)
Changes in ownership interests in subsidiaries	-	-	36,470	-	-	-	-	-	36,470	547,205	583,675
Amortisation of compensation cost of employee stock options	-	-	1,112	-	-	-	-	-	1,112	1,311	2,423
Balance at December 31, 2023	\$ 1,202,560	\$ 3,083,576	\$ 468,494	\$ 485,958	\$ 54,984	\$ 2,269,213	(\$ 13,685)	\$ 19,852	\$ 7,570,952	\$ 639,249	\$ 8,210,201

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 142,391	\$ 333,181
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	462,479	442,452
Amortisation	6(26)	25,850	28,463
Expected credit impairment (gain) loss	12(2)	(26,463)	28,348
Net losses (gains) on financial assets at fair value through profit or loss	6(24)	428,918	(178,784)
Interest expense	6(25)	34,735	19,319
Interest income	6(23)	(23,708)	(2,144)
Compensation cost of employee stock options	6(17)	2,423	2,587
Share of profit of associates accounted for using equity method	6(7)	(5,562)	(7,587)
Gain on disposal of property, plant and equipment	6(24)	(88)	(51)
Gain from lease modification	6(24)	(21)	(24)
Expenses transferred from prepayments for equipment (shown as other non-current assets)	6(8)	5,049	12,801
Loss from measurement of contingent consideration	6(24)	34,529	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		988	263
Notes receivable		-	2,586
Accounts receivable	(	122,864)	(68,342)
Accounts receivable - related parties		1,795	(1,296)
Other payables	(	68,563)	14,759
Other receivables - related parties	(	1)	11
Inventory		4,205	37,525
Prepayments	(	19,756)	(9,679)
Other current assets		227	1,568
Other non-current assets	(	1,251)	(231)
Changes in operating liabilities			
Contract liabilities		93,078	(36,922)
Notes payable		-	(619)
Accounts payable		15,636	(15,945)
Other payables		45,282	55,842
Other payables - related parties		2,636	-
Other current liabilities		1,161	10,948
Other non-current liabilities		6,524	11,294
Cash inflow generated from operations		1,039,629	680,323
Interest received		21,961	2,144
Interest paid (excluding interest capitalization)	(	30,799)	(17,734)
Income taxes paid	(	204,191)	(21,647)
Net cash flows from operating activities		826,600	643,086

(Continued)

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 14,976)
Proceeds from disposal of financial assets at fair value through profit or loss		7,333	142,756
Acquisition of financial assets at amortised cost		(832,732)	(158,750)
Proceeds from disposal of financial assets at amortised cost		158,750	-
Acquisition of property, plant and equipment	6(31)	(476,942)	(380,940)
Acquisition of intangible assets	6(9)	(1,978)	(1,553)
Prepayments for equipment (shown as other non-current assets)	6(8)	(61,586)	(57,489)
Prepayments for investments (shown as other non-current assets)		(52,025)	(38,895)
Decrease (increase) in guarantee deposits paid		1,601	(1,099)
Share of profit of associates accounted for using equity method dividends received		65	45
Acquisition of subsidiaries		-	(29,871)
Proceeds from disposal of property, plant and equipment		88	51
Net cash flows used in investing activities		(1,257,426)	(540,721)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(32)	(15,666)	432,278
Increase (decrease) in short-term notes and bills payable	6(32)	50,050	(110,030)
Proceeds from long-term debt	6(32)	4,037,800	3,396,000
Repayments of long-term debt (including current portion)	6(32)	(3,807,892)	(3,331,080)
Payments of lease liabilities	6(32)	(27,567)	(28,809)
Increase in financial liabilities at amortised cost	6(11)	-	58,390
Cash dividends paid	6(20)	(120,256)	(240,512)
Subsidiary cash increase and employee stock options	6(30)	583,675	271,708
Net cash flows from financing activities		700,144	447,945
Effect of exchange rate changes on cash and cash equivalents		(22,767)	(383)
Net increase in cash and cash equivalents		246,551	549,927
Cash and cash equivalents at beginning of year		1,279,462	729,535
Cash and cash equivalents at end of year		\$ 1,526,013	\$ 1,279,462

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

Attachment 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, 2023 and 2022, 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 material accounting policies.

