

PharmaEngine, Inc.
2016 Annual Shareholders` Meeting Minutes
【 Translation 】

Meeting Time: 9:00AM, June 15, 2016 (Wednesday)

Meeting Venue: Conference Room II
1F, No.350 Sung Chiang Road, Taipei 104, Taiwan, R.O.C.
(Importers and Exporters Association of Taipei)

Total outstanding PharmaEngine shares: 101,561,000 shares

Total shares represented by shareholder present in person or by proxy:
80,515,147 shares

Percentage of shares held by shareholder present in person or by proxy:
79.27% (deduct treasury stocks 540,000 shares)

Director Present: James C. Ho, C. Grace Yeh, Fu-Shiow Yin,
Frank Li-Sheng Chu, Jeffrey Suen

Supervisor Present: Chen Ching Kuhn, Ming Thau Sheu

Chairman: James C. Ho, the Chairman of the Board of Directors.

Recorder: C. S. Chang

The aggregate shareholding of the shareholder present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Chairperson Remarks (omitted)

Discussion

Case No. 1. Proposed by the Board of Directors

Propposal:

Amendment to the Articles of Incorporation.

Explanation:

The purpose is to conform to the amendments of the Company Act and the needs of business practice.

Voting Resulting: Shares represented at the time of voting: 76,421,032 shares

Voting Results	percentage of the total represented share present
Votes in favor: 72,628,551 shares (including votes casted electronically 7,553,986 shares)	95.04%
Votes against: 1,244 shares (including votes casted electronically 1,244 shares)	0.00%
Votes in invalid :268,000 shares	0.35%
Votes abstained and no votes:3,523,237 shares (including votes casted electronically 5,011 shares)	4.61%

Resolution: that the above proposal be and hereby was approved as proposed.

Report Items

1. 2015 Business Report and 2016 Business Plans. (See Appendix 1)
2. Supervisor's Review Report on the 2015 Financial Statements.
(See Appendix 2)
3. The Implementation status of employees' compensation and Directors' compensation in 2015.
4. The implementation status of Share Buyback Program.
5. Amendment to the Ethical Corporate Management Best Practice Principles.
6. Enactment to the Procedures for Ethical Management and Guidelines for Conduct.

Ratification Items

Case No. 1 proposed by the Board of Directors

Ratification of the 2015 Business Report and Financial Statements.

Description:

- (1) The Board of Directors has approved the 2015 Business Report and Financial Statements of the Company (include Consolidated Financial Statements). The independent auditors, David Teng and Penny Pan of PricewaterhouseCoopers, have issued a standard unqualified audit report after completion of audit on such Financial Statements (include Consolidated Financial Statements).
- (2) The above-mentioned Business Report and Financial Statements (include Consolidated Financial Statements) have also been examined by the Supervisors.
- (3) The 2015 Business Report, and Financial Statements are attached herein Appendix 1 and 3.

Voting Resulting: Shares represented at the time of voting: 80,392,644 shares

Voting Results	percentage of the total represented share present
Votes in favor: 76,587,813 shares (including votes casted electronically 7,553,986 shares)	95.27%
Votes against: 1,244 shares (including votes casted electronically 1,244 shares)	0.00%
Votes in invalid :268,000 shares	0.33%
Votes abstained and no votes:3,535,587 shares (including votes casted electronically 5,011 shares)	4.40%

Resolution: that the 2015 Business Report and Financial Statements be and hereby were accepted and submitted.

Case No. 2 proposed by the Board of Directors
 Ratification of the Proposal for 2015 Profits Distribution.

Description:

- (1) The Company proposed to allocate the profit, NT\$ 101,561,000, from unappropriated retained earnings in 2015. Each common shareholder will be in entitled to receive cash dividends of NTD 1.00 per share. All cash dividends are rounded down to the nearest dollar after discount any cents. The remaining amount 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, ex-rights date, and other relevant issues.

- (2) In the event that, before the distribution day, the proposed profit distribution is affected by the change of shares of common stock, it is proposed that the Shareholder Meeting shall authorize the Board of Directors to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the date of distribution.

