Polaris
Novel Drugs For Cancer

Stock Code: 6550

Polaris Group
2023
Annual Report

Notice to readers
This English translation is provided for reference only. In case of any discrepancies, the original Chinese version shall prevail.

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I. Company Spokesperson:

Spokesperson	:	Kay Huang	Title	:	Chief Finance Officer
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Deputy Spokesperson	:	Gina Lee	Title	:	IR/PR
Telephone	:	(886)2-2656-2727	Email	:	ir@polarispharma.com

II. Addresses and Telephone Numbers of Headquarters, Branch and Plant:

1. Headquarters

Name	:	Polaris Group
Address	:	P.O. Box 309, Ugland House,Grand Cayman, KY1-1104, Cayman Islands
Telephone	:	(886) 2-2656-2727

2. Head Office and Subsidiaries

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Address	:	Rm., 7F., No. 298, Ruiguang Rd., Neihu Dist., Taipei City 11491, Taiwan (R.O.C.)
Telephone	:	(886) 2-2656-2727
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Address	:	10675 Sorrento Valley Road, Suite 200, San Diego, CA92121, USA
Telephone	:	(1) 858-452-6688
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Address	:	90 High Holborn, London, WC1V 6XX
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Name	:	Polaris Pharmaceuticals Australia Pty Ltd
Address	:	58 Gipps Street, Collingwood VIC3066, Australia
Telephone	:	—
Name	:	Polaris Pharmaceuticals Ireland Limited
Address	:	88 Harcourt Street, Dublin 2, Ireland
Telephone	:	—
Name	:	Polaris Pharmaceuticals (Taiwan), Inc.
Address	:	Rm., 7F., No. 298, Ruiguang Rd., Neihu Dist., Taipei City 11491, Taiwan (R.O.C.)
Telephone	:	(886) 2-2656-2727
Name	:	DesigneRx Pharmaceuticals, Inc
Address	:	4941 Allison Parkway, Suite B, Vacaville, CA95688, USA
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Name	:	TDW HK Limited
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Telephone	:	(86) 28-8795-7676
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Name	:	Lin Yang Biopharma, Ltd.
Address	:	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands
Telephone	:	—
Name	:	Genovior Biotech Corporation
Address	:	4 F., No. 50-8, Keyan Rd., Zhunan Township, Miaoli County 350401, Taiwan (R.O.C.)
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III. Name, Address, Website, and Contact Number of the Stock Agency:

Name	:	China Trust Commercial Bank Agency Department	Website	:	www.ctbcbank.com
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IV. Names of CPAs and the Name, Address, Website, and Contact Number of the Accounting Firm for the Latest

Name of CPAs	:	Wendy Liang and Alan Chien			
Name of Accounting Firm	:	PwC Taiwan	Website	:	www.pwc.tw
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V. Name of Exchange for Trading in Overseas Listed Securities and Information Inquiry for the Securities: Not applicable.

VI. Company Website: https://polarispharma.com/

VII. The list of board of directors and independent directors registered in Taiwan should add their nationality and main experience:

Title	Name	Nationality	Experience
Director	Howard Chen	R.O.C	• Master of Electrical Engineering, National Tsing Hua University • Taiwan Semiconductor Manufacturing Co. , Ltd. • Taixin Semiconductor Co., Ltd.
Director	Chen, Shyan-Tser	R.O.C	• Department of Chemistry, National Tsing Hua University
Director	Digital Capital Inc. Representative: Steve J.P. Hsu	Samoa	• Ph.D. ChE, Massachusetts Institute of Technology, USA • Chairman & CEO of Genovior Biotech Corporation • Founder of Savior Lifetec Corporation • VP of RD, ScinoPharm Taiwan • Head of Pharma Division, Sinon Corporation • Sr. Engineer of Merck & Co., Inc.
Director	Mai Investment Co.,Ltd Representative: : Lin, Wei-Yuan	Cayman Islands	• MBA of University of California of Irvine • Founder and CEO of Cocoweb.com
Independent Director	Way, Tzong-Der	R.O.C	• PhD of Institute of Biochemical Sciences, National Taiwan University
Independent Director	Chao, Ying-Chen	R.O.C	• Master, Chemical Engineering, National Taiwan University • EMBA, Sun Yat-Sen University • Factory Director, Plant VI, Taiwan Semiconductor Manufacturing Company • General Manger in Mainland China, Taiwan Semiconductor Manufacturing Company • General Manager of TSMC Solar Ltd.

VIII. The name, title, contact number and email address of litigation and non-litigation agents in the Republic of China

Name	:	Howard Chen	Title	:	Chairman
Telephone	:	(886)2-2656-2727	Email	:	ir@polarispharma.com

Polaris Group
Annual Report Catalog

V. Operation Overview

VI. Financial Overview

VII. Review and Analysis of Financial Condition and Financial Performance and Risk Matters

VIII. Special Notes

I. Letter to Shareholders

Dear Shareholders,

We'd like to express our gratitude for shareholders for your support and trust throughout the first year of listing of Polaris Group. At this special moment, we are honored to announce that Polaris Group has launched a remarkable acquisition, which is an important strategic initiative for us.

In 2023, Polaris Group reached an important milestone with the acquisition of Genovior Biotech Corporation, which will not only take our business to the next level but also enable us to achieve greater innovation and breakthroughs in different therapeutic areas. By combining Polaris Group's expertise in metabolic therapies for the treatment of refractory cancers with Genovior Biotech Corporation's specialized knowledge in peptide synthesis and difficult drugs, we will create a powerful force for mutual growth.

In the future, we not only aspire to occupy a larger share of the global biopharmaceutical market, but also become a leader in the industry, leading the forefront of medical technology. We will continue to invest in research and development, promote innovation, and strive to provide patients with more effective and safer treatment options.

This acquisition is not only an expansion of our business, but also a step towards the future. We look forward to unleashing greater creativity and influence in new fields. At the same time, we are humbled and will continue to work hard to ensure that we live up to the expectations our shareholders have placed on us.

Below is a report of our R&D and clinical progress and results for 2023.

I. FY 2023 Operating Results

(I) FY 2022 Business Plan Implementation Results

1. Clinical Trial of ADI-PEG 20

The clinical trials currently underway are listed below:

Cancer Type	Stage	Lead Cancer Center	Intervention/Treatment
Soft Tissues arcoma	Phase III	University of Washington	ADI-PEG 20 + Gemcitabine + Docetaxel

Cancer Type	Stage	Lead Cancer Center	Intervention/Treatment
Cerebral cancer	Phase II/III	Linkou Chang Gung Memorial Hospital Taiwan / Global Coalition for adaptive Research	ADI-PEG 20 +Temozolomide + Radiotherapy
Hepatic Cell Carcinoma	Phase II/III (note)	Linkou Chang Gung Memorial Hospital Taoyuan, Taiwan	Monotherapy
Acute Myeloid Leukemia	Phase I	MD Anderson Cancer Center Houston, Texas, United States	ADI-PEG 20 + Venetoclax + Azacitidine
NASH	Phase II	Linkou Chang Gung Memorial Hospital Taiwan	Monotherapy

Note: This is the clinical trial for NDA submission.

2. CDMO Pharmaceutical Contract Development and Manufacturing Services

In June 2023, the Company increased its investment in Nanotein Technologies., Inc., with a total shareholding of approximately 55%. Polaris Group cooperates with the company to develop nanoprotein products, which are produced by our company. Nanotein Technologies., Inc. continues to develop small and medium-sized customers, further provides customer with customized technology and services, and has actively negotiated with distribution companies worldwide.

(II) Budget Implementation

The Company only sets an internal budget plan in 2023 and does not disclose financial forecast data to the public. The overall budget spending situation generally conforms to the plan set by the Company.

(III) Analysis of Financial Income and Expenses and Profitability

The increase in revenue and operating costs compared to 2022 was primarily due to the Company's acquisition of Genovior Biotech Corporation in December 2023, with the company's financial statements consolidated into our company. Revenue and operating costs were primarily attributable to Genovior Biotech Corporation's CDMO foundry business. Operating expenses increased by 59.1% compared to 2022, mainly due to the increase in related facility costs, maintenance and correction, consultancy fees in response

to the Group's drug license application, as well as the significant increase in staffing for future mass production.

Unit: Thousand TWD

Items	FY 2023	FY 2022	Difference of differ	%
Operating income	7,481	6,439	1,042	16.2
Operating costs	(10,546)	(5,024)	(5,522)	109.9
Operating gross profit	(3,065)	1,415	(4,480)	(316.6)
Operating expenses	(1,843,982)	(1,158,962)	(685,020)	59.1
Operating profit or loss	(1,847,047)	(1,157,547)	(689,500)	59.6
Non-operating income and expenses	270,539	12,648	257,891	2,039.0
Net profit or loss before tax	(1,576,508)	(1,144,899)	(431,609)	37.7

(IV) R&D Status

For details, please refer to the"2023 Business Plan Implementation Results"above.

II. Outline of Business Plan for FY2024

(I) Business Policy

1. In November 2023, the Group has submitted a rolling application for drug license of mesothelioma to the U.S. Food and Drug Administration, and is expected to complete the submission of all information related to the drug license this year. We're actively obtaining the FDA's Priority Review qualification.
2. Strategically plan clinical trials to obtain global drug licenses as soon as possible to benefit cancer patients worldwide.
3. Continue to explore the relationship between ADI-PEG 20 and genes, maximize the therapeutic benefit of patients through genetic testing, so as to achieve the ultimate goal of precision medicine, increase the penetration rate of ADI-PEG 20 in various cancer markets, and ultimately expand the market size.
4. Combining the expertise of Polaris Group and Genovior Biotech Corporation, we will expand our product line to include peptide related APIs, difficult generics, and Class 505b2 drugs to better meet the needs of different patients.
5. Find and co-development or regional licensing with strategic alliance partners to secure working capital and spread risks.
6. Practically carry out relevant clinical trials on metabolic disease indications, such as severe fatty liver and diabetes, to make ADI-PEG20 the first choice for combination of metabolic therapy and various cancer drugs, so that more patients can benefit.

(II) Expected Sales and Its Basis and Important Production&Sales Policies

The Company's self-developed products are still in the clinical trial stage and have not yet been marketed. At present, the main business income comes from contracting CDMO services. Management sets the Company's operation goals and strategies every year, and then the R&D, manufacturing, and clinical teams in the U.S. and Taiwan propose various R&D and CDMO projects accordingly. The R&D/foundry projects are approved for execution after evaluating feasibility, marketing and financial status.

III. The Company's Future Development Strategy

(I) Clinical Trials for NDA Submission

As a widely effective new cancer drug, ADI-PEG20 has been successfully used in clinical trials of various indications by many international medical centers before. Therefore, ADI-PEG20 has been highly anticipated by the international medical community in the field of metabolic therapy for cancer. Now that it's unblinded, the Company will soon obtain the first first-line drug certificate in mesothelioma, which will be a prelude to the widespread application of this drug in cancer metabolic therapy. The primary goal of the future development strategy is to obtain more definite clinical efficacy data in the shortest possible time in order to enhance the value of the Company and make metabolic therapy the main treatment method for cancer. In the future, the Group will focus its resources on accelerating phase II/III clinical trials for hepatic cell carcinoma and soft tissue sarcoma. In addition, the Company has also initiated Phase II Cerebral Cancer and joined the GBM AGILE platform for Phase II/III Cerebral Cancer trials, as well as phase I clinical trials for Acute Myeloid Leukemia. At the same time, clinical trials for metabolic related diseases such as NASH will be conducted. These trials are described as follows:

1. Soft Tissue Sarcoma

The Phase III clinical trial program received FDA's approval for INA in January 2023 and completed its first patient admission in December for ADI-PEG 20 combined with Gemcitabine and Docetaxel for leiomyosarcoma. The trial was randomized and double-blind, with multiple countries and centers involving, as well as an estimated enrollment of 300 patients. The main evaluation index was Progression Free Survival and the secondary evaluation index was Overall Survival.

2. Hepatic Cell Carcinoma

In order to expand the enrollment of patient and accelerate the clinical trial, the Company changed its enrollment condition in May 2023 into the screening by arginine concentration. Hepatic cell carcinoma was treated with ADI-PEG 20, the new metabolic therapy. The trial was randomized and double-blind, with multiple countries and centers involving, as well as an estimated enrollment of 300 patients. The main evaluation index was Progression Free Survival and the secondary evaluation index

was Overall Survival. At the same time, we signed a memorandum of understanding with the Vietnam National Cancer Hospital and are expected to start patient enrollment.

3. Cerebral Cancer

This clinical trial was conducted with ADI-PEG20 combined with radiotherapy and Temozolomide in the treatment of Glioblastoma, GBM. This case was originally a Phase I clinical trial, and after completing this stage, the evaluable subjects were enrolled. The Phase II clinical trial has been continued, with a change to a control placebo group, randomized allocation, and double-blind trial. It is expected that the scale of the trial will be expanded, and the number of cases collected globally will be 100. The main evaluation indicator was the Overall Survival, and the trial physician would observe the Progression-free survival. This experiment was led by Taiwan Linkou Chang Gung Memorial Hospital. In August 2023, the first patient of GBM Phase II trial was administered.

At the same time, the Company joined GBM AGILE, a new clinical trial platform approved by the FDA, which allows simultaneous evaluation of multiple new drugs for cerebral cancer and sharing of patients in control group. Also, the platform has signed contracts with major international hospitals in order to recruit patients more quickly. The Company aims to recruit 300 patients. In August 2023, the ADI-PEG 20 group being trialled on the GBM AGILE platform will enroll patients with newly diagnosed and relapsing GBM. Dr. Nicholas Blondin, assistant professor of clinical neurology at Yale School of Medicine, and Dr. Macarena de la Fuente, associate professor of neuro-oncology and director of neuro-oncology at the Sylvester Comprehensive Cancer Center, University of Miami, will serve as the lead trial program hosts for ADI-PEG 20.

4. Acute Myeloid Leukemia

This is a Phase 1 clinical trial of ADI-PEG 20 in combination with Venetoclax and Azacitidine in patients with acute myeloid leukemia, led by MD Anderson Cancer Center. In addition to evaluating the safety and tolerability of ADI-PEG 20 in combination with Venetoclax and Azacitidine, the efficacy of this combination in the RP2D (recommended phase 2 dose) arm will also be explored. The trial is expected to enroll 60 patients.

(II) Contract Development and Manufacturing Organization (CDMO)

In addition to the production of ADI-PEG 20, DRX USA, the Group's subsidiary in Northern California, also has a very mature technology that uses E. coli as a production platform. In November 2019, it officially began to provide contract drug R&D and production services, and received good feedback. This will develop into one of the major

businesses of the Group. Subsidiary DRX Chengdu is currently the clinical and production base of the Group's freeze-dried biologicals, responsible for the Group's China ADI-PEG 20 new drug R&D and manufacturing and CDMO business. Negotiations with interested potential clients have begun. The Company's strategy is to develop CDMO business in the United States and Europe with DRX USA as the leading factory. DRX Chengdu, on the other hand, is not only responsible for domestic orders in China, but will also levarge Taiwan's upstream and downstream industries to be a technology development and manufacturing base to provide contract development and manufacturing services.

(III) Polypeptide Product Development and Process Optimization

The Company will strengthen research and innovation in the polypeptide product line at Genovior Biotech Corporation, with a special focus on the development of multiple polypeptide products and process optimization to improve production efficiency and product quality. The following are the Company's main plans for polypeptide product development and process optimization. The details are as follows:

1. Semaglutide

Semaglutide, a drug used to treat diabetes, is a hormone that is a receptor agonist for GLP-1 (glucagon-like peptide-1), an analogue of the insulin hormone that stimulates insulin production and lowers blood sugar levels. In addition, Semaglutide is also used for weight management in obesity, as it can promote appetite reduction and contribute to weight loss. In addition, Semaglutide is expected to continue to expand with the progress of clinical trials of the original company, including the treatment of renal failure in diabetes patients and other related indications. The Company is committed to further optimizing Semaglutide products, including the development of generic drug products from active pharmaceutical ingredients (APIs), injections, and oral formulations. Moreover, the Company also expanded the market size of its products through the development of Class505b2 new drugs to meet the needs of patients and improve therapeutic effectiveness.

The Semaglutide API 75kg production line is scheduled to be completed in 2024, and the capacity expansion will be carried out in three stages over the next three years with the confirmation of mass production orders. The first stage is the production line with an annual output of 75 kg, the second stage is the production line with an annual output of 200 kg, and the third stage is the production line with an annual output of 1,000 kg. In the aspect of commercial development, the Company is currently focusing on the expansion of the new market (emergingmarket). As the supply of Semaglutide products falls short of demand,

the company also plans to cooperate with new market countries to enter major new market countries through joint venture, co-development or technology transfer, etc.

2. Teriparatide

As a peptide substance used in the treatment of osteoporosis, Teriparatide has a significant effect on enhancing bone mineral density and reducing the risk of fracture. The company is committed to improving the production efficiency and quality of Teriparatide to ensure that patients have access to safe and effective treatments. In 2023, the Company has completed the API production of Teriparatide and obtained the certification of EU GMP raw material pharmaceutical factory. This year, we will continue to develop Teriparatide preparations, drug inspection registration and marketing planning.

With these efforts, the Company expects to enhance its influence in the biopharmaceutical industry and lay a solid foundation for future development. This is also the Company's commitment to the field of medical science and technology, that is, providing more advanced and more effective treatment solutions while pursuing excellent quality and a high degree of market competitiveness.

IV. The Impact of External Competition, Regulations and the General Business Environment

The Company is committed to the comprehensive vertical integration and development of cancer, and equipped with all-round research and development capacities. With its unique mechanism of action, ADI-PEG 20 has shown initial efficacy and safety in multiple cancer trials, and its applicability in combination with a variety of other treatments is expected to be highly competitive in the future market. ADI-PEG 20 will face less homogeneous drug competition in the short term after obtaining the drug license.

In terms of laws and regulations, the Company has experts who have deep understanding of the drug management system of countries and have been paying close attention to the latest trends of laws and regulations to ensure the stable operating environment of the Company. The Company's senior management has profound experience in new drug research and development as well as company operation, always conducting market management and analysis of market movements in a sensitive manner, so as to ensure that the company can immediately adapt to the environment, reduce environmental pollution and maintain a high level of competitive edge.

At the same time, we are pleased to announce the acquisition of Genovior Biotech Corporation, an important milestone in our growth strategy. With this acquisition, the Company will further strengthen the research and development and product line in the field of peptides, and further enhance the overall competitiveness of the Company. We hope that this partnership

will be more responsive and lay a more solid foundation for the future development of the Company.

We will strive to achieve the Company's outstanding achievements in the field of cancer management with a sense of commitment and humility, and create the maximum value for all stakeholders.

Chairman:
Howard Chen 

CEO:
Steve J.P. Hsu 

Accounting Supervisor:
Kay Huang 

II. Company Profile

I. Date of Establishment and Group Profile

Polaris Group (hereinafter referred to as the "Company" or "Polaris") was incorporated in the British Cayman Islands on February 9, 2006 with a par value of NT$10 per share. The Company and its subsidiaries include Polaris Pharmaceuticals, Inc., Polaris Group Korea Limited, DesigneRx Europe Limited, Polaris Pharmaceuticals Australia Pty Ltd, Polaris Pharmaceuticals Ireland Limited, Polaris Pharmaceuticals (Taiwan), Inc., DesigneRx Pharmaceuticals, Inc., TDW HK Limited, DesigneRx Pharmaceuticals (Shanghai) Inc., DesigneRx Pharmaceuticals (Chengdu) Inc., Polaris Biopharmaceuticals, Inc. and Nanotein Technologies, Inc., collectively referred to as the "Group". The Group's principal business activities are the manufacturing and sale of new drugs, biotechnology services, commissioned development and production related services and drug testing. The Group's core research is the novel cancer target drug ADI-PEG 20, which is currently undergoing human clinical trials for various cancers worldwide.