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

Key audit matter - inventory valuation

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 6(5) 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 in 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 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 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 matter - Impairment assessment of investments accounted for using equity method

Description

As of December 31, 2023, 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(6) 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, 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

Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,119,867	9	\$ 994,993	8
1110	Current financial assets at fair value through profit or loss	6(2) and 8	151,767	1	195,592	2
1170	Accounts receivable, net	6(4)	948,175	7	798,849	6
1180	Accounts receivable - related parties	7	15,260	-	22,808	-
1200	Other receivables		31,187	-	14,590	-
1210	Other receivables - related parties	7	997	-	598	-
130X	Inventory	6(5)	1,597,467	13	1,601,672	13
1410	Prepayments		81,330	1	72,967	1
1470	Other current assets		1,599	-	2,133	-
11XX	Total current assets		3,947,649	31	3,704,202	30
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	1,808,766	14	2,177,551	18
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	94,009	1	61,479	-
1550	Investments accounted for under equity method	6(6)	582,853	5	273,688	2
1600	Property, plant and equipment	6(7) and 8	6,020,386	47	5,871,964	48
1755	Right-of-use assets		37,661	-	36,438	-
1780	Intangible assets		25,383	-	27,213	-
1840	Deferred income tax assets	6(25)	85,154	1	97,189	1
1900	Other non-current assets	6(7)(8) and 8	84,768	1	105,826	1
15XX	Total non-current assets		8,738,980	69	8,651,348	70
1XXX	Total assets		\$ 12,686,629	100	\$ 12,355,550	100

(Continued)

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 1,434,000	11	\$ 1,449,666	12
2110	Short-term notes and bills payable	6(10)	99,959	1	49,909	-
2130	Current contract liabilities	6(18) and 7	115,110	1	75,440	1
2150	Notes payable		1,017	-	1,017	-
2170	Accounts payable		202,109	2	186,473	2
2200	Other payables	6(11)	547,758	4	552,535	4
2220	Other payables to related parties	7	63	-	-	-
2230	Current income tax liabilities		98,702	1	141,374	1
2280	Current lease liabilities		20,749	-	19,597	-
2320	Long-term liabilities, current portion	8	448,784	3	619,017	5
2399	Other current liabilities		32,649	-	31,560	-
21XX	Total current liabilities		3,000,900	23	3,126,588	25
Non-current liabilities						
2527	Non-current contract liabilities	6(18) and 7	16,565	-	16,989	-
2540	Long-term borrowings	6(12) and 8	2,037,897	16	1,637,756	14
2570	Deferred income tax liabilities	6(25)	19,858	-	19,695	-
2580	Non-current lease liabilities		17,086	-	17,030	-
2600	Other non-current liabilities	6(13)	23,371	1	16,848	-
25XX	Total non-current liabilities		2,114,777	17	1,708,318	14
2XXX	Total liabilities		5,115,677	40	4,834,906	39
Share capital		1 and 6(14)				
3110	Common stock		1,202,560	10	1,202,560	10
Capital surplus		6(15)				
3200	Capital surplus		3,552,070	28	3,514,488	28
Retained earnings		6(16)				
3310	Legal reserve		485,958	4	444,979	4
3320	Special reserve		54,984	-	20	-
3350	Unappropriated retained earnings		2,269,213	18	2,364,300	19
Other equity interest		6(17)				
3400	Other equity interest		6,167	-	(5,703)	-
3XXX	Total equity		7,570,952	60	7,520,644	61
Significant Contingent Liabilities and		9				
Unrecognised Contract Commitments						
Significant Events after the Balance		11				
Sheet Date						
3X2X	Total liabilities and equity		\$ 12,686,629	100	\$ 12,355,550	100

