

PharmaEngine, Inc.
2024 Annual Shareholders' Meeting Minutes
【 Translation 】

Type of Meeting: Physical Shareholders' Meeting

Meeting Time: 9:00 AM, May 24, 2024 (Friday)

Meeting Venue: Conference Room II

11F, 350, Sung Chiang Road, Taipei, 104, Taiwan, R.O.C.
(Importers and Exporters Association of Taipei)

Total outstanding shares: 90,142,646 shares

Total shares represented by shareholders present in person or by proxy: 143,678,240 shares

Percentage of shares held by shareholders present in person or by proxy: 62.73%

Directors Present: Jan-Yau Hsu, Rui-Wen Wu, Wen-Hung Hsu, Yi-Hui Lin, Ming-Daw Chang (Independent Director & Convener of Audit Committee), Chih-Li Wang (Independent Director)

Attendance: Hong-Ren Wang, President; Yu, Shu-Fen, CPA of PWC

Chairperson: Jan-Yau Hsu, Chairperson

Recorder: ChiHsing Chang

Call the Meeting to Order

The aggregate shareholding of the shareholders present in person constituted a quorum. The Chairperson called the meeting to order.

I. Chairperson's Remarks

II. Report Items

1. 2023 Business Report
(No questions from shareholders, for details, please refer to Appendix 1)
2. Review Report on the 2023 Financial Statements of Audit Committee
(No questions from shareholders, for details, please refer to Appendix 2)
3. 2023 Employees' and Directors' Remuneration
(No questions from shareholders, for details, please refer to Handbook)
4. 2023 Remuneration Paid to Directors and Independent Directors
(No questions from shareholders, for details, please refer to Handbook)

III. Ratification Items

Case No. 1 Proposed by the Board of Directors

Proposal:

Ratification of the 2023 Business Report and Financial Statements

Description:

- (1) The 2023 Business Report and Financial Statements of the Company have been approved by the Board of Directors. The 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 have also been examined by the Audit Committee.
- (3) The 2023 Business Report and Financial Statements are attached herein as Appendix 1 and Appendix 3.

Ratification Process: No questions from shareholders.

Voting Results:

No questions from shareholders.

Shares represented at the time of voting: 90,088,446 shares

Voting Results	Percentage of the Total Represented Shares
Votes in favor: 89,907,882 shares (including votes casted electronically: 54,655,118 shares)	99.79%
Votes against: 33,998 shares (including votes casted electronically: 33,998 shares)	0.03%
Votes invalid: 0 shares	0.00%
Votes abstained and no votes: 146,566 shares	0.16%

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

Case No. 2 Proposed by the Board of Directors

Proposal:

Ratification of 2023 Profit Distribution

Description:

- (1) The Company proposed to distribute the profit, NT\$215,444,460 from unappropriated retained earnings in 2023. Each common shareholder will be entitled to receive cash dividends of NT\$1.5 per share. All cash dividends are rounded down to the nearest dollar after discounting any cents. The remaining total that is 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 2023 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 2023 Profit Distribution Table as follows:

PharmaEngine, Inc.
PROFIT DISTRIBUTION TABLE in 2023

Unit: NTD

Items	Amount	Note
Unappropriated retained earnings of previous years	348,790,236	
Add: net profit after tax	274,649,977	
Less: 10% Statutory reserves	(27,464,998)	
Distributable net profits:	595,975,215	
Distributable items:		
Dividend to shareholders (cash)	(215,444,460)	Cash dividend 1.5 per share
Unappropriated retained earnings as of December 31, 2023	380,530,755	

Ratification Process: No questions from shareholders.

Voting Results:

No questions from shareholders.

Shares represented at the time of voting: 90,088,446 shares

Voting Results	percentage of the total represented shares
Votes in favor: 89,891,682 shares (including votes casted electronically: 54,638,918 shares)	99.78%
Votes against: 68,197 shares (including votes casted electronically: 68,197 shares)	0.07%
Votes invalid : 0 shares	0.00%
Votes abstained and no votes: 128,567 shares	0.14%

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

IV. Discussion Items

Proposed by the Board of Directors

Proposal:

Amendments to the Company's "Procedures for Derivatives Transactions"

Description:

Amended in accordance with the needs of business operations.