II. History of the Company and Group

Date	Important Notes on the Group and Company History
1996	Phoenix Pharmacologics, Inc., the original developer of ADI-PEG 20, was founded in Kentucky, USA.
March 1999	FDA approved ADI-PEG 20 as an orphan drug for the treatment of hepatic cell carcinoma (#98-1183).
April 1999	FDA approved ADI-PEG 20 as an orphan drug for the treatment of melanoma skin (#98-1208).
October 2000	FDA granted first clinical approval for ADI-PEG 20 for cancer (IND #009420).
June 2001	Initiated Phase I clinical trial of ADI-PEG 20 in hepatic cell carcinoma at MD Anderson Cancer Center.
April 2002	DesigneRx Pharmaceuticals Inc. was established ("DRX USA").
March 2003	TDW Pharmaceuticals Inc.was established ("TDW Taiwan").
April 2003	TDW Taiwan acquired all rights on ADI-PEG 20 in Greater China from Phoenix Pharmacologics, Inc. through DRX USA.
July 2004	TDW Taiwan and other Taiwanese investors jointly acquired Phoenix Pharmacologics, Inc.
June 2005	European Union EMA approved ADI-PEG 20 as an orphan drug for the treatment of hepatic cell carcinoma (EU/3/05/289).
July 2005	DRX USA completed the plant hardware and obtains the certification from California.
February 2006	Polaris Group was established (the "Company" or "Polaris").
March 2006	Polaris Pharmaceuticals, Inc. was established ("PPI").
July 2007	DesigneRx Pharmaceuticals (Shanghai), Inc. was established ("DRX

Date	Important Notes on the Group and Company History
	Shanghai").
January 2008	Uricase, a gout drug, was licensed to EnzymeRx in the US, and a down payment of NT$150 million was received.
March 2008	TDW Taiwan completed Phase II clinical trial for hepatic cell carcinoma and reported to the FDA for review.
February 2011	Obtained FDA Phase III clinical trial approval for hepatic cell carcinoma through Special Protocol Assessment mechanism.
March 2011	Started Phase II clinical trial of ADI-PEG 20 for lung mesothelial cancer.
July 2011	Phase III clinical trial for hepatic cell carcinoma started at Memorial Sloan Kettering Cancer Center in New York.
August 2011	ADI-PEG 20+ Docetaxel Phase I clinical trial for regenerative adenocarcinoma and non-small cell lung cancer began.
January 2012	Started ADI-PEG 20 Phase II clinical trial for acute myeloid leukemia.
January 2012	Started ADI-PEG 20 Phase II clinical trial for non-Hodgkin's lymphoma.
June 2012	Started ADI-PEG 20 + chemoembolization (TACE) Phase II clinical trial for hepatic cell carcinoma.
August 2012	Phase I clinical trial of ADI-PEG 20+Cisplatin for melanoma of the skin, melanoma of the eye, sarcoma, cervical cancer, bile duct cancer and hepatic cell carcinoma.
November 2012	TDW Group was established ("TDWG).
December 2012	TDW HK Limited was established ("TDWHK").
January 2013	TDWHK signed an investment cooperation agreement with Chengdu Hi-tech Industrial Development Zone Management Committee and subsequently acquired 68 acres of land in Chengdu Hi-tech West District to build a mass production plant in compliance with international cGMP standards.
March 2013	DesigneRx Pharmaceuticals (Chengdu) Inc.was established ("DRX Chengdu")
April 2013	FDA approved Fast Track Designation of ADI-PEG 20 for hepatic cell carcinoma.
October 2013	FDA granted clinical approval for ADI-PEG 20 for breast cancer (IND #119967).
October 2013	Phase I clinical trial of ADI-PEG 20+ Doxorubicin for the treatment of breast cancer was initiated.
November 2013	FDA granted clinical approval for ADI-PEG 20 for blood cancer (IND #120345).
April 2014	European Union Phase I clinical for lung mesothelial cancer and non-small cell lung cancer was approved (2013-005330-38).
June 2014	Phase II clinical trial results in lung mesothelial cancer was presented at ASCO (American Society of Clinical Oncology) annual meeting in Chicago; ADI-PEG 20 proved its efficacy and minimal side effects.
July 2014	FDA approved ADI-PEG 20 as an orphan drug for the treatment of mesothelial lung cancer (#14-4370)
July 2014	Phase I clinical trial of ADI-PEG 20+Pemetrexed+Cisplatin in lung mesothelial

Date	Important Notes on the Group and Company History
	cancer, non-small cell lung cancer, melanoma of the eye and brain cancer was initiated.
October 2014	ADI-PEG 20+ Nexavar Phase I clinical trial for hepatic cell carcinoma began.
October 2014	ADI-PEG 20+ FOLFOX Phase I clinical trial for hepatic cell carcinoma began.
October 2014	ADI-PEG 20+ Gemcitabine+Nab-Paclictexal Phase I clinical trial for pancreatic cancer began.
December 2014	European Union approved ADI-PEG 20 as an orphan drug for lung mesothelial cancer (EMA/OD/076/14).
October 2015	Acquisition of all shares of TDWG not already held by the Company through a share swap.
November 2015	FDA granted clinical approval for ADI-PEG 20 for the treatment of mesothelial lung cancer (IND #128604).
January 2016	Public offering of the Company's shares.
February 2016	Approved by Taiwan Over-the-Counter Securities Trading Center and officially registered as an emerging company.
February 2016	Submitted pivotal Phase II/III clinical trial protocol to the FDA to initiate a global multinational multicenter clinical trial in lung mesothelial cancer.
June 2016	Presented three papers at the ASCO Annual Meeting in Chicago on Phase III hepatic cell carcinoma, lung mesothelial cancer and pancreatic cancer combination trials.
January 2017	Polaris Pharmaceuticals Australia Pty Ltd. established (“PPAU”).
January 2017	Initiated Phase I clinical trial of ADI-PEG 20+Cytarabine for blood cancer.
February 2017	Phase I clinical trial of ADI-PEG 20+ immunotherapy Pembrolizumab (Keytruda) for multiple cancers was initiated.
July 2017	The Company completed a cash capital increase for common stock, raising NT$720,000,000 and increasing paid-in capital to NT$2,466,306,000.
August 2017	The Company completed a private placement of common stock, raising NT$302,400,000 and increasing paid-in capital to NT$2,556,306,000.
September 2017	The FDA approved the design of a pivotal single-arm, uncontrolled, global clinical trial of ADI-PEG 20 in combination with FOLFOX for the treatment of hepatic cell carcinoma, using the Overall Response Rate as the primary efficacy measure.
October 2017	The Company completed a private placement of common stock, raising NT$582,750,000 and increasing paid-in capital to NT$2,655,551,000.
April 2018	Clinical trial of ADI-PEG 20+ immunotherapy Atezolizumab (Tecentriq) and first-line chemotherapy in non-small cell lung cancer in collaboration with Roche began.
May 2018	The Company established a research alliance with MD Anderson Cancer Center to collaborate on immunotherapy therapeutic research through an immunotherapy platform.
September 2018	The Company completed a cash capital increase of NT$600,000,000, raising paid-in capital to NT$2,857,564,000.
December	Polaris Pharmaceuticals Ireland Limited (“PPIR”) was established.

Date	Important Notes on the Group and Company History
2018	
April 2019	The Company completed a private placement of common stock to raise capital of NT$154,229,000 and increased paid-in capital to NT$2,929,014,000.
June 2019	The Company completed the capital increase of common stock, raising NT$720,000,000 and increasing the paid-in capital to NT$3,529,014,000.
December 2019	The Company completed a private placement of common stock to raise capital of NT$3,000,000 and increased paid-in capital to NT$6,529,014,000.
June 2020	Phase 1B clinical trial for brain cancer.
August 2020	The Board of Directors resolved to merge with TDW Group.
February 2021	Phase III interim analysis of lung mesothelial carcinoma showed a statistically significant overall survival rate of over 80%.
June 2021	Phase II clinical trial for soft tissue tumors completed and results presented orally at ASCO.
July 2021	The FDA approved DSMB's recommendation for early termination and unblinding of the Phase III clinical trial for mesothelial lung cancer, as the CP values for OS and PFS in the Phase III trial were over 80%.
August 2021	Raised NT$5,120,000,000 through a cash capital increase of common stock
December 2021	Received a letter from the Industrial Development Bureau of the Ministry of Economic Affairs stating that the product is a technology business and has been successfully developed and is marketable.
February 2022	The FDA granted the Company an expedited review status for the development of a new drug for lung mesothelial cancer and the application for drug certification. The Company was also requested to announce the policy and method of EAP licensed medication in the near future.
April 2022	Polaris Biopharmaceuticals, Inc. (hereinafter referred to as “PBI”) was founded.
June 2022	Completed the Capital Increase by Issuing New Shares for Cash Consideration prior to listing with the price and volume weighted average of each winning bid being NT $84.57 per share; with the public offering price being NT $82 per share; and totaling NT $1,674,937,000.
September 2022	The unblindness results of Phase III clinical trials for mesothelioma were statistically significant in both primary and secondary evaluation criteria.
November 2022	Launch of Phase II clinical trial for cerebral cancel.
January 2023	The Company obtained FDA’s approval for Phase III IND for soft tissue sarcoma.
May 2023	Polaris Group Korea Limited completed liquidation proceedings.
May 2023	Phase clinical trial for NASH initiated.
June 2023	Acquisition of control of Nanotein Technologies, Inc. (“Nanotein”).
October 2023	TDW Pharmaceuticals Inc. changed its name to Polaris Pharmaceuticals (Taiwan), Inc.. (“PPTW”).
December 2023	Acquisition of Lin Yang Biopharma, Ltd. (hereinafter referred to as “LYB “) and Genovior Biotech Corporation (hereinafter referred to as “Genovior Biotech”).

III. Group Structure

Please refer to VIII of this Annual Report under “Special Notes”.

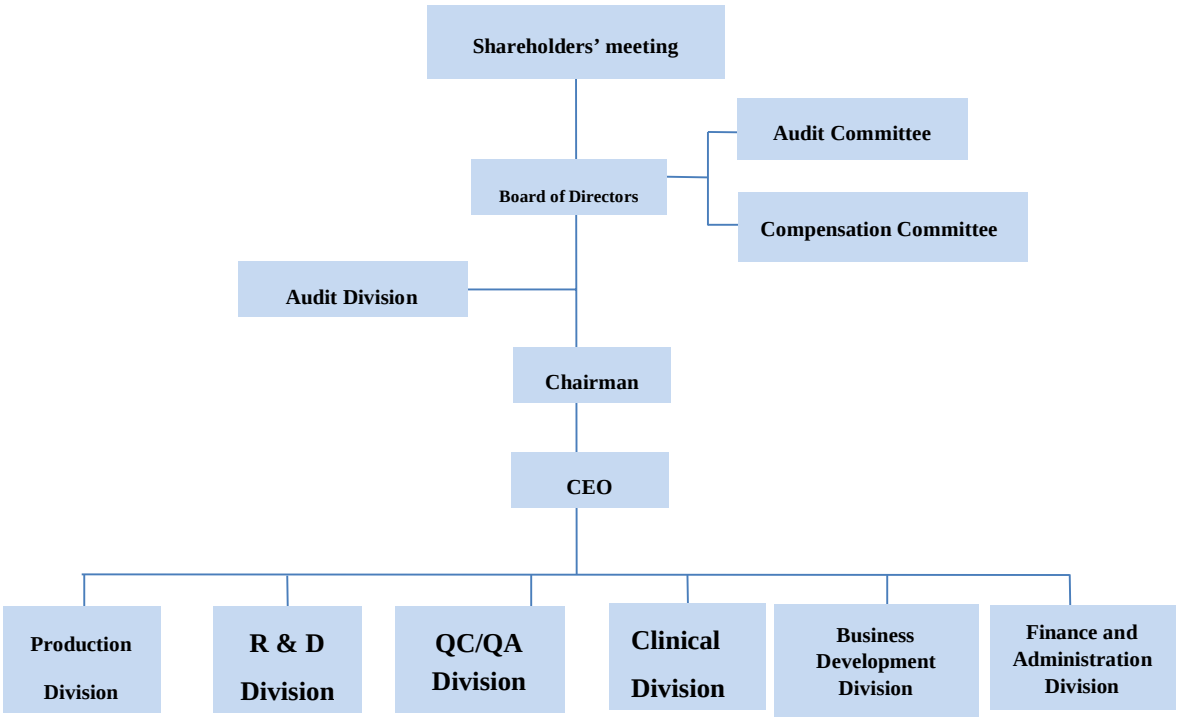
IV. Risks

Please refer to VII “Review and Analysis of Financial Condition and Financial Performance and Risks” in this Annual Report for details of the general economic and political and economic environment in the countries of incorporation and the main operating countries, foreign exchange control, rent and taxation and related laws and regulations, recognition of the validity of civil verdicts by the courts in the ROC, and other risks.

III. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II)Principal Operations of Each Division

Division	Responsibilities and Duties
Board of Directors	Execute the resolutions of the shareholders' meeting and decide on the Company's operating policies, business plans and major operating decisions within the authorization of the Shareholders' Meeting.
Audit Committee	To oversee the Group's business and financial affairs, the proper presentation of financial statements, the effective implementation of internal controls, the Company's compliance with relevant laws and regulations, and the control of existing or potential risks of the Company.
Compensation Committee	To establish and regularly review the policies, systems, standards and structures for performance evaluation and compensation of directors and managers, and to regularly evaluate and set the compensation of directors and managers.
Audit Division	(1) Review and evaluate the soundness, reasonableness, effectiveness and implementation of internal control system of each department. (2) Execution of annual audit plan. (3) Writing of audit reports, assessment of improvement operations and self-inspection of internal control system. (4) Other activities in accordance with laws and regulations.
Production Division	(1) GMP-compliant cell culture and purification process scale-up and process improvement. (2) Pharmaceutical product filling, packaging and labeling, etc. (3) Management of upstream and downstream production, pharmaceutical production, equipment engineering and warehousing. (4) Design of pharmaceutical manufacturing processes and introduction of

Division	Responsibilities and Duties
	production technologies. (5) Formulation of pharmaceutical manufacturing specifications and processes. (6) Evaluation and analysis of production cost of pharmaceutical process technology. (7) Planning and execution of pharmaceutical mass production testing. (8) Design, construction and maintenance of production bases.
Finance and Administration Division	(1) Finance Department A. Planning, scheduling and management of the Company's capital utilization. B. Budget editing, execution and management. C. Long-term and short-term investment operations. D. Preparation, implementation and revision of accounting system. E. Preparation of financial statements and tax returns and reporting to the competent authorities. F. Management accounting and financial analysis report editing. G. Organization and execution of board of directors' meetings and shareholders' meetings. (2) Management Department A. Short, medium and long term policy/policy formulation and strategic planning of the Company. B. Human resource planning, organization structure establishment. C. Payroll, labor and health insurance, and personnel information filing for new employees. D. Personnel attendance, salary, performance appraisal, insurance (labor insurance, health insurance, labor pension, group insurance), welfare. E. Computer information, network management, permission control and ERP setup and system management, information system security management, computer software and hardware management and maintenance. F. Supervision and review of major contract provisions. G. Organization and execution of board meetings and shareholders' meetings. H. Patent maintenance I. General services. J. President staff and secretary work (3) Procurement Division/Information&Material Division A. Searching and purchasing of all materials. B. Negotiation on supplier and outsource service provider and relevant operations. C. Transportation and distribution of raw materials and finished products. D. Health management, property management, warehousing business and related quality management activities. (4) EHS Division A. System establishment, supervision, audit and change control related to EHS. Ensure the safety and health of workers and the environment. B. Waste removal, management and destruction. C. Personnel safety and health education and training.
Research and Development Division	(1) Plan research and development trends in line with the Company's long/medium/short term goals to ensure technological leadership in the industry (2) Culture, purification, and dosage form design. (3) Research manufacturing process development, process technology amplification and improvement. (4) Process validation standard review and analysis method development

Division	Responsibilities and Duties
	(5) Follow-up research, development and evaluation of new products and technologies. (6) Ensure that R&D and manufactured drugs comply with FDA's cGMP requirements. (7) Responsible for GMP certification and quality management of the Company's products. (8) Responsible for the Company's technology research, development and technology platform operation management.
QC/QA Division	(1) QC Center A. Perform and record the inspection required for raw materials, materials, semi-finished products, finished products, aseptic monitoring, microbiological and other raw manufacturing processes. B. Execute the release of qualified materials, raw materials and semi-finished products. C. Ensure that all necessary tests have been performed. D. Ensure that instruments and methods have been properly performed. E. Ensure that the quality of each product complies with the regulatory standards. (2) QA Center A. Ensure the establishment, implementation and maintenance of quality assurance system in compliance with regulations. B. Quality related review, approval and release to ensure product quality. C. Quality related incident investigation; analysis and prevention of quality problems. D. Document management and personnel education and training. E. Control over change. F. Supplier quality audit. G. Verification, calibration and validation of standards, equipment, facilities, etc
Clinical Division	(1) Promote clinical trials in accordance with Good Clinical Practice (GCP) to confirm the quality and correctness of clinical trials. (2) Coordinate and ensure the consistency of the trials with multinational multi-center trials. (3) Design trial protocols, case report forms and trial-related working documents. (4) Conduct clinical trial facilitator meetings and training of research nurses. (5) Manage clinical trial drugs. (6) Closely monitor and audit the conduct of clinical trials and report (serious) adverse drug events. (7) Prepare clinical trial reports. (8) New drug development and drug submission regulations research. (9) Clinical license application and drug certificate application. (10) Liaison with national drug regulatory authorities.
Business Development Division	(1) Business Development Division A. Customer profile creation, market development and contract signing. B. Annual sales estimate, sales project implementation and management. C. Product quotation and customer billing procedures. D. Customer satisfaction investigation E. Assist in product distribution related quality management activities and complaints investigation. F. Assist and handle customer complaints, return, recycling and other after-sale service related activities.

Division	Responsibilities and Duties
	(2) Drug Regulation Affair A. Responsible for drug license, manufacturing license application, change, extension, reissue and other business. B. Responsible for application of import (export) license of raw materials and drugs. C. Check registration laws and regulations inquire and presentation.

II. Information on Directors, Supervisors, President, Vice President, Assistant Directors, Heads of Departments and Branches

(I) Information on Directors and Supervisors (the Company does not have a supervisor)

1. Name, Gender, Age, Nationality or Place of Registration, Experience, Shares Held and Nature

March 5, 2024

Title	Nationality or place of incorporation	Name	Age and Gender	Election (appointment)Date	Term	Initial Election	when elected Shareholdings		Now Hold Number of shares		Spouse, minor children now Shareholdings		Shareholdings in the name of others		Main economic (education) degree	Currently holds positions in The Company and other companies	Other supervisors or directors with a spouse or relationship within the second degree			Note
							Number of shares	shareholding ratio %	Number of shares	shareholding ratio %	Number of shares	shareholding ratio %	Number of shares	shareholding ratio %			Title	Name	relation	
Chairman of the Board	Republic of China	Howard Chen	Male 63 years old	2023.06.12	3	2014.11.24	34,700	0.005	34,700	0.005	—	—	—	—	• Master, Institute of Electrical Engineering, National Tsing Hua University • Taiwan Semiconductor Manufacturing Co., Ltd. • Taixin Semiconductor Co., Ltd.	• Director of PPI, DRX USA, DRX Chengdu, DRX Shanghai, PPTW, LYB and Genovior Biotech • Chairman of the Board of Gemtek Technology Co., Ltd. • Chairman of the Board of Browan Communications Incorporation • Chairman of the Board of Speedlink Communications Co., Ltd. • Director of G-Technology Investment Co., Ltd • Director of Witek Investment Investment Co., Ltd. • Director of Ampak International Holding Ltd. • Director of Primax Communication(B.V.I.) Inc. • Director of Billionaire Microelectronics Co., Ltd.	-	-	-	-
Director	Republic of China	Chen, Shyan Tser	Male 74 years old	2023.06.12	3	2020.02.25	4,950,000	0.67	4,950,000	0.66	3,802,000	0.51	—	—	Department of Chemistry, National Tsing Hua Universit	• Director of PPI, DRX USA, PPTW, PBI, Genovior Biotech • Supervisor of DRX Shanghai • Chairman of the Board of GlobalSat WorldCom Corporation • Director of Songhan	-	-	-	-

Title	Nationality or place of incorporation	Name	Age and Gender	Election (appointment)Date	Term	Initial Election	when elected Shareholdings		Now Hold Number of shares		Spouse, minor children now Shareholdings		Shareholdings in the name of others		Main economic (education) degree	Currently holds positions in The Company and other companies	Other supervisors or directors with a spouse or relationship within the second degree			Note
							Number of shares	shareholding ratio %	Number of shares	shareholding ratio %	Number of shares	shareholding ratio %	Number of shares	shareholding ratio %			Title	Name	relation	
																Technology Co., Ltd.				
Director	Samoa	Digital Capital Inc.	—	2023.06.12	3	2020.02.25	290,000,000	39.03	290,000,000	38.96	—	—	—	—	—	—	-	-	-	-
	Republic of China	Representative: Steve J.P. Hsu:	Male 66 years old	2024.01.02	Note 1	2024.01.02	—	—	—	—	2,000	0.000	—	—	• PhD in Chemical Engineering, Massachusetts Institute of Technology, USA • Chairman/President of Savior Lifetec Corporation • Deputy President of R&D Department of ScinoPharm Taiwan • Manager of Pharmaceutical Department of Sinon Corporation • Senior Engineer, Production technology Department of Merck & Co., USA	• CEO of the Company • Director of PBI, PPTW, LYB • Chairman and President of Genovior Biotech • Director of Fujian Genohope Biotech Ltd.				
Director	Cayman Islands	Mai Investment Co., Ltd	—	2023.06.12	3	2023.06.12	40,527,138	5.45	40,527,138	5.44	—	—	—	—	—	—	-	-	-	-
	USA/ ROC	Representative: Wayne Lin	Male 54 years old	2023.06.12	3	2020.02.25	323,628	0.04	173,250	0.02	—	—	—	—	• University of California, Irvine, MBA • Founder and CEO of Cocoweb.com	Director of Polaris Group				

Title	Nationality or place of incorporation	Name	Age and Gender	Election (appointment)Date	Term	Initial Election	when elected Shareholdings		Now Hold Number of shares		Spouse, minor children now Shareholdings		Shareholdings in the name of others		Main economic (education) degree	Currently holds positions in The Company and other companies	Other supervisors or directors with a spouse or relationship within the second degree			Note
							Number of shares	shareholding ratio %	Number of shares	shareholding ratio %	Number of shares	shareholding ratio %	Number of shares	shareholding ratio %			Title	Name	relation	
Independent Director	Republic of China	Way, Tzong Der	Male 52 years old	2023.06.12	3	2020.02.25	—	—	—	—	—	—	—	—	Ph.D. in Chemistry and Molecular Biology, National Taiwan University	Professor and Dean of the Department of Biotechnology, Academy of Technology, Pharmacy and Food Science, China Medical University	-	-	-	-
Independent Director	Republic of China	Chao, Ying Cheng	Male 65 years old	2023.06.12	3	2020.02.25	—	—	—	—	—	—	—	—	• Master of Chemical Engineering, National Taiwan University • Sun Yat-Sen University EMBA • Director of TSMC Sixth Factory • President of TSMC Mainland China • of TSMC Solar Co., Ltd.	• Consultant of Board of Directors • Cheng Yi Investment Company Chairman of the Board	-	-	-	-

Note 1: The representative of Digital Capital Inc., the legal director, was originally Patrick Y. Yang. On January 2, 2024, Digital Capital Inc. reassigned its representative Steve J.P. Hsu, who took effect on January 2, 2024 and served until June 11, 2026.