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7		\$ 4,346,290	100	\$ 3,804,145	100
5000 Operating costs	6(5)(23)(24)	(	2,437,759)	(56)	(2,386,736)	(63)
5900 Gross profit			1,908,531	44	1,417,409	37
5920 Realized profit from sales			3,103	-	3,102	-
5950 Net operating margin			1,911,634	44	1,420,511	37
Operating expenses	6(23)(24)					
6100 Selling expenses		(	187,772)	(4)	(187,120)	(5)
6200 General and administrative expenses		(	200,875)	(5)	(208,970)	(5)
6300 Research and development expenses		(	577,774)	(13)	(471,194)	(12)
6450 Impairment gain (impairment loss) determined in accordance with IFRS 9	12(2)		26,463	-	(28,348)	(1)
6000 Total operating expenses		(	939,958)	(22)	(895,632)	(23)
6900 Operating income			971,676	22	524,879	14
Non-operating income and expenses						
7100 Interest income	6(19) and 7		11,223	-	1,654	-
7010 Other income	6(20) and 7		10,745	-	3,747	-
7020 Other gains and losses	6(2)(21)	(	509,348)	(12)	178,199	5
7050 Finance costs	6(22)	(	30,743)	-	(18,327)	(1)
7070 Share of loss of associates and joint ventures accounted for using equity method, net	6(6)	(	154,522)	(3)	(164,286)	(4)
7000 Total non-operating income and expenses		(	672,645)	(15)	987	-
7900 Profit before income tax			299,031	7	525,866	14
7950 Income tax expense	6(25)	(	172,788)	(4)	(116,507)	(3)
8200 Profit for the year		\$	126,243	3	\$ 409,359	11
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 (Losses) gains on remeasurements of defined benefit plan	6(13)	(\$	6,414)	-	\$ 531	-
8316 Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)		15,508	-	(53,483)	(2)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)		1,283	-	(106)	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss			10,377	-	(53,058)	(2)
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations		(	4,547)	-	(1,851)	-
8399 Income tax relating to the components of other comprehensive loss	6(25)		909	-	370	-
8360 Other comprehensive loss that will be reclassified to profit or loss		(	3,638)	-	(1,481)	-
8300 Total other comprehensive income (loss) for the year		\$	6,739	-	(\$ 54,539)	(2)
8500 Total comprehensive income for the year		\$	132,982	3	\$ 354,820	9
Earnings per share (in dollars)	6(26)					
9750 Basic earnings per share		\$	1.05		\$ 3.40	
9850 Diluted earnings per share		\$	1.05		\$ 3.39	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Capital Reserves			Retained Earnings			Other Equity Interest		
	Share capital - common stock	Capital surplus, additional paid-in capital	Capital Surplus, changes in ownership interests in subsidiaries	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	Total equity
<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(16)								
Legal reserve	-	-	-	125,044	-	(125,044)	-	-	-
Cash dividends	-	-	-	-	-	(240,512)	-	-	(240,512)
Changes in ownership interests in subsidiaries	6(27)		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
<u>2023</u>									
Balance at January 1, 2023	\$ 1,202,560	\$ 3,083,576	\$ 430,912	\$ 444,979	\$ 20	\$ 2,364,300	(\$ 10,047)	\$ 4,344	\$ 7,520,644
Profit (loss) for the year	-	-	-	-	-	126,243	-	-	126,243
Other comprehensive income (loss)	-	-	-	-	-	(5,131)	(3,638)	15,508	6,739
Total comprehensive income (loss)	-	-	-	-	-	121,112	(3,638)	15,508	132,982
Appropriations and distribution of retained earnings:	6(16)								
Legal reserve	-	-	-	40,979	-	(40,979)	-	-	-
Special reserve	-	-	-	-	54,964	(54,964)	-	-	-
Cash dividends	-	-	-	-	-	(120,256)	-	-	(120,256)
Changes in ownership interests in subsidiaries	6(27)		37,582						37,582
Balance at December 31, 2023	\$ 1,202,560	\$ 3,083,576	\$ 468,494	\$ 485,958	\$ 54,984	\$ 2,269,213	(\$ 13,685)	\$ 19,852	\$ 7,570,952

