

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

Meeting Time: May 24, 2023

Meeting Venue: Circular Theater

B2F, No. 8, Section 3, Minsheng E Rd, Zhongshan District,  
Taipei City, 10491 Taiwan, R.O.C

(Amazing Hall Light Chanson)

Type of Meeting: Physical Shareholders' Meeting

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

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# **I. Meeting Agenda**

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

**Type of Meeting:** Physical Shareholder's Meeting

**Meeting Time:** 9:00 AM, May 24, 2023 (Wednesday)

**Meeting Venue:** Circular Theater

B2F, No. 8, Section 3, Minsheng E Rd., Zhongshan District,  
Taipei City, 104511, Taiwan, R.O.C  
(Amazing Hall Light Chanson)

### **Call Meeting to Order**

### **Chairperson's Remarks**

#### **Report Items**

1. 2022 Business Report
2. Review Report on the 2022 Financial Statements of Audit Committee
3. 2022 Employees' and Directors' Remuneration
4. 2022 Remuneration Paid to Directors and Independent Directors

#### **Ratification Items**

1. Ratification of the 2022 Business Report and Financial Statements
2. Ratification of 2022 Profit Distribution

#### **Discussion Items**

1. Amendment to the Company's "Operational Procedures for Acquisition & Disposal of Asset"

#### **Extempore Motions**

#### **Meeting Adjourned**

## **II. Report Items**

### **Report No.1**

2022 Business Report

#### **Description:**

2022 Business Report is attached herein as Appendix 1 (please refer to page 7-9).

### **Report No.2**

Review Report on the 2022 Financial Statements of Audit Committee

#### **Description:**

- (1) The 2022 Business Report, Financial Statements and Profit Distribution Table have been reviewed and examined by the Audit Committee.
- (2) The 2022 Review Report of the Audit Committee is attached herein as Appendix 2 (please refer to page 10).

### **Report No.3**

2022 Employees' and Directors' Remuneration

#### **Description:**

- (1) The proposal for the 2022 employees' and Directors' compensation is adopted in the Board Meeting on March 2, 2023. The compensation for employees is NT\$ 8,140,492 in cash and the compensation for Directors is NT\$ 8,100,000 in cash. The foresaid amounts, which have been expensed under the Company's 2022 Income statements, are the same as the amounts proposed by the Board.

## **Report No.4**

### 2022 Remuneration Paid to Directors and Independent Directors

#### **Description:**

- (1) Based on the results of 2022 performance evaluation of Board of Directors, distribute the remuneration to the Directors. The 2022 Directors' Remuneration is attached herein as Appendix 3 (please refer to page 11-13)
- (2) Relevancy of operating performance, responsibilities, future risks, and time invested:
  1. Directors: It's divided into business expenses and surplus distributions. Both categories are referring to Articles of Incorporation and "Salary policies, systems, standards and structures".
  2. Chairman: It's divided into business expenses, salary and surplus distributions. All categories are referring to Articles of Incorporation and "Salary policies, systems, standards and structures".
  3. Independent Directors: It's divided into business expenses and salary. Both categories are referring to Articles of Incorporation and "Salary policies, systems, standards and structures". However, Independent directors no longer participate in the annual earnings distribution.
  4. Compensations of the Company Directors (including Independent Directors) are processed in line with the Company's Articles of Incorporation. The compensations are distributed after the Remuneration Committee takes the Company's operating performance of the year and evaluation results in accordance with the Board Performance Evaluation into consideration and submits reasonable compensations for Directors (including Independent Directors) to the Board of Directors for approval.
  5. Remuneration of the Company's Directors and Independent Directors is based on the Company's overall performance in the market position, industry salary standard, growth cycle, and internal equity, which has a high degree of relevance to the Company's operating performance, responsibility, risks, and time invested.

### **III. Ratification Items**

#### **Case No. 1 Proposed by the Board of Directors**

**Proposal:**

Ratification of the 2022 Business Report and Financial Statements

**Description:**

- (1) The 2022 Business Report and Financial Statements of the Company, including the Consolidated Financial Statements, have been approved by the Board of Directors. The Financial Statements, including the Consolidated Financial Statements, have been audited and examined by the independent auditors, Yu, Shu-Fen and Liang Hua-Ling of PricewaterhouseCoopers, and an unqualified audit report has also been issued by the independent auditors.
- (2) The foresaid Business Report and Financial Statements, including the Consolidated Financial Statements, have also been examined by the Audit Committee.
- (3) The 2022 Business Report and Financial Statements, including the Consolidated Financial Statements, are attached herein as Appendix 1 and Appendix 4, pages 7-9 and 14-30.

**Resolution:**

## Case No. 2 Proposed by the Board of Directors

### Proposal:

Ratification of 2022 Profit Distribution

### Description:

- (1) The Company proposed to distribute the profit, NT\$287,193,680 from unappropriated retained earnings in 2022. Each common shareholder will be entitled to receive cash dividends of NTD 2 per share. All cash dividends are rounded down to the nearest dollar after discount any cents. The remaining total that less than one dollar will be treated as the other revenue of the Company. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors shall be authorized to resolve the ex-dividend date, distribution date and other relevant issues.
- (2) After 2022 net profits disposition, if the Company repurchases the shares, transfers, converses, or cancels the treasury shares, converses the employee stock option certificate into common stock, or other legal changes, the number of shares outstanding in circulation will be affected, it is proposed that the Board of Directors shall be authorized to adjust the cash dividend rate.
- (3) Please refer to the 2022 Profit Distribution Table as follows:

PharmaEngine, Inc.  
PROFIT DISTRIBUTION TABLE in 2022

Unit: NTD

Items	Amount	Note
Beginning retained earnings	436,020,341	
Less: Retirement of treasury stocks	(96,601,410)	
Add: net profit after tax	318,783,160	
Less: 10% Statutory reserves	(22,218,175)	
Distributable net profits:	635,983,916	
Distributable items:		
Dividend to shareholders (cash)	(287,193,680)	Cash dividend 2 per share
Unappropriated retained earnings	348,790,236	

### Resolution:

## **IV. Discussion Items**

**Proposed by the Board of Directors**

**Proposal:**

Amendments to the Company's "Operational Procedures for Acquisition & Disposal of Asset"

**Description:**

Amended in accordance with the needs of business operations.

**Resolution:**

## **V. Extempore Motions**

## **VI. Meeting Adjourned**



## **VII. Appendices**

### **Appendix 1**

#### **PharmaEngine, Inc.**

#### **2022 Business Report**

Thank you for your support over the years. In the past three years, PharmaEngine has survived the adversity brought about by the COVID-19 pandemic by implementing a flexible operating model and at high-intensity operating efficiency. Now, Taiwan and the world have seen the dawn of the post-pandemic. The border has reopened, and global economic and social activities return to normal. PharmaEngine will seize the opportunity and keep demonstrating a high degree of resilience and continuous innovation through a flexible operation model with professional management team to fulfill and steady supply the needs of medical treatment and practice the social responsibility of corporate sustainability. Please let us explain an overview of our performance in 2022 and business plans in 2023.

#### **【Business Strategy】**

The core of PharmaEngine's operation revolves around the development of new drugs, focusing on the operation strategy of Virtual Pharmaceutical Company to develop new drugs, to achieve a light asset structure, reduce the risk of new drug development, and accelerate product development and launch and then achieve a mutually beneficial and win-win situation with partners.