2. Substantial Corporate Shareholders

March 5, 2024

Name of Corporate Shareholder	Substantial Shareholders
Digital Capital Inc.	Chen, Shyan Tser 25%, Chen Chang, Fang Hsin 25%, Chen, Yi Ting 25%, Chen, Yi Chun 25%
Mai Investment Co., Ltd.	Digital Mobile Venture Ltd. 100%

3. Principal shareholders of legal entities whose principal shareholders are legal entities.

Name	Substantial Shareholders
Digital Mobile Venture Ltd. 100%	Chen, Shyan Tser 25%, Chen Chang, Fang Hsin 25%, Chen, Yi Ting 25%, Chen, Yi Chun 25%

4. Directors' Professional Knowledge and Independence

(1) Disclosure of Directors' Professional Qualifications and Independence of Independent Directors

Conditions / Name	Professional Knowledge and Experience	Independence	Number of Other Public Companies Currently Acting as Independent Director
Howard Chen	1. Experience in business, law, finance, accounting or corporate business. For professional qualifications and experience, please refer to the main qualifications of directors and supervisors on pages 18~20. 2. None pertaining to the provisions of Article 30 of the Company Act.	Non-independent director.	0
Chen, Shyan Tser	1. Experience in business, law, finance, accounting or corporate business. For professional qualifications and experience, please refer to the main qualifications of directors and supervisors on pages 18~20. 2. None pertaining to the provisions of Article 30 of the Company Act.	Non-independent director.	0
Steve J.P. Hsu	1. Experience in business, law, finance, accounting or corporate business. For professional qualifications and experience, please refer to the main qualifications of directors and supervisors on pages 18~20. 2. None pertaining to the provisions of Article 30 of the Company Act.	Non-independent director.	0

Conditions / Name	Professional Knowledge and Experience	Independence	Number of Other Public Companies Currently Acting as Independent Director
Wayne Lin	1. 1.Experience in business, law, finance, accounting or corporate business. For professional qualifications and experience, please refer to the main qualifications of directors and supervisors on pages 18~20. 2. None pertaining to the provisions of Article 30 of the Company Act.	Non-independent director.	0
Way, Tzong Der	1. Member of the Audit Committee who is at least a lecturer from a public or private college or university with a degree in business, law, finance, accounting or a related discipline required for corporate business. For professional qualifications and experience, please refer to the main qualifications of directors and supervisors on pages 18~20. 2. None pertaining to the provisions of Article 30 of the Company Act.	1. No relative within the scope of the Company or its affiliates is a director, supervisor or employee of the Company or its affiliates. 2. None of the Company's shares are held by the individual, his/her spouse, or a relative within the second degree of consanguinity (or in the name of another person). 3. Not a director, supervisor, or employee of the company with which the Company has a specific relationship. 4. No remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.	1
Chao, Ying Cheng	1. Member of the Audit Committee who is at least a lecturer from a public or private college or university with a degree in business, law, finance, accounting or a related discipline required for corporate business. For professional qualifications and experience, please refer to the main qualifications of directors and supervisors on pages 18~20. 2. None pertaining to the provisions of Article 30 of the Company Act.	1. No relative within the scope of the Company or its affiliates is a director, supervisor or employee of the Company or its affiliates. 2. None of the Company's shares are held by the individual, his/her spouse, or a relative within the second degree of consanguinity (or in the name of another person). 3. Not a director, supervisor, or employee of the company with which the Company has a specific relationship. 4. No remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.	0

(2) Board Diversity and Independence

A. Board Diversity:

Policy on Diversity of Board Members

In accordance with Article 20, Item 1 of the Company's Code of Corporate Governance Practices, the composition of the Board of Directors should consider diversity and formulate appropriate diversity policies with respect to its operations, business model and development needs, including but not limited to basic qualifications and values (gender, age, nationality, culture and ethnicity, etc.) and professional knowledge and skills (such as legal, accounting, industrial, financial, marketing or technology, etc.).

Implementation of Policy on Diversity of Board Members, Specific Management Objectives and Achievements

The Company's Board of Directors shall instruct the Company's strategy, supervise the management, and be responsible to the Company and its shareholders. The practices and arrangements of the Company's corporate governance system shall ensure that the Board of Directors shall exercise its authority in accordance with the law, the provisions of the Articles of Incorporation, or the resolutions of the shareholders' meeting. The Company's directors possess the knowledge, skills, education, and industrial decision-making and management abilities necessary for the execution of their business. The Company continues to arrange diversified training programs for its board members to enhance their decision-making quality and supervisory ability, and to strengthen the functions of the board of directors. In addition, the Company also emphasizes gender equality in the composition of the Board of Directors, and the Company currently does not have any female directors.The Company will include female director candidates in the candidate list at the next election of directors.

The Company's current Board of Directors consists of seven directors, including three independent directors, three corporate directors and one natural person director, and the abilities of each director based on their academic experience and the relevant implementation are as follows:

Title	Name	Gender	Age	Nationality	Biotechnology Industry Professional Background	Business, finance and accounting experience	Coordinated planning management and leadership experience	National certification of lecturer qualification or professional technology in tertiary institutions
Chairman of the Board	Howard Chen	Male	60~69	ROC		✓	✓	
Director	Steve J.P. Hsu	Male	60~69	ROC	✓	✓	✓	
Director	Independent Director	ROC	50~59	ROC		✓	✓	
Director	Chen, Shyan Tser	ROC	70~79	ROC		✓	✓	
Independent Director	Way, Tzong Der	ROC	50~59	ROC	✓		✓	✓
Independent Director	Chao, Ying Cheng	ROC	60~69	ROC		✓	✓	

Note 1: The Company has 1 Director with employee status, accounting for 16.7%

Note 2: There are 2 Independent Directors, accounting for 33.3%, whose tenure doesn't exceed 9 years.

Note 3: There are 2 Directors aged between 50 and 59, 3 aged between 60 and 69 and 1 aged between 70 and 79.

Note 4: There are 2 Directors with Biotechnology Industry Professional Background, accounting for 33.3%.

Note 5: There is 1 Director with professional teaching position and professional certification, accounting for 16.7%

Note 6: There are 5 Directors with a background in business, finance and accounting experience, accounting for 83.3%.

Note 7: There are 6 male Directors, without any female so far.

B. Independence of the Board

The Board of Directors is composed of six directors with professional backgrounds and extensive experience, whose role is to enhance the long-term corporate value of the Company and to protect the interests of shareholders and stakeholders through sound corporate governance, integrity and ethical values. Of the six Directors, the Directors are nominated by candidates and are selected by the Shareholders' Meeting from a list of candidates for Director (including Independent Director), and the Directors have delegated the authority to establish a Compensation Committee and an Audit Committee to assist the Directors in carrying out their responsibilities.

The Board of Directors is not subject to the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act, and there is no spouse or consanguineous relationship between the Directors.

(II) The Board of Directors is not subject to the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act, and there is no spouse or consanguineous relationship between the Directors.

March 5, 2024

Title	Nationality	Name	Gender	Election (appointment) Date	Shareholdings		Spouse, minor children shareholdings		Shareholdings via others		Experiences	Currently engaged in other company duties	Manager with spouse or second degree of consanguinity			Notes
					Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage			Title	Name	Relationship	
Chief Executive Officer	ROC	Steve J.P. Hsu	Male	2023.12	—	—	2,000	0.000%	—	—	PhD in Chemical Engineering, Massachusetts Institute of Technology, USA Chairman of Board of Directors/President of Savior Lifetec Corporation Deputy President of R&D Departmentof SCINOPHARM TAIWAN, LTD.	Representative of Digital Capital Inc. Director of Fujian Genohope Biotech Ltd.	-	-	-	-
Executive Vice President	USA	John Bomalaski	Male	2007.01	—	—	—	—	—	—	MD, USA St. Louis University Registered Physician in Internal Medicine and Rheumatology, USA Founder of USA Phoenix Pharmacologics	-	-	-	-	-
Chief Financial Officer, Corporate Governance Supervisor	ROC	Kay Huang	Female	2019.03	—	—	213,548	0.03%	—	—	BA, Department of Economics, National Taiwan University MBA, USA Baruch College Passed the USA Accounting Examination Senior Manager, Ernst & Young Financial Advisory Services Associate, Deloitte Touche Tohmatsu Head of Audit of the Company	-	-	-	-	-
COO	ROC	You, Huei-Yuan	Male	2023.06	5,000	0.000%	—	—	—	—	PhD in Biotechnology, National Tsing Hua University	-	-	-	-	-

Title	Nationality	Name	Gender	Election (appointment) Date	Shareholdings		Spouse, minor children shareholdings		Shareholdings via others		Experiences	Currently engaged in other company duties	Manager with spouse or second degree of consanguinity			Notes
					Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage			Title	Name	Relationship	
											Project Leader of Production Control Management of BeiGene, Genception Jecho, Biopharmaceuticals,Yao-Jun Technology					
CSO	USA	Chien-Hsing Chang	Male	2023.06	—	—	—	—	—	—	PhD in Chemistry, Johns Hopkins University Vice President of Research and Development at IMMUNOMEDICS	-	-	-	-	-
CISO	ROC	Kevin Wu	Male	2023.12	—	—	—	—	—	—	Master of Law, Soochow University Master/PhD, Institute of Life Sciences, National Tsing Hua University Associate Director, Business Law firm, Deloitte & Touche	-	-	-	-	-
Audit Director	ROC	Zoey Wang	Female	2021.05	—	—	—	—	—	—	BS, Department of Accounting, National Cheng Kung University MS, Graduate School of Accounting, National Chengchi University Associate, Audit Services, PWC	-	-	-	-	-
Vice President of Production	USA	Chris Huxsoll	Male	2005.02	—	—	—	—	—	—	Ph.D. in Physiology, University of California, Davis Researcher at Hygienia Biotech, USA California, 15 years of experience in pharmaceutical quality control	-	-	-	-	-
Vice President of Clinical Affairs	USA	Amanda Johnston	Female	2010.10	140,000	0.02%	—	—	—	—	PhD in Pharmacy, University of London, UK Senior investigator and clinical team leader at	-	-	-	-	-

Title	Nationality	Name	Gender	Election (appointment) Date	Shareholdings		Spouse, minor children shareholdings		Shareholdings via others		Experiences	Currently engaged in other company duties	Manager with spouse or second degree of consanguinity			Notes
					Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage			Title	Name	Relationship	
											Agouron Pharmaceuticals, Warner-Lambert and Pfizer					

III. Remuneration for Directors, Supervisors, President and Vice President for the Most Recent Year

(I) Remuneration for Directors, Supervisors, CEO and Vice Presidents for the Most Recent Year (2023)

1.Remuneration for Directors and Independent Directors

Unit: NT$1,000

Title	Name	Director remuneration (Note 1)								A, B, C AND D AS A PERCENTAGE OF NET INCOME AFTER TAX		Part-time employees remuneration								A, B, C, D, E, F and G, as a percentage of net income after tax		Received remuneration from an invested subsidiary or parent company
		Remuneration (A)		Retirement Pension (B)		Director Compensation (C)		Business Execution Fee (D)				Salaries, bonuses and special payments, etc. (E) (Note 2)		Retirement Pension (F)		Employee Compensation (G)						
																The Company		All companies reported in the financial statements				
		The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	Cash	Equity	Cash	Equity	The Company	All companies reported in the financial statements	
Chairman of the Board	Howard Chen (Note 1)	—	—	—	—	—	—	25	25	25 (0.00)	25 (0.00)	3,600	3,600	—	—	—	—	—	—	3,625 (0.23)	3,625 (0.23)	None
Director	Representative of Digital Capital Inc.: Patrick Y. Yang (Note 3)	800	800	—	—	—	—	—	—	800 (0.05)	800 (0.05)	—	—	—	—	—	—	—	—	800 (0.05)	800 (0.05)	None
Director	Representative of Mai Investment Co., Ltd.: Wayne Lin	350	350	—	—	—	—	—	—	350 (0.02)	350 (0.02)	—	—	—	—	—	—	—	—	350 (0.02)	350 (0.02)	None

Title	Name	Director remuneration (Note 1)								A, B, C AND D AS A PERCENTAGE OF NET INCOME AFTER TAX		Part-time employees remuneration								A, B, C, D, E, F and G, as a percentage of net income after tax		Received remuneration from an invested subsidiary or parent company
		Remuneration (A)		Retirement Pension (B)		Director Compensation (C)		Business Execution Fee (D)				Salaries, bonuses and special payments, etc. (E) (Note 2)		Retirement Pension (F)		Employee Compensation (G)						
																The Company		All companies reported in the financial statements				
		The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	Cash	Equity	Cash	Equity	The Company	All companies reported in the financial statements	
Director	Chen, Shyan Tser	800	800	—	—	—	—	30	30	830 (0.05)	830 (0.05)	—	—	—	—	—	—	—	—	830 (0.05)	830 (0.05)	None
Independent Director	Way, Tzong Der	950	950	—	—	—	—	30	30	980 (0.06)	980 (0.06)	—	—	—	—	—	—	—	—	980 (0.06)	980 (0.06)	None
Independent Director	Chao, Ying-Cheng	891	891	—	—	—	—	25	25	916 (0.06)	916 (0.06)	—	—	—	—	—	—	—	—	916 (0.06)	916 (0.06)	None
Independent Director	Tai, Jang Huei (Note 4)	749	749	—	—	—	—	5	5	754 (0.05)	754 (0.05)	—	—	—	—	—	—	—	—	754 (0.05)	754 (0.05)	None

Title	Name	Director remuneration (Note 1)								A, B, C AND D AS A PERCENTAGE OF NET INCOME AFTER TAX		Part-time employees remuneration								A, B, C, D, E, F and G, as a percentage of net income after tax		Received remuneration from an invested subsidiary or parent company
		Remuneration (A)		Retirement Pension (B)		Director Compensation (C)		Business Execution Fee (D)				Salaries, bonuses and special payments, etc. (E) (Note 2)		Retirement Pension (F)		Employee Compensation (G)						
		The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company		All companies reported in the financial statements		The Company	All companies reported in the financial statements	
																Cash	Equity	Cash	Equity			
1. Please describe the policy, system, standards and structure of the Independent Director's compensation, and the relevance to the amount of compensation paid based on the responsibilities, risks, and time commitment: In accordance with the Company's Articles of Incorporation, the compensation of the Director shall be determined by the Compensation Committee based on his or her participation in the Company's operations and the value of his or her contributions, and shall be submitted to the Director's meeting for approval, taking into account the usual standards in the industry. The Company shall set a different salary and compensation for the Independent Director than the average Director. In accordance with the provisions of the Company Independent Director's scope of responsibilities, the Company Independent Director's remuneration shall be set forth in the Company's Articles of Incorporation or by resolution of the Shareholders' Meeting, and may be set at a reasonable rate different from that of the ordinary Directors. The Company currently pays the Independent Director a monthly compensation of NT$100,000 and NT$5,000 for travel expenses for each Director meeting, taking into account domestic and international industry standards. 2. In addition to the above table, the remuneration received by the Company's Director for services rendered to all companies reported in the financial statements (such as serving as a consultant to non-employees) in the most recent year: None																						

Note 1: Howard Chen, a Director, has served as the Chief Executive Officer of the Company since November 11, 2022 and therefore was paid the Chief Executive's remuneration since his appointment and retired on December 21, 2023.

Note 2: The remuneration of the Director's part-time employees is not the total amount of remuneration actually received, which includes the amount of fees recognized in accordance with IFRS 2 share-based payment for the stock options granted by the Company to the employees in accordance with the Criteria for Recordable Items in Public Company Annual Reports.

Not e 3: The representative of Digital Capital Inc., the legal director, was originally Patrick Y. Yang. On January 2, 2024, the company reassigned its representative Steve J.P. Hsu, effective January 2, 2024, with a term of office until June 11, 2026.

Note 4: Independent Director Tai, Jang Huei resigned on 29 August 2023.

Remuneration Table

Pay each Director remuneration level of The Company	First four remuneration totals (A+B+C+D)		First seven remuneration totals (A+B+C+D+E+F+G) (Note 1)	
	The Company	All companies reported in the financial statements H	The Company	All companies reported in the financial statements I
Less than NT$1,000,000	Howard Chen, Chen, Shyan Tser, Wayne Lin, Way, Tzong Der, Chao, Ying-Cheng, Tai, Jang Huei, Patrick Y. Yang	Howard Chen,Chen, Shyan Tser,Wayne Lin,Way, Tzong Der, Chao, Ying-Cheng, Tai, Jang Huei, Patrick Y. Yang	Chen, Shyan Tser, Wayne Lin, Way, Tzong Der, Chao, Ying-Cheng,T ai, Jang Huei, Patrick Y. Yang	Chen, Shyan Tser, Wayne Lin, Way, Tzong Der, Chao, Ying-Cheng, Tai, Jang Huei, Patrick Y. Yang
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	—	—	—	—
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	—	—	—	—
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	—	—	Howard Chen	Howard Chen
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	—	—	—	—
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	—	—	—	—
NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (exclusive)	—	—	—	—
NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (exclusive)	—	—	—	—
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (exclusive)	—	—	—	—
NT$ 100,000,000 or more	—	—	—	—
Total	7 people	7 people	7 people	7 people

2. Supervisor’s Remuneration

The Audit Committee was established within the Company, so it’s not applicable.

3. Remuneration for the President and Vice President

Unit: NT$1,000

Title	Name	Compensation (A)		Retirement Pension (B)		Bonuses and special expenses, etc. (C)		Employee Compensation Amount (D)				Total amount of A, B, C and D and percentage of net income after tax (%)		Received remuneration from an invested subsidiary or parent company
								Total amount of A, B, C and D and percentage of net income after tax (%)		Received remuneration from an invested subsidiary or parent company				
		Title	Name	Compensation (A)	Retirement Pension (B)	Bonuses and special expenses, etc. (C)	Employee Compensation Amount (D)	Cash	Equity	Cash	Equity	Title	Name	
CEO	Steve J.P. Hsu (Note 2)	130	130	—	—	139	139	—	—	—	—	269 (0.02)	130 (0.02)	—
CEO	Howard Chen (Note 2)	3,600	3,600	—	—	—	—	—	—	—	—	3,600 (0.23)	3,600 (0.23)	—
Executive Vice President	John Bomalaski	—	9,300	—	—	—	3,954	—	—	—	—	—	13,254 (0.83)	—
COO	Wayne Lin (Note3)	—	—	—	—	—	1,955	—	—	—	—	—	1,955 (0.12)	—
COO	You, Huei-Yuan (Note 3)	5,800	5,800	108	108	6,237	6,237	—	—	—	—	12,145 (0.76)	12,145 (0.76)	—
CSO	Chien-Hsing Chang	—	6,000	—	—	—	4,041	—	—	—	—	—	10,041 (0.63)	
CFO and Corporate Governance Supervisor	Kay Huang	1,430	2,790	45	45	1,704	4,089	—	—	—	—	3,179 (0.20)	6,924 (0.43)	—
CISO	Kevin Wu	367	367	18	18	15	15	—	—	—	—	400 (0.03)	400 (0.03)	—
Vice President of Production	Chris Huxsoll	—	6,900	—	—	—	3,081	—	—	—	—	—	9,981 (0.63)	—
Vice President of Production	Amanda Johnston	—	9,504	—	—	—	2,991	—	—	—	—	—	12.495 (0.78)	—
Vice President of Research and Development	Richard Showalter	—	6,637	—	—	—	2,921	—	—	—	—	—	9,558 (0.60)	—

Note 1:The actual total amount of bonuses and special payments received by the managers was zero. However, the amount of bonuses and special payments was calculated in accordance with the Guidelines Governing the Recordation of Financial Reports by Public Companies, plus the amount of fees recognized on the basis of IFRS 2 for employee stock options.

Note 2: Mr. Howard Chen stepped down as Chief Executive Officer on December 21, 2023 and was replaced by Mr. Steve J.P. Hsu.

Note 3: Mr. Wayne Lin stepped down as Chief Operating Officer on June 15, 2023, and was replaced by Mr. You, Huei-Yuan.

4. Remuneration of the Top 5 Executives of TWSE/TPEx-listed Companies

Unit:NT$1,000

Title	Name	Compensation (A)		Retirement Pension (B)		Bonuses and special expenses, etc. (C)		Employee Compensation Amount (D)				Total amount of A, B, C and D and percentage of net income after tax (%)		Received remuneration from an invested subsidiary or parent company
		The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company	All companies reported in the financial statements	The Company		All companies reported in the financial statements		The Company	All companies reported in the financial statements	
								Cash	Equity	Cash	Equity			
Executive Vice President	John Bomalaski	—	9,300	—	—	—	3,954	—	—	—	—	—	13,254 (0.83)	—
COO	You, Huei-Yuan	5,800	5,800	108	108	6,237	6,237	—	—	—	—	12,145 (0.76)	12,145 (0.76)	—
CSO	Chien-Hsing Chang	—	6,000	—	—	—	4,041	—	—	—	—	—	10,041 (0.63)	
Vice President of Production	Chris Huxsoll	—	6,900	—	—	—	3,081	—	—	—	—	—	9,981 (0.63)	—
Vice President of Production	Amanda Johnston	—	9,504	—	—	—	2,991	—	—	—	—	—	12.495 (0.78)	—
Vice President of Research and Development	Richard Showalter	—	6,637	—	—	—	2,921	—	—	—	—	—	9,558 (0.60)	—

Note1: The actual total amount of bonuses and special payments received by the managers was zero. However, the amount of bonuses and special payments was calculated in accordance with the Guidelines Governing the Recordation of Financial Reports by Public Companies, plus the amount of fees recognized on the basis of IFRS 2 for employee stock options.

5. Name of the Manager Who Distributed Employee Compensation and the Distribution:
The Company Did Not Distribute Employee Compensation.

(II)Provide a comparative analysis of the total compensation paid to The Company's directors, supervisors, general managers and vice presidents as a percentage of net income after tax for the most recent two years for The Company and all consolidated companies, and describe the policies, criteria and mix of compensation payments, the procedures for determining compensation, and the relationship to operating results and future risks.

1.An analysis of the total compensation paid to the Company's directors, presidents and vice presidents as a percentage of net income after income taxes for individual or separate financial statements of the Company and all consolidated reporting companies

Item	2022		2023	
	Total remuneration as a percentage of net income after tax (%)		Total remuneration as a percentage of net income after tax (%)	
	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report
Director	(0.31)	(0.31)	(0.52)	(0.52)
President and Vice President	—	(2.39)	(1.24)	(5.06)

Note: The total amount of remuneration not actually received by the Director and the Manager includes the amount of fees recognized in accordance with the IFRS 2 share-based payment to employees for stock options granted by the Company, as regulated by the Guidelines on Recordable Events in Public Company Annual Reports.

2. Policies, standards and composition of compensation payments, procedures for determining compensation, and correlation with operating performance and future risks

The Company has a Compensation Committee that sets and regularly reviews the annual and long-term performance evaluation and compensation of the Directors and the Managers. The Company has a Compensation Committee that sets and regularly reviews the policies, systems, standards and structures for the annual and long-term performance evaluation and compensation of directors and managers, and the source of director compensation is based on Article 117 of the Company's Articles of Incorporation regarding the distribution of earnings. In addition, the Company has established a remuneration plan for Directors, which specifies the salaries of Independent Directors and the travel expenses for Directors to attend Directors' meetings. As for the remuneration of the President and Vice President, it is considered in accordance with the approved principles of the Company's ranking, and the bonus payment is appropriately adjusted considering the operating performance and future risks.