- (3) Please refer to the 2015 Profit Distribution Table as follows:

PharmaEngine, Inc.
PROFIT DISTRIBUTION TABLE
 Year 2015

Unit: NTD

Items	Amount	Note
Beginning retained earnings	9,288,056	cash dividend 1.00 per share cash dividend 2.00 per share
Add: net profit after tax	394,022,317	
Less: 10% legal reserve	39,402,232	
Distributable net profit	363,908,141	
Distributable items:		
Dividend to shareholders (cash)	101,561,000	
Dividend to shareholders (stocks)	203,122,000	
Unappropriated retained earnings	59,225,141	

Voting Resulting: Shares represented at the time of voting: 80,392,644 shares

Voting Results	percentage of the total represented share present
Votes in favor: 76,559,633 shares (including votes casted electronically 7,553,936 shares)	95.23%
Votes against: 1,244 shares (including votes casted electronically 1,244 shares)	0.00%
Votes in invalid :268,000 shares	0.33%
Votes abstained and no votes:3,563,767 shares (including votes casted electronically 5,061 shares)	4.43%

Resolution: that the above proposal be and hereby was approved as proposed.

Discussion and Election

Case No. 1. Proposed by the Board of Directors

Proposal:

Proposal for a new share issue through capitalization of 2015 earnings. Please proceed to discuss.

Description:

1. For the purpose of the business development and expansion, it was proposed that the stock dividends to common shareholders of NT\$ 203,122,000, increasing the paid-in capital of 20,312,200 common shares at par value of NT\$ 10 each share and 200 shares per 1,000 shares from 2015 Earnings Available for Distribution.
2. If, after the proposed dividend has been approved, there is a change in the number of shares outstanding. On the dividend record date as a result of collection in one share registered by Company within 5 days, the payout ratios for the stock and cash dividends will be adjusted by the actual number of shares outstanding on the dividend record date. The Chairman will be authorized to determine based on actual conditions, the cash and stock dividend record dates and adjust payout ratios.
3. In the event that, the Company capital of shares exchanged, it is proposed that the Board of Directors be authorized to adjust the stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
4. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
5. It is proposed that the Board of Directors be authorized to take any action that may be required in connection with the capital increase plan as a result of any amendment to applicable laws or regulations or as required by the competent authorities.
6. The rights and obligations of the new shares issued are identical to those of the existing shares.

Voting Resulting: Shares represented at the time of voting: 80,432,644 shares

Voting Results	percentage of the total represented share present
Votes in favor: 76,559,680 shares (including votes casted electronically 7,553,983 shares)	95.18%
Votes against: 1,247 shares (including votes casted electronically 1,247 shares)	0.00%
Votes in invalid :268,000 shares	0.33%
Votes abstained and no votes:3,603,717 shares (including votes casted electronically 5,011 shares)	4.48%

Resolution: that the above proposal be and hereby was approved as proposed.

Case No. 2. Proposed by the Board of Directors

Propposal:

Proposal for a cash distribution from capital surplus

Description:

1. It is proposed the Company to distribute cash of NT\$101,561,000 from the capital surplus- Additional Paid-in Capital-Share Issuance in Excess of Par Value at NT\$ 1 per share. All cash dividends are rounded down to the nearest dollar after discount any cents. The remaining amount 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, ex-rights date, and other relevant issues.
2. In the event that, before the distribution day, the proposed profit distribution is affected by the change of shares of common stock, it is proposed that the Shareholder Meeting shall authorize the Board of Directors to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the date of distribution.

Voting Resulting: Shares represented at the time of voting: 80,432,644 shares

Voting Results	percentage of the total represented share present
Votes in favor: 76,308,680 shares (including votes casted electronically 7,553,983 shares)	94.87%
Votes against: 1,247 shares (including votes casted electronically 1,247 shares)	0.00%
Votes in invalid :268,000 shares	0.33%
Votes abstained and no votes:3,854,717 shares (including votes casted electronically 5,011 shares)	4.79%

Resolution: that the above proposal be and hereby was approved as proposed.

Case No. 3. Proposed by the Board of Directors

Proposal:

Amendment to the Rules for Director and Supervisor Elections

Description:

In order to conform the establishing of an audit committee, the company hereby proposes to amend the rules for director and supervisor elections, and modify the name to the Rules for Director Elections.