#### **【Operation Overview】**

PharmaEngine has the following projects:

ONIVYDE<sup>®</sup> is a novel, stable encapsulated form of the marketed chemotherapy drug irinotecan in a long-circulating nanoliposome for the treatment of patients with metastatic adenocarcinoma of the pancreas who have been previously treated with gemcitabine-based therapy. So far, ONIVYDE<sup>®</sup> has received marketing approval and reimbursement in more than 40 countries, including Taiwan, US, EU, South Korea, Singapore, Japan, and China.

In addition, the first-line pancreatic cancer (1L PDAC) phase II/III studies of ONIVYDE<sup>®</sup> are finished and the results of ONIVYDE<sup>®</sup> regimen (NALIRIFOX) demonstrated statistically significant improvement in overall survival in 1L PDAC.

PEP07, a checkpoint kinase 1 (Chk1) inhibitor, which targets the DNA Damage Response (DDR) network, is currently in the IND-ready stage and its' target is to treat hematologic cancers and solid cancer such as Acute Myeloid Leukemia (AML) and

Mantle Cell Lymphoma (MCL).

**【Operational Performance】**

The Revenue of PharmaEngine in 2022 was NT\$ 654,383 thousand dollars. The Cost, including operating cost and expenses, was NT\$371,644 thousand dollars. The Operating Net Income was NT\$282,739 thousand dollars. The Net Non-operating Gains was NT\$109,726 thousand dollars. The Income before Tax was NT\$392,465 thousand dollars. The Net Income after Tax was NT\$318,783 thousand dollars.

**【Status of Budget Implementation】**

In 2022, PharmaEngine generated NT\$ 654,383 thousand dollars in revenue, accounting for 125.75% of the budget target, which included (1) US\$12,495 thousand dollars royalties for the sales of ONIVYDE<sup>®</sup> in Europe and Asia regions, and (2) NT\$277,594 thousand dollars for the sales of ONIVYDE<sup>®</sup> in Taiwan. For the Income before Tax in 2022, PharmaEngine generated NT\$392,465 thousand dollars, which accounts for 228% of the budget target.

**【Analysis of Profitability】**

In 2022, the Net Income was NT\$318,783 thousand dollars with the Net Profit Margin 48.71%, the Return on Assets rate 7.97%, and the Return on Equity 8.16%. Generally speaking, the profitability was good.

**【Status of Research and Development】**

In terms of research and development (R&D), ONIVYDE<sup>®</sup>, the product that is already available on the market, efforts to expand the sales landscape and reach to new indications continued through the product life cycle management by collaborative international partners. For example, it was granted the marketing authorization by the National Medical Product Administration (NMPA) in China in April 2022. Preliminary data of Phase I clinical trials of ONIVYDE<sup>®</sup> in combination with LONSURF<sup>®</sup>, which is also available on the market, of Taiho Pharmaceutical in treating refractory cancer following multiple lines of treatment was released in the American Society of Clinical Oncology Gastrointestinal (ASCO-GI 2022) symposium that took place in January 2022. In November 2022, the results of the first-line therapy of pancreatic cancer in global phase III clinical trial met its objectives.

In addition, thanks to the continuous efforts of PharmaEngine's R&D team and our British partner Sentinel Oncology, the new project PEP07 was able to prove its drug potential in a series of complex pre-clinical experiments. Furthermore, PharmaEngine officially introduced PEP07 from Sentinel Oncology in September 2022 and applied for the first phase of clinical human trials overseas in December of the same year. As

for other early research projects, the company is looking to take multiple R&D approaches, such as the collaboration with the external AI new drug R&D platform company and the injection of professional talents to strengthen biological information collection, while actively pursuing partnerships through various channels to maximize research and development efficiency. Should everything mentioned above goes well, it will help reinforce the Company's operational momentum and support the implementation of self-developed projects.

Overall, PharmaEngine kept delivering the sustainable growth and enhanced value in 2022. As 2023 forward-looking. PharmaEngine would uphold the spirit of Virtual Pharmaceutical Company business model, keep focusing on the in-licensing new projects and accelerating the development activities. In addition, we will reinforce the international collaboration and deploy the global resources of new drug development to advance the marketing regulatory approval. For the goal of near terms, we will continue to cultivate the competent new drug pipelines and promote globalization. For the sustainable development perspective, PharmaEngine would recruit international talents, integrate international resources and select the eligible partners for our global new drug development plan and reinforce the competitiveness of PharmaEngine.

Once again, we deeply appreciate our shareholders for your ongoing support along the long road of drug development with server COVID-19 epidemic. To maximize the value of the Company for the benefit of our stakeholders, PharmaEngine will continue to in-license new projects for development and keep devoting ourselves in the field of oncology.

## **Appendix 2**

### **The Review Report of Audit Committee**

To Shareholders of PharmaEngine, Inc.

The 2022 Business Report, Financial Statements, Consolidated Financial Statements, and proposal for Distribution of profits have been proposed by the Board of Directors. The foresaid Financial Statements and Consolidated Financial Statements have been audited and the unqualified audit report has been issued by the independent auditors, Yu, Shu-Fen and Liang Hua-Ling of PricewaterhouseCoopers.

The Business Report, Financial Statements, Consolidated Financial Statements and proposal for Distribution of profit have been reviewed by the Audit Committee and were deemed to be acceptable. Therefore, the Audit Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

PharmaEngine, Inc.

The Chairman of Audit Committee

Ming-Daw Chang

March 2, 2023

## Appendix 3

### 2022 Directors' Remuneration

#### Remuneration Paid to Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees							Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary			
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)								
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																		Cash	Stock	Cash				Stock
Chairman	Legal Representative: Jan-Yau Hsu	1,763	1,763	0	0	0	0	12	12	1,775	1,775	0	0	0	0	0	0	0	0	1,775	1,775	0.56	0.56	None
	TTY Biopharm Co., Ltd.	0	0	0	0	451	451	0	0	451	451	0	0	0	0	0	0	0	0	451	451	0.14	0.14	
Director	Legal Representative: Rui-wen Wu	0	0	0	0	0	0	108	108	108	108	0	0	0	0	0	0	0	0	108	108	0.03	0.03	None
	TTY Biopharm Co., Ltd.	0	0	0	0	1,350	1,350	0	0	1,350	1,350	0	0	0	0	0	0	0	0	1,350	1,350	0.42	0.42	
Director	Legal Representative: Wen-Hung Hsu	0	0	0	0	0	0	60	60	60	60	0	0	0	0	0	0	0	0	60	60	0.02	0.02	None
	TTY Biopharm Co., Ltd.	0	0	0	0	810	810	0	0	810	810	0	0	0	0	0	0	0	0	810	810	0.25	0.25	