IV. Corporate Governance

(I) Information on the Operation of the Director's Meeting

As of the printing date of the annual report for fiscal year 2023 to 2024, the Board meeting was held 15 times (A), and the Director attended the meeting as follows:

Title	Name	Actual number of attendance B	Attendance by proxy	Actual attendance (attendance) rate (%) [B/A]	Note
Chairman of the Board	Gemtek Investment Co.,Ltd Representative: Howard Chen	3	0	100%	Note 1
Chairman of the Board	Howard Chen	12	0	100%	Note 2
Director	Chen, Shyan Tser	15	0	100%	Note 3
Director	Digital Capital Inc : Representative : Patrick Y. Yang	10	1	83.3%	Note 4
Director	Digital Capital Inc : Representative : Steve J.P. Hsu	3	0	100%	Note 4
Director	Lien-Mai Tin Investment Co. Representative: Wayne Lin	3	0	100%	Note 1
Director	Mai Investment Co., Ltd Representative: Wayne Lin	12	0	100%	Note 2
Independent Director	Tai, Jang Huei	6	0	85.7%	Note 5
Independent Director	Way, Tzong Der	15	0	100%	Note 3
Independent Director	Chao, Ying-Cheng	14	0	91.7%	Note 3

Note: The general election of directors was held at the shareholders' meeting on June 12, 2023.

(1) At the end of the term of office, the number of attendance shall be 3.
(2) New entrants should attend 12 times.
(3) Reappointed, should attend 15 times.
(4) Reappointed, Steve J.P. Hsu was reassigned on January 2, 2024. Patrick Y. Yang should attend 12 times and Steve J.P. Hsu should attend 3 times.
(5) Reappointed, resigned on August 29, 2023, should attend 7 times.

Other items to be recorded:

1. If the operation of the Director meeting is one of the following, the date of the Director meeting, the period, the content of the motion, all Independent Director's opinions and the Company's handling of Independent Director's opinions shall be described.

(1) Matters set forth in Article 14-3 of the Securities and Exchange Act:

Date / Term	Motions	All Independent Director's comments

			and the Company's handling of Independent Director's comments
	2023/03/09 (first time in 2023)	1. The Company's prepayments and other overdue payments as of December 31, 2022 are not of the nature of the loan. 2. Proposal of DRX (Chengdu)'s application for bank financing limit 3. Proposal of Planning and Handling of the Long-term Fund Raising Proposal of Planning and Handling of the Long-term Fund Raising 4.4. Release the Ban on Directors from Participating in Competitive Business. 5. Independence Evaluation and Appointment of the Company's CPA.	All Independent Director approved
	2023/04/24 (second time in 2023)	1. Capital increase for USA subsidiary DRX USA. 2. Amendments to the Group's (including the subsidiaries) Internal Control System 3. Fund Lent to DRX Chengdu	All Independent Director approved
	2023/05/03 (third time in 2023)	1. The Company's prepayments and other overdue payments as of March 31, 2023 are not of the nature of the loan.	All Independent Director approved
	2023/06/12 (fourth time in 2023)	None	None
	2023/06/12 (fifth time in 2023)	1. Proposal of Loan Extension for Subsidiary's PPI Fund Lent to Australian Subsidiary 2. Proposal of Adjustment of Approval Authority 3. Re-investment in Nanotein Technologies, Inc 4. Proposal of the Company's Intention to Participate in the Issuance of Overseas Depositary Receipts by Issuing Ordinary Shares with a Cash Increase	All Independent Director approved
	2023/07/10	1. Proposal of the Company's	All Independent

(sixth time in 2023)	Intention to Participate in the Issuance of Overseas Depositary Receipts by Issuing Ordinary Shares with a Cash Increase	Director approved
2023/08/21 (seventh time in 2023)	1. Proposal of DRX (Chengdu)'s application for bank financing limit 2. Proposal of Reinvestment	All Independent Director approved
2023/09/26 (eighth time in 2023)	1. Proposal of Reinvestment in Genovior Biotech Corporation	All Independent Director approved
2023/11/06 (ninth time in 2023)	1.2. Amendments to the Group's (including the subsidiaries) Internal Control System 2. Capital increase for USA subsidiary DRX USA.	All Independent Director approved
2023/12/07 (tenth time in 2023)	1. Proposal of Reinvestment in Genovior Biotech Corporation and Lin Yang Biopharma, Ltd.	All Independent Director approved
2023/12/21 (eleventh time in 2023)	None	None
2023/12/21 (twelfth time in 2023)	1. Proposal of DRX Chengdu's Application for Bank Financing Extension	All Independent Director approved
2024/01/19 (first time in 2024)	1. Proposal of Subsidiary Polaris Biopharmaceuticals, Inc.'s Intention to Purchase Zhunan Plant. 2. Proposal of Cash Increase to Subsidiary Genovior Biotech. 3. Release the restriction on New Independent Directors from Participating in Competitive Business.	All Independent Director approved
2024/02/20 (second time in 2024)	1. Proposal of Cash Increase to Subsidiary Polaris Biopharmaceuticals, Inc.	All Independent Director approved
2024/3/12 (third time in 2024)	1. Amendments to the Company's Rules of Procedures of the Board 2. Proposal to Change CPAs Handling Financial Report in Response to the Internal Shift of PwC Taiwan	All Independent Director approved

(II) In addition to the preceding items, other matters resolved by the Independent Director's meeting in which the Director opposes or reserves his or her opinion and has a record or written statement: None.

II. The Director shall state the name of the Director, the content of the motion, the reasons for recusal, and the circumstances of participation in the vote.

Board of Directors Date	Motion	Director recusal and reasons for interest recusal	Voting Participation
2023/8/21	Reinvestment proposal	Director Tai Jang Huei has a personal interest in the case.	Director Tai, Jang Huei did not attend this board meeting due to his own interests involved in the discussion of the motion of the Board of Directors. The case was approved by the other Directors present.

III. Implementation of Self (or peer) Evaluation:

Implementation of the Board's evaluation

Evaluation Period	Executed once a year
Evaluation Period	January 1, 2023 to December 31, 2023
Scope of Evaluation	Board of Directors, individual Directors and functional committees
Evaluation Method	Internal self-evaluation by Board of Directors, self-evaluation by board members
Evaluation Contents	1. Board of Directors performance evaluation: Participation in the operation of the company, improvement of the quality of Board of Directors' decisions, composition and structure of the Board of Directors, selection and continuing education of Directors, internal control 2. Performance evaluation of individual Director members: Mastery of company goals and tasks, knowledge of Director's responsibilities, participation in company operations, internal relationship management and communication, Director's professionalism and continuing education, and internal control. 3. Functional committee performance evaluation: Involvement in company operations, awareness of functional committee responsibilities, improvement of functional committee decision quality, composition and selection of functional committee members, internal control
Evaluation Result	1. Board of Directors performance evaluation: Excellent 2. Performance evaluation of individual Director members: Excellent 3. Performance evaluation of functional committees: Excellent The Board of Directors' self-assessment and the Director

	members' self-assessment overall results are excellent, and on March 12, 2024, the Board of Directors reported the internal self-assessment results for the year 2023.

IV. Assessment of the current and most recent Board of Directors' objectives (eg, establishment of an audit committee, enhancement of information transparency, etc.) and their implementation

(1) Objectives of the Board of Directors

To implement corporate governance, improve supervision functions and strengthen management functions, the Company shall, in accordance with Article 14-4 of the Securities Exchange Act, form an Audit Committee composed of all independent directors to strengthen the functions of the Board of directors. The Company regularly arranges for directors to participate in professional development courses so that directors can maintain their core values and professional advantages and capabilities.

(2) Performance Evaluation

The Company has established an Audit Committee and a Compensation Committee to assist the Board in carrying out its duties. The Company will post important resolutions on the MOPS in real time after the Board meeting after the listing of the Company to protect shareholders' rights and interests. The Company has designated dedicated personnel to be responsible for the collection and disclosure of corporate information, and established a spokesman system to ensure that all major information is disclosed in a timely manner for shareholders and interested parties to refer to the Company's financial information.

(I) Information on the Operation of the Audit Committee

The Audit Committee met 13 times (A) from 2023 to 2024 as of the printing date of the annual report, and the Independent Directors attended the meetings as follows:

Title	Name	Attendance (B)	Attendance by proxy	Actual Attendance rate (%) (B / A)	Note
Independent Director	Way, Tzong Der	13	0	100%	Note 1
Independent Director	Tai, Jang Huei	5	0	83.3%	Note 2
Independent Director	Chao, Ying-Cheng	12	0	92.3%	Note 1

Note: The general election of directors will be held on June 12, 2023

(1) Reappointed, should attend 13 times.

(2) Reappointed and resigned on August 29, 2023, should attend 6 times.

Other items to be recorded:

I. If the Audit Committee operates in one of the following circumstances, it should state the date, period, content of the motion, results of the Audit Committee's resolution, and the Company's handling of the Audit Committee's opinion.

(I) The matters listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee Date /Term	Motion	Results of Audit Committee Resolutions and the Company's Handling of Audit Committee Opinions
2023/03/09 (first time in 2023)	1. Proposal of 2022 "Internal Control System Statement" 2. Proposal of 2022 Business Report and Consolidated Financial Statements 3. Proposal of 2022 Deficit Compensation 4. The Company's prepayments and other overdue payments as of December 31, 2022 are not of the nature of the loan. 5. Proposal of DRX (Chengdu)'s application for bank financing limit 6. Proposal of Planning and Handling of the Long-term Fund Raising 7. Release the Ban on Directors from Participating in Competitive Business.Independence Evaluation and Appointment of the Company's CPA.	Approved by the Audit Committee as written
2023/04/24 (second time in 2023)	1. Capital increase for USA subsidiary DRX USA. 2. .Amendments to the Group's (including the subsidiaries) Internal Control System 3. Proposal of Loan Lending to Subsidiary DRX Chengdu	Approved by the Audit Committee as written
2023/05/03 (third time in 2023)	1. Proposal for the 2023 Q1 Consolidated Financial Statements. 2.The Company's prepayments as of March 31, 2923 and other overdue payments are not of the nature of the loan.	Approved by the Audit Committee as written
2023/06/12 (fourth time in	1. Proposal of Loan Extension for Subsidiary's PPI Fund Lending to	Approved by the Audit Committee as

	2023)	Australian Subsidiary 2. Proposal of Adjustment of Approval Authority 3. Reinvestment in Nanotein Technologies, Inc 4. Proposal of the Company's Intention to Participate in the Issuance of Overseas Depositary Receipts by Issuing Ordinary Shares with a Cash Increase	written
	2023/07/10 (fifth time in 2023)	1. Proposal of the Company's Intention to Participate in the Issuance of Overseas Depositary Receipts by Issuing Ordinary Shares with a Cash Increase	Approved by the Audit Committee as written
	2023/08/21 (sixth time in 2023)	1. Proposal for the 2023 Q2 Consolidated Financial Statements. 2. Proposal of DRX (Chengdu)'s application for bank financing limi 3. Proposal for Reinvestment	Approved by the Audit Committee as written
	2023/09/26 (seventh time in 2023)	1. Proposal of Reinvestment in Genovior Biotech Corporation	Approved by the Audit Committee as written
	2023/11/06 (eighth time in 2023)	1. Proposal for the 2023 Q3 Consolidated Financial Statements. 2. Amendments to the Group's (including the subsidiaries) Internal Control System 3. Capital increase for USA subsidiary DRX USA.	Approved by the Audit Committee as written
	2023/12/07 (ninth time in 2023)	1. Proposal of Reinvestment in Genovior Biotech Corporation and Lin Yang Biopharma, Ltd.	Approved by the Audit Committee as written
	2023/12/21 (tenth time in 2023)	1. Proposal of DRX Chengdu's Application for Bank Financing Extension	Approved by the Audit Committee as written
	2024/01/19 (first time in 2024)	1. Proposal of Subsidiary Polaris Biopharmaceuticals, Inc.'s Intention to Purchase Zhunan Plant. 2. Proposal of Cash Increase to Subsidiary Genovior Biotech. 3. Release the restriction on New Independent Directors from Participating in Competitive Business.	Approved by the Audit Committee as written
	2024/02/20 (second time in	1. Proposal of Cash Increase to Subsidiary Polaris	Approved by the Audit Committee as

2024)	Biopharmaceuticals, Inc.	written
2024/03/12 (third time in 2024	1. Proposal of 2023 “Internal Control System Statement” 2. Proposal of 2023 Business Report and Consolidated Financial Statements 3. Proposal of 2023 Deficit Compensation 4. Amendments to the Company’s Rules of Procedures of the BoardProposal to Change CPAs Handling Financial Report in Response to the Internal Shift of PwC Taiwan	Approved by the Audit Committee as written

(II) Except for the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds or more of all Directors: None.

II. Where the Independent Director recuses from the implementation of the interest motion, the Independent Director’s name, the content of the motion, the reasons for the recusal, and the participation in voting shall be stated:

Date	Motion	Director recusal and reasons for interest recusal	Voting Participation
2023/8/21	Proposal of Reinvestment	Director Tai Jang Huei has a personal interest in the case.	Director Tai, Jang Huei did not attend this board meeting due to his own interests involved in the discussion of the motion of the Board of Directors. The case was approved by the other Directors present.

III. Communication between the Independent Director and the internal auditor and the accountant (including the major issues, methods and results of communication regarding the Company’s financial and business status).

(I) The Internal Audit Supervisor of the Company regularly communicates with the members of the Audit Committee about the results of the audit report and the status of tracking the implementation of the report. In case of any special circumstances, the Internal Audit Supervisor shall immediately inform the members of the Audit Committee. This is not the case in 2023. The Company’s Audit Committee is in good communication with the head of internal audit.

(II) CPAs of the Company regularly participates in the Audit Committee and communicates with the Audit Committee on matters related to the examination or review of financial statements. According to the provisions of external laws, CPAs should immediately report the significant matters found to the members of the Audit Committee. The Company’s Audit Committee is in good communication with CPAs.

(III) The operation of corporate governance and the differences between it and the code of practice on governance of TWSE/TPEx-listed companies and the reasons thereof

Assessment Items	Operations			Differences from the Code of Corporate Governance Practices of TWSE/TPEx-listed companies and the reasons for such differences
	Y	N	Abstract	
1. Has the company formulated and disclosed the Code of Corporate Governance Practices in accordance with the "Code of Corporate Governance Practices for TWSE/TPEx-listed Companies"?	✓		The Company has established a "Code of Practice on Corporate Governance" adopted by the Board of Directors and disclosed on the Company's website, and all governance practices will be operated in accordance with the Code of Practice on Corporate Governance.	No significant difference.
2. Shareholding structure and shareholders' rights				
(1) Has the Company established internal procedures to deal with shareholders' proposals, questions, disputes and litigation matters, and implemented them in accordance with the procedures?	✓		(1) In addition to the protection of shareholders' rights and interests as stipulated in the Company's Articles of Incorporation and internal rules, the Company has set up a dedicated unit to handle matters relating to the Company's relations with investors, in order to properly handle shareholders' proposals, doubts and disputes.	No significant difference.
(2) Does the Company have a list of the major shareholders and the ultimate controllers of the major shareholders who actually control the Company?	✓		(2) The Company has a dedicated person and appointed a shareholder affairs organization to handle and report on the Company's affairs, which is disclosed on the public information website. The Company also keeps track of the shareholdings of directors, managers and shareholders holding more than 10% of the shares, and requests the assistance of a stock agency to provide an updated register of major shareholders.	No significant difference.
(3) Has the Company established and implemented a risk control and firewall mechanism with its affiliates?	✓		(3) The Company has established the "Regulations Governing Related Parties' Transactions", "Regulations Governing the Supervision of Subsidiaries", "Regulations Governing the Lending of Funds to Others" and "Procedures for Endorsement and Guarantee" to prevent the occurrence of financial malpractice that may have a knock-on effect on related companies.	No significant difference
(4) Has the Company established internal regulations to prohibit insiders from trading marketable securities using undisclosed information?	✓		(4) The Company has established the "Regulations Governing the Processing of Internal Important Information and the Prevention of Insider Trading" and has informed its employees, managers and directors of the regulations to reduce the risk of insider trading.	No significant difference
3. Compositionand Responsibilities of the Board of Directors				
(1) Has the Board of Directors	✓		(1) The composition of the directors of the	No significant difference

Assessment Items	Operations			Differences from the Code of Corporate Governance Practices of TWSE/TPEx-listed companies and the reasons for such differences
	Y	N	Abstract	
established a diversity policy, specific management objectives and implemented them?			Company considers diversity, except that the directors who are also managers of the Company should not be more than one third of the directors, and the Company has formulated an appropriate diversity policy for the operation, business type and development needs of the Company. The directors and independent directors of the Company have experience in biotechnology, financial accounting, business management and industry. The Board of Directors is diversely composed of with excellent competencies. <u>Implementation of diversity of Board directors in 2023:</u> The Company has 6 directors, 2 of whom are aged between 50 and 59, 3 of whom are aged between 60 and 69 and 1 of whom is aged between 70 and 79. There is one director with employee status, accounting for 16.7%; Two independent directors accounted for 33.3%, and the tenure of independent directors did not exceed 9 years; There are no female members. The diversity of its membership is shown in the following aspects: (1) Biotechnology industry background: Directors Steve J.P. Hsu,Way, Tzong Der; (2) Working experience in business and accounting&financing: Directors Howard Chen, Steve J.P. Hsu, Wayne Lin, Chen, Shyan Tser, Chao, Ying-Cheng, (3) Working experience in planning management and leadership: Directors Howard Chen,Steve J.P. Hsu,Wayne Lin,Chen, Shyan Tser,Way, Tzong Der,Chao, Ying-Cheng; (4) Lecturer or professional qualification certificate from a college or university:Director Way, Tzong Der For details on Board diversity, please refer to page 25 of this annual report.	
(2) Does the Company voluntarily establish various functional committees other than the Compensation Committee and Audit Committee in accordance with the law?	✓		(2) The Company has not established any functional committees other than the Salary and Compensation and Audit Committees in accordance with the law, and will establish other functional committees in the future in accordance with the law and actual needs.	Set up as required
(3) Has the Company established the Board of Directors' performance evaluation method and its	✓		(3) In order to implement corporate governance, improve the functions of the Board of Directors of the Company, and establish performance targets to enhance the operation efficiency of the	No significant difference

<table>
<tr><th rowspan="2">Assessment Items</th><th colspan="3">Operations</th><th rowspan="2">Differences from the Code of Corporate Governance Practices of TWSE/TPEx-listed companies and the reasons for such differences</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract</th></tr>
<tr><td>evaluation method, and conducts performance evaluation annually and regularly, and submits the results of performance evaluation to the Board of Directors and uses them as reference for individual Director’s salary and compensation and nomination for reappointment?</td><td></td><td></td><td>Board of Directors, the Company has formulated the “Regulations Governing the Board Performance Evaluation” and has conducted performance evaluation regularly in accordance with the provisions. The internal performance evaluation of the Board of Directors in 2023 has been submitted to the Board of Directors on March 12, 2024.</td><td></td></tr>
<tr><td>(4) Does the Company regularly evaluate the independence of the certified public accountants?</td><td>✓</td><td></td><td>(4) The Audit Committee of the Company regularly evaluates the independence and suitability of the accountants annually and reports the evaluation results to the Board of Directors. On March 9, 2023, the Board of Directors and Audit Committee evaluated the independence and competence of the certified public accountant:
1. Accountant’s declaration of independence.
2. Audit and non-audit services provided by accountants are subject to prior approval by the Audit Committee to ensure that non-audit services do not affect the audit results.</td><td>No significant difference</td></tr>
<tr><td>4. Does the TWSE-TPXs-listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for Directors and supervisors to carry out their business, assisting Directors and supervisors to comply with laws and regulations, handling matters related to Board of Directors and Shareholders’ Meetings in accordance with the law, preparing The Company has established the Board of Directors and Shareholders’ Meeting minutes.)</td><td>✓</td><td></td><td>(1) According to the laws and regulations, on November 11, 2022, the Board of Directors of the Company approved the appointment of a corporate governance supervisor, who is concurrently appointed by the chief financial officer with more than 3 years of financial experience of the Company.
(2) Main responsibilities of corporate governance personnel: Handle matters related to the meetings of the Board of Directors and the shareholders' meeting according to law, prepare the minutes of the board of Directors and the shareholders' meeting, assist the directors in their appointment and continuing education, provide the directors with the information necessary for the performance of their business, assist the directors in complying with laws and regulations, report to the Board of Directors the results of their inspection on whether the qualifications of independent directors in the nomination, election and during the term of office comply with the relevant laws and regulations, arrange the director’s training courses and director change, etc.
(3) In 2023, the corporate governance supervisor has completed 18 hours of training and reported to the MOPS as required.
<table>
<tr><th>Date</th><th>Course Name</th><th>Hours</th></tr>
</table></td><td>No significant difference</td></tr>
</table>

<table>
<tr><th>Assessment Items</th><th colspan="3">Operations</th><th>Differences from the Code of Corporate Governance Practices of TWSE/TPEx-listed companies and the reasons for such differences</th></tr>
<tr><th></th><th>Y</th><th>N</th><th>Abstract</th><th></th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>2023/8/8</td><td>Policy Analysis and Key Discussion on Internal Audit and Control Practice for Enterprises to Enhance their Ability to Prepare Financial Reports on Their Own</td><td>6</td></tr>
<tr><td>2023/8/10</td><td>Enhancing the Sustainable Value of Enterprises and Improving Risk Management Systems</td><td>6</td></tr>
<tr><td>2023/11/7</td><td>Development Trend of Enterprise Dual-Axis Transformation</td><td>3</td></tr>
<tr><td>2023/11/8</td><td>The Trends and Risk Management of Artificial Intelligence</td><td>3</td></tr>
</table></td><td></td></tr>
<tr><td>5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and set up a stakeholder area on the Company's website, and appropriately respond to important CSR issues of concern to stakeholders?</td><td>✓</td><td></td><td>(1) The Company has set up a “Stakeholder Zone” on its website and has spokespersons and proxy spokespersons to serve as a mean for the Company to express opinions externally. The Company also follows internal control systems to handle relevant response matters.
(2) Through the convenient internet, the Company has set up a website to provide financial and business related information and corporate governance information for shareholders and stakeholders to refer to. The website mentioned in the preceding paragraph has a dedicated person responsible for maintaining it, and the information listed is detailed, accurate, and updated in real-time to avoid the risk of misleading.</td><td>No significant difference</td></tr>
<tr><td>6. Does the Company appoint a professional stock agent to handle the affairs of the Shareholders’ Meeting?</td><td>✓</td><td></td><td>The Company has entrusted the acting department of Trust and Commercial Bank of China to handle the Shareholders’ Meeting affairs.</td><td>No significant difference</td></tr>
<tr><td>7. Information Disclosure
(1) Has the Company set up a website to disclose financial and corporate governance information?</td><td>✓</td><td></td><td>(1) The Company has established a website (www.polarspharma.com/investors/) and disclosed financial business and corporate governance information.</td><td>No significant difference</td></tr>
<tr><td>(2) Does the Company adopt other methods of information disclosure (such as setting up an English website, appointing a dedicated person to collect and disclose company information, implementing a spokesperson system, and presenting the Company’s website during</td><td>✓</td><td></td><td>(2) The company has set up an English website, designated a special person to collect and disclose company information, implemented the spokesperson system, and presented the Company’s website at the legal person briefing.</td><td>No significant difference</td></tr>
</table>

Assessment Items	Operations			Differences from the Code of Corporate Governance Practices of TWSE/TPEx-listed companies and the reasons for such differences
	Y	N	Abstract	
the legal representative briefing process)? (3) Does the Company publish and file its annual financial report within two months after the end of the fiscal year, and publish and file its financial report for the first, second and third quarters and its operating situation for each month before the prescribed time limit?	✓		(3) The Company shall announce and declare the annual financial report, the first, second and third quarter financial report and the operating situation of each month within the prescribed time limit.	No significant difference
8. Whether the Company has other important information that can help to understand the operation of corporate governance (including but not limited to employees' rights and interests, employee care, investor relations, supplier relations, rights of interested parties, further study of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, liability insurance purchased by the Company for directors and supervisors, etc.) ?	✓		1.Employees' rights and interests: In order to motivate employees and strengthen their motivation, the Company has established an employee stock option plan. 2.Employee care: The Company and its major operating entities have established employee welfare systems in accordance with the laws and regulations of each country to protect the rights and interests of employees. 3.Investor relations: The Company and its major operating entities have established employee welfare systems in accordance with the laws and regulations of each country to protect the rights and interests of employees. 4.Supplier relations: The Company has clear agreements with suppliers and clinical trial partner hospitals to regulate the rights and obligations of each other. 5.Rights of interested parties: The Company's Articles of Incorporation clearly regulate the Director's execution and recusal of interested parties' motions. 6.Continuing study of directors: All the directors of the company have professional backgrounds, and all of them have studied securities laws and regulations, corporate governance and other courses in accordance with the "Rules for Promoting Continuing Education for Directors and Supervisors of Listed and OTC Companies", and have complied with the training hours. For continuing study, please refer to page 48. 7.Implementation of risk management policies and risk measurement standards, implementation of customer policies: The Company formulates various internal rules and regulations according to law, and carries out various risk management and assessment. 8.Liability of directors and supervisors: The Company has insured the directors against liability.	No significant difference
9. Please provide information on the results of the corporate governance assessment released by the Corporate Governance Center of				

Assessment Items	Operations			Differences from the Code of Corporate Governance Practices of TWSE/TPEx-listed companies and the reasons for such differences
	Y	N	Abstract	
the Taiwan Stock Exchange Corporation in the most recent year, as well as the priorities and measures for improvement for those companies that have not yet improved. As of the date of publication of the Annual Report, the results of the 2023 Corporate Governance Review have not been released.				