Voting Resulting: Shares represented at the time of voting: 80,432,644 shares

Voting Results	percentage of the total represented share present
Votes in favor: 76,342,683 shares (including votes casted electronically 7,553,986 shares)	94.92%
Votes against: 1,244 shares (including votes casted electronically 1,244 shares)	0.00%
Votes in invalid :268,000 shares	0.33%
Votes abstained and no votes:3,820,717 shares (including votes casted electronically 5,011 shares)	4.75%

Resolution: that the above proposal be and hereby was approved as proposed.

Case No. 4. Proposed by the Board of Directors

Proposal:

Amendment to the Operational procedures for Acquisition and Disposal of Assets

Description:

In order to conform the establishing of an audit committee, the company hereby proposes to amend the operational procedures for acquisition and disposal of assets.

Voting Resulting: Shares represented at the time of voting: 80,432,644 shares

Voting Results	percentage of the total represented share present
Votes in favor: 76,342,683 shares (including votes casted electronically 7,553,986 shares)	94.91%
Votes against: 1,244 shares (including votes casted electronically 1,244 shares)	0.00%
Votes in invalid :268,000 shares	0.33%
Votes abstained and no votes:3,820,717 shares (including votes casted electronically 5,011 shares)	4.75%

Resolution: that the above proposal be and hereby was approved as proposed.

Case No. 5. Proposed by the Board of Directors

Proposal:

Amendment to the Operational Procedures for Endorsements and Guarantees

Description:

In order to conform the establishing of an Audit Committee, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees.

Voting Resulting: Shares represented at the time of voting: 80,432,644 shares

Voting Results	percentage of the total represented share present
Votes in favor: 76,117,683 shares (including votes casted electronically 7,553,986 shares)	94.63%
Votes against: 1,244 shares (including votes casted electronically 1,244 shares)	0.00%
Votes in invalid :268,000 shares	0.33%
Votes abstained and no votes:4,045,717 shares (including votes casted electronically 5,011 shares)	5.02%

Resolution: that the above proposal be and hereby was approved as proposed.

Case No. 6. Proposed by the Board of Directors

Proposal:

The Election of Directors

Description:

1. The original Directors and Supervisors of the Board will be end on June 19, 2016, accordingly, proposes to instead the Supervisors to the Audit Committee, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.
2. The shareholders' meeting shall elect 9 directors including 3 independent directors according to Article 15-1 of the Corporate Charter. A total of 3 independent directors shall be elected from the nomination list prepared by the company. The qualification of the 6 nominated independent directors has been reviewed by the Board Meeting on May 4, 2016.
3. The new elected directors' three-year term will start from June 15, 2016 and conclude on June 14, 2019.

Because a shareholder (Account No. 1) proposed a voting time frame of 40 minutes and another shareholder (Account No. 25899) proposed a different voting time frame of 10 minutes to elect board members, The Chairman decided to put such argument to a vote by ballot.

Proposal: agreement or disagreement of 40 minutes voting time frame

The voting result of the Proposal was listed as follows:

Voting Resulting: Shares represented at the time of voting: 80,515,147 shares

Voting Results	percentage of the total represented share present
Votes in favor: 51,076,349 shares (including votes casted electronically 0 shares)	63.43%
Votes against: 20,713,478 shares (including votes casted electronically 0 shares)	25.72%
Votes in invalid : 0 shares	0%
Votes abstained and no votes:8,725,320 shares (including votes casted electronically 7,560,241 shares)	10.83%

In accordance with the voting result, a voting time frame of 40 minutes was determined.

Election Results: New Directors

Position	Shareholder No./ ID No./	Name	Rights of Votes
Board of Director	18	Lin-Li Chen Legal Representative of National Development Fund, Executive Yuan	98,313,156 shares
Board of Director	18	Po-Wu Gean, Legal Representative of National Development Fund, Executive Yuan	74,346,228 shares
Board of Director	1	Jeffrey Suen Legal Representative of TTY Biopharm Co., Ltd.	72,973,089 shares
Board of Director	1	Wen-Hwa Chang Legal Representative of TTY Biopharm Co., Ltd.	72,519,840 shares
Board of Director	3	C. Grace Yeh	70,571,264 shares
Board of Director	1	Ming-Thau Sheu Legal Representative of TTY Biopharm Co., Ltd.	20,950,196 shares
Independent Director	H121300***	Frank Li-Sheng Chu	78,889,032 shares
Independent Director	F202476***	Fu-Shiow Yin	78,601,052 shares
Independent Director	A101295***	Kang-Chi Chou	68,440,702 shares