Ratification Process: No questions from shareholders.

Voting Results:

No questions from shareholders.

Shares represented at the time of voting: 90,088,446 shares

Voting Results	percentage of the total represented shares
Votes in favor: 89,918,541 shares (including votes casted electronically: 54,665,777 shares)	99.81%
Votes against: 36,549 shares (including votes casted electronically: 36,549 shares)	0.04%
Votes invalid: 0 shares	0.00%
Votes abstained and no votes: 133,356 shares	0.14%

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

V. Questions and Special Motions: None

VI. Adjournment: 9:24 AM, May 24, 2024

Appendix 1

PharmaEngine, Inc.

2023 Business Report

PharmaEngine greatly appreciates your strong support over the years. In the past year, the world emerged from the COVID-19 pandemic with social and economic activities regaining momentum once more. However, the world economy recovery has been experiencing turbulences such as the significant fluctuations of major Asian currencies to the US Dollar, the sharp increase of inflation, and the rising intensity of geopolitical conflicts. Facing these uncertainties, PharmaEngine continues to demonstrate a high degree of resilience and innovative strength using the “Virtual Pharmaceutical Company Business Model” to achieve growth by expanding our research and development of new oncology drugs to provide a steady supply of medical treatments and. Our social responsibility is to build a strong management and R&D team to expand and extend our pipeline and business horizon. Our vision is to become the most professional and innovative new drug development company that specializes on oncology therapies in Asia. The following is an overview of our performance in 2023 and business plans in 2024.

【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, to reduce new drug development related risks, and to accelerate product development and launch. Our aim is to achieve a mutually beneficial and win-win situation with partners.

【Operation Overview】

PharmaEngine has the following projects:

ONIVYDE[®] 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. Our aim is to support patients around the world, therefore, ONIVYDE[®] has received marketing approval and reimbursement in many countries, including Taiwan, US, EU, South Korea, Singapore, Japan, and China.

To expand indications, in first-quarter 2024, the ONIVYDE[®] regimen (NALIRIFOX) for 1L PDAC has received sNDA approvals from the US, Australia, and Taiwan, and received positive opinion from Committee for Medical Products for Human Use (CHMP) of the European Medicines Agency (EMA).

We continue to develop our new drug pipeline. PEP07 targets the DNA Damage Response (DDR) pathway for hematologic cancers such as Acute Myeloid Leukemia (AML) and Mantle Cell Lymphoma (MCL) and solid tumors. In 2023, PharmaEngine has been conducting PEP07 Phase 1 clinical trials for hematologic cancers in Australia and in Taiwan. For solid tumors, PharmaEngine received the approval from TFDA for PEP07 Phase 1 clinical trial for solid tumors in September 2023 and Phase 1 clinical trial is scheduled to begin in the first half of 2024.

【Operational Performance】

The Revenue of PharmaEngine in 2023 was NT\$767,669 thousand dollars. The Cost, including operating cost and expenses, was NT\$490,486 thousand dollars. The Operating Net Income was NT\$277,183 thousand dollars. The Net Non-operating Gains was NT\$60,791 thousand dollars. The Income before Tax was NT\$337,974 thousand dollars. The Net Income after Tax was NT\$274,650 thousand dollars.

【Status of Budget Implementation】

In 2023, PharmaEngine generated NT\$767,669 thousand dollars in revenue, accounting for 119.26% of the budget target, which included (1) US\$13,705 thousand dollars (approx. NT\$426,652 thousand dollars) royalties for the sales of ONIVYDE[®] in Europe and Asia regions and US\$2,000 thousand dollars (approx. NT\$62,470 thousand dollars) of sublicense revenue, and (2) NT\$278,547 thousand dollars for the sales of ONIVYDE[®] in Taiwan. For the Income before Tax in 2023, PharmaEngine generated NT\$337,974 thousand dollars, which accounts for 249.92% of the budget target.

【Analysis of Profitability】

In 2023, the Net Income was NT\$274,650 thousand dollars with the Net Profit Margin 35.77%, the Return on Assets rate 6.94%, and the Return on Equity 7.10%. Generally speaking, the profitability was good.