Director	Legal Representative: Ming-Shiang Wu	0	0	0	0	0	0	60	60	60 0.02	60 0.02	0	0	0	0	0	0	0	0	60 0.02	60 0.02	None
	National Development Fund, Executive Yuan	0	0	0	0	810	810	0	0	810 0.25	810 0.25	0	0	0	0	0	0	0	0	810 0.25	810 0.25	
Director	Legal Representative: Yi-Hui Lin	0	0	0	0	0	0	60	60	60 0.02	60 0.02	0	0	0	0	0	0	0	0	60 0.02	60 0.02	None
	National Development Fund, Executive Yuan	0	0	0	0	1,350	1,350	48	48	1,398 0.44	1,398 0.44	0	0	0	0	0	0	0	0	1,398 0.44	1,398 0.44	
Director	Ming-Feng Hou	0	0	0	0	1,350	1,350	128	128	1,478 0.46	1,478 0.46	0	0	0	0	0	0	0	0	1,478 0.46	1,478 0.46	None
Independent Director	Chih-Li Wang	1,560	1,560	0	0	0	0	168	168	1,728 0.54	1,728 0.54	0	0	0	0	0	0	0	0	1,728 0.54	1,728 0.54	None
Independent Director	Ming-Daw Chang	931	931	0	0	0	0	90	90	1,021 0.32	1,021 0.32	0	0	0	0	0	0	0	0	1,021 0.32	1,021 0.32	None
Independent Director	Chien-Huang Lin	1,560	1,560	0	0	0	0	168	168	1,728 0.54	1,728 0.54	0	0	0	0	0	0	0	0	1,728 0.54	1,728 0.54	None
Former Chairman	Legal Representative: Ted Tu	2,737	2,737	0	0	0	0	36	36	2,773 0.87	2,773 0.87	0	0	0	0	0	0	0	0	2,773 0.87	2,773 0.87	None
	TTY Biopharm Co., Ltd.	0	0	0	0	899	899	0	0	899 0.28	899 0.28	0	0	0	0	0	0	0	0	899 0.28	899 0.28	
Former Director	Legal Representative: Wen-Hwa Chang	0	0	0	0	0	0	48	48	48 0.02	48 0.02	0	0	0	0	0	0	0	0	48 0.02	48 0.02	None
	TTY Biopharm Co., Ltd.	0	0	0	0	540	540	0	0	540 0.17	540 0.17	0	0	0	0	0	0	0	0	540 0.17	540 0.17	

Former Director	Legal Representative: Chi-Ying Huang	0	0	0	0	0	0	48	48	48 0.02	48 0.02	0	0	0	0	0	0	0	48 0.02	48 0.02	None
	National Development Fund, Executive Yuan	0	0	0	0	540	540	0	0	540 0.17	540 0.17	0	0	0	0	0	0	0	540 0.17	540 0.17	
Former Independent Director	Sonny Wang	629	629	0	0	0	0	88	88	717 0.22	717 0.22	0	0	0	0	0	0	0	717 0.22	717 0.22	None

## Appendix 4

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of PharmaEngine, Inc.

#### ***Opinion***

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

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

#### ***Basis for opinion***

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

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.



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

## **Accuracy of licensing revenue recognition**

### Description

The Group is mainly engaged in technology out-licensing. The licensing revenue amounted to NT\$376,789 thousand, constituting 58% of total operating revenue for the year ended December 31, 2022. Refer to Note 4(22) for the accounting policy on licensing revenue recognition and Note 6(14) for the details of royalty revenue. The Group recognizes revenue in accordance with the terms and conditions specified in each license contract. As the amount of revenue is significant, we considered the accuracy of licensing revenue recognition a key audit matter.

### How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtaining management's policy on licensing revenue, and confirming whether the recognition of licensing revenue has complied with the internal control procedure.
2. Checking the contents of license contract, and confirming whether management's judgment on revenue recognition is in accordance with the terms of the contract and related accounting standards.
3. Confirming whether the recognition of revenue has proper supporting documents.

## **Existence of cash in banks**

### Description

The balance of cash and cash equivalents amounted to NT\$1,768,859 thousand, constituting 45% of consolidated total assets at December 31, 2022. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As of December 31, 2022, time deposits that did not meet the definition of cash equivalents amounted to NT\$1,836,840 thousand, constituting 46% of consolidated total assets and were classified as financial assets at amortised cost. Given that cash in banks comprise a significant percentage of consolidated total assets, we considered the existence of cash in banks a key audit matter.

### How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Confirming the special agreement on bank accounts with financial institutions including existence, rights and obligations.
2. Verifying whether the contact information of the bank is true and correct.
3. Obtaining bank reconciliation at end of period and checking unusual adjustments, and reviewing their nature and the reason that unusual adjustments occurred in order to check the reasonableness of the reconciliation.
4. Inspecting the source documents of significant cash receipts and payments to verify whether the transactions are for business needs.
5. Conducting physical inspection of certificates of deposit.
6. Confirming whether the classification of time deposits is in compliance with the policy described in Note 4(6).

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of PharmaEngine, Inc. as at and for the years ended December 31, 2022 and 2021.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

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

Yu, Shu-Fen

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 2, 2023

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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 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 financial statements and independent auditors’ review 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.

**PHARMAENGINE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,768,859	45	\$ 2,150,668	54
1110	Current financial assets at fair value through profit or loss	6(2)	55,591	1	-	-
1136	Current financial assets at amortised cost	6(3)	1,836,840	46	1,663,000	41
1140	Current contract assets	6(14)	91,424	2	113,792	3
1170	Accounts receivable, net	6(4)	68,914	2	46,685	1
1200	Other receivables	4(3)	6,752	-	6,268	-
1220	Current tax assets		56,756	2	16,566	1
130X	Inventory	6(5)	34,375	1	5,432	-
1410	Prepayments		6,573	-	6,482	-
1479	Other current assets		-	-	76	-
11XX	<b>Total current assets</b>		<u>3,926,084</u>	<u>99</u>	<u>4,008,969</u>	<u>100</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment, net	6(6)	3,586	-	410	-
1755	Right-of-use assets	6(7)	22,330	1	7,483	-
1780	Intangible assets		2,510	-	597	-
1840	Deferred income tax assets	6(22)	9,537	-	4,984	-
1900	Other non-current assets		2,495	-	3,900	-
15XX	<b>Total non-current assets</b>		<u>40,458</u>	<u>1</u>	<u>17,374</u>	<u>-</u>
1XXX	<b>Total assets</b>		<u>\$ 3,966,542</u>	<u>100</u>	<u>\$ 4,026,343</u>	<u>100</u>
Liabilities and Equity						
<b>Current liabilities</b>						
2200	Other payables	6(8)	\$ 69,942	2	\$ 71,994	2
2230	Current tax liabilities		-	-	6,918	-
2280	Current lease liabilities		7,537	-	7,593	-
2300	Other current liabilities		1,258	-	1,200	-
21XX	<b>Total current liabilities</b>		<u>78,737</u>	<u>2</u>	<u>87,705</u>	<u>2</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(22)	919	-	-	-
2580	Non-current lease liabilities		14,809	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>15,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>94,465</u>	<u>2</u>	<u>87,705</u>	<u>2</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(11)	1,456,868	37	1,465,968	36
Capital surplus						
3200	Capital surplus	6(12)	1,616,734	40	1,619,933	41
Retained earnings						
3310	Legal reserve	6(13)	279,652	7	237,049	6
3350	Unappropriated retained earnings		658,202	17	863,929	21
Other equity interest						
3400	Other equity interest		( 5,969)	-	-	-
3500	Treasury stocks	6(11)	( 133,410)	( 3)	( 248,241)	( 6)
3XXX	<b>Total equity</b>		<u>3,872,077</u>	<u>98</u>	<u>3,938,638</u>	<u>98</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,966,542</u>	<u>100</u>	<u>\$ 4,026,343</u>	<u>100</u>