Case No. 7. Proposed by the Board of Directors

Proposal:

Proposal of Release the Prohibition on Directors from Participation in Competitive Business

Description:

In accordance with Article 209 of the Company Law, a director or its representatives, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

Voting Resulting: Shares represented at the time of voting: 80,515,147 shares

Voting Results	percentage of the total represented share present
Votes in favor: 72,936,858 shares (including votes casted electronically 3,953,554 shares)	90.58%
Votes against: 3,609,473 shares (including votes casted electronically 3,601,473 shares)	4.48%
Votes in invalid : 0 shares	0%
Votes abstained and no votes:3,968,816 shares (including votes casted electronically 5,214 shares)	4.92%

Resolution: that the above proposal be and hereby was approved as proposed.

Questions and Motions: None

(Questions raised by the Shareholders were omitted)

Adjournment: 12:30 PM, June 15, 2016

Appendix 1.

PharmaEngine, Inc.

2015 Business Report and 2016 Business Plans

We would like to thank all the investors for your support to PharmaEngine. ONIVYDE[®] was received regulatory approvals by the TFDA and the US FDA on October, 2015 and is in the Marketing Authorization Application (MAA) review by the European Medicines Agency (EAA), respectively. In addition, ONIVYDE[®] will be sold on Taiwan's market this year. PharmaEngine has earned the highest accumulated surplus last year in the PharmaEngine's history. Moreover, we would like to report to the investors that PharmaEngine is successfully transformed from a new drug development company to a commercially pharmaceutical company. Hereinafter, we would like to address our operational status in 2015 and business plan of 2016.

[Business Strategy]

PharmaEngine adopts the business model of “no research, development only (NRDO)” and “Networked Pharma (out-source)” to establish an integrated new drug development company in Taiwan. We believe that using such business model not only reduce the risk of new drug development, but also speed up the launch of new drug candidates of PharmaEngine for reaching the “win-win” partnership with PharmaEngine's partners.

[Operation Overview]

PharmaEngine has three on-going projects at present stage: ONIVYDE[®] (nal-IRI, MM-398, PEP02) is a novel, stable nanotherapeutic encapsulation of the marketed chemotherapy drug irinotecan for the treatment of patients with metastatic adenocarcinoma of the pancreas who have been previously treated with gemcitabine-based therapy. ONIVYDE[®] has received regulatory approvals from the Taiwan FDA and the US FDA in October 2015, and is under the Marketing Authorization Application (MAA) review by the European Medicines Agency (EMA); PEP503 is a nanoparticle formulation of hafnium oxide crystals for the local treatment of tumors to enhance the efficacy of radiotherapy. PharmaEngine has entered into a global collaboration for PEP503 pivotal trial in soft tissue sarcoma (STS) in Asia-Pacific region and a Phase I/II rectal cancer study in Taiwan; PEP06 is a new chemical entity in lead optimization stage.

[Operational Performance]

The Revenue of PharmaEngine in 2015 was NT\$507,244 thousand dollars. The Cost, including labor costs and operating expenses, was NT\$179,918 thousand dollars. The Operating Income was NT\$327,326 thousand dollars. The Net Non-operating Income was NT\$79,666 thousand dollars. The Income before Tax was NT\$406,992 thousand dollars. The Net Income was NT\$394,022 thousand dollars.

[Status of Budget Implementation]

In reviewing the status of budget implementation of 2015, PharmaEngine retained milestone payments of US\$16 million dollars due to the Fast Track Designation by USFDA and the acceptance of the Marketing Authorization Application by the EMA. The Revenue of PharmaEngine reached NT\$507,244 thousand dollars by such milestone payment and reached 337.38% of its budget objective (NT\$150,350 thousand dollars) in 2015. The Net Income before Tax, NT\$406,992 thousand dollars, exceeding its budget objective (NT\$144,956 thousand dollars) in 2015.

[Analysis of Profitability]

In 2015, the Net Income was NT\$394,022 thousand dollars, the Net Profit Margin was 77.68%, the Return on Assets was 12.75%, and the Return on Equity was 12.95%. Generally, the profitability of PharmaEngine is good.