【Status of Research and Development】

For our commercial product, ONIVYDE[®], PharmaEngine continues to manage the product life cycle, expand markets and application through our international partners. In November 2022, PharmaEngine's partner, IPSEN, announced the ONIVYDE[®] regimen (NALIRIFOX) demonstrated statistically significant improvement in overall survival in first-line treatment of patients with pancreatic ductal adenocarcinoma in Phase 3 clinical trial. On July 2023, Europe's European Medicines Agency (EMA) accepted the application for Type-II Variation of ONIVYDE[®] (similar to sNDA), for this, PharmaEngine received US\$2 million of sublicense revenue. In first-quarter 2024, the ONIVYDE[®] regimen (NALIRIFOX) for 1L PDAC has received sNDA approvals

from the US, Australia, and Taiwan, and received positive opinion from Committee for Medical Products for Human Use (CHMP) of the European Medicines Agency (EMA).

PEP07, PharmaEngine's new product under development, demonstrated great potential and advancements in 2023. PEP07 is a potential best-in-class CHK1 inhibitor that has characteristics of high selectivity, high potency, and brain penetrating compared to its competitors. PharmaEngine licensed PEP07 from Sentinel Oncology in September 2022 and received approvals for Phase 1 clinical trial for hematologic cancers from competent authorities in Australia and Taiwan in 2023. In August of the same year, the first patient in the Phase 1 clinical trial for hematologic cancers received the first dosage. As for solid tumor cancers, PharmaEngine received approval from TFDA for PEP07 Phase I clinical trial for solid tumor cancers in September 2023 and Phase 1 clinical trial is scheduled to begin in the first half of 2024.

For other projects on the pipeline (PEP08, PEP09, and PEP10), we continued to adopt dynamic R&D methods such as combining AI, recruit professionals to strengthen our new drug R&D capabilities, and actively pursue partnerships through various channels to maximize R&D efficiency. In the best-case scenario for the aforementioned projects, we hope to further improve our operation excellence to simultaneously make headways and provide support for the advancements of in-house R&D projects.

Once again, we deeply appreciate our shareholders for your ongoing support in a macroeconomy with numerous uncertainties and along the long road of new drug development. To maximize the value of the Company for the benefit of our stakeholders, PharmaEngine will continue to practice the highly resilient business model, to stride steadily, and to devote ourselves in the field of oncology.

Appendix 2

The Review Report of Audit Committee

To Shareholders of PharmaEngine, Inc.

The 2023 Business Report, Financial Statements, and proposal for Distribution of Profits have been proposed by the Board of Directors. The foresaid 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, 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 Convener of Audit Committee

Ming-Daw Chang

February 29, 2024

Appendix 3

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying balance sheets of PharmaEngine, Inc. (the “Company”) as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 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\$489,122 thousand, constituting 64% of total operating revenue for the year ended December 31, 2023. Refer to Note 4(20) for the accounting policy on licensing revenue recognition and Note 6(14) 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\$875,617 thousand, constituting 22% of total assets at December 31, 2023. 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, 2023, time deposits that did not meet the definition of cash equivalents amounted to NT\$2,752,443 thousand, constituting 70% 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) or Note 4(7).

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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 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
February 29, 2024