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

**PHARMAENGINE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

	Items	Notes	Years ended December 31,			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)	\$ 654,383	100	\$ 654,835	100
5000	Operating costs	6(5)(15)	( 49,699)	( 8)	( 37,073)	( 6)
5900	Gross profit		604,684	92	617,762	94
	Operating expenses	6(20)(21)				
6100	Selling expenses		( 45,104)	( 7)	( 36,731)	( 6)
6200	General and administrative expenses		( 94,953)	( 14)	( 81,670)	( 12)
6300	Research and development expenses	9	( 181,881)	( 28)	( 136,887)	( 21)
6450	Expected credit impairment (loss) gain	12(2)	( 7)	-	215	-
6000	Total operating expenses		( 321,945)	( 49)	( 255,073)	( 39)
6900	Operating profit		282,739	43	362,689	55
	Non-operating income and expenses					
7100	Interest income	6(16)	25,569	4	15,423	2
7010	Other income	6(17)	29,975	5	182,245	28
7020	Other gains and losses	6(2)(18)	54,259	8	( 14,750)	( 2)
7050	Finance costs	6(7)(19)	( 77)	-	( 212)	-
7000	Total non-operating income and expenses		109,726	17	182,706	28
7900	<b>Profit before income tax</b>		392,465	60	545,395	83
7950	Income tax expense	6(22)	( 73,682)	( 11)	( 119,364)	( 18)
8200	<b>Profit for the year</b>		\$ 318,783	49	\$ 426,031	65
	<b>Other comprehensive income (loss), net</b>					
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss (after tax)</b>					
8361	Exchange differences on translation		\$ -	-	( \$ 1,213)	-
8300	<b>Other comprehensive loss for the year, net</b>		\$ -	-	( \$ 1,213)	-
8500	<b>Total comprehensive income for the year</b>		\$ 318,783	49	\$ 424,818	65
	Profit attributable to:					
8610	Owners of the parent		\$ 318,783	49	\$ 426,031	65
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 318,783	49	\$ 424,818	65
	<b>Earnings per share (in dollars)</b>	6(23)				
9750	Basic earnings per share		\$ 2.22		\$ 2.95	
9850	Diluted earnings per share		\$ 2.22		\$ 2.94	

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

PHARMAENGINE, INC. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
Equity attributable to owners of the parent

Notes	Capital Reserves				Retained Earnings			Other Equity Interest			Total equity
	Common stock	Additional paid-in capital	Employee stock warrants	Employee restricted stock	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unearned compensation	Treasury stocks	
<b>Year ended December 31, 2021</b>											
Balance at January 1, 2021	\$ 1,465,968	\$ 1,552,905	\$ 66,939	\$ -	\$ 176,620	\$ 375	\$ 861,944	\$ 1,213	\$ -	(\$ 114,831)	\$ 4,011,133
Profit after income tax for the year ended December 31, 2021	-	-	-	-	-	-	426,031	-	-	-	426,031
Other comprehensive loss	-	-	-	-	-	-	-	( 1,213 )	-	-	( 1,213 )
Total comprehensive income (loss)	-	-	-	-	-	-	426,031	( 1,213 )	-	-	424,818
Amortization of compensation cost of employee stock options 6(10)	-	-	89	-	-	-	-	-	-	-	89
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	( 133,410 )	( 133,410 )
Employee stock options expired	-	6,098	( 6,098 )	-	-	-	-	-	-	-	-
Appropriations and distribution of 2020 retained earnings 6(13)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	60,429	-	( 60,429 )	-	-	-	-
Reversal of special reserve	-	-	-	-	-	( 375 )	375	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	-	( 363,992 )	-	-	-	( 363,992 )
Balance at December 31, 2021	\$ 1,465,968	\$ 1,559,003	\$ 60,930	\$ -	\$ 237,049	\$ -	\$ 863,929	\$ -	\$ -	(\$ 248,241)	\$ 3,938,638
<b>Year ended December 31, 2022</b>											
Balance at January 1, 2022	\$ 1,465,968	\$ 1,559,003	\$ 60,930	\$ -	\$ 237,049	\$ -	\$ 863,929	\$ -	\$ -	(\$ 248,241)	\$ 3,938,638
Profit after income tax for the year ended December 31, 2022	-	-	-	-	-	-	318,783	-	-	-	318,783
Total comprehensive income	-	-	-	-	-	-	318,783	-	-	-	318,783
Retirement of treasury stocks	( 10,000 )	( 10,635 )	-	-	-	-	( 94,196 )	-	-	114,831	-
Employee stock options expired	-	22,163	( 22,163 )	-	-	-	-	-	-	-	-
Issuance of employee restricted stocks 6(10)	900	-	-	7,436	-	-	-	-	( 8,336 )	-	-
Compensation cost of employee restricted stocks 6(10)	-	-	-	-	-	-	-	-	2,367	-	2,367
Appropriations and distribution of 2021 retained earnings 6(13)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	42,603	-	( 42,603 )	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	-	( 387,711 )	-	-	-	( 387,711 )
Balance at December 31, 2022	\$ 1,456,868	\$ 1,570,531	\$ 38,767	\$ 7,436	\$ 279,652	\$ -	\$ 658,202	\$ -	(\$ 5,969)	(\$ 133,410)	\$ 3,872,077

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

**PHARMAENGINE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2022	2021
<b>Cash flows from operating activities</b>			
Profit before income tax for the year		\$ 392,465	\$ 545,395
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12(2)	7	( 215 )
Depreciation	6(6)(7)(20)	8,172	10,031
Amortization	6(20)	439	232
Amortization of compensation cost of share-based payments	6(10)	2,367	89
Interest income	6(16)	( 25,569 )	( 15,423 )
Interest expense	6(19)	77	212
Gain on lease modification	6(7)(18)	( 4 )	( 104 )
Net gain on financial assets at fair value through profit or loss	6(2)(18)	( 45,455 )	-
Gain on disposal of investment	6(18)	-	( 831 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Current contract assets		22,368	545,168
Accounts receivable, net		( 22,236 )	( 3,951 )
Other receivables		3,563	( 2,447 )
Inventories		( 28,943 )	19,307
Prepayments		( 342 )	8,052
Other current assets		76	406
Other non-current assets		-	337
Net changes in liabilities relating to operating activities			
Other payables		( 2,052 )	8,620
Other current liabilities		58	526
Cash provided by operations		304,991	1,115,404
Interest received		21,522	15,128
Income taxes refund		16,436	-
Income taxes paid		( 140,859 )	( 200,650 )
Interest paid		( 77 )	( 212 )
Net cash provided by operating activities		<u>202,013</u>	<u>929,670</u>
<b>Cash flows from investing activities</b>			
Acquisition of financial assets at fair value through profit or loss	6(2)	( 85,000 )	-
Proceeds from disposal of financial assets at fair value through profit or loss	6(2)	74,864	-
Increase in current financial assets at amortized cost		( 226,840 )	( 700,000 )
Decrease in current financial assets at amortized cost		53,000	595,000
Acquisition of property, plant and equipment	6(6)	( 3,442 )	( 229 )
Increase in intangible assets	6(24)	( 502 )	-
Decrease (increase) in refundable deposits		5	( 169 )
Increase in other non-current assets		( 200 )	( 1,600 )
Net cash used in investing activities		<u>( 188,115 )</u>	<u>( 106,998 )</u>
<b>Cash flows from financing activities</b>			
Payments of lease liability	6(7)(25)	( 7,996 )	( 9,597 )
Cash dividends paid	6(13)	( 387,711 )	( 363,992 )
Purchase of treasury stocks		-	( 133,410 )
Net cash used in financing activities		<u>( 395,707 )</u>	<u>( 506,999 )</u>
Effect of exchange rate changes		-	( 746 )
Net (decrease) increase in cash and cash equivalents		( 381,809 )	314,927
Cash and cash equivalents at beginning of year		2,150,668	1,835,741
Cash and cash equivalents at end of year		<u>\$ 1,768,859</u>	<u>\$ 2,150,668</u>

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of PharmaEngine, Inc.