[Status of Research and Development]

Regarding the status of research and development of PharmaEngine, On January, 2015, the extended analyses of NAPOLI-1 study data presented at ASCO GI further strengthen the conclusion on achieving the primary endpoint of overall survival for the treatment with MM-398(PEP02) in combination with 5-FU/LV in metastatic pancreatic cancer previously treated with gemcitabine-based therapy. In addition, the data analysis of PEPCOL study PEP02 in combination with 5-FU/LV (FUPEP) also presented at ASCO GI exhibited promising tumor response and safety profile in unresectable metastatic colorectal cancer (mCRC). On October, 2015, ONIVYDE[®] was received regulatory approvals from the Taiwan FDA and the US FDA for the treatment of patients with metastatic adenocarcinoma of the pancreas who have been previously treated with gemcitabine-based therapy. On November, 2015, the Lancet, which is one of the worldwide and best known journals in the medical field, published the report regarding the NAPOLI-1 study. On March, 2016, ONIVYDE[®] was granted the Product License of ONIVYDE[®] for the treatment of metastatic pancreatic cancer. Meanwhile ONIVYDE[®] was included in the National Comprehensive Cancer Network (NCCN) in its 2016 Clinical Practice Guidelines in Oncology for pancreatic adenocarcinoma as a category 1 second-line therapy.

In 2016, the major objects of PharmaEngine's research and development focus on not only the global development and the new drug applications of ONIVYDE[®], but also a pivotal study in Asia-Pacific region

and phase I studies in Taiwan of PEP503. In addition, PharmaEngine continues the tasks of candidate nomination, patent application and pre-clinical studies of PEP06.

Finally, we would like to thank all the investors and PharmaEngine's employees again for the support to PharmaEngine. PharmaEngine promises to bring the better profits and rewards to all the investors and PharmaEngine's employees by continuously and successfully exploring new drug projects in the oncology field.

Appendix 2

Supervisor`s Review Report

To Shareholders of PharmaEngine, Inc.

The Board of Directors has prepared the Company`s Business Report, Financial Statements (include Consolidated Financial Statements), and proposal for Distribution of profits.

The above-mentioned Financial Statements have been audited by independent auditors, David Teng and Penny Pan of PricewaterhouseCoopers Taiwan and they have issued an audit report.

The Business Report, Financial Statements, and proposal for Distribution of profits have been reviewed by the Supervisors.

According to Article 219 of the Company Law, we hereby submit this report.

PharmaEngine, Inc.

Supervisor

Chen Ching Kuhn

Ming Thau Sheu

March, 24, 2016

Appendix 3

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have audited the accompanying consolidated balance sheets of PharmaEngine, Inc. and its subsidiary as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PharmaEngine, Inc. and its subsidiary as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of PharmaEngine, Inc. as of and for the years ended December 31, 2015 and 2014, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 24, 2016

The accompanying 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 financial statements and report of independent accountants 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 SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Assets</u>		<u>Notes</u>	<u>2015</u>		<u>2014</u>	
			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 432,516	14	\$ 2,898,410	99
1170	Accounts receivable, net	6(2)	4,181	-	5,618	-
1200	Other receivables		5,565	-	5,145	-
1220	Current income tax assets		-	-	3,945	-
1410	Prepayments		1,284	-	1,317	-
1476	Other current financial assets	6(3)	2,719,785	84	-	-
1479	Other current assets		<u>257</u>	-	<u>512</u>	-
11XX	Total Current Assets		<u>3,163,588</u>	<u>98</u>	<u>2,914,947</u>	<u>99</u>
Non-current Assets						
1600	Property, plant and equipment	6(4)	12,031	-	352	-
1780	Intangible assets		488	-	60	-
1840	Deferred income tax assets	6(17)	58,682	2	24,311	1
1900	Other non-current assets	6(5)	<u>3,793</u>	-	<u>4,876</u>	-
15XX	Total Non-current Assets		<u>74,994</u>	<u>2</u>	<u>29,599</u>	<u>1</u>
1XXX	Total Assets		<u>\$ 3,238,582</u>	<u>100</u>	<u>\$ 2,944,546</u>	<u>100</u>

(Continued)