Continuing Study of Directors in 2023:

Title	Name	Date	Sponsor	Course Name	Hours
Director	Howard Chen	2023/11/08	Taiwan Institute of Directors	The Trends and Risk Management of Artificial Intelligence	3
		2023/11/07	Taiwan Institute of Directors	Development Trend of Enterprise Dual-Axis Transformation	3
Director	Chen, Shyan Tser	2023/11/08	Taiwan Institute of Directors	The Trends and Risk Management of Artificial Intelligence	3
		2023/11/07	Taiwan Institute of Directors	Development Trend of Enterprise Dual-Axis Transformation	3
Representative of corporate director	Wayne Lin	2023/11/08	Taiwan Institute of Directors	The Trends and Risk Management of Artificial Intelligence	3
		2023/11/07	Taiwan Institute of Directors	Development Trend of Enterprise Dual-Axis Transformation	3
Independent director	Chao, Ying-Cheng	2023/11/08	Taiwan Institute of Directors	The Trends and Risk Management of Artificial Intelligence	3
		2023/11/07	Taiwan Institute of Directors	Development Trend of Enterprise Dual-Axis Transformation	3
Independent director	Way, Tzong Der	2023/11/08	Taiwan Institute of Directors	The Trends and Risk Management of Artificial Intelligence	3
		2023/11/07	Taiwan Institute of Directors	Development Trend of Enterprise Dual-Axis Transformation	3

Note: On January 2, 2024, the corporate director Digital Capital Inc. appointed its representative Steve J.P. Hsu to replace Patrick Y. Yang as a director; Independent Director Tai, Jang Huei resigned on August 29, 2023, so there is no information on the further education of the two directors.

(IV) If the Company Has a Compensation Committee, It Shall Disclose Its Composition, Duties and Operation.

1. Information on Members of the Compensation Committee

Condition / Identity / Name		Professional Qualifications and Experience	Independence	Number of other public companies where he/she is also a member of the compensation committee
Independent Director	Way, Tzong Der	1. Experience in business, law, finance, accounting or corporate business. For professional qualifications and experience, please refer to the main qualifications of Director and Supervisor on pages 18~20. 2. None of the circumstances described in Article 30 of the Company Act 3. Years of experience: 0~3 years	Refer to pages 23~24 for Director and Supervisor information.	0
Independent Director (Convene)	Chao, Ying-Cheng	1. Experience in business, law, finance, accounting or corporate business. For professional qualifications and experience, please refer to the main qualifications of Director and Supervisor on pages 18~20. 2. None of the circumstances described in Article 30 of the Company Act 3. Years of experience: 0~3 years	Refer to pages 23~24 for Director and Supervisor information.	0

Compensation Committee	Tsai, Kao-Tsung	1. Experience in business, legal, finance, accounting or corporate business. 2. None of the circumstances described in Article 30 of the Company Act 3. Years of experience: 0~3 years	Compliant with independence, including but not limited to the fact that he or she, his or her spouse, or his or her relative within second generation is not a director, supervisor or employee of the Company or its affiliated enterprises; does not hold shares of the company; not being a director, supervisor or employee of a company having a specific relationship with the Company; no amount of compensation for providing business, legal, financial, accounting services to the Company or its affiliates in the last 2 years.	0

2. Information on the Operation of the Compensation Committee

(1)There are three members of the Compensation Committee in the Company.

(2)The term of office of current members: from June 12, 2023 to June 11, 2026. As of the date of publication of the Annual Report 2023 to 2024, the Remuneration Committee has met six times (A) with the following attendance:

Title	Name	Actual Attendance (B)	Attendance by proxy	Actual Attendance Rate (%) (B/A)	Note
Member	Way, Tzong Der	6	0	100%	
Convenor	Chao, Ying-Cheng	5	0	83.3%	
Member	Tsai, Kao-Tsung	3	0	100%	(Note 1)
Member	Tai, Jang Huei	3	0	100%	(Note 2)

Note 1: Compensation Committee Member Tsai, Kao-Tsung was appointed as Compensation Committee Member at the Board meeting on September 26, 2023 and should attend 3 times.

Note 2: Independent Director Tai, Jang Huei resigned on 29 August 2023 and should attend 3 times.

Other matters to be noted:

1. If the Board of Directors does not adopt or amend the recommendation of the Compensation Committee, the Board of Directors shall state the date, period, content of the motion, the result of the Board of Directors' resolution and the Company's treatment of the recommendation of the Compensation Committee (if the Board of Directors' approved compensation is superior to the recommendation of the Compensation Committee, the Board of Directors shall state the date, period, content of the motion, the result of the Board of Directors' resolution and the Company's treatment of the recommendation of the Compensation Committee): None.
2. If the members of the Compensation Committee have any objection or reservation to the resolution and there is a record or written statement, the date, period, content of the resolution, opinions of all members and the handling of the opinions of the Compensation Committee should be stated: None.

3. Reasons for Discussion and Results of Decisions of the Compensation Committee

Date/Term	Motion	All Members' Comments and the Company's Handling of Members' Comments
2023/03/09 (first time in 2023)	1. Discussion on Undistributable Compensation for Directors and Employees for Year 2022	All attending members approved the proposal
2023/05/03 (second time in 2023)	1. Amendments to Regulations Governing the Payment of Directors' Compensation	All attending members approved the proposal
2023/06/12 (third time in 2023)	1. Elected the convenor and Chairman of the Remuneration Committee 2. Proposal for COO's Compensation 3. Proposal for CSO's Compensation 4. The Company's Employee Stock Warrant Issuing List for Year 2023	All attending members approved the proposal
2023/12/07 (fourth time in 2023)	1. The Company's Employee Stock Warrant Issuing List for Year 2023 2. Proposal for Discussion on President's Performance Bonus	All attending members approved the proposal
2023/12/21 (fifth time in 2023)	1. Proposal for CEO's Compensation 2. Proposal for CISO's Compensation 3. Proposal for Amendments to Regulations Governing the Payment of Directors' Compensation	All attending members approved the proposal
2024/03/12 (first time in 2024)	1. Discussion on Undistributable Compensation for Directors and Employees for Year 2023	All attending members approved the proposal

(V) Implementation of Sustainable Development and Differences with the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and the Reasons for Such Differences

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation</th><th rowspan="2">Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract</th></tr>
<tr><td>1. Does the Company have a governance structure to promote sustainable development and a dedicated (and part-time) unit to promote sustainable development that is handled by senior management authorized by the Board of Directors and supervised by the board of Directors?</td><td>✓</td><td></td><td>The Board of Directors of the Company adopted the “Code of Practice for Sustainable Development”, with the Chairman as the moderator of the sustainable development project plan, and designated the Department of Finance and Administration Management as the part-time unit to promote sustainable development, and set up an ESG project group to be responsible for the formulation and implementation of sustainable development policies, systems or related management guidelines and specific promotion plans.</td><td>No significant difference</td></tr>
<tr><td>2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality, and has it formulated relevant risk management policies or strategies?</td><td>✓</td><td></td><td>1. The Company’s identification of material topics is based on the assessment of the “impact on business operations” and “likelihood of occurrence”. The risk assessment boundary is based on the economic, environmental and social information of the Company's major operating locations in Taiwan, the United States, and Chengdu, China. Based on the principle of materiality, the risk assessment of environmental, social and corporate governance issues related to the operation of the company is conducted as a reference for risk management and business strategy.
2. The Company conducts analysis based on the material principle of the Sustainability report and communicates with internal and external stakeholders. The Company also reviews domestic and international research reports, integrates data reference of various departments and subsidiaries and international sustainability norms and standards (GRI standards,SASB,TCFD), and formulates risk management policies for effective identification, measurement, evaluation, supervision and control, and takes specific action plans to reduce the impact of related risks.
3. Based on the assessment, relevant risk management strategies are formulated as follows:
<table>
<tr><th>Major issues</th><th>Risk assessment items</th><th>Corporate response strategy</th></tr>
<tr><td>Corporate governance</td><td>Law compliance</td><td>• Set up a legal compliance department to deal with the business of compliance, and update the latest legal developments in various countries in a timely manner
• In order to strengthen compliance with regulations, Polaris Pharmaceutical has set up a part-time integrity unit under the Board of Directors, which is</td></tr>
</table></td><td>No significant difference</td></tr>
</table>

Evaluation Item	Operation		Abstract			Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons
	Y	N				
					responsible for promoting the Company's integrity management and compliance with laws and regulations and other corporate governance matters • Establish internal controls for integrity management in accordance with the Company's business strategy of integrity and ethical values, in line with the legal system • Plan the internal organization, establishment and management, and set up a mutual supervision and balance mechanism for business activities with high risk of dishonest behavior within the business scope • Promote and coordinate integrity policy advocacy training • A whistleblowing system shall be established and supervised jointly by interested parties	
			Corporate Governance	Information security	• Clearly define the functions and responsibilities of the information department, and control the development and modification permissions of the system and programs • Program and data access control files and devices are subject to rigorous security control • Systematically divide business information accessible to R&D and clinical staff • Improve the internal control of information security and strengthen the division of responsibilities between the information department and the user department • Conduct risk assessment for information and network security, install network security equipment, firewalls and security software in computer systems to reduce information security concerns	
			Product Aspect	Innovative management	• Sign joint research and development agreements with research institutions to expand drug indications	

Evaluation Item	Operation		Abstract			Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons
	Y	N				
					• Set up a dedicated unit to manage the distribution and validity of patent rights • Sign confidentiality agreements with practitioners to ensure that business secrets are properly protected, de-identify research and development information, and strictly control accessible personnel	
			Product Aspect	Customer health and safety/drug safety/clinical trials	• Develop a series of procedures to select external commissioned research organization (CROs) to commission clinical trials, experimental research and development or drug development consulting services according to the needs of each clinical trial • Comply with cGMP pharmaceutical factory specifications • Establish a drug safety monitoring system • Establish a quality management system • Personnel are qualified and properly trained and supervised by a third party independent body	
			Product Aspect	Fraudulent medicine	• After the drug is launched, the drug will be sold to medical institutions through a proprietary channel to ensure that the sales process is fully tracked	
			Product Aspect	Drug access	• Improve drug manufacturing in the new drug development phase to reduce research and development costs • Actively expand drug indications in the clinical development stage, and apply for mercy therapy to treat patients with disease • Vertically integrate industrial chain in the production and manufacturing stage, and strictly check in each stage • In the future, a dedicated sales channel will be set up after the drug is launched to stabilize market supply • Plan short -, medium - and long-term drug license	

Evaluation Item	Operation		Abstract			Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons
	Y	N				
					application programs around the world during the drug license application phase to expand equal access to health care for patients worldwide • Planning for off-label use in the drug acquisition phase allows physicians to deliver ADI-PEG 20 to appropriate patients based on their professional judgment to achieve precision medicine	
			Social Aspect	Talent attraction and retention	• Sign industry-university cooperation with schools to recruit professional talents • Provide excellent compensation and benefits • Formulate Training Management Procedures to construct staff education and training • Provide multiple appealing channels such as announcements, appeal forms, senior officer's mailboxes, holding management meetings, etc., to promote two-way communication between employers and employees	
			Social Aspect	OHS	• Introduce an occupational safety and health management system and implement multiple management mechanisms, such as hazard identification and risk assessment, workplace safety and accident prevention mechanisms, and contractor safety management • Regular health checks for all employees • Provide SOP training on workplace safety management for new employees upon entry	
3. Environmental Issues (1) Has the company established an appropriate environmental management system in accordance with its industrial characteristics?	✓		The Company has relevant regulations for quality management, safety and health, and environmental protection, and complies with the inspection standards of relevant authorities.			No significant difference

Evaluation Item	Operation			Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons
	Y	N	Abstract	
(2) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		1. In response to the global climate change issue, the Company attaches importance to energy management, responds to the government's promotion of environmental protection and energy-saving policies, and implements energy-saving and carbon reduction measures to improve energy efficiency and reduce greenhouse gas emissions. In order to make the best use of various resources, the Company promotes and implements electronic form system, resource waste classification, recycling and reduction activities, and implements the use of recycled paper, and improves the utilization efficiency of various resources. 2. Because the biotechnology industry is characterized by high technology and low pollution, it is less likely to use materials that have impact on environmental load.	No significant difference
(3) Does the Company assess the potential risks and opportunities of climate change for the company now and in the future, and take relevant measures in response?	✓		1. The Company is in the new drug research and development industry and is actively facing the impact of climate change. The company assesses climate risks and opportunities in accordance with the recommendations of the TCFD Guidelines and reports climate management progress to the Chairman by the ESG Project Group. 2. Based on the degree of impact and likelihood of occurrence of the risks, the company identified two major climate-related risks as "increase in raw material costs" and "increase in average temperature", and therefore prioritized the development of response strategies and mitigation and adaptation actions.	No significant difference
(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	✓		1. The Company is a new drug research and development industry, not a highly energy intensive industry, and does not set or use facilities that produce a large amount of greenhouse gases. In order to achieve the goal of sustainable development, the Company has formulated policies on energy conservation, greenhouse gas reduction and waste management, and has promoted energy conservation and carbon reduction activities in the office area, and encouraged waste classification and recycling, thus reducing the impact on the environment. 2. As a result of the expansion of operations, greenhouse gas emissions have shown an upward trend in the past three years. Greenhouse gas emissions and water consumption are publicly disclosed in the Sustainability Report.	No significant difference
4. Social Issues (1) Has the Company established relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		1. The Company adheres to the principle of safeguarding the basic human rights of its employees and proclaims its support for the principles enshrined in international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Covenant and the United Nations International Labor Organization. In this way, the "Employee Manual", "Regulations Governing	No significant difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation</th><th rowspan="2">Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>Recruitment/Appointment", "Regulations Governing Sexual Harassment Prevention", "Regulations Governing Employee Complaint" and other documents are formulated, which clearly state the content of human rights commitments and related management principles.
2. For the work rights and interests of female colleagues, there are relevant protection norms in the work regulations to protect the relatively disadvantaged female colleagues. The Company's personnel management rules and regulations are in accordance with local laws and regulations, and all employees have clear and fair employment policies on attendance, assessment, awards, punishments and training, and good labor-management relations.
3. Human Rights Risk Management Measures
<table>
<tr><th colspan="2">Human right issues</th><th>Objectives</th></tr>
<tr><td>Non-disoriminat ion</td><td>Recruitment content is non-discriminatory
Disputes over work environment</td><td>Recruitment content is non-discriminatory
No disputes over work environment</td></tr>
<tr><td>Sexual harassment</td><td>Sexual harassment in workplace</td><td>Sexual harassment workplace: 0</td></tr>
<tr><td>Young worker</td><td>No child labor of minimum employment age is employed
Young workers are not engaged in dangerous or harmful work</td><td>Employment of workers (under 15 years old) : 0
Young workers (under 18 years of age) in dangerous positions: 0</td></tr>
<tr><td>Notice of changes to operating activities</td><td>The notice period for termination of the contract of employment under Article 12 or 13 of the Code of Conduct of Employee is as follows:
1.For those who have been working for three months to less than one year, notice shall be given ten days before.
2.For those who have been working for more than one year and less than three years, notice shall be given before 20 days.
3.For those who continue to work for more than three years, notice shall be given 30 days in advance.</td><td>Give notice to the employee within the prescribed time for termination of the contract of employment</td></tr>
</table>
4. Multiple communication channels</td><td></td></tr>
</table>

Evaluation Item	Operation			Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons
	Y	N	Abstract	
			Pay attention to the ideas and opinions of every employee, and continuously improve the communication and coordination system within the Company. The Company establishes channels for regular communication and dialogue between employees, so that employees have the right to obtain information and express their opinions on the Company's operation and management activities and decisions through appeal forms, high-rise mailboxes, etc. The Company also respects the right of employee representatives to negotiate on working conditions, and provides employees with the necessary information and hardware facilities to facilitate consultation and cooperation between employers, employees and employee representatives.	
(2) Has the Company established and implemented reasonable employee welfare measures (including salary, vacation and other benefits) and appropriately reflected business performance or results in employee compensation?	✓		The Company will make reference to the compensation system according to the industrial characteristics, market conditions and future development, and provide appropriate rewards to employees with contributions according to the achievement of operational objectives and the results of employee performance appraisal. Employees are encouraged to create operational performance and long-term value together with the Company through incentive mechanisms such as stock options. The Company's promotion of employee welfare and workplace diversity and equality measures are disclosed in the Sustainability Report and the Company's website. Employee welfare measures, including compensation, leave and other benefits, and appropriately include business performance in employee compensation: 1. Remuneration Committee: responsible for the policy, system, standard and structure of remuneration. 2. Performance evaluation and management: Perform performance evaluation every year, and use the evaluation results as the basis for promotion, salary adjustment, bonus and remuneration.	No significant difference
(3) Does the Company provide a safe and healthy working environment for employees and implement safety and health education for employees on a regular basis?	✓		1. The Company is committed to improving the safety and health of employees at work. Each operating point has established an occupational safety and health management system according to the relevant local laws and regulations, and regularly inspects and maintains the safety and health of the working environment to reduce the harm of the working environment to the safety and health of employees. No occupational accidents occurred in 2023. 2. Personnel entering the laboratory should wear laboratory clothes and shoes to avoid chemical or microbial operation, so as to maintain the work safety of operators. 3. Personnel who are exposed to noise, dust or chemical poisons are required to be equipped with protective measures and receive relevant training. 4. Conduct regular staff health check, care for staff health.	No significant difference
(4) Has the Company established an effective	✓		The Company will, depending on the individual's situation, encourage continuing study and establish	No significant difference

Evaluation Item	Operation			Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons
	Y	N	Abstract	
career development training program for employees?			effective career ability development training. Every employee has access to the training resources provided by the company since joining the company through systematic training planning, such as new staff training, on-the-job training, professional training, to help employees of different positions and ranks to deepen their professional fields and improve management functions. The Company's current training program is divided into three categories: 1. Pre-job education and training: All new employees will be instructed with company history, organization overview, corporate cultures and core values, welfare policies and get familiar with personnel of each division. 2. Professional course training: For professional pre-job education and training, the employing department shall formulate an individual training plan for employees according to the expertise and work needs of new employees, and provide courses that meet the needs of employees to strengthen their professional knowledge and skills. 3. On-the-job training: In addition to providing expatriate opportunities for qualified employees, employees are also encouraged to participate in professional training, lectures or further study courses organized by training institutions at home and abroad.	
(5) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and has it established relevant policies and grievance procedures to protect the rights of consumers or customers?	✓		The Company's products are still in the research and development stage and have not yet been sold. The Company follows clinical trial, drug manufacturing regulations and relevant international standards with high specifications and rigorous standards for drug safety/clinical trials to ensure the health and safety of subjects and users; in addition, a special area for stakeholders is set up on the website to provide channels for questions, complaints or suggestions, and properly handle and respond to the principle of good faith to protect the rights and interests of stakeholders.	No significant difference
(6) Has the Company established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and the status of implementation?		✓	The Company follows current Good Manufacturing Practice (current Good Manufacturing Practice; cGMP) to develop Supplier Quality Control and Monitoring Procedures. From raw materials to testing, cleaning services, and even the logistics operators who transport raw materials to the company, any supplier involved in the Company's industrial chain is subject to this quality control process, in order to jointly establish a quality and stable long-term cooperation relationship. The Company will pay attention to this in the future contract with major suppliers and will gradually promote the handling	It would be planned to promote in the future
5. Has the Company made	✓		The Company prepared the Corporate Sustainability	No significant