### ***Opinion***

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.



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

## **Accuracy of licensing revenue recognition**

### Description

The Company is mainly engaged in technology out-licensing. The licensing revenue amounted to NT\$376,789 thousand, constituting 58% of total operating revenue for the year ended December 31, 2022. Refer to Note 4(22) for the accounting policy on licensing revenue recognition and Note 6(15) for the details of royalty revenue. The Company recognizes revenue in accordance with the terms and conditions specified in each license contract. As the amount of revenue is significant, we considered the accuracy of licensing revenue recognition a key audit matter.

### How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtaining management's policy on licensing revenue, and confirming whether the recognition of licensing revenue has complied with the internal control procedure.
2. Checking the contents of license contract, and confirming whether management's judgment on revenue recognition is in accordance with the terms of the contract and related accounting standards.
3. Confirming whether the recognition of revenue has proper supporting documents.

## **Existence of cash in banks**

### Description

The balance of cash and cash equivalents amounted to NT\$1,768,859 thousand, constituting 45% of total assets at December 31, 2022. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As of December 31, 2022, time deposits that did not meet the definition of cash equivalents amounted to NT\$1,836,840 thousand, constituting 46% of total assets and were classified as financial assets at amortised cost. Given that cash in banks comprise a significant percentage of total assets, we considered the existence of cash in banks a key audit matter.

### How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Confirming the special agreement on bank accounts with financial institutions including existence, rights and obligations.
2. Verifying whether the contact information of the bank is true and correct.
3. Obtaining bank reconciliation at end of period and checking unusual adjustments, and reviewing their nature and the reason that the unusual adjustments occurred in order to check the reasonableness of the reconciliation.
4. Inspecting the source documents of significant cash receipts and payments to verify whether the transactions are for business needs.
5. Conducting physical inspection of certificates of deposit.

6. Confirming whether the classification of time deposits is in compliance with the policy described in Note 4(5).

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

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

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

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

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

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

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

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

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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.

Yu, Shu-Fen

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 2, 2023

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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 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 in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards 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.

PHARMAENGINE, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,768,859	45	\$ 2,150,668	54
1110	Current financial assets at fair value	6(2)				
	through profit or loss		55,591	1	-	-
1136	Current financial assets at amortised	6(3)				
	cost		1,836,840	46	1,663,000	41
1140	Current contract assets	6(15)	91,424	2	113,792	3
1170	Accounts receivable, net	6(4)	68,914	2	46,685	1
1200	Other receivables		6,752	-	6,268	-
1220	Current tax assets		56,756	2	16,566	1
130X	Inventories	6(5)	34,375	1	5,432	-
1410	Prepayments		6,573	-	6,482	-
1479	Other current assets		-	-	76	-
11XX	<b>Total current assets</b>		<u>3,926,084</u>	<u>99</u>	<u>4,008,969</u>	<u>100</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment, net	6(7)	3,586	-	410	-
1755	Right-of-use assets	6(8)	22,330	1	7,483	-
1780	Intangible assets		2,510	-	597	-
1840	Deferred income tax assets	6(23)	9,537	-	4,984	-
1900	Other non-current assets		2,495	-	3,900	-
15XX	<b>Total non-current assets</b>		<u>40,458</u>	<u>1</u>	<u>17,374</u>	<u>-</u>
1XXX	<b>Total assets</b>		<u>\$ 3,966,542</u>	<u>100</u>	<u>\$ 4,026,343</u>	<u>100</u>

(Continued)

PHARMAENGINE, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2200	Other payables	6(9)	\$ 69,942	2	\$ 71,994	2
2230	Current tax liabilities		-	-	6,918	-
2280	Current lease liabilities		7,537	-	7,593	-
2300	Other current liabilities		1,258	-	1,200	-
21XX	<b>Total current liabilities</b>		<u>78,737</u>	<u>2</u>	<u>87,705</u>	<u>2</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(23)	919	-	-	-
2580	Non-current lease liabilities		14,809	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>15,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>94,465</u>	<u>2</u>	<u>87,705</u>	<u>2</u>
<b>Equity</b>						
Share capital		6(12)				
3110	Common stock		1,456,868	37	1,465,968	36
Capital surplus		6(13)				
3200	Capital surplus		1,616,734	40	1,619,933	41
Retained earnings		6(14)				
3310	Legal reserve		279,652	7	237,049	6
3350	Unappropriated retained earnings		658,202	17	863,929	21
Other equity interest						
3400	Other equity interest		( 5,969)	-	-	-
3500	Treasury stocks	6(12)	( 133,410)	( 3)	( 248,241)	( 6)
3XXX	<b>Total equity</b>		<u>3,872,077</u>	<u>98</u>	<u>3,938,638</u>	<u>98</u>
Significant contingent liabilities and unrecognized contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,966,542</u>	<u>100</u>	<u>\$ 4,026,343</u>	<u>100</u>

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

PHARMAENGINE, INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

Items	Notes	Years ended December 31,				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(15)	\$ 654,383	100	\$ 654,835	100
5000	Operating costs	6(5)(16)	( 49,699)	( 8)	( 37,073)	( 6)
5900	Gross profit		604,684	92	617,762	94
	Operating expenses	6(21)(22)				
6100	Selling expenses		( 45,104)	( 7)	( 36,731)	( 6)
6200	General and administrative expenses		( 94,953)	( 14)	( 80,713)	( 12)
6300	Research and development expenses	9	( 181,881)	( 28)	( 136,887)	( 21)
6450	Expected credit impairment (loss) gain	12(2)	( 7)	-	215	-
6000	Total operating expenses		( 321,945)	( 49)	( 254,116)	( 39)
6900	Operating profit		282,739	43	363,646	55
	Non-operating income and expenses					
7100	Interest income	6(17)	25,569	4	15,423	2
7010	Other income	6(18)	29,975	5	182,083	28
7020	Other gains and losses	6(2)(19)	54,259	8	( 14,824)	( 2)
7050	Finance costs	6(8)(20)	( 77)	-	( 168)	-
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(6)	-	-	( 765)	-
7000	Total non-operating income and expenses		109,726	17	181,749	28
7900	<b>Profit before income tax</b>		392,465	60	545,395	83
7950	Income tax expense	6(23)	( 73,682)	( 11)	( 119,364)	( 18)
8200	<b>Profit for the year</b>		\$ 318,783	49	\$ 426,031	65
	<b>Other comprehensive income (loss), net</b>					
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss (after tax)</b>					
8361	Exchange differences on translation		\$ -	-	( \$ 1,213)	-
8300	<b>Other comprehensive loss for the year, net</b>		\$ -	-	( \$ 1,213)	-
8500	<b>Total comprehensive income for the year</b>		\$ 318,783	49	\$ 424,818	65
	<b>Earnings per share (in dollars)</b>	6(24)				
9750	Basic earnings per share		\$ 2.22		\$ 2.95	
9850	Diluted earnings per share		\$ 2.22		\$ 2.94	