PHARMAENGINE, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	2015		2014	
			Amount	%	Amount	%
Current Liabilities						
2150	Notes payable		\$ 3,914	-	\$ 1,728	-
2160	Notes payable - related parties	7	-	-	201	-
2200	Other payables	6(6)	32,836	1	15,274	1
2230	Current tax liabilities	6(17)	28,768	1	-	-
2300	Other current liabilities		<u>822</u>	-	<u>815</u>	-
21XX	Total Current Liabilities		<u>66,340</u>	<u>2</u>	<u>18,018</u>	<u>1</u>
Non-current Liabilities						
2570	Deferred income tax liabilities	6(17)	<u>13,071</u>	-	-	-
2XXX	Total Liabilities		<u>79,411</u>	<u>2</u>	<u>18,018</u>	<u>1</u>
Capital						
3110	Common stock	6(8)(9)	1,019,650	32	1,018,210	35
3140	Advance receipts for share capital	6(9)	-	-	4,095	-
	Capital reserve	6(10)				
3200	Capital reserve		1,811,149	57	1,780,631	60
Retained earnings						
3310	Legal reserve		12,359	-	-	-
3350	Unappropriated retained earnings	6(11)(17)	403,310	12	123,592	4
Other equity interest						
3400	Other equity interest		(42)	-	-	-
3500	Treasury share	6(9)	(87,255)	(3)	-	-
3XXX	Total Equity		<u>3,159,171</u>	<u>98</u>	<u>2,926,528</u>	<u>99</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total Liabilities and Equity		<u>\$ 3,238,582</u>	<u>100</u>	<u>\$ 2,944,546</u>	<u>100</u>

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

PHARMAENGINE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

Items	Notes	2015		2014	
		Amount	%	Amount	%
4000 Operating revenue	6(12)	\$ 507,244	100	\$ 228,986	100
5000 Operating costs	6(15)(16)	(6,836)	(2)	(7,005)	(3)
5900 Gross profit		<u>500,408</u>	<u>98</u>	<u>221,981</u>	<u>97</u>
Operating expenses					
6200 General and administrative expenses	6(15)(16) and 7	(58,342)	(11)	(36,531)	(16)
6300 Research and development expenses	6(15)(16)	(114,740)	(23)	(114,902)	(50)
6000 Total operating expenses		<u>(173,082)</u>	<u>(34)</u>	<u>(151,433)</u>	<u>(66)</u>
6900 Operating income		<u>327,326</u>	<u>64</u>	<u>70,548</u>	<u>31</u>
Non-operating income and expenses					
7010 Other income	6(13)	30,371	6	26,697	11
7020 Other gains or losses	6(14)	49,295	10	27,076	12
7000 Total non-operating income and expenses		<u>79,666</u>	<u>16</u>	<u>53,773</u>	<u>23</u>
7900 Profit before income tax		406,992	80	124,321	54
7950 Income tax expense	6(17)	(12,970)	(2)	(729)	-
8200 Profit for the year		<u>\$ 394,022</u>	<u>78</u>	<u>\$ 123,592</u>	<u>54</u>
Other comprehensive loss					
Components of other comprehensive loss that will be reclassified to profit or loss , net of tax					
8361 Exchange differences on translation of foreign financial statements		(\$ 42)	-	\$ -	-
8300 Other comprehensive loss		<u>(\$ 42)</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 393,980</u>	<u>78</u>	<u>\$ 123,592</u>	<u>54</u>
Profit attributable to:					
8610 Owners of the parent		<u>\$ 394,022</u>	<u>78</u>	<u>\$ 123,592</u>	<u>54</u>
Comprehensive income attributable to:					
8710 Owners of the parent		<u>\$ 393,980</u>	<u>78</u>	<u>\$ 123,592</u>	<u>54</u>
Earnings per share (in dollars)					
9750 Basic earnings per share	6(18)	<u>\$ 3.87</u>		<u>\$ 1.23</u>	
9850 Diluted earnings per share		<u>\$ 3.83</u>		<u>\$ 1.21</u>	