The accompanying 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 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.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 875,617	22	\$ 1,768,859	45
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)	2,752,443	70	1,836,840	46
1140	Current contract assets	6(14)	108,606	3	91,424	2
1170	Accounts receivable, net	6(4)	65,566	2	68,914	2
1200	Other receivables		11,011	-	6,752	-
1220	Current tax assets	6(14)	86,400	2	56,756	2
130X	Inventories	6(5)	15,901	-	34,375	1
1410	Prepayments		7,476	-	6,573	-
11XX	Total current assets		<u>3,923,020</u>	<u>99</u>	<u>3,926,084</u>	<u>99</u>
	Non-current assets					
1600	Property, plant and equipment, net	6(6)	3,355	-	3,586	-
1755	Right-of-use assets	6(7)	14,674	1	22,330	1
1780	Intangible assets		1,884	-	2,510	-
1840	Deferred income tax assets	6(22)	8,002	-	9,537	-
1900	Other non-current assets		2,984	-	2,495	-
15XX	Total non-current assets		<u>30,899</u>	<u>1</u>	<u>40,458</u>	<u>1</u>
1XXX	Total assets		<u>\$ 3,953,919</u>	<u>100</u>	<u>\$ 3,966,542</u>	<u>100</u>
	Liabilities and Equity					
	Current liabilities					
2200	Other payables	6(8)	\$ 75,321	2	\$ 69,942	2
2280	Current lease liabilities		7,666	-	7,537	-
2300	Other current liabilities		876	-	1,258	-
21XX	Total current liabilities		<u>83,863</u>	<u>2</u>	<u>78,737</u>	<u>2</u>
	Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	-	-	919	-
2580	Non-current lease liabilities		7,143	-	14,809	-
25XX	Total non-current liabilities		<u>7,143</u>	<u>-</u>	<u>15,728</u>	<u>-</u>
2XXX	Total liabilities		<u>91,006</u>	<u>2</u>	<u>94,465</u>	<u>2</u>
	Equity					
	Share capital					
3110	Common stock	6(11)	1,456,788	37	1,456,868	37
3170	Share capital awaiting retirement		(6)	-	-	-
	Capital surplus					
3200	Capital surplus	6(12)	1,616,011	40	1,616,734	40
	Retained earnings					
3310	Legal reserve	6(13)	301,870	8	279,652	7
3350	Unappropriated retained earnings		623,440	16	658,202	17
	Other equity interest					
3400	Other equity interest		(1,780)	-	(5,969)	-
3500	Treasury stocks	6(11)	(133,410)	(3)	(133,410)	(3)
3XXX	Total equity		<u>3,862,913</u>	<u>98</u>	<u>3,872,077</u>	<u>98</u>
	Significant contingent liabilities and unrecognized contract commitments					
	Significant events after the balance sheet date					
3X2X	Total liabilities and equity		<u>\$ 3,953,919</u>	<u>100</u>	<u>\$ 3,966,542</u>	<u>100</u>

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

PHARMAENGINE, INC.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

Years ended December 31,

	Items	Notes	2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)	\$ 767,669	100	\$ 654,383	100
5000	Operating costs	6(5)(15)	(48,697)	(6)	(49,699)	(8)
5900	Gross profit		<u>718,972</u>	<u>94</u>	<u>604,684</u>	<u>92</u>
	Operating expenses	6(20)(21) and 9				
6100	Selling expenses		(38,538)	(5)	(45,104)	(7)
6200	General and administrative expenses		(92,971)	(12)	(94,953)	(14)
6300	Research and development expenses		(310,281)	(41)	(181,881)	(28)
6450	Expected credit impairment gain (loss)	12(2)	<u>1</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
6000	Total operating expenses		<u>(441,789)</u>	<u>(58)</u>	<u>(321,945)</u>	<u>(49)</u>
6900	Operating profit		<u>277,183</u>	<u>36</u>	<u>282,739</u>	<u>43</u>
	Non-operating income and expenses					
7100	Interest income	6(16)	54,320	7	25,569	4
7010	Other income	6(17)	3,386	1	29,975	5
7020	Other gains and losses	6(2)(18)	3,395	-	54,259	8
7050	Finance costs	6(7)(19)	(310)	-	(77)	-
7000	Total non-operating income and expenses		<u>60,791</u>	<u>8</u>	<u>109,726</u>	<u>17</u>
7900	Profit before income tax		<u>337,974</u>	<u>44</u>	<u>392,465</u>	<u>60</u>
7950	Income tax expense	6(22)	(63,324)	(8)	(73,682)	(11)
8200	Profit for the year		<u>\$ 274,650</u>	<u>36</u>	<u>\$ 318,783</u>	<u>49</u>
8500	Total comprehensive income for the year		<u>\$ 274,650</u>	<u>36</u>	<u>\$ 318,783</u>	<u>49</u>
	Earnings per share (in dollars)	6(23)				
9750	Basic earnings per share		<u>\$ 1.91</u>		<u>\$ 2.22</u>	
9850	Diluted earnings per share		<u>\$ 1.91</u>		<u>\$ 2.22</u>	