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

**PHARMAENGINE, INC.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Equity attributable to owners of the parent

	Notes	Capital Reserves			Retained Earnings			Other Equity Interest			Total equity	
		Common stock	Additional paid-in capital	Employee stock warrants	Employee restricted stock	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unearned compensation		Treasury stocks
<b>Year ended December 31, 2021</b>												
Balance at January 1, 2021		\$ 1,465,968	\$ 1,552,905	\$ 66,939	\$ -	\$ 176,620	\$ 375	\$ 861,944	\$ 1,213	\$ -	(\$ 114,831)	\$ 4,011,133
Profit after income tax for the year ended December 31, 2021		-	-	-	-	-	-	426,031	-	-	-	426,031
Other comprehensive loss		-	-	-	-	-	-	-	( 1,213 )	-	-	( 1,213 )
Total comprehensive income (loss)		-	-	-	-	-	-	426,031	( 1,213 )	-	-	424,818
Amortization of compensation cost of employee stock options	6(11)	-	-	89	-	-	-	-	-	-	-	89
Purchase of treasury stocks		-	-	-	-	-	-	-	-	-	( 133,410 )	( 133,410 )
Employee stock options expired		-	6,098	( 6,098 )	-	-	-	-	-	-	-	-
Appropriations and distribution of 2020 retained earnings	6(14)											
Legal reserve		-	-	-	-	60,429	( 60,429 )	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	( 375 )	375	-	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	-	-	( 363,992 )	-	-	-	( 363,992 )
Balance at December 31, 2021		\$ 1,465,968	\$ 1,559,003	\$ 60,930	\$ -	\$ 237,049	\$ -	\$ 863,929	\$ -	\$ -	(\$ 248,241)	\$ 3,938,638
<b>Year ended December 31, 2022</b>												
Balance at January 1, 2022		\$ 1,465,968	\$ 1,559,003	\$ 60,930	\$ -	\$ 237,049	\$ -	\$ 863,929	\$ -	\$ -	(\$ 248,241)	\$ 3,938,638
Profit after income tax for the year ended December 31, 2022		-	-	-	-	-	-	318,783	-	-	-	318,783
Total comprehensive income		-	-	-	-	-	-	318,783	-	-	-	318,783
Retirement of treasury stocks		( 10,000 )	( 10,635 )	-	-	-	-	( 94,196 )	-	-	114,831	-
Employee stock options expired		-	22,163	( 22,163 )	-	-	-	-	-	-	-	-
Issuance of employee restricted stocks	6(11)	900	-	-	7,436	-	-	-	-	( 8,336 )	-	-
Compensation cost of employee restricted stocks	6(11)	-	-	-	-	-	-	-	-	2,367	-	2,367
Appropriations and distribution of 2021 retained earnings	6(14)											
Legal reserve		-	-	-	-	42,603	( 42,603 )	-	-	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	-	-	( 387,711 )	-	-	-	( 387,711 )
Balance at December 31, 2022		\$ 1,456,868	\$ 1,570,531	\$ 38,767	\$ 7,436	\$ 279,652	\$ -	\$ 658,202	\$ -	(\$ 5,969)	(\$ 133,410)	\$ 3,872,077

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

PHARMAENGINE, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2022	2021
<b><u>Cash flows from operating activities</u></b>			
Profit before income tax for the year		\$ 392,465	\$ 545,395
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12(2)	7	( 215 )
Depreciation	6(7)(8)(21)	8,172	8,932
Amortization	6(21)	439	232
Amortization of compensation cost of share-based payments	6(11)	2,367	89
Share of loss of subsidiaries accounted for under the equity method		-	765
Gain on disposal of investments accounted for using equity method	6(19)	-	( 831 )
Interest income	6(17)	( 25,569 )	( 15,423 )
Interest expense	6(20)	77	168
Gain on lease modification	6(8)(19)	( 4 )	( 30 )
Net gain on financial assets at fair value through profit or loss	6(2)(19)	( 45,455 )	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Current contract assets		22,368	545,168
Accounts receivable, net		( 22,236 )	( 3,951 )
Other receivables		3,563	( 2,112 )
Inventories		( 28,943 )	19,307
Prepayments		( 342 )	7,304
Other current assets		76	406
Net changes in liabilities relating to operating activities			
Other payables		( 2,052 )	9,133
Other current liabilities		58	526
Cash provided by operations		304,991	1,114,863
Interest received		21,522	15,128
Income taxes paid		( 140,859 )	( 200,650 )
Income taxes refund		16,436	-
Interest paid		( 77 )	( 168 )
Net cash provided by operating activities		<u>202,013</u>	<u>929,173</u>
<b><u>Cash flows from investing activities</u></b>			
Acquisition of financial assets at fair value through profit or loss	6(2)	( 85,000 )	-
Proceeds from disposal of financial assets at fair value through profit or loss	6(2)	74,864	-
Increase in current financial assets at amortized cost		( 226,840 )	( 700,000 )
Decrease in current financial assets at amortized cost		53,000	595,000
Acquisition of property, plant and equipment	6(7)	( 3,442 )	( 229 )
Increase in intangible assets	6(25)	( 502 )	-
Decrease (increase) in refundable deposits		5	( 140 )
Increase in other non-current assets		( 200 )	( 1,600 )
Net cash used in investing activities		<u>( 188,115 )</u>	<u>( 106,969 )</u>
<b><u>Cash flows from financing activities</u></b>			
Payments of lease liability	6(8)(26)	( 7,996 )	( 8,610 )
Cash dividends paid	6(14)	( 387,711 )	( 363,992 )
Purchase of treasury stocks		-	( 133,410 )
Net cash used in financing activities		<u>( 395,707 )</u>	<u>( 506,012 )</u>
Net (decrease) increase in cash and cash equivalents		( 381,809 )	316,192
Cash and cash equivalents at beginning of year		2,150,668	1,834,476
Cash and cash equivalents at end of year		<u>\$ 1,768,859</u>	<u>\$ 2,150,668</u>

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



## **Appendix 5**

### **Articles of Incorporation of PharmaEngine, Inc.**

#### **Section I General Provision**

##### Article 1

The Company, PharmaEngine, Inc., is organized and existing under CHAPTER V Company Limited by Shares of the Company Act in the Republic of China.

##### Article 2

The scope of business of the Company are listed as follows:

1. IG01010 Biotechnology Services
2. I103060 Management Consulting Services
3. IC01010 Pharmaceuticals Examining Services
4. F601010 Intellectual property
5. F102170 Wholesale of Food and Grocery
6. ZZ99999 Any business not prohibited or restricted by laws, except those which are subject to special approval.
7. F208021 Retail sale of drugs or medicines
8. F108021 Wholesale of drugs or medicines
9. F108031 Wholesale of Drugs, Medical Goods

##### Article 3

The Company may provide endorsement and guarantee to other companies in accordance with the Operational Procedures for Endorsements and Guarantees of the Company.

##### Article 4

The total reinvestment amount of the Company may exceed forty percent of the Company's paid-in capital. The investment will enter into effect after receiving the approval from the Board of Directors and being recorded in the Meeting Minutes of the Board of Directors.

##### Article 5

The Company has its head office located in Taipei, Taiwan, Republic of China. The branch offices of the Company may be established at various locations wherever and whenever the Company deems it necessary.