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

PHARMAENGINE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of the parent									
	Capital		Capital Reserves		Retained Earnings		Other equity interest			
	Notes	Common stock	Advance receipts for share capital	Additional paid-in capital	Capital reserve - employee stock options	Legal reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Treasury stocks	Total equity
2014										
Balance at January 1, 2014		\$ 1,003,640	\$ -	\$ 1,801,945	\$ 30,434	\$ -	(\$ 117,925)	\$ -	\$ -	\$ 2,718,094
Advance receipts for share capital		-	4,095	-	-	-	-	-	-	4,095
Amortisation of compensation cost of employee stock options	6(8)	-	-	-	14,099	-	-	-	-	14,099
Exercise of employee stock options converted to shares	6(8)(9)	14,570	-	66,557	(14,479)	-	-	-	-	66,648
Capital reserve - additional paid-in capital to offset against deficit		-	-	(117,925)	-	-	117,925	-	-	-
Profit after income tax for 2014	6(11)	-	-	-	-	-	123,592	-	-	123,592
Balance at December 31, 2014		<u>\$ 1,018,210</u>	<u>\$ 4,095</u>	<u>\$ 1,750,577</u>	<u>\$ 30,054</u>	<u>\$ -</u>	<u>\$ 123,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,926,528</u>
2015										
Balance at January 1, 2015		\$ 1,018,210	\$ 4,095	\$ 1,750,577	\$ 30,054	\$ -	\$ 123,592	\$ -	\$ -	\$ 2,926,528
Amortisation of compensation cost of employee stock options	6(8)	-	-	-	19,904	-	-	-	-	19,904
Exercise of employee stock options converted to shares	6(8)(9)	1,440	(4,095)	12,715	(2,101)	-	-	-	-	7,959
Appropriations of 2014 earnings	6(11)									
Legal reserve		-	-	-	-	12,359	(12,359)	-	-	-
Cash dividends		-	-	-	-	-	(101,945)	-	-	(101,945)
Repurchase of treasury share	6(9)	-	-	-	-	-	-	(87,255)	(87,255)	(87,255)
Profit after income tax for 2015	6(11)	-	-	-	-	-	394,022	-	-	394,022
Other comprehensive loss for 2015		-	-	-	-	-	-	(42)	-	(42)
Balance at December 31, 2015		<u>\$ 1,019,650</u>	<u>\$ -</u>	<u>\$ 1,763,292</u>	<u>\$ 47,857</u>	<u>\$ 12,359</u>	<u>\$ 403,310</u>	<u>(\$ 42)</u>	<u>(\$ 87,255)</u>	<u>\$ 3,159,171</u>

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

Cash flows from operating activities

Consolidated profit before income tax for the year		\$	406,992	\$	124,321
Adjustments to reconcile net profit to net cash provided by operating activities:					
Adjustments to reconcile profit (loss)					
Depreciation	6(15)		1,371		228
Amortisation	6(15)		263		52
Loss on disposal of property, plant and equipment	6(14)		161		-
Amortisation of compensation cost of employee stock options	6(8)		19,904		14,099
Interest income	6(13)	(	30,363)	(	26,697)
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Accounts receivable, net			1,437		4,861
Other receivables			1,832		129
Current income tax assets		(	1,557)	(	2,688)
Prepayments			33	(	277)
Other current assets			255	(	171)
Net changes in liabilities relating to operating activities					
Notes payable			2,186	(	896)
Notes payable - related parties		(	201)		-
Other payables			17,562	(	6,908)
Other current liabilities			7		18
Other non-current liabilities			-	(	99)
Cash provided by operations			419,882		105,972
Interest received			28,111		25,114
Net cash provided by operating activities			<u>447,993</u>		<u>131,086</u>
<u>Cash flows from investing activities</u>					
Increase in other current financial assets		(	2,719,785)		-
Acquisition of property, plant and equipment	6(4)	(	11,111)	(	95)
Increase in computer software cost		(	691)		-
Increase in other non-current assets		(	1,017)	(	4,361)
Net cash used in investing activities		(	<u>2,732,604</u>	(	<u>4,456</u>)
<u>Cash flows from financing activities</u>					
Employees stock options exercised			7,959		70,743
Cash dividends paid		(	101,945)		-
Repurchase of treasury shares		(	87,255)		-
Net cash (used in) provided by financing activities		(	<u>181,241</u>)		<u>70,743</u>
Effect of exchanges of bonds payable		(	42)		-
(Decrease) increase in cash and cash equivalents		(	2,465,894)		197,373
Cash and cash equivalents at beginning of year			2,898,410		2,701,037
Cash and cash equivalents at end of year		\$	<u>432,516</u>	\$	<u>2,898,410</u>

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