



PharmaEngine, Inc. Audit Committee Operation

The Audit Committee consists of three independent directors and aims to help the Board of Directors fulfill its obligation to supervise the quality and integrity of implementation by the Company in terms of accounting, audit, and financial reporting procedures, financial control, risk management and cyber security.

In accordance with the "Audit Committee Charter", The Audit Committee's primary duties include:

1. Establish or amend internal control system in compliance with Article 14-1 of the Securities and Exchange Act
2. Validity assessment of the Internal control system
3. Establish or amend procedures of major financial or operational actions such as acquisition or disposal of assets, engaging in derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others in compliance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving the directors' own interests
5. Significant asset or derivatives transactions
6. Significant monetary loans to others, endorsements or guarantees
7. Raising, issuing or private placement of equity-based securities
8. Appointment and dismissal of CPAs
9. Appointment and dismissal of financial supervisors
10. Annual financial report signed or sealed by the chairperson, general manager and accounting supervisor, and financial report that must be reviewed by a CPA
11. Business report
12. Other material matters deemed by the Company or regulatory authorities

The Audit Committee members review the audit report monthly and discuss the report content and results with the Internal Audit Officer. The Audit Committee members also communicate with CPAs to understand the audit focus and result.

The Audit Committee meeting occurs once every quarter. In 2023, four meetings were convened, and the matters reviewed were matters listed in Article 6 of the Audit Committee Charter. Moreover, the attendance of each of the three members was 100%. In 2023, all matters and



proposals discussed in the Audit Committee were unanimously approved by all members, submitted and approved by the Board of Directors. The matters discussed and approved by the Audit Committee in 2023 are as follow:

- Financial Statement Review

Audited and approved the 2022 Business Report, financial statements, and the profit distribution proposal prepared by the Board of Directors. Financial statements, in particular, have been audited by PwC Taiwan, with the Audit Report issued. Audited and approved the financial statements for the first-third quarter 2023, which also have been audited by PwC Taiwan with the Audit Report issued.

- Evaluation of the validity of the internal control system

The Audit Committee evaluates the validity of the policy and procedure of the Company's internal control system (that covers financial, operational, risk management, cyber security, outsourcing, and compliance control measures) and reviews periodic reports submitted by the Company's Audit Office, the CPAs, and the management, including risk management and compliance. With reference to the Internal Control - Integrated Framework of the internal control system released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee believes that the risk management and internal control systems of the Company are valid. The Company has adopted necessary control mechanisms to supervise and correct non-compliant behavior.

- Delegation of CPA

The Audit Committee is empowered to supervise the independence of the CPAs and the accounting firm in order to ensure impartiality of financial statements. The Company has formulated the "General Principles of Pre-approval Non-Assurance Service Policy" and the pre-approval list in accordance with the "International Code of Ethics for Accountants (IESBA Code)" revised by the International Ethics Standards Board for Accountants (IESBA). Except for the tax-related services or pre-approved non-assurance services, the CPAs and the accounting firm may not provide the Company with other services. All the services provided by the CPAs and the accounting firm must be approved by the Audit Committee.

In order to ensure the independence of the CPAs and the accounting firm, the Audit Committee has prepared the independence evaluation form as prescribed in Article 47 of the Certified Public Accountant, and in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, "Integrity, Impartiality, Objectivity, and Independence" and evaluates the independence, professionalism, and competence of CPAs, such as whether they are mutually related parties of the Company, have mutual business relationships with the Company or financial interests in the Company. In addition, ask the CPAs to provide the statement of independence of accountants and adopt the

auditing quality indicators (AQIs) to more effectively and objectively evaluate the capabilities and commitments of the accounting firm and the audit team to improve quality of audits by evaluating the quantification indicators of audit quality (five major constructs, namely professionalism, quality control, independence, supervision, and innovation, respectively).

It was reviewed and approved during the 4th meeting of the 3rd intake of Audit Committee on March 2, 2023 and the 4th meeting of the 8th intake of Board of Directors on March 2, 2023 that CPAs Yu, Shu-Fen and Liang Hua-Ling of PwC Taiwan had fulfilled the independence and competency evaluation criteria and can serve as the CPAs to review the Company's finance and taxation.

● 2023 Audit Committee resolutions:

Meeting Date	Period	Proposal	Independent director's objections or reservations	Audit Committee Resolution	Company Opinion
Mar. 2, 2023	4 th meeting of the 3 rd session	<ul style="list-style-type: none"> - Discuss 2022 annual business report and financial statements - Evaluate the accountant's independence, eligibility, and remuneration - -Discuss the establishment of "Policy and General Principle of Pre-Authorization of Non-Assurance Services" and the pre-authorization list - -Discuss 2022 earnings distribution proposal - -Discuss the evaluation of internal control system effectiveness and "Internal Control System Declaration" proposal 	None	<ol style="list-style-type: none"> 1. All passed 2. All passed 	Approved by all attending directors

Apr. 27, 2023	5 th meeting of the 3 rd session	<ul style="list-style-type: none"> - Discuss 1Q 2023 financial report - Discuss amendments proposal for “Ethical Corporate Management Best Practice Principles” - Discuss the establishment of “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties” - Discuss amendments proposal for “Operational Procedures for Transactions of Derivative Products” 	None	<ol style="list-style-type: none"> 1. All passed 2. All passed 3. All passed 4. All passed 	Approved by all attending directors
Jul. 27, 2023	6 th meeting of the 3 rd session	<ul style="list-style-type: none"> - Discuss 2Q 2023 financial report - Discuss amendments proposal for “Supervision and Management of Subsidiaries” - Discuss the amendments proposal for “Corporate Governance Best Practice Principles” 	None	All passed	Approved by all attending directors
Oct. 31, 2023	7 th meeting of the 3 rd session	<ul style="list-style-type: none"> - Discuss 3Q 2023 financial report - Discuss 2024 annual operation targets and budget - Discuss 2024 internal audit plan - Discuss amendments proposal for “Internal Control System – Other Management System” 	None	All passed	Approved by all attending directors