##### Article 6

The Company shall make public announcements in accordance with the Article 28 of the Company Act.

## **Section II Shares**

### **Article 7**

The total capital of the Company is One Thousand and Eight Hundred Million New Taiwan Dollars (NTD\$1,800,000,000), divided into 180,000,000 shares at Ten New Taiwan Dollars (NTD\$10) each, and may be paid-up in installments.

The Company may issue unpaid-up shares in accordance with the resolutions of the Board of Directors whenever needed.

Among the foresaid total capital, One Hundred and Fifty Million New Taiwan Dollars (NT\$150,000,000) are retained and divided into 15,000,000 shares for employees' stock options.

### **Article 8**

Share certificates shall be in registered form, signed by three or more directors of the Company, and duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance.

The shares to be issued by the Company may be exempted from printing share certificates: however, the Company shall appoint a centralized securities custody enterprise institution to be responsible for the registration of such shares.

### **Article 9**

Registration for transferring shares shall be suspended within 60 days before the annual meeting of shareholders, within 30 days before the interim meeting of shareholders, or within 5 days before the day on which dividend, bonus or any other benefit is scheduled to be paid by the Company.

## **Section III Meeting of Shareholders**

### **Article 10**

The regular meeting of shareholders shall be convened by the Board of Directors within six months after the close of each fiscal year. The interim meeting of shareholders shall be held in accordance with the laws or regulations of the Republic of China, whenever necessary.

### **Article 11**

Unless otherwise provided in the relevant laws and regulations, a shareholder shall have one voting power in respect of each share in his/her/its possession.

### **Article 12**

If a shareholder is unable to attend a shareholder meeting, the shareholder may appoint a proxy to attend the meeting on behalf of the shareholder by executing a power of attorney, which is

provided by the Company, in accordance with Article 177 of the Company Act and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

#### Article 12-1

The chairman of the shareholders' meeting and the chairman of the board of directors shall be the same. In case that the chairman of the board of directors is absent from the shareholders' meeting, the chairman of the Board of Directors shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect an acting chairman of the Board of Directors among themselves.

#### Article 13

Unless otherwise provided in the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

#### Article 13-1

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the meeting.

The distribution of the minutes of shareholders' meeting as required above may be effected by means of a public announcement.

The date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting shall be recorded in the minutes of shareholders' meeting. The minutes shall be kept persistently throughout the life of the Company.

The attendee list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. If a lawsuit has been instituted by a shareholder in accordance with the provisions of Article 189 of the Company Act hereof, the minutes of the shareholders' meeting involved shall be kept by the Corporation until the legal proceedings of the foregoing lawsuit have been concluded.

#### Article 14

To revoke the publicity of the Company, the Company shall obtain a resolution at a shareholders meeting. This Article shall not be changed during the emerging and listed (TWSE/GTSM) period of the Company.

## **Section IV Directors**

### Article 15

The Company shall have seven to nine Directors who shall be elected by the shareholders' meeting from the list of director candidates in accordance with the candidate nomination system for the election adopted by the Company. The term of office of a Director shall not exceed three years; but he/she may be eligible for re-election.

The Company shall adopt the open-ballot, cumulative voting method for the election of the Directors.

### Article 15-1

At least two independent Directors of the Company shall be existed among the number of Directors mentioned in the preceding Article, and the numbers of such independent Directors shall not be less than one-fifth of the total number of Directors.

The election of independent Directors and Directors shall be held together; provided, however, the number of independent Directors and Directors elected shall be calculated separately.

The qualifications, shareholding, participation in other business restricted, nomination, election and any other matters of the independent Directors shall meet the requirements as specified by the authority in charge of securities affairs.

### Article 15-2

The Board of Directors may set up various Commissions with respect to the functions of audit, remuneration and others. The Audit Committee shall comprise all the independent directors.

The responsibilities, regulations, power and other compliance requirements of the foresaid Audit Committee shall comply with relevant rules and regulations of the authority in charge of securities affairs and the Company.

### Article 16

In case that no election of new Directors is held before or right after the expiry date of the term of office of existing directors, the term of office of the original directors shall be extended until the new directors are elected and assumed their offices.

### Article 17

When the numbers of vacancies of the Board of Directors of the Company reach one third of the total numbers of directors, the Board of Directors shall call a special meeting of shareholders to elect the succeeding directors to fill the vacancies in accordance with the Company Act. The term of office of the succeeding directors shall be restricted to the remaining term of office of the original directors.

#### Article 18

The Meeting of the Board of Directors shall be held at least once per quarter. The Company shall provide a notice with the subject(s) to be discussed at the meeting to each Director no later than 7 days prior to the scheduled meeting date while convening the meeting of the Board of Directors. Notwithstanding the foregoing, in the case of any emergent event, such meetings can be convened at any time.

The foresaid notice can be circulated by means of documents, fax or electronic transmission.

#### Article 19

The Board of Directors shall consist of the directors. A chairman and a vice chairman of the Board of Directors shall be elected from among the directors by a majority vote at a meeting which over two-thirds of the directors attend.

The chairman of the Board of Directors shall have the authority to represent the Company.

In case that the chairman of the Board of Directors is on leave or cannot exercise his power and authority for any cause, the proxy of the chairman shall be designated in accordance with the Article 208 of the Company Act.

#### Article 20

Each director shall attend the meeting of the Board of Directors in person unless as otherwise in accordance with the provisions of Article 205 of the Company Act thereof, a director may be represented by another director. In case a meeting of the Board of Directors is proceeded via visual communication network, the Directors participating in such a visual communication meeting shall be deemed to have attended the meeting in person. If a director is unable to attend a Board Meeting, he/she may appoint a proxy to attend a Board Meeting on his/her behalf by executing a power of attorney to the proxy; however, each director shall be restricted to accept an appointment to act as the proxy only.

Unless otherwise provided in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

#### Article 20-1

In order to reduce the risk of directors arising from shareholders or other related parties to institute an action against directors due to executing their duties, the Company may purchase the liability insurance for the directors.

#### Article 20-2

The Company shall pay remuneration to the directors for their services, regardless the Company made a profit or sustained a loss. The remuneration for the directors shall be determined by the Board of Directors in consideration of the extent of participation of the directors and the value of the services provided by the directors for the management of the

Company and the general standard of the same industry. In case the Company generates earnings in a certain year, the Company shall allocate the remuneration subject to the provisions set forth in Article 25 of these Articles.

#### Article 21

Unless otherwise provided in the Company Act, the power of the Board of Directors is listed as follows:

- (1) To propose the amendments to this Articles of Incorporation;
- (2) To determine the operational policy, to review the business plan and to monitor the implementation of the business plan;
- (3) To determine the budget and the final account;
- (4) To draft and amend the internal regulations and organization charter of the Company;
- (5) To approve a reinvestment or joint ventures, or the assignment of the shares of the reinvestment or joint ventures;
- (6) To review the fund borrowed;
- (7) To approve the endorsement and guarantees to other companies;
- (8) To propose the assignment, sell, lease, pledge, mortgage or disposition or any other way of acquisition and disposal for the whole or any essential part of the Company`s assets;
- (9) To elect the chairman of the Board of Directors;
- (10) To approve the appointment, discharge of the Chief Executive Officer and the technical team, as well as their compensation;
- (11) To appoint or discharge of a certified public accountant and lawyers;
- (12) To appoint and discharge of the underwriters and co- underwriters of IPO;
- (13) To setup and dissolve branch offices;
- (14) To implement any other power in accordance with the Company Act or the resolution of a shareholders meeting;
- (15) To approve the important technical skills and the acquisition, transfer, pledge, license, lease or disposal of patent right, trademark right and copyright of the Company as well as major technique collaboration contracts; and
- (16) To implement all matters not provided for in this Articles but set forth in the relevant regulations or laws.