Evaluation Item	Operation			Differences from the Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies and Reasons
	Y	N	Abstract	
reference to international standards or guidelines for the preparation of reports, such as perpetual reports, which disclose non-financial information about the Company? Has the Company obtained any third-party verification or assurance on the aforementioned reports?			Report in accordance with the GRI standards issued by the Global Reporting Initiative (GRI), and the 2022 Sustainability Report has been issued by the third party certification unit PwC Taiwan. The relevant information is disclosed on the Company's website and MOPS.	difference
6. If the Company has its own code of practice for sustainable development in accordance with the "Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies", please describe the differences between its operation and the code: The Company has formulated the "Code of Practice for Sustainable Development" based on the "Code of Practice for Sustainable Development of TWSE/TPEx-Listed Companies".				
7. Other important information to help understand the implementation of sustainable development: None				

(VI) Fulfillment of the Code of Conduct for Integrity Management and Differences from the Code of Conduct for Integrity Management of TWSE/TPEx-Listed Companies and the Reasons

Evaluation Items	Operation			Differences from the Code of Conduct for Integrity Management of TWSE-TPEx-Listed Companies and the Reasons
	Y	N	Abstract	
1. Formulation of policies and programs for integrity management (1) Has the Company formulated an integrity management policy approved by the Board of Directors, and has the policy and practices of integrity management been clearly stated in the Articles of Incorporation and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the management policy?	✓		The Company has formulated the "Code of Conduct for Integrity Management", "Operating Procedures and Guidelines for Integrity Management" and "Code of Ethical Conduct" to govern the Company's policy on ethical practices. It also specifies that employees, managers and directors do know and comply with the provisions of the laws and regulations and do enforce them. The directors, managers and employees shall comply with the relevant laws and regulations of the Company Act and the Securities Exchange Act, and implement the principle of integrity management.	No significant difference
(2))Has the Company set up a mechanism to assess the risk of dishonest conduct, regularly analyze and evaluate the business activities within the scope of business that have a higher risk of dishonest conduct, and accordingly, formulate a plan to prevent dishonest conduct, and at least cover the preventive measures for the conducts mentioned in Item 2 of Article 7 of the "Code of Conduct for Integrity Management of Listed Companies"?	✓		The Company has formulated the "Code of Conduct for Integrity Management", "Operating Procedures and Guidelines for Integrity Management",, which specifies the plan to prevent dishonest conduct, and evaluates the business activities with high risk of dishonest conduct within the business scope, and specifies that illegal political donations are not provided, bribery and acceptance of bribes are strictly prohibited, and relevant preventive measures are strengthened.	No significant difference
(3))Does the Company specify the operating procedures, guidelines for conduct, disciplinary and grievance systems for non-compliance in the plan to prevent dishonest conduct, and implement them, and regularly review and revise the aforementioned plan?	✓		The Company has formulated the "Code of Conduct for Integrity Management", "Operating Procedures and Guidelines for Integrity Management",, which clearly defines the program to prevent dishonest behavior, including operating procedures and conduct guidelines, reward as well as punishment system and appeal system, and implement it and review and revise it regularly.	No significant difference
2. Implementation of integrity management (1) Does the Company evaluate the integrity records of its customers and specify the terms of integrity behavior in the contracts signed between the Company and its customers?	✓		The Company has a high degree of self-discipline and has never engaged in business activities that are unlawful or for any other purpose; it evaluates the integrity records of its customers before dealing with them.	No significant difference
(2) Has the Company established a dedicated unit under the Board of	✓		The Company has established a part-time unit (Department of Finance and	No significant difference

Evaluation Items	Operation			Differences from the Code of Conduct for Integrity Management of TWSE-TPEx-Listed Companies and the Reasons
	Y	N	Abstract	
Directors to promote ethical corporate management and report to the Board of Directors on a regular basis (at least once a year) on its ethical management policies and plans to prevent dishonest practices and monitor their implementation?			Administrative Management designated) under the Board of Directors for integrity management and prevention.	
(3) Does the Company have a conflict-of-interest prevention policy, provide appropriate channels of representation, and implement them?	✓		The Company has established the "Code of Conduct for Integrity Management", "Operating Procedures and Guidelines for Integrity Management", and set up a special area for stakeholders on the Company's website and provide channels for employees and external complaints.	No significant difference
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, and has the internal audit unit prepared an audit plan based on the assessment of the risk of dishonest acts, and checked the compliance of the plan to prevent dishonest acts or appoint an accountant to perform the audit?	✓		In order to ensure the implementation of integrity management, the Company has established an effective internal control system and accounting system, and the internal audit unit has formulated an internal audit plan, according to which various audits are carried out, and submitted the audit results and subsequent improvement plans to the Board of Directors and management to implement the audit results.	No significant difference
(5) Does the Company regularly conduct internal and external education and training on integrity management?	✓		The Company places emphasis on the implementation of the principle of integrity by all employees in its daily operations, and holds meetings from time to time to promote the principle.	No significant difference
3. Operation of the Company's whistleblower system (1) Has the Company established a specific whistleblower and reward system, established a convenient whistleblower channel, and assigned appropriate staff to handle whistleblowers?	✓		The company has a whistleblowing system, including whistleblowing matters and reward system, and has a whistleblowing mailbox and whistleblowing hotline. The acceptance unit for the subject of the prosecution is the audit room.	No significant difference
(2) Has the Company established standard operating procedures for the investigation of whistleblowing matters, follow-up measures to be taken after the completion of the investigation and the relevant confidentiality mechanism?	✓		After the Audit Office accepts the complaint, the person involved in the case shall report it to the chairman or independent director, and the complaint involving a director or senior supervisor shall be reported to the Audit Committee for investigation. The company keeps the identity of the whistleblower and the contents of the whistleblower confidential, and allows the whistleblower to report anonymously. After the investigation is completed, the files are classified as confidential files and encrypted protection.	No significant difference
(3) Does the Company take measures to	✓		The Company's whistleblower system has	No significant

Evaluation Items	Operation			Differences from the Code of Conduct for Integrity Management of TWSE-TPEx-Listed Companies and the Reasons
	Y	N	Abstract	
protect whistleblowers from improper treatment as a result of whistleblowing?			established relevant provisions for the protection of whistleblowers, and the identity of whistleblowers and the contents of whistleblowers are kept confidential to ensure that whistleblowers are not improperly handled due to the whistleblowers.	difference
4. Enhance Information Disclosure Does the Company disclose the content and effectiveness of its Code of Conduct for Integrity Manageemnt on its website and MOPS?	✓		The Company has formulated various integrity management systems and implemented the disclosure of relevant information on its website to provide the public with access at any time	No significant difference
5. If the Company has its own Code of Conduct for Integrity Management in accordance with the "Code of Conduct for Integrity Management of Listed Companies", please describe the difference between its operation and the code: The Company has formulated a Code of Conduct for Integrity Management. At present, the internal operations of the Company continue to be handled in accordance with the provisions of the Code, and there is no material difference from the content of the Code.				
6. Other important information that is helpful to understand the Company's integrity management: In addition to the Company's Code of Conduct for Integrity Management, the Company has other internal regulations (e.g., prevention of insider trading). In addition, the Company arranges directors to participate in corporate governance courses and periodically promotes integrity management policies to employees.				

(VII) If the Company has established the Code of Corporate Governance and related regulations, it should disclose its inquiry modes

The Code of Corporate Governance and related rules are available on the Corporate Governance section of the Market Observation Post System and on the Company's website.

(VIII) Other important information that may enhance the understanding of the operation of corporate governance may also be disclosed.

Please refer to The Company's website at http://www.polarispharma.com/investors/

(IX) Implementation Status of Internal Control System

1. Statement of Internal Control

Polaris Group

Statement of Internal Control

Date: March 12, 2024

The Company's internal control system for fiscal year 2023 is based on the results of its self-assessment. We hereby state as follows:

1. The Company acknowledges that it is the responsibility of the Board of Directors and the Manager to establish, implement and maintain a system of internal control, and that the Company has established such a system. The Company has established such a system to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability of reporting, timeliness, transparency and compliance with relevant regulations and compliance with relevant laws and regulations.
2. No matter how well designed, an effective internal control system can only provide reasonable assurance of the achievement of the above three objectives; moreover, the effectiveness of the internal control system may change due to changes in circumstances and conditions. The Company's internal control system has a self-monitoring mechanism and the Company will take corrective action once deficiencies are identified.
3. The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the criteria for determining the effectiveness of the internal control system set forth in the "Guidelines Governing the Establishment of Internal Control Systems by Public Companies" (the "Guidelines"). The judgment items of the internal control system adopted in the "Guidelines" are divided into five components based on the management control process: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. monitoring operations. Each component includes a number of items. Please refer to the "Guidelines" for the aforementioned items.
4. The Company has adopted the above internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. The Company found the following matters after the evaluation: The Company signed the agreement on August 11, 2023 and paid the financial adviser's remuneration does not comply with Item 9, Paragraph 1, Article 3 of the "Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies", which has been improved in September 2023 in accordance with the measures.
6. Based on the evaluation results in the preceding paragraph, the Company believes that the internal control system (including supervision and management of subsidiaries) of the Company as of December 31, 2012, including the degree of understanding the effectiveness and efficiency goals of operations, the reliability, timeliness, transparency of reporting, and compliance with relevant regulations and laws, is effective in its design and implementation, and can reasonably ensure the achievement of the above goals.
7. In accordance with Article 4 of the "Taiwan Stock Exchange Corporation Rules for Regulating TWSE Primary Listed Companies and Taiwan Innovation Board Primary Listed Companies After Listing" and Article 28 of the "Guidelines",the Company has entrusted CPAs to review the reliability of external financial reports and the internal control system related to safeguarding asset security (preventing assets from being acquired, used or disposed of without authorization) during the above period. It has been designed and executed effectively, as described in the preceding paragraph, and has no material deficiencies affecting the reliability of the recording, processing, aggregation and reporting of financial information, or ensuring the safety and security of the assets, and enabling the unauthorized acquisition, use or disposal of the assets.
8. This statement will be the main content of The Company's annual report and public statement, and will

be made public. If any of the above-mentioned contents are disclosed in a false or concealed manner, the Company will be subject to legal liability under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

9. This statement has been approved by the Board of Directors of the Company on March 12, 2024 and among the six directors present, none of them held any opposing views, and the rest of them agreed to the contents of this statement.

Polaris Group

Chairman: Howard Chen

CEO: Steve J.P. Hsu

2. If an accountant project is appointed to review the internal control system, the accountant’s review report should be disclosed: Please refer to Annual Report in Chinese page 47-49..

(X) In the most recent year and as of the date of the annual report, the Company and its internal personnel have been punished by law, or the Company has punished other internal personnel for violating the provisions of the internal control system, and the result of the punishment may have a significant impact on shareholders' equity or securities prices, the content of the punishment, major deficiencies and improvements should be listed:

Item	Reason	Improvement
Declaration of some items do not meet the requirements	• The Company held an online legal person briefing on June 9, 2023, which was checked to be in compliance with paragraph 14, Item 2, Article 3 of the Taiwan Stock Exchange's "Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds", but the Company delayed the entry of relevant information, which has violated the provisions of the foregoing operational measures.	• Arrange personnel to conduct relevant education and training and familiarize with relevant laws and regulations. • Communicate fully with the underwriter or the competent authority before the release of significant information, and allow time for relevant operations.

(XI) Significant Resolutions of the Shareholders' Meeting and the Board of Directors for the Most Recent Year and up to the Date of Printing of the Annual Report

1. The dates of the Shareholders' Meetings and the important resolutions of the shareholders present are as follows:

Date	Meeting	Resolutions	Implementation
June 12, 2023	General Shareholders' Meeting	1. The recognition of the 2022 Annual Report of Operations and Financial Statements	Passed
		2. The recognition of the loss of 2022	Passed
		3. Shareholders' Meeting's ordinary resolution to the amendments to the Company's Articles of Incorporation	Passed
		4. The proposal of comprehensive election of directors (including independent directors) of the Company	Passed
		5. Adoption of the Proposal of Planning and Handling of the Long-term Fund Raising	Passed
		6. Release the Ban on New Independent Directors from Participating in Competitive Business.	Passed

2. Board of Directors Dates and Resolutions:

Dates of Board Meeting	Important Resolutions
March 9, 2023	1. Recognition of 2022 Statement on Internal Control System 2. 2022 Business Report and Consolidated Financial Statements 3. Proposal for 2022 Deficit Compensation 4. Amendments to the Company's Articles of Incorporation based on the Shareholders' Meeting's special resolution

Dates of Board Meeting	Important Resolutions
	5. The Company's prepayments as of December 31, 2022 and other overdue payments are not of the nature of the loan. 6. Proposal of DRX (Chengdu)'s application for bank financing limit 7. Proposal of Planning and Handling of the Long-term Fund Raising 8. The proposal of comprehensive election of directors (including independent directors) of the Company 9. Release the Ban on Directors from Participating in Competitive Business. 10. Amendments to the Code of Practice on Sustainable Development 11. Proposed to handle matters related to the convening of the 2023 General Shareholders' Meeting 12. Independence Evaluation and Appointment of the Company's CPA. 13. Advanced approval of CPAs, their firms, affiliates of firms and the non-certified services provided by the alliance firms to the Company and its subsidiaries. 14. To prepare the budget for phase III clinical treatment of soft tissue sarcoma
April 24, 2023	1. .The adoption of the candidate list of directors (including independent directors) nominated by the Board of Directors 2. Capital increase for USA subsidiary DRX USA. 3. Amendments to the Group's (including the subsidiaries) Internal Control System 4. Loan lending to the subsidiary DRX (Chengdu)
May 3, 2023	1. Proposal for the 2023 Q1 Consolidated Financial Statements. 2. The Company's prepayments as of March 31 and other overdue payments are not of the nature of the loan. 3. Amendments to the compensation paid to directors
June 12, 2023	1. Proposal to elect chairman 2. Proposal to change COO and spokesman 3. Proposal to appoint CSO
June 12, 2023	1. Proposal of COO's compensation 2. Proposal of CSO's compensation 3. The Company's employee stock warrant issue list for 2023 4. Proposal of Loan Extension for Subsidiary's PPI Fund Lending to Australian Subsidiary 5. Proposal of Adjustment of Approval Authority 6. The Company's US Investment Company Act and Investment Policy 7. Bank financing of subsidiary DRX Chengdu 8. Trading foreign currency denominated securities and related authorization matters with Citibank 9. Reinvestment in Nanotein Technologies, Inc 10. Proposal of the Company's Intention to Participate in the Issuance of Overseas Depositary Receipts by Issuing Ordinary Shares with a Cash Increase 11. Adoption of the proposal to assist the Company in complying with the laws and regulations of the Republic of China regarding the appointment and appointment contract of the lead underwriter

Dates of Board Meeting	Important Resolutions
	12. Update the proposal of sound operation planning
July 10, 2023	1. Proposal of the Company's Intention to Participate in the Issuance of Overseas Depositary Receipts by Issuing Ordinary Shares with a Cash Increase
August 21, 2023	1. Proposal for the 2023 Q2 Consolidated Financial Statements. 2. Engaged in foreign currency denominated securities trading and related authorization matters with Citibank 3. Authorization matters related to overseas financial commodity investment with Citibank 4. Proposal of DRX (Chengdu)'s application for bank financing limit 5. Proposal of reinvestment
September 26, 2023	1. Proposal of Reinvestment in Genovior Biotech Corporation 2. Appointment of members of the Compensation Committee 3. The Company intends to open an investment account through DBS Bank
November 6, 2023	1. Proposal for the 2023 Q3 Consolidated Financial Statements. 2. Preparation of the Group's Audit Plan for 2024 3. Amendments to the Group's (including the subsidiaries) Internal Control System 4. Capital increase for USA subsidiary DRX USA.
December 7, 2023	1. The Group's Budget for 2024 2. The Company's employee stock warrant issue list for 2023 3. Discussion on manager and employees' performance bonus 4. Proposal of Reinvestment in Genovior Biotech Corporation and Lin Yang Biopharma, Ltd.
December 21, 2023	1. Proposal of changing CEO 2. Proposal to set up CISO
December 21, 2023	1. Proposal of CEO's compensation 2. Proposal of CISO's compensation 3. Proposal of DRX Chengdu's Application for Bank Financing Extension 4. Amendments to Regulations Governing Payment to Directors
January 19, 2024	1. Proposal of Subsidiary Polaris Biopharmaceuticals, Inc.'s Intention to Purchase Zhunan Plant. 2. Proposal of appointment of secretary to the Board 3. Updated the Group's Budget for year 2024 4. Cash increase to subsidiary Genovior Biotech 5. Proposal of by-election of independent director 6. Release the Ban on New Independent Directors from Participating in Competitive Business. 7. Proposed to handle matters related to the convening of the 2024 General Shareholders' Meeting
February 20, 2024	1. Proposal of Cash Increase to Subsidiary Polaris Biopharmaceuticals, Inc.
March 12, 2024	1. Adoption of "Statement on Internal Control System" for year 2023 2. The recognition of the 2023 Annual Report of Operations and Financial

Dates of Board Meeting	Important Resolutions
	Statements 3. Proposal for 2023 Deficit Compensation 4. List of independent director candidates nominated by the Board of Directors 5. Adoption of Power of Attorney to Exercise Proxy Rights through Shareholders' Regular Meetings 6. Amendments to the Company's Rules of Procedures of the Board 7. Amendments to the Company's "Articles of Incorporation of Audit Committee" 8. Amendments to the Company's "Articles of Incorporation of Compensation Committee" 9. Proposal to Change CPAs Handling Financial Report in Response to the Internal Shift of PwC Taiwan

(XII) The main contents of the most recent year and as of the date of publication of the annual report, if the Director or supervisor has different opinions on important resolutions passed by the Board of Directors and there are records or written statements: None

(XIII) Summary of the resignations and dismissals of the Chairman of the Board, the President, the Head of Accounting, the Head of Finance, the Head of Internal Audit and the Head of Research and Development in the most recent year and as of the date of publication of the annual report:

Title	Name	Date of Appointment	Date of Resignation/Termination	Reason for Resignation/Termination
CEO	Howard Chen	November 11, 2022	December 21, 2023	Resigned after the fulfillment of staged task and reappointed as the Company's Chairman of the Board.

V. Information on Accountants' Fees

Amount: NT$1,000

Name of Accounting Firm	Accountant Name	Audit Period	Audit Fee	Non-audit fee	Total	Note
PwC Taiwan	Wendy Liang Alan Chien	2023.01.01~2023.12.31	5,612	10,045	15,657	CPA for the financial statements

(I) If the non-audit fees paid to the certified public accountant, the certified public accountant's firm and its affiliates amount to more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non -audit services should be disclosed:

The non-audit fees include NT$4,209,000 for internal control system review services; GDR project service charges of NT$5,836,000.

(II) If the audit fee paid in the year of change of accounting firm is less than the audit fee in the year before the change, the amount of audit fee before and after the change and the reasons for the change should be disclosed: None .

(III) If the audit fee is reduced by 10% or more from the previous year, the amount, percentage and reasons for the reduction shall be disclosed: None.

VI. Information on Change of Accountant

If the audit fee is reduced by 10% or more from the previous year, the amount, percentage and reasons for the reduction shall be disclosed:

VII. The Chairman of the Board of Directors, the General Manager, and the Manager in Charge of Financial or Accounting Matters of the Company, Who Have Worked in the Firm of the Certified Public Accountant or Its Affiliates within the Last Year: None.

VIII. Changes in the Shareholding of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Shares and Pledges of Shares in the Most Recent Year and up to the Date of Publication of the Annual Report

(I) Changes In Shareholdings of Directors, Supervisors, Managers and Major Shareholders

Unit: share

Title	Name	2023		2024 As of March 5	
		Holding Number of shares increase (decrease) number	Pledge Number of shares increase (decrease) number	Holding Number of shares increase (decrease) number	Pledge Number of shares increase (decrease) number
Chairman of the Board	Howard Chen (Note1)	—	—	—	—
Director	Chen, Shyan Tser	—	—	—	—
Director, major shareholder	Digital Capital Inc. Representative: Steve J.P. Hsu	—	—	—	—
Director	Mai Investment Co.,Ltd Representative: Wayne Lin (Note 1)	—	—	—	—
Independent director	Way, Tzong Der	—	—	—	—
Independent director	Chao, Ying-Cheng	—	—	—	—
Manager	Steve J.P. Hsu (Note 2)	—	—	—	—
Manager	John Bomalaski	—	—	—	—
Manager	Kay Huang	(102,000)	—	(132,000)	—
Manager	You, Huei-Yuan (Note 3)	—	—	—	—
Manager	Chien-Hsing Chang (Note 4)	—	—	—	—

Title	Name	2023		2024 As of March 5	
		Holding Number of shares increase (decrease) number	Pledge Number of shares increase (decrease) number	Holding Number of shares increase (decrease) number	Pledge Number of shares increase (decrease) number
Manager	Kevin Wu (Note 5)				
Chairman of the Board of Directors	Gemtek Investment Co., Ltd. (Note 7)	—	—	—	—
Director	Lien-Mai tin Investment Co., Ltd. (Note 7)	—	—	—	—
Independent director	Tai, Jang Huei (Note 6)	—	—	—	—
Manager	Howard Chen (Note 2)	—	—	—	—
Manager	Wayne Lin (Note 3)	172,622 (323,000)	—	—	—

Note 1: Assumed office on June 12, 2023 after the shareholders' meeting re-elected directors.
Note 2: On December 21, 2023, Steve J.P. Hsu became CEO and Howard Chen stepped down.
Note 3: On 15 June 2023, You, Huei-Yuan COO assumed office and Wayne Lin stepped down.
Note 4: Assumed office on June 20, 2023.
Note 5: Assumed office on December 21, 2023.
Note 6: Resigned on August 29, 2023.
Note 7: On June 12, 2023, the director was dismissed after being re elected at the shareholder meeting.

(II) Information on the transfer of shares to related parties: None.

(III) Information on pledges of shares to related parties: None.