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

PHARMAENGINE, INC.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Capital		Capital Reserves			Retained Earnings		Other Equity Interest	Treasury stocks	Total equity
		Common stock	Share capital awaiting retirement	Additional paid-in capital	Employee stock warrants	Employee restricted stock	Legal reserve	Unappropriated retained earnings	Unearned compensation		
Year ended December 31, 2022											
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
Year ended December 31, 2023											
Balance at January 1, 2023		\$ 1,456,868	\$ -	\$ 1,570,531	\$ 38,767	\$ 7,436	\$ 279,652	\$ 658,202	(\$ 5,969)	(\$ 133,410)	\$ 3,872,077
Profit after income tax for the year ended December 31, 2023		-	-	-	-	-	-	274,650	-	-	274,650
Total comprehensive income		-	-	-	-	-	-	274,650	-	-	274,650
Employee stock options expired		-	-	17,851	(17,851)	-	-	-	-	-	-
Compensation cost of employee restricted stocks	6(10)	-	-	-	-	-	-	-	3,380	-	3,380
Forfeited employee restricted shares pending for retirement due to resignation of employees		(80)	80	-	-	-	-	-	-	-	-
Capital adjustment due to resignation of employee – forfeited restricted stocks		-	(86)	-	-	(723)	-	-	809	-	-
Lifting of the restrictions on the new restricted employee shares		-	-	1,665	-	(1,665)	-	-	-	-	-
Appropriations and distribution of 2022 retained earnings	6(13)										
Legal reserve		-	-	-	-	-	22,218	(22,218)	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	-	-	(287,194)	-	-	(287,194)
Balance at December 31, 2023		\$ 1,456,788	(\$ 6)	\$ 1,590,047	\$ 20,916	\$ 5,048	\$ 301,870	\$ 623,440	(\$ 1,780)	(\$ 133,410)	\$ 3,862,913

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

PHARMAENGINE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2023	2022
<u>Cash flows from operating activities</u>			
Profit before income tax for the year		\$ 337,974	\$ 392,465
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12(2)	(1)	7
Depreciation	6(6)(7)(20)	8,396	8,172
Amortization	6(20)	626	439
Amortization of compensation cost of share-based payments	6(10)	3,380	2,367
Interest income	6(16)	(54,320)	(25,569)
Interest expense	6(19)	310	77
Gain on lease modification	6(7)(18)	-	(4)
Net gain on financial assets at fair value through profit or loss	6(2)(18)	(5,529)	(45,455)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Current contract assets		(17,182)	22,368
Accounts receivable, net		3,349	(22,236)
Other receivables		27	3,563
Inventories		18,474	(28,943)
Prepayments		(903)	(342)
Other current assets		-	76
Net changes in liabilities relating to operating activities			
Other payables		5,379	(2,052)
Other current liabilities		(382)	58
Cash provided by operations		299,598	304,991
Interest received		50,034	21,522
Income taxes refund		-	16,436
Income taxes paid		(92,352)	(140,859)
Interest paid		(310)	(77)
Net cash provided by operating activities		<u>256,970</u>	<u>202,013</u>
<u>Cash flows from investing activities</u>			
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)	61,120	74,864
Increase in current financial assets at amortized cost	6(3)	(1,734,699)	(226,840)
Decrease in current financial assets at amortized cost	6(3)	819,096	53,000
Acquisition of property, plant and equipment	6(24)	(412)	(3,442)
Increase in intangible assets	6(24)	-	(502)
(Increase) decrease in refundable deposits (shown as 'other non-current assets')		(40)	5
Increase in other non-current assets		(546)	(200)
Net cash used in investing activities		<u>(855,481)</u>	<u>(188,115)</u>
<u>Cash flows from financing activities</u>			
Payments of lease liability	6(25)	(7,537)	(7,996)
Cash dividends paid	6(13)	(287,194)	(387,711)
Net cash used in financing activities		<u>(294,731)</u>	<u>(395,707)</u>
Net decrease in cash and cash equivalents		(893,242)	(381,809)
Cash and cash equivalents at beginning of year		1,786,859	2,150,668
Cash and cash equivalents at end of year		<u>\$ 875,617</u>	<u>\$ 1,768,859</u>

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