#### Article 22 (Deleted)

### **Section V Managerial personnel**

#### Article 23

The Company may appoint one or more managerial personnel. The appointment, discharge and the remuneration of the managerial personnel shall be made in accordance with the Article 29 of the Company Act.

## **Section VI Accounting**

### Article 24

The fiscal year of the Company shall be from January 1 to December 31 of each year. The Company shall close accounts at the end of the year. At the close of each fiscal year, the Board of Directors shall prepare the following statements and records which shall be forwarded to the Audit Committee for their auditing not later than the 30th day prior to the meeting date of a general meeting of shareholders:

1. the business report;
2. the financial statements; and
3. the surplus earning distribution or loss off-setting proposals.

### Article 25

The Company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as the legal reserve, and set aside another sum as the special reserve, whenever necessary. The rest of the distribution ratio shall be proposed by the Board of Directors to the Shareholders' Meeting for resolution.

In the case that any earnings is retained in a certain year, the Board of Directors shall resolve the employee compensation ranged from 1% to 10% of the profits and Director compensation ranged not more than 2% of the profits . However, in the case that any accumulated loss is remained, the Company shall reserve a certain amount to offset such losses and report to the Shareholders' Meeting.

The employee compensation may be made either by stock or by cash. The employees, who are distributed stock or cash to, may include the employees of its subsidiaries of the Company who satisfy certain specified conditions.

The profits retained in certain year, which are specified in the Item 1 of this Article, means a number which is obtained by the net income before income tax deducted out of the employee compensation and Board compensation.

### Article 25-1

The distribution of dividend shall be considered on the basis of the factors of company profits, capital and financial structure, future operational requirements, the accumulated surplus and statutory reserves, market competition and etc. by the Board of Directors at the end of each fiscal year. The Board of Directors shall propose a surplus allocation motion, drew a resolution and submit them to the regular shareholders' meeting for resolution.

For improving the financial structure of the Company and taking into account the interests of investors, the Company shall adopt a balance dividend policy to distribute the cash dividend at the rate over 10% of total distribution.

## **Section VII Supplemental Provisions**

### Article 26

The organization charter of the Company and its detail procedures shall be determined by the Board of Directors.

### Article 27

Regarding any matters not provided for in these Articles, the Company Act and other relevant laws and regulations shall govern.

### Article 28

This Article of Incorporation was established on August 1, 2002.

The first Amendment was entered into force as of January 5, 2003.

The second Amendment was entered into force as of June 18, 2003.

The third Amendment was entered into force as of September 17, 2004.

The fourth Amendment was entered into force as of June 30, 2006.

The fifth Amendment was entered into force as of June 24, 2010.

The sixth Amendment was entered into force as of June 29, 2011.

The seventh Amendment was entered into force as of November 28, 2011.

The eighth Amendment was entered into force as of June 28, 2012.

The ninth Amendment was entered into force as of June 11, 2014.

The tenth Amendment was entered into force as of June 15, 2016.

The eleventh Amendment was entered into force as of June 13, 2017.

The twelfth Amendment was entered into force as of May 27, 2022.

Jan-Yau Hsu

Chairman

PharmaEngine, Inc.



## Appendix 6

### Rules of Procedure for Shareholders Meetings

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
2. A sign-in booklet has been installed for shareholders to sign in or shareholders are required to bring their attendance certification to attend the meeting. The number of shares in attendance shall be based on the sign-in booklet, the number of sign-in cards submitted and the enforcement of electronic voting.
3. Attendance and votes of Shareholders' Meetings shall be counted based upon the number of shares in attendance.
4. The location of Shareholders' Meetings shall be either where the Company is located or any other place deemed convenient for the shareholders to attend and proper for holding such meeting. The Shareholders' Meetings shall be held no earlier than 9 a.m. and no later than 3 p.m. on the designated meeting date. The location and time shall well-considered the standpoint from independent directors.
5. The Board of Directors shall call the Shareholders' Meetings. The chairman of the Board of Directors shall preside over the meeting. If the chairman of the Board of Directors is not available for the meeting then the chairman shall designate a director of the Board of Directors to act on his/her behalf to preside over the meeting. The Board of Directors shall elect a director to act on the chairman's behalf if the chairman appoints no designee. Other than the Board of Directors, a person entitled by law to call a Shareholders' Meeting shall preside over the meeting.
6. The Company may designate legal attorneys, certified public accountants, or other related persons to attend the meetings. Persons handling affairs of the Meeting shall wear identification cards or badges.
7. Shareholders' meeting shall be taped or recorded, and any tape or recording shall be preserved for at least one year.

8. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted and the shareholders present at the Meeting represent no more than one - third of the total outstanding shares, Chairman shall cancel the Meeting. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act of the Republic of China. If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act of the Republic of China.
9. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. However, in the event that the Chairman adjourns the Meeting, the shareholders cannot designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.
10. When a shareholder (or their respective representatives) present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. If any shareholder (or their respective representatives) present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise

permitted by the chairman and the shareholder (or their respective representatives) in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption

11. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates all the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.
12. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a Company shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
14. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate and arrange with ample of time for voting.
15. The chairman shall appoint ballot inspectors and calculation officials, and the inspectors must possess shareholder status. The counting of vote for the Ballots or Election shall be took place in the public area of venue, and the result with voting right shall be announced on the spot after counting of vote and recorded in the meeting.
16. During the Meeting, the chairman may, at his discretion, set time for intermission.
17. Unless otherwise provided for in the Company Act or Company Rules, a motion approved by more than one-half of the votes constitutes final approval. The chairman rules that a resolution may be decided by either a vote or by asking for objections.
18. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

19. The chairman may conduct the disciplinary officers (or the security guard) to assist in keeping order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purpose.
  
20. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision. These rules were determined by June 29<sup>th</sup> 2011. The first Amendment was entered into force as of August 26<sup>th</sup> 2021.

## Appendix 7

### Current Shareholding of Directors

1. The minimum shareholding required for all Directors by law are listed as follows:

Position	Required shares by law	Shares on the book closure date (Not included Independent Directors)
Directors	8,741,210	48,452,462

Note: Book closure date: March 26, 2023

2. Current Shareholding of Directors

Position	Name	Shares	Remarks
Chairman	Jan-Yau Hsu Legal Representative of TTY Biopharm Co., Ltd.	25,866,808	
Director	Rui-Wen Wu Legal Representative of TTY Biopharm Co., Ltd.	25,866,808	
Director	Wen-Hung Hsu Legal Representative of TTY Biopharm Co., Ltd.	25,866,808	
Director	Ming-Shiang Wu Legal Representative of National Development Fund, Executive Yuan	22,585,654	
Director	Yi-Hui Lin Legal Representative of National Development Fund, Executive Yuan	22,585,654	
Director	Ming-Feng Hou	0	
Independent Director	Chien-Huang Lin	0	
Independent Director	Chih-Li Wang	3,021	
Independent Director	Ming-Daw Chang	0	

Note 1: Book closure date: March 26, 2023