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 299,031	\$ 525,866
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(23)	458,296	437,651
Amortisation	6(23)	9,158	11,753
Expected credit impairment (gain) loss	12(2)	(26,463)	28,348
Net losses (gains) on financial assets at fair value through profit or loss	6(21)	429,278	(178,832)
Interest expense	6(22)	30,743	18,327
Interest income	6(19)	(11,223)	(1,654)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	154,522	164,286
Unrealised (realised) gain on inter-affiliate accounts		(3,103)	(3,102)
Gain on disposal of property, plant and equipment	6(21)	(88)	(51)
Gain from lease modification	6(21)	(21)	(24)
Expenses transferred from prepayments for equipment (shown as other non-current assets)		5,049	12,801
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	2,586
Accounts receivable		(122,864)	(68,342)
Accounts receivable - related parties		7,548	(3,822)
Other receivables		(16,597)	14,311
Other receivables - related parties		(399)	77
Inventory		4,205	37,525
Prepayments		(8,363)	(9,202)
Other current assets		534	1,659
Other non-current assets		(1,251)	(231)
Changes in operating liabilities			
Current contract liabilities		39,670	(44,780)
Non-current contract liabilities		(424)	16,989
Notes payable		-	(619)
Accounts payable		15,636	(15,945)
Other payables		(28,833)	33,863
Other payables to related parties		63	-
Other current liabilities		1,089	11,327
Cash inflow generated from operations		1,235,193	990,765
Interest received		11,223	1,654
Interest paid		(30,352)	(16,742)
Income taxes paid		(201,064)	(21,728)
Net cash flows from operating activities		1,015,000	953,949

(Continued)

FORMOSA LABORATORIES, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 14,976)
Proceeds from disposal of financial assets at fair value through profit or loss		7,333	142,756
Acquisition of investments accounted for using equity method		(429,740)	(233,229)
Received cash dividends from investments accounted for using equity method		65	45
Acquisition of property, plant and equipment (including capitalised interests)	6(28)	(474,772)	(380,940)
Proceeds from disposal of property, plant and equipment		88	51
Acquisition of intangible assets		(1,896)	(1,553)
Decrease (increase) in guarantee deposits paid		1,581	(1,078)
Increase in prepayments for business facilities (shown as other non-current assets)	6(7)	(60,227)	(57,488)
Prepayments for investments (shown as other non-current assets)		(52,025)	(38,895)
Net cash flows used in investing activities		(1,009,593)	(585,307)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(29)	(15,666)	432,278
Increase (decrease) in short-term notes and bills payable	6(29)	50,050	(110,030)
Proceeds from long-term debt	6(29)	4,037,800	3,396,000
Repayments of long-term debt (including current portion)	6(29)	(3,807,892)	(3,331,080)
Payments of lease liabilities	6(29)	(24,569)	(25,743)
Cash dividends paid	6(16)	(120,256)	(240,512)
Net cash flows from financing activities		119,467	120,913
Net increase in cash and cash equivalents		124,874	489,555
Cash and cash equivalents at beginning of year		994,993	505,438
Cash and cash equivalents at end of year		\$ 1,119,867	\$ 994,993

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

Attachment 6

FORMOSA LABORATORIES INC. Summary of Concurrent Positions Held by Directors

Title	Name	Concurrent Positions in Other Companies to Be Relinquished
Independent Director	Chen, Yi-Fen	Chairman of HUNG YUN , Inc.
Independent Director	Chaung, Tza-Zen	Director of HYGEIA TOUCH INC.
		Director of Hsinchu Kuang-Fu High School.
		Director of The KT Wang Foundation .

Appendix 1

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 2

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 attester 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.

Chapter 3 Shareholders' Meeting

- 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.

- 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.

1. Business Report
2. Financial Statements
3. 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 3

FORMOSA LABORATORIES INC. Shareholdings of Directors

1. 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.

2. As of April 27, 2024, 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
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	
	Independent Director	Chaung, Tza-Zen	0	
	Independent Director	Chang, Ting-Jung	0	
Actual number of shares held by all directors			13,284,336	
Percentage of total issued shares (%)			11.05%	