IX. Information on the Top Ten Shareholders Who Are Related to Each Other or Are Related to Each Other as Spouses or Relatives within Second Generation:

Shareholding information as of March 5, 2024; Unit: Stock; %

Name	Shareholdings		Spouse, Minor Children Shareholdings		Nominal Total of Shareholdings Using Others' Names		The Names or Names and Relationships of the Top Ten Shareholders Who Are Related to Each Other or Who Are Related to Each Other as Spouses or Second Degree Relatives, Etc.		NOTE
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Name	Relationship	
Digital Capital Inc.	290,000,000	38.96	—	—	—	—	Mai Investment Co., Ltd., Digital Mobile Venture Ltd.	Same ultimate beneficiary	—
Representative: Chen, Shyan Tser	4,950,000	0.66	3,802,000	0.51	—	—	—	—	—
Digital Mobile Venture Ltd.	61,729,295	8.29	—	—	—	—	Mai Investment Co., Ltd., Digital Capital Inc.	Same ultimate beneficiary	
Representative: Chen, Shyan Tser	4,950,000	0.66	3,802,000	0.51	—	—	—	—	—
Mai Investment Co., Ltd.	40,527,138	5.44	—	—	—	—	Digital Capital Inc., Digital Mobile Venture Ltd	Same ultimate beneficiary	—
Representative: Digital Mobile Venture Ltd.	61,729,295	8.29	—	—	—	—	Mai Investment Co., Ltd., Digital Capital Inc.	Same ultimate beneficiary	—
G-Technology Investment Co., Ltd.	26,467,465	3.56	—	—	—	—	Gemtek Technology Co., Ltd	Same shareholder and representative	—
Representative: Howard Chen	34,700	0.005	—	—	—	—	—	—	—
Investment account entrusted by Generations Technology Corporation to Cathay United Bank	15,894,669	2.14	—	—	—	—	—	—	—
Masterpiece Enterprise Co., Ltd.	10,000,000	1.34	—	—	—	—	—	—	—
Representative: King Regent Management Limited	—	—	—	—	—	—	Gemtek Technology Co., Ltd, G-Technology Investment Co., Ltd.	Same shareholder and representative	—
Capital World Investment Corporation	9,340,456	1.25	—	—	—	—	Gemtek Technology Co., Ltd, G-Technology Investment Co., Ltd.	The shareholder is the spouse of the Representative of the two	—

Name	Shareholdings		Spouse, Minor Children Shareholdings		Nominal Total of Shareholdings Using Others' Names		The Names or Names and Relationships of the Top Ten Shareholders Who Are Related to Each Other or Who Are Related to Each Other as Spouses or Second Degree Relatives, Etc.		NOTE
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Name	Relationship	
								compa	
Representative: LU, HSIAO-JU	—	—	—	—	—	—	—	—	—
Gemtek Technology Co., Ltd,	8,674,542	1.17	—	—	—	—	G-Technology Investment Co., Ltd.	Representative is the same	—
Representative:Howard Chen	34,700	0.005	—	—	—	—	—	—	—
Sun Research Groups Ltd.	7,003,788	0.94	—	—	—	—	—	—	—
Representative:: WU, CHI-NAN	—	—	—	—	—	—	—	—	—
Chen, Shyan Tser	4,950,000	0.66	3,802,000	0.51	—	—	—	—	—

X. Number of Shares Held by the Company, Its Directors, Supervisors, Managers and Businesses Directly or Indirectly Controlled by the Company in the Same Business to Which the Company Invests, and Combined to Calculate the Consolidated Shareholding Percentage

Unit: Stock; %

Reinvestments	The Company investments		Director, manager and investment in directly or indirectly controlled business		Consolidated Investment	
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Polaris Pharmaceuticals, Inc.	23,000	100	—	—	23,000	100
DesigneRx Europe Limited	1	100	—	—	1	100
Polaris Pharmaceuticals Australia Pty Ltd.	100	100	—	—	100	100
Polaris Pharmaceuticals Ireland Limited	100	100	—	—	100	100
Polaris Pharmaceuticals (Taiwan), Inc..	43,800,000	100	—	—	43,800,000	100
DesigneRx Pharmaceuticals, Inc.	107,679,257	100	—	—	107,679,257	100
TDW HK Limited	82,300,001	100	—	—	82,300,001	100

Reinvestments	The Company investments		Director, manager and investment in directly or indirectly controlled business		Consolidated Investment	
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
DesigneRx Pharmaceuticals (Shanghai) Inc.	(Note 1)	100	—	—	(Note 1)	100
DesigneRx Pharmaceuticals (Chengdu) Inc.	(Note 1)	100	—	—	(Note 1)	100
Nanotein Technologies, Inc.	6,347,330	54.89	—	—	6,347,330	54.89
Polaris Biopharmaceuticals, Inc.	125,000,000	100	—	—	125,000,000	100
Lin Yang Biopharma, Ltd.	168,138,001	100	—	—	168,138,001	100
Genovior Biotech Corporation	—	—	146,785,000	93.16	146,785,000	93.16

Note 1: There is no number of shares given that it's a limited company.
Note 2: Polaris Group Korea Limited completed liquidation proceedings.

IV. Capital Raising

I. Capital and Shares

(1) Source of Capital

March 5, 2024, Unit: NT$1,000; Foreign Currency US$; Shares

Year and Month	Issue Price (USD)	Authorized Share Capital		Paid-in capital		Note		
		Number of shares (Stock)	Amount (USD)	Number of shares (Stock)	Amount (USD)	Source of equity (USD)	Offset by property other than cash	Others
March 2011	0.35	500,000,000	5,000	252,185,594	2,521,856	Cash capital increase of $2,000,000	None	—
May 2011	0.315	500,000,000	5,000	265,542,770	2,655,428	Debt to stock conversion of $4,207,510	None	—
May 2011	0.35	500,000,000	5,000	277,377,134	2,773,771	Debt-to-share transfer of $4,142,027	None	—
May 2011	0.45	500,000,000	5,000	279,599,357	2,795,994	Cash capital increase of NT$1,000,000	None	—
February 2012	0.35	500,000,000	5,000	285,313,641	2,853,136	Cash capital increase of NT$2,000,000	None	—
February 2012	0.35	500,000,000	5,000	285,313,641	2,853,136	Cash capital increase of NT$2,000,000	None	—
January 2013	0.60	600,000,000	6,000	356,457,529	3,564,575	Cash capital increase of NT$29,954,333	None	—
January 2013	0.60	600,000,000	6,000	356,457,529	3,564,575	Cash capital increase of NT$29,954,333	None	—
May 2014	0.50	600,000,000	6,000	356,852,529	3,568,525	Conversion of stock options $17,500	None	—
May 2014	0.60	600,000,000	6,000	356,877,662	3,568,777	Conversion of stock options $15,080	None	—
June 2015	0.47	600,000,000	6,000	421,076,250	4,210,763	Conversion of preferred shares to common shares (Note1)	None	—
September 2015	1.50	600,000,000	6,000	428,212,261	4,282,123	Cash capital increase of NT$10,704,000	None	—

Year and Month	Issue Price (USD)	Authorized Share Capital		Paid-in capital		Note		
		Number of shares (Stock)	Amount (USD)	Number of shares (Stock)	Amount (USD)	Source of equity (USD)	Offset by property other than cash	Others
October 2015	—	600,000,000	6,000	517,873,234	5,178,732	Exchange 1 share of TDWG stock for 1.13 shares of Polaris Pharmaceuticals stock, issuing 89,660,973 new shares	None	—
Change of denomination from US$0.01 to US$10 per share and exchange of new shares								

Year and Month	Issue Price (NT$)	Authorized Share Capital		Paid-in capital		Note		
		Number of shares (Stock)	Amount (thousand dollars)	Number of shares (Stock)	Amount (thousand dollars)	Source of equity capital (thousand dollars)	Offset by property other than cash	Other
October 2015	—	240,000,000	2,400,000	207,149,255	2,071,493	Change of capitalization currency and 2.5 share consolidation	None	—
November 2015	—	240,000,000	2,400,000	206,630,589	2,066,306	Share buyback 5,187,000 dollars	none	—
July 2017	18.00	320,000,000	3,200,000	246,630,589	2,466,306	Cash capital increase $400,000,000	none	(Note 2)
August 2017	**33.60**	**320,000,000**	**3,200,000**	**255,630,589**	**2,556,306**	**Private placement of common stock for cash capital increase 90,000,000**	**none**	**—**
September 2017	USD 0.875~ 1.25	320,000,000	3,200,000	255,924,589	2,559,246	Exercise of employee stock options $2,940,000	none	—
October 2017	USD 0.875~ 1.25	320,000,000	3,200,000	256,305,089	2,563,051	Exercise of employee stock options 3,805,000	none	—
October 2017	**63.00**	**320,000,000**	**3,200,000**	**265,555,089**	**2,655,551**	**Private placement of common stock for cash capital increase of 92,500,000**	**none**	**—**
November 2017	USD 0.875	320,000,000	3,200,000	2 65,612,589	2,656,126	Exercise of employee stock options 575,000	None	—
January 2018	USD 1.25~ 1.925	320,000,000	3,200,000	2 65,659,255	2,656,593	Exercise of employee stock options 467,000	None	—
March 2018	USD 0.875	320,000,000	3,200,000	2 65,689,255	2,656,893	Exercise of employee stock options 300,000	None	—

Year and Month	Issue Price (NT$)	Authorized Share Capital		Paid-in capital		Note		
		Number of shares (Stock)	Amount (thousand dollars)	Number of shares (Stock)	Amount (thousand dollars)	Source of equity capital (thousand dollars)	Offset by property other than cash	Other
April 2018	USD 0.875~ 1.25	320,000,000	3,200,000	2 65,727,825	2,657,278	Exercise of employee stock options $385,000	None	—
September 2018	30.00	420,000,000	4,200,000	285,727,825	2,857,278	Cash capital increase of 200,000,000	None	(Note 3)
September 2018	USD 0.875	420,000,000	4,200,000	285,756,396	2,857,564	Exercise of employee stock options 286,000	None	—
October 2018	USD 0.875	420,000,000	4,200,000	285,796,396	2,857,964	Exercise of employee stock options 400,000	None	—
November 2018	USD 0.875	420,000,000	4,200,000	285,836,396	2,858,364	Exercise of employee stock options 400,00	None	—
March 2019	**21.83**	**420,000,000**	**4,200,000**	**292,901,396**	**2,929,014**	**Private placement of common stock for cash capital increase of 70,650,000**	**None**	**—**
July 2019	12.00	720,000,000	7,200,000	352,901,396	3,529,014	Cash capital increase of 600,000,000	None	(Note 4)
December 2019	**10.00**	**7 20,000,000**	**7,200,000**	**652,901,396**	**6, 5 29,014**	**Private placement of common stock for cash capital increase of 3,000,000,000**	**None**	**—**
March 2021	USD 1.25	720,000,000	7,200,000	652,915,396	6,529,154	Exercise of employee stock options 140,000	None	
April 2021	USD 0.875~1.68	720,000,000	7,200,000	653,374,110	6,533,741	Exercise of employee stock options 4,587,000	None	
June 2021	USD0.875 ~1.25	720,000,000	7,200,000	654,612,109	6,546,121	Exercise of employee stock options 12,380,000	None	
July 2021	USD0.875 ~1.25	720,000,000	7,200,000	654,751,109	6,547,511	Exercise of employee stock options 1,390,000	None	
August 2021	USD 1.25	720,000,000	7,200,000	654,761,109	6,547,611	Exercise of employee stock options 100,000	None	
August 2021	80	1,000,000,000	10,000,000	718,761,109	7,187,611	Cash capital increase $640,000	None	(Note 5)
October 2021	USD 0.875	1,000,000,000	10,000,000	718,825,109	7,188,251	Exercise of employee stock options 640,000	None	

Year and Month	Issue Price (NT$)	Authorized Share Capital		Paid-in capital		Note		
		Number of shares (Stock)	Amount (thousand dollars)	Number of shares (Stock)	Amount (thousand dollars)	Source of equity capital (thousand dollars)	Offset by property other than cash	Other
November 2021	USD 1.25~1.68	1,000,000,000	10,000,000	718,835,109	7,188, 351	Exercise of employee stock options $100,000	None	
December 2021	USD 0.33	1,000,000,000	10,000,000	718,845,109	7,188, 451	Exercise of employee stock options $1,390,000	None	
January 2022	USD0.33~ 1.25	1,000,000,000	10,000,000	7 19,368,681	7,193,687	Exercise of employee stock options 5,236,000	None	
February 2022	USD0.33~ 2.0575	1,000,000,000	10,000,000	7 19,641,681	7,196,417	Exercise of employee stock options 2,730,000	None	
March 2022	USD0.33~ 3.30	1,000,000,000	10,000,000	720,047,945	7,200,480	Exercise of employee stock options $4,063,000	None	
April 2022	USD 0.47~2.057 5	1,000,000,000	10,000,000	720,944,893	7,209,449	Exercise of employee stock options of 8,969,000	None	
June 2022	USD 0.33~2.057 5	1,000,000,000	10,000,000	721,037,823	7,210,378	Exercise of employee stock options of 929,000	None	
June 2022	84.57	1,000,000,000	10,000,000	741,037,823	7,410,378	Cash capital increase of 200,000,000	None	(Note 6)
July 2022	USD 0.33~1.5	1,000,000,000	10,000,000	741,4 51,866	7,414,519	Exercise of employee stock options of 4,141,000	None	
August 2022	USD0.33~ 1.68	1,000,000,000	10,000,000	741,604,297	7,416,043	Exercise of employee stock options of 1,524,000	None	
September 2022	USD 0.47~3.3	1,000,000,000	10,000,000	741,746,313	7,417,463	Exercise of employee stock options of 1,402,000	None	
October 2022	USD 1.68~2.057 5	1,000,000,000	10,000,000	741,804,313	7,418,043	Exercise of employee stock options of 580,000	None	
November 2022	USD 0.33~0.47	1,000,000,000	10,000,000	741,967,691	7,419,677	Exercise of employee stock of 634,000	None	
December 2022	USD 0.33~1.68	1,000,000,000	10,000,000	742,048,378	7,420,484	Exercise of employee stock of 807,000	None	
January 2023	USD0.47	1,000,000,000	10,000,000	742,050,378	7,420,504	Exercise of employee stock of 200,000	None	

Year and Month	Issue Price (NT$)	Authorized Share Capital		Paid-in capital		Note		
		Number of shares (Stock)	Amount (thousand dollars)	Number of shares (Stock)	Amount (thousand dollars)	Source of equity capital (thousand dollars)	Offset by property other than cash	Other
February 2023	USD0.33~ 2.0575	1,000,000,000	10,000,000	742,206,378	7,422,064	Exercise of employee stock of 1,506,000	None	
March 2023	USD0.33~ 2.0575	1,000,000,000	10,000,000	742,897,253	7,428,973	Exercise of employee stock of 6,090,000	None	
April 2023	USD0.33~ 2.0575	1,000,000,000	10,000,000	743,000,460	7,430,005	Exercise of employee stock of 1,032,000	None	
June 2023	USD 0.33~ 2.0575	1,000,000,000	10,000,000	743,076,606	7,430,766	Exercise of employee stock of 761,000	None	
July 2023	USD 0.33~ 2.4	1,000,000,000	10,000,000	743,423,606	7,434,236	Exercise of employee stock of 3,470,000	None	
August 2023	USD 0.33~ 0.47	1,000,000,000	10,000,000	743,425,064	7,434,251	Exercise of employee stock of 15,000	None	
September 2023	USD 0.47~ 1.5	1,000,000,000	10,000,000	743,463,314	7,434,633	Exercise of employee stock of 383,000	None	
October 2023	USD 0.33~ 0.47	1,000,000,000	10,000,000	743,745,936	7,437,460	Exercise of employee stock of 2,826,000	None	
November 2023	USD 0.33~ 2.4	1,000,000,000	10,000,000	743,759,153	7,437,592	Exercise of employee stock of 132,000	None	
January 2024	USD 0.47~ 1.68	1,000,000,000	10,000,000	743,859,153	7,438,592	Exercise of employee stock of 1,000,000	None	
February 2043	USD 0.33~ 1.68	1,000,000,000	10,000,000	744,324,732	7,443,247	Exercise of employee stock of 4,656,000	None	
March 2024	USD 0.47	1,000,000,000	10,000,000	744,420,732	7,444,207	Exercise of employee stock of 960,000	None	

Note 1: Convertible preferred shares were issued in February 2012 at a total price of USD 30,000,000 and fully converted to common shares in June 2015.

Note 2: Cash capital increase approval date: June 6, 2017; Approval No. 1060021095.

Note 3: Approval date of cash capital increase: August 3, 2018; Approval No. 1070327709.

Note 4: Approval date of cash capital increase: May 7, 2019; Approval No.: Jin Guan Cai Fa Zi No. 1080313697.

Note 5: Cash capital increase approval date: June 15, 2021; Approval No.: Jin -Guan-Zheng-Fa-Zi No. 1100346636.

Note 6： Cash capital increase approval date: April 18, 2022; Approval No.: Jin-Guan-Zheng-Fa-Zi No. 1111701116.

Shareholding information as of March 5, 2024

Type of Shares	Authorized Share Capital (Stock)			Note
	Outstanding	Unissued	Total	
Registered Common Shares	744,420,732 (with private equity 307,065,000)	255,579,268	1,000,000,000	

(II) Shareholder Structure

Shareholding information as of March 5, 2024

Structure / Amount	Government	Financial Institute	Other Legal Entities	Foreign Institute and Foreigner	Individual	Total
Number of people	0	1	68	30,222	160	30,451
Number of shares held	0	2,000	12,585,157	228,175,780	503,657,795	744,420,732
Shareholding ratio	0.00%	0.00%	1.69%	30.65%	67.66%	100.00%

Note: Mainland-invested refers to people, legal entities, organizations, and other institutions in Mainland China or their companies invested in third regions as stipulated in Article 3 of the Regulations on the Permission for People to Invest in Taiwan, and Total's shareholding ratio is 0.17%.

(III) Equity Diversification

1.Common stock:

Shareholding information as of March 5, 2024

Class	Persons	Number of shares	Percentage %
1 to 999	4,901	1,049,532	0.14
1,000 to 5,000	19,292	39,095,460	5.25
5,001 to 10,000	2,849	22,340,212	3.00
10,001 to 15,000	990	12,730,011	1.71
15,001 to 20,000	625	11,411,893	1.53
20,001 to 30,000	578	14,576,728	1.96
30,001 to 40,000	332	11,794,191	1.58
40,001 to 50,000	172	7,860,306	1.06
50,001 to 100,000	389	27,944,975	3.75
100,001 to 200,000	161	22,483,982	3.02
200,001 to 400,000	83	21,746,386	2.92
400,001 to 600,000	30	15,072,292	2.02
600,001 to 800,000	10	6,905,666	0.93
800,001 to 1,000,000	5	4,604,626	0.62
1,000,001 or above	34	524,804,472	70.51
Total	30,451	744,420,732	100.00

2. Preferred shares: Not applicable

(IV) List of Major Shareholders

The names, amounts and percentages of the top ten shareholders with at least 5% or more of the shares are listed below.

Shareholding information as of March 5, 2024

Shares / Major Shareholder Name	Number of shares(Stock)	Percentage %
Digital Capital Inc.	290,000,000	38.96
Digital Mobile Venture Ltd.	61,729,295	8.29
Mai Investment Co., Ltd.	40,527,138	5.44
G-Technology Investment Co., Ltd.	26,467,465	3.56
Investment account entrusted by Generations Technology Corporation to Cathay United Bank	15,894,669	2.14
Masterpiece Enterprise Co., Ltd.	10,000,000	1.34
Capital World Investment Corporation	9,340,456	1.25
Gemtek Technology Co., Ltd	8,674,542	1.17
Sun Research Groups Ltd.	7,003,788	0.94
Chen, Shyan Tser	4,950,000	0.66

(V) Stock Price, Net Worth, Earnings, Dividends and Related Information Per Share for the Last Two Years

Unit: NT$1,000

Item / Year			2022	2023	The year ended March 31, 2024 (Note 3)
Stock price per share	Highest		232.00	107.5	—
	Lowest		78.50	68.2	—
	Average		121.32	85.7	—
Net value per share	Before		11.69	9.90	—
	After Distribution		11.69	9.90	—
Earnings per share(Note1)	Weighted average number of shares (in thousands)		732,611	743,095	—
	Basic earnings (loss) per share		(1.57)	(2.12)	—
	Diluted earnings (loss) per share		(1.57)	(2.12)	—
Dividend per share	Cash dividends		—	—	—
	A signed	Earnings Allotment	—	—	—
		Capital reserve allotment	—	—	—

Item \ Year		2022	2023	The year ended March 31, 2024 (Note 3)
	Accumulated unpaid dividends	—	—	—
Investment return analysis	Principal-to-profit ratio	Note 2	Note 2	Note 2
	Principal-to-profit ratio	Note 2	Note 2	Note 2
	Cash Dividend Yield	Note 2	Note 2	Note 2

Note 1: The calculation of earnings per share is based on the audited financial statements for fiscal year 2022 and 2023.

Note 2: It's still in the red, since it's still in the stage of R&D.

Note 3:As of the date of publication of the Annual Report, the first quarter of 2024 has not yet ended.

(VI) Dividend Policy and Implementation Status

1.Dividend policy as stated in the Company's Articles of Incorporation

The Company shall set aside at least 1% of its annual profit as employee bonus and not more than 3% of its annual profit as Director Compensation, but shall reserve the amount to compensate for any accumulated losses.

Employee bonuses may be paid in cash or in stock to employees of the Company's subsidiaries who meet certain criteria established by the Board of Directors.

The Company may distribute earnings in accordance with a plan of distribution prepared by the Board of Directors and approved by the shareholders by ordinary resolution. The Board of Directors shall distribute or appropriate in the following order: (i) final tax contributions; (ii) to cover losses; (iii) a further 10% of the statutory surplus reserve; Except when the legal surplus reserve has reached the total capital of the Company; (iv) The Company may set aside special surplus reserves as required by the listing Act or the competent authority.

After the above distributions or appropriations are made, the remaining balance of the Company's accumulated undistributed earnings from previous years shall be added to the accumulated distributable earnings ("distributable earnings"), which shall be distributed by the Board of Directors with the approval of the Shareholders' Meeting in accordance with the following principles: The Company operates in a capital-intensive industry, and the Company is currently in a growth phase and will have capital expenditure plans and capital requirements in the coming years. The Board of Directors may, after considering the Company's financial, business and operational factors, prepare dividend and bonus distributions in accordance with the Cayman Law and the Listing Rules. The total amount of dividends to be paid to shareholders shall not be less than 10% of the current year's distributable earnings, and the percentage of cash dividends to be distributed shall not be less than 10% of the current year's total dividends to shareholders.

