

## PharmaEssentia Corporation

### Audit Committee

#### 1. Key points of the annual work of the audit committee

The goal of the audit committee is assisting the board in supervising the quality and integrity of the processes of accounting, auditing, and financial reporting as well as in financial control. The items that the audit committee reviews include financial reports, audit and accounting policies and processes, internal control system, transactions involving major assets or derivatives, major fund loans and endorsements or guarantees, placement or issue of securities, regulation compliance, and accountant appointment, dismissal, and payment.

#### 2. Audit Committee Composition

The second “Audit Committee” of the company has three members: independent board members JinnDer Chang, Patrick Y. Yang, and JienHeh Tien.

Name	Academic Qualifications	Principal Work Experience	Current Positions at Other Companies
JinnDer Chang	<ul style="list-style-type: none"> <li>• Ph.D., Accounting, Federal State International University, USA</li> <li>• Ph.D., Law, National Chung Cheng University</li> </ul>	<ul style="list-style-type: none"> <li>• Auditor, Taipei National Tax Bureau Audit Department, Ministry of Finance</li> <li>• First Chairman, R.O.C. Association of Accountants</li> <li>• Member, Taiwan Provincial Government Appeals Review Committee</li> <li>• Member of Financial Supervisory Commission Appeal Review Committee</li> <li>• Head of Accounting Department at Cultural University.</li> <li>• Lecturer and Associate professor, Soochow University Business Administration Department</li> <li>• Associate Professor, Graduate Institute of Business Administration, Taipei University</li> <li>• Dean, School of Management, Chaoyang University of Science and Technology/Chair Professor, Department of Accounting</li> <li>• Associate Professor Feng Chia University</li> <li>• Associate Professor, Department of Financial and Economic Law, Asia University</li> <li>• Associate Professor at Department of Law at National Chung Hsing University</li> <li>• Chairman of Taiwan Corporate Law Institute</li> </ul>	<ul style="list-style-type: none"> <li>• Director, CROWN&amp; CO., CPAs</li> <li>• Arbitrator of Republic of Chinese Arbitration Association, Taiwan and Taiwan Construction Arbitration Association</li> <li>• Chairman of Corporate University Cultural and Educational Foundation</li> <li>• Chairman of Chung Cheng University Academic Foundation</li> <li>• Independent Director, Hua Eng Wire &amp; Cable</li> <li>• Independent Director, Jukao Engineering Corporation</li> <li>• Director, Concord Securities Co., Ltd.</li> <li>• Director, Crown Global Business Consulting Ltd.</li> <li>• Director, Crown Taiwan Japan Business Consulting Ltd.</li> <li>• Chairman of Guanbao International Consulting Co., Ltd.</li> <li>• Chairperson, Jude Enterprises Management Consulting Co., Ltd.</li> </ul>
Patrick Y. Yang	<ul style="list-style-type: none"> <li>• Ph.D., Electrical Engineering, Ohio State University, USA</li> <li>• Laureate at Industrial Technology Research Institute</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Vice President, Operations Department, Genentech Biotech, USA</li> <li>• President, Global Technology Operations, Roche Pharmaceuticals, Switzerland</li> <li>• Vice President, Merck, USA</li> <li>• Member, Bio Taiwan Committee, Executive Yuan</li> <li>• Executive Vice president, Juno Therapeutics</li> </ul>	<ul style="list-style-type: none"> <li>• Director, Polaris Pharmaceuticals</li> <li>• Vice Chairperson, National Resilience, Inc.</li> <li>• Chairperson, AltruBio, Inc</li> <li>• Chairperson and Chief Strategy Office, Acepodia, Inc.</li> <li>• CEO, Patrick Y. Yang, LLC</li> <li>• Director, Sana Biotechnology, Inc.</li> <li>• Director, Antheia, Inc.</li> </ul>
JienHeh Tien	<ul style="list-style-type: none"> <li>• Ph.D., Organic Chemistry, University of Massachusetts, USA</li> </ul>	<ul style="list-style-type: none"> <li>• Section Manager, Abbott Laboratories</li> <li>• Associate Director, Theravance Inc.</li> <li>• Senior Director, ARYx Therapeutics Inc., USA</li> </ul>	<ul style="list-style-type: none"> <li>• Senior Deputy General Manager of XW Pharma</li> <li>• Consultant of SCI Pharmtech. Inc</li> </ul>

Name	Academic Qualifications	Principal Work Experience	Current Positions at Other Companies
		<ul style="list-style-type: none"> <li>Chairman, Sanli Pharmaceutical Technology Co., Ltd.</li> <li>Chief Scientific Officer of Sunny Pharmtech Inc.</li> </ul>	

### 3. Audit committee operation

The focus of the Audit Committee's work is to assist the Board of Directors in supervising and fulfilling the quality and integrity requirements on the Company's accounting, auditing, financial reporting process, and financial controls. Matters deliberated by the Audit Committee include financial statements, auditing and accounting policies and procedures, internal control systems, major asset or derivative transactions, major capital loans and endorsements or guarantees, placement or issuance of securities, regulatory compliance, and appointment, termination, and service fees of the CPA.

The audit committee had 11 meetings (A) in 2023, and the attendance was as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate % (B/A)	Notes
Independent director	JinnDer Chang	11	-	100%	-
Independent director	Patrick Y. Yang	11	-	100%	
Independent director	JienHeh Tien	11	-	100%	
Other matters of note:					
1. In the event of any of the following in the operations of the Audit Committee, the date and term of the Board of Directors meeting, motion content, resolutions of the Audit Committee, and the Company’s response to the opinions of the Audit Committee shall be recorded and expounded: (1) Items listed in Article 14-5 of the Securities and Exchange Act:					
Board Meeting	Proposal content and follow up				
February 10, 2023 (1st Meeting)	1. Approved the Company’s capital increase in the subsidiary PharmaEssentia USA Corporation by \$30 million US dollars. 2. Revised the provisions of the Company's Guidelines of Employee Restricted Stock Awards.				
February 24, 2023 (2nd Meeting)	1. Approved the Company's financial statements and business reports for the fiscal year 2022. 2. Appropriation of loss for the fiscal year 2022. 3. Annual evaluation of the independence and competence of Ernst & Young. 4. Approved the appointment of Ernst & Young for the preparation of financial and tax return of 2023 and CPA rotation. 5. Approved 2023 audit fees. 6. Approved the Company’s Statement of Internal Control of 2022. 7. Approved the Company’s capital increase in the subsidiary PharmaEssentia USA Corporation by \$200 million US dollars. 8. Approved the increase of guarantee for the subsidiary PharmaEssentia USA Corporation by \$45.8 million US dollars.				

	<p>9. Approved the increase of guarantee for the subsidiary PharmaEssentia Innovation Research Center, Inc. by \$0.7 million US dollars.</p> <p>10. Approved the Company's capital increase in the subsidiary PharmaEssentia Japan KK by \$80 million US dollars.</p> <p>11. Approved the Company's capital increase in the subsidiary PharmaEssentia Biotechnology (Beijing) Co., Ltd. by \$6 million US dollars.</p> <p>12. Approved the Revisions to the Company's "Securities Investment Management Rules " and "Asset Acquisition or Disposal Procedure".</p> <p>13. Resolved to issue new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/issue overseas or domestic convertible bonds in private placement.</p>
March 9, 2023 (3rd Meeting)	<p>1. Approved the issuance common stock through a cash capital increase to participate in the issuance of overseas depositary receipts, aiming to raise an amount within the limit of USD 500,000 thousand.</p> <p>2. Approved the issuance Employee Restricted Stock Awards</p>
May 10, 2023 (4 <sup>th</sup> Meeting)	<p>1. Approved 2023 Q1 Consolidated Financial Statements.</p> <p>2. Approved the Company's capital increase in the subsidiary PharmaEssentia Korea Corporation by \$2.15 million US dollars.</p>
May 22, 2023 (5 <sup>th</sup> meeting)	Approved the Company's first repurchase of shares in 2023.
July 28, 2023 (6 <sup>th</sup> meeting)	Approved the Company's second repurchase of shares in 2023.
August 10, 2023 (7 <sup>th</sup> meeting)	<p>1. Approved 2023 Q2 Consolidated Financial Statements.</p> <p>2. Approved the Company's capital increase in the subsidiary PharmaEssentia Singapore Pte. Ltd. by \$0.5 million US dollars.</p>
October 16, 2023 (8 <sup>th</sup> meeting)	<p>1. Approved the Company's listing application with Taiwan Stock Exchange.</p> <p>2. Approved the Company's Statement of Internal Control for the period of July 1, 2022 to June 30, 2023.</p> <p>3. Approved the revisions to the Company's internal managerial policies.</p>
Nov 9, 2023 (9 <sup>th</sup> meeting)	Approved 2023 Q3 Consolidated Financial Statements.
December 8, 2023 (10 <sup>th</sup> meeting)	Approved the issuance Employee Restricted Stock Awards
December 22, 2023 (11 <sup>th</sup> meeting)	<p>1. Approved the Company's operation plan and budget for 2024.</p> <p>2. Approved the Company's annual audit plan for 2024.</p>
Independent directors' objections, reservations or major suggestions: None.	
Resolution of the Audit Committee and the Company's response to the Audit Committee's Opinion: The members of the Audit Committee unanimously approved all the resolutions, and the Board of Directors approved all such resolutions recommended by the Audit Committee.	
<p>(2) Resolutions passed by two-thirds or more of the board of directors but not approved by the audit committee, apart from the above matters: none</p> <p>2. In the event of a conflict of interests with any independent director when reviewing a motion, the independent director's name, motion content, reason behind conflicts of interest, and participation status in passing resolution shall be recorded: none</p>	

3. Communication between independent directors with internal control managerial personnel and the CPA:

(1) Communication between independent directors and the CPA

Date	Focal points of communication
2023.2.24	Communication matters between EY with the Audit Committee, independent directors, and Company management (2022 consolidated and parent company only financial statements and Audit Quality Indicators (AQI))
2023.5.10	Communication matters between EY with the Audit Committee, independent directors, and Company management (2023 Q1 consolidated financial statements.)
2023.8.10	Communication matters between EY with the Audit Committee, independent directors, and Company management (2023 Q2 consolidated financial statements.)
2023.11.9	Communication matters between EY with the Audit Committee, independent directors, and Company management (2023 Q3 consolidated financial statements.)

(2) Communication between independent directors and internal auditor

In addition to the monthly audit reports submitted by the Company's internal audit department to the independent directors for their review, the audit department also reports to the Audit Committee and the Board of Directors on significant findings of the audit to the members of the board of directors.

Date	Meeting	Focal points of communication	Results
2023.2.24	Audit Committee meeting	The internal audit report of 4 <sup>th</sup> quarter of 2022	No additional recommendations
2023.5.10		The internal audit report of 1 <sup>st</sup> quarter of 2023	No additional recommendations
2023.8.10		The internal audit report of 2 <sup>nd</sup> quarter of 2023	No additional recommendations
2023.11.9		The internal audit report of 3 <sup>rd</sup> quarter of 2023	No additional recommendations