2. Proposed Dividend Distribution at the Shareholders' Meeting

Proposed Dividend Distribution at the Shareholders' Meeting

(VII) Impact of the proposed stock dividend on the Company's operating results and earnings per share: There was no stock dividend distribution for the year.

(VIII) Compensation for Employee, Director and Supervisor

1. The percentage or scope of compensation for employees, directors and supervisors as stated in the Company's Articles of Incorporation

The Company shall set aside at least 1% of the Company's annual profit as employee bonus and not more than 3% of the Company's annual profit as director compensation, provided that the Company shall reserve the amount of compensation in advance if there is an accumulated deficit. Employee bonuses may be paid in cash or in stock to employees of the Company's subsidiaries who meet certain criteria established by the Board of Directors.

The Company may distribute earnings in accordance with a plan of distribution prepared by the Board of Directors and approved by the shareholders by ordinary resolution. The Board of Directors shall distribute or appropriate in the following order: (i) final tax contributions; (ii) to cover losses; (iii) a further 10% of the statutory surplus reserve; Except when the legal surplus reserve has reached the total capital of the Company; (iv) The Company may set aside special surplus reserves as required by the listing Act or the competent authority.

After the above distributions or appropriations are made, the remaining balance of the Company's accumulated undistributed earnings from previous years shall be added to the accumulated distributable earnings ("distributable earnings"), which shall be distributed by the Board of Directors with the approval of the Shareholders' Meeting in accordance with the following principles: The Company operates in a capital-intensive industry, and the Company is currently in a growth phase and will have capital expenditure plans and capital requirements in the coming years. The Board of Directors may, after considering the Company's financial, business and operational factors, prepare dividend and bonus distributions in accordance with the Cayman Law and the Listing Rules. The total amount of dividends to be paid to shareholders shall not be less than 10% of the current year's distributable earnings, and the percentage of cash dividends to be distributed shall not be less than 10% of the current year's total dividends to shareholders.

2.The basis for estimating the amount of compensation for employees, directors and supervisors, the basis for calculating the number of shares for employee compensation distributed by stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

The Company has accumulated losses in the accounts for the year 2023, which have not been assessed or distributed for the compensation of employees, directors and supervisors.

3. The Board of Directors approved the distribution of compensation:

(1) The amount of compensation to employees, directors and supervisors is distributed in cash or stock. If the amount of compensation is different from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed: Not applicable.

(2) The proportion of employee compensation distributed in stock to the total amount of net profit after tax and employee compensation for the period: not applicable.

4. The Shareholders' Meeting reported the distribution of compensation and the results:

The Company still has losses accumulated in its books for fiscal year 2023, so it is not applicable.

5. The actual distribution of compensation to employees, directors and supervisors in the previous year (including the number of shares distributed, the amount and share price), the difference between the distribution and the recognition of compensation to employees, directors and supervisors, and the number of differences, the reasons for the differences and the treatment of the differences: Not applicable.

(IX) The Company's repurchase of The Company's shares: The Company has not repurchased shares of the Company in the most recent year and as at the date of publication of the Annual Report.

II. Corporate bond

(I) Outstanding bonds in process: None.

(II) Convertible bonds: None.

III. Preferred Share: None.

IV. Overseas Depositary Receipts: None.

V. Employee Stock Options

(I) Stock options that have not yet expired

March 5, 2024

Type of Employee Stock Option Certificate	Polaris Group 2011Annual Stock Option Plan (Previous TDW Group2013 stock option plan) (Note)	Type of Employee Stock Option Certificate	Type of Employee Stock Option Certificate
Declaration Effective Date	Not applicable	Not applicable	Not applicable
Issue Date	August 15, 2014	November 24, 2014	December 30, 2014
Period of Existence	10 years	10 years	10 years
Number of units issued(1 share / 1 unit)	3,706,400 (of which 2,424,293 shares have lapsed)	524,000 (of which 284,000 shares have lapsed)	400,000 (of which 395,000 shares have lapsed)
Number of units can be issued(1 share / 1 unit)	—	—	—
Number of shares issued as a percentage of the total number of shares issued	0.50%	0.07%	0.05%
Subscription period	9 years		
Performance method	Issuance of new shares		
Restricted period and ratio (%)	25% for 1 year and the remaining 75% for the next 36 months, 1/36th per month	25% for 1 year and the remaining 75% for the next 36 months, 1/36th per month	25% for 1 year and the remaining 75% for the next 36 months, 1/36th per month
Number of shares exercised	237,827	—	5,000
Executed subscription amount	USD 489,329	—	USD 9,625
Number of shares not executed	1,044,280	240,000	—
Subscription price per share for unexecuted stock options	USD 2.0575	USD 1.925	USD 1.925
Number of shares outstanding as a percentage of the total number of shares issued (%)	0.14%	0.03%	0.00%
Effect on shareholders' equity	No significant impact	No significant impact	No significant impact

Type of Employee Stock Option Certificate	Polaris Group 2011Annual Stock Option Plan	Polaris Group 2011Annual Stock Option Plan	Polaris Group 2011Annual Stock Option Plan	Polaris Group 2011Annual Stock Option Plan
Declaration Effective Date	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Issue Date	April 15, 2015	July 7, 2015	October 30, 2015	November 17, 2015
Period of Existence	10 years			
Number of units issued(1 share / 1 unit)	519,999 (of which 367,999 shares have lapsed)	128,000 (of which 128,000 shares have lapsed)	312,000 (of which 312,000 shares have lapsed)	3,128,000 (of which 1,852,750 shares have lapsed)
Number of units can be issued(1 share / 1 unit)	—	—	—	—
Number of shares issued as a percentage of the total number of shares issued	0.07%	0.02%	0.04%	0.42%
Subscription period	9 years			
Performance method	Issuance of new shares			
Restricted period and ratio (%)	25% for 1 year and the remaining 75% for the next 36 months, 1/36th per month			
Number of shares exercised	—	—	—	64,829
Executed subscription amount	—	—	—	USD 213,936
Number of shares not executed	152,000	—	—	1,210,421
Subscription price per share for unexecuted stock options	USD 2.5	USD 2.5	USD 2.5	USD 3.3
Number of shares outstanding as a percentage of the total number of shares issued (%)	0.02%	0.00%	0.00%	0.16%
Effect on shareholders' equity	No significant impact	No significant impact	No significant impact	No significant impact

Type of Employee Stock Option Certificate	First Employee Stock Option Certificate in 2017	First Employee Stock Option Certificate in 2017	First Employee Stock Option Certificate in 2019	Second Employee Stock Option Certificate in 2019	First Employee Stock Option Certificate in 2021	Second Employee Stock Option Certificate in 2021
Declaration Effective Date	December 4, 2017	December 4, 2017	November 19, 2019	November 19, 2019	May 14, 2021	May 14, 2021
Issue Date	January 3, 2018	May 31, 2018	November 20, 2019	April 1, 2020	June 24, 2021	December 13, 2021
Period of Existence	10 years					
Number of units issued (1 share / 1 unit)	6,111,000 (of which 3,656,402 shares have lapsed)	210,000 (of which 60,000shares have lapsed)	1,788,000	4,697,000 (of which 708,750 shares have lapsed)	818,000 (of which 65,00 shares have lapsed)	640,000 (of which 20,000 shares have lapsed)
Number of units can be issued (1 share/1 unit)	—	—	—	—	—	—
Number of shares issued as a percentage of the total number of shares issued	0.82%	0.03%	0.24%	0.63%	0.11%	0.09%
Subscription period	8 years					
Performance Method	Issuance of new shares					
Restricted period and ratio (%)	50% for 2 years and the remaining 50% for the next 48 months, 1/48th per month					
Number of shares exercised	1,004,550	10,000	1,479,999	1,675,251	21,167	—
Executed subscription amount	USD 1,687,644	USD 16,800	USD 488,400	USD 787,368	USD 50,589	—
Number of shares not executed	1,450,048	140,000	308,001	2,312,999	731,833	620,000
Subscription price per share for unexecuted stock options	NT$50.87	NT$51.02	NT$10.05	NT$14.26	NT$67.27	NT$71.26
Number of shares outstanding as a percentage of the total number of shares issued (%)	0.19%	0.02%	0.04%	0.31%	0.10%	0.08%
Effect on shareholders' equity	No significant effect	No significant effect	No significant effect	No significant effect	No significant effect	No significant effect

Type of Employee Stock Option Certificate	Third Employee Stock Option Certificate in2021	First Employee Stock Option Certificate in2022	Second Employee Stock Option Certificate in2022	Third Employee Stock Option Certificate in2022
Declaration Effective Date	May 14, 2021	December 6, 2022	December 6, 2022	December 6, 2022
Issue Date	May 10, 2022	December 14, 2022	June 20, 2023	December 21, 2023
Period of Existence	10 years			
Number of units issued (1 share / 1 unit)	570,000 (of which 120,000 shares have lapsed)	7,262,500 (of which 315,000 shares have lapsed)	1,450,000 (of which 40,000 shares have lapsed)	2,820,000 (of which 50,000 shares have lapsed)
Number of units can be issued (1 share/1 unit)	—	4,467,500		
Number of shares issued as a percentage of the total number of shares issued	0.08%	0.98%	0.19%	0.38%
Subscription period	8 years			
Performance Method	Issuance of new shares			
Restricted period and ratio (%)	50% after 2 years and the remaining 50% in the next 48 months, 1/48th per month			
Number of shares exercised	—	—	—	—
Executed subscription amount	—	—	—	—
Number of shares not executed	450,000	6,947,500	1,410,000	2,770,000
Subscription price per share for unexecuted stock options	NT$123.71	NT$101.50	NT$ 83.9	NT$ 70.70
Number of shares outstanding as a percentage of the total number of shares issued (%)	0.06%	0.93%	0.19%	0.37%
Effect on shareholders' equity	No significant effect	No significant effect	No significant effect	No significant effect

Note: TDW Group, a subsidiary of The Company, originally had the 2013 Annual Stock Option Plan, which was originally subject to the common shares issued by TDW Group. In September 2015, the company acquired the outstanding shares other than TDW Group shares held by the Board of Directors through equity exchange. As a result, TDW Group, through a Director's resolution, adjusted the performance of its 2013 Annual Stock Option Plan by converting one share of TDW Group common stock into 1.13 shares of The Company common stock at the same proportional exercise price. The exercise price will be adjusted in the same proportion.

(II) Name, Acquisition and Subscription of the Top Ten Employees Who Have Acquired Employee Stock Options and the Number of Shares Authorized by the Stock Options as of the Publication Date of the Annual Report

1. Managers who obtained employee stock options

March 5, 2024

	Title	Name	Obtained Number of shares (thousands of shares)	The ratio of the number of shares obtained to the total number of issued shares	Executed				Not executed			
					Identify Number of shares (thousand shares)	subscription price	Subscription Amount (thousand dollars)	The ratio of the number of shares recognized to the total number of issued shares	Identify Number of shares (thousand shares)	subscription price	Subscription Amount (thousand dollars)	The ratio of the number of shares recognized to the total number of issued shares
Manager	CEO (Note 1)	Howard Chen	5,689	0.76%	2,053	USD 0.33~1.68	USD 851	0.19%	3,636	USD 0.33~3.32	USD 8,340	0.17%
	CEO (Note 1)	Steve J.P. Hsu										
	Executive Vice President	John Bomalaski										
	COO (Note 2)	Wayne Lin										
	COO (Note 2)	You, Huei-Yuan										
	CFO	Kay Huang										
	CSO	Chien-Hsing Chang										
	CISO	Kevin Wu										

Note 1: The Chief Executive Officer will be Steve J.P. Hsu effective December 21, 2023

Note 2: COO Wayne Lin resigned on June 12, 2023 and was replaced by You, Huei-Yuan. The transfer is effective June 15, 2023.

2. Obtaining Stock Warrant Certificates Can Be Recognized as the Top Ten Employees of Number Of Shares

March 5, 2024

	Title	Name	Number of share subscribed (1,000 shares)	Ratio of the number of subscribed shares to the total number of issued shares	Executed				Not Executed			
					Number of share subscribed (1,000 shares)	Subscription price	Subscription Amount (NT$1,000)	The ratio of the number of shares recognized to the total number of issued shares	Number of share subscribed (1,000 shares)	Subscription price	Subscription Amount (NT$1,000)	The ratio of the number of shares recognized to the total number of issued shares
Employee	Science Consultant (PPI)	Chen, Tsao-Chen	6,772	0.91%	2,554	USD 0.33~3.30	USD 1,890	0.29%	3,787	USD 0.33~3.32	USD 7,158	0.51%
	Vice president of Clinical Division (PPI)	Amanda Johnston										
	Vice president of Production Division (DRX USA)	Chris Huxsoll										
	Vice President of Production Department (PPI)	Richard Showalter										
	Consultant of Production Department (DRX USA)	Liang Xia										
	Production Director	Tsai, Cheng-Min										
	Manager of Production Department (DRX USA)	Christopher Starr										
	Director of Clinical Department (TDW TW)	Liu, Hui-Fen										
	Clinical Department Senior Statistical Manager (TDW TW)	Kuo, Chi-Ling										
	Vice President of Finance (DRX USA)	Bishoram Guragai										

VI. New Shares with Restricted Employee Rights

(I) For new shares with restricted employee rights that have not fully met the acquired conditions, the transaction status as of the date of publication of the annual report and the impact on shareholders' rights and interests shall be disclosed : None.

(II)The managers who have obtained new shares with restricted employee rights and the names of the top ten employees who have obtained number of shares until the date of publication of the annual report : None.

VII. Issuance of New Shares through Merger, Acquisition or Transfer of Shares of Other Companies: None.

VIII. Implementation of the Fund Utilization Plan:

As of the quarter before the publication date of the annual report, the plan content and execution status of the previous issuance or private placement of securities that have not been completed or have been completed within the last three years and the plan benefits have not yet materialized: None

V. Operation Overview

I. Business Contents

(I) Scope of Business:

1. Main Content of the Business

Polaris Pharmaceutical Group is a fully vertically integrated biological new drug development company, and provides contract development and manufacturing organization (CDMO) services for biological drugs. Through the upstream and downstream division of labor, the group integrates the design and improvement of ADI-PEG20 new drug development, the planning and execution of clinical trials in many countries around the world, the production/OEM of ADI-PEG20 clinical drug and CDMO business, quality control, sales and other all-round service projects.

2. Proportion of Sales of Major Products

The Group's operating income in 2023 was NT$7,481,000, which was derived from the CDMO business of biopharmaceuticals. ADI-PEG20 products are still in the research and development stage and have no operating income yet.

3. The Company's current goods (services) projects

Product	Introduction	Application
ADI-PEG20 new drug research and development	ADI-PEG 20 is an innovative biological drug produced by coupling arginine deiminase and polyethylene glycol with a molecular weight of 20,000 . After intramuscular injection into the human body, it can completely decompose arginine in the blood circulation. Ultimately, any cancer cells that are unable to synthesize arginine on their own due to a metabolic defect die. It has now entered clinical trials for a variety of cancers around the world.	Hepatic cell carcinoma, mesothelioma, soft tissue sarcoma, acute myeloid leukemia, non-small cell lung cancer, pancreatic cancer, malignant melanoma and brain cancer, etc.
CDMO Drug development and production services	Utilizing the Group's sophisticated technology in the production of Escherichia coli and an experienced R&D team, we can provide customers with biological drug development, manufacturing, clinical trials or marketing applications, covering all stages. If there are problems with specific technologies, international standards or regulations, Provide overall project solutions. In addition, Genovior Biotech, a subsidiary of the Group, has the ability to complete product development, production, quality control and regulatory documentation from APIs to sterile preparations, focusing on	A variety of biological drugs, cell therapy, APIs, injections, etc

	the one-stop CDMO service model for HPAPIs, peptides, macromolecular APIs and injections. It can provide global customers with convenient, practical and effective pharmaceutical finished products solutions.	
Generic drug development	Genovior Biotech, a subsidiary of the Group, is the only company in Taiwan capable of producing polypeptide APIs with more than 30 amino acids through a fully synthetic or microbial process, and can produce polypeptide injections using a combination of API production, aseptic filling of cassette bottles, and medical devices (such as injection pen). At the same time, we focus on the research and development of generic drugs, APIs and injection products, and have obtained more than 20 drug certificates.	Raw materials, biosimilar drugs, peptide drugs, etc

4. New products (services) planned to be developed

ADI-PEG 20

ADI-PEG 20 is a broad-spectrum innovative biological drug. Due to its different mechanism of action, good efficacy and mild side effects, it is also suitable for use in combination with other cancer drugs. Since 2013, the Group has initiated a series of clinical trials of combination drugs in top cancer hospitals in Europe and the United States. The clinical trials of ADI-PEG 20 combination drugs in progress are as follows :

Cancer Type	Stage	Lead Cancer Center	Intervention/Treatment
Soft Tissues Arcoma	Phase III	University of Washington	ADI-PEG 20 + Gemcitabine + Docetaxel
Cerebral Cancer	Phase II/III	Linkou Chang Gung Memorial Hospital Taiwan / Global Coalition for adaptive Research	ADI-PEG 20 +Temozolomide + Radiotherapy

Cancer Type	Stage	Lead Cancer Center	Intervention/Treatment
Hepatic Cell Carcinoma	Phase II/III (note)	Linkou Chang Gung Memorial Hospital, Taiwan	Monotherapy
Acute Myeloid Leukemia	Phase I	MD Anderson Cancer Center Houston, Texas, United States	ADI-PEG 20 + Venetoclax + Azacitidine
NASH	Phase II	Linkou Chang Gung Memorial Hospital, Taiwan	Monotherapy

Note: Proof of Concept (POC)

(1) Soft Tissue Sarcoma

The Phase III clinical trial program received FDA's approval for INA in January 2023 and completed its first patient admission in December for ADI-PEG 20 combined with Gemcitabine and Docetaxel for leiomyosarcoma. The trial was randomized, double-blind, with multiple countries and centers involving, with an estimated enrollment of 300 patients. The main evaluation index was Progression Free Survival and the secondary evaluation index was Overall Survival.

(2) Cerebral Cancer

This clinical trial was conducted with ADI-PEG20 combined with radiotherapy and Temozolomide in the treatment of Glioblastoma, GBM. This case was originally a Phase I clinical trial, and after completing this stage, the evaluable subjects were enrolled. The Phase II clinical trial has been continued, with a change to a control placebo group, randomized allocation, and double-blind trial. It is expected that the scale of the trial will be expanded, and the number of cases collected globally will be 100. The main evaluation indicator was the Overall Survival, and the trial physician would observe the Progression-free survival. This experiment was led by Taiwan Linkou Chang Gung Memorial Hospital. In August 2023, the first patient of GBM Phase II trial was administered.

At the same time, the Company joined GBM AGILE, a new clinical trial platform approved by the FDA, which allows simultaneous evaluation of multiple new drugs for cerebral cancer and sharing of patients in control group. And the platform has signed contracts with major international hospitals in order to quickly recruit patients. The Company aims to recruit 300 patients. In August 2023, the ADI-PEG 20 group being trialled on the GBM AGILE platform will enroll patients with newly diagnosed and relapsing GBM. Dr. Nicholas Blondin, assistant professor of clinical neurology at Yale School of Medicine, and Dr. Macarena de

la Fuente, associate professor of neuro-oncology and director of neuro-oncology at the Sylvester Comprehensive Cancer Center, University of Miami, will serve as the lead trial program hosts for ADI-PEG 20.

(3) Hepatic Cell Carcinoma

In order to expand the enrollment of patient and accelerate the clinical trial, the Company changed its enrollment condition in May 2023 into the screening by arginine concentration. Hepatic cell carcinom was treated with ADI-PEG 20, a new metabolic therapy. The trial was randomized, double-blind, with multiple countries and centers involving, with an estimated enrollment of 300 patients. The main evaluation index was Progression Free Survival and the secondary evaluation index was Overall Survival. At the same time, we signed a memorandum of understanding with the Vietnam National Cancer Hospital and are expected to start patient enrollment.

(4) Acute Myeloid Leukemia

This is a Phase 1 clinical trial of ADI-PEG 20 in combination with Venetoclax and Azacitidine in patients with acute myeloid leukemia, led by MD Anderson Cancer Center. In addition to evaluating the safety and tolerability of ADI-PEG 20 in combination with Venetoclax and Azacitidine, the efficacy of this combination in the RP2D (recommended phase 2 dose) arm will also be explored. The trial is expected to enroll 60 patients.

Contract Development and Manufacturing Organization (CDMO)

In addition to the production of ADI-PEG 20, DRX USA, the Group's subsidiary in Northern California, also has a very mature technology that uses E. coli as a production platform. In November 2019, it officially began to provide contract drug R&D and production services, and received good feedback. This will develop into one of the major businesses of the Group. Subsidiary DRX Chengdu is currently the clinical and production base of the Group's freeze-dried biologicals, responsible for the Group's China ADI-PEG 20 new drug R&D and manufacturing and CDMO business. Negotiations with interested potential clients have begun. The Company's strategy is to develop CDMO business in the United States and Europe with DRX USA as the leading factory. DRX Chengdu, on the other hand, is not only responsible for domestic orders in China, but will also levarge Taiwan's upstream and downstream industries to be a technology development and manufacturing base to provide contract development and manufacturing services.

Genovior Biotech, a subsidiary of the Group, is one of the few CDMO companies in Asia that can actually commercialize API and injection, and now uses its technology and capacity advantages to continuously provide global pharmaceutical customers with technical services such as advanced process development, scale-up, dosage form development and pharmaceutical finished product solutions. The following CDMO/CMO services are available:

- Process development of peptides or protein APIs produced by microbial fermentation or human cell processes

- Development of dosage forms for biological injections
- Provide biological APIs,lyophilized injection,preperfusion syringe and injection pen and other dosage forms. The number of manufacturing services ranges from preclinical and clinical research to commercial volume production.

Polypeptide Product Development and Process Optimization

The Company will strengthen research and innovation in the polypeptide product line at Genovior Biotech Corporation, with a special focus on the development of multiple polypeptide products and process optimization to improve production efficiency and product quality. The following are the Genovior Biotech's main plans for polypeptide product development and process optimization.

(1)Semaglutide

Semaglutide, a drug used to treat diabetes, is a hormone that is a receptor agonist for GLP-1 (glucagon-like peptide-1), an analogue of the insulin hormone that stimulates insulin production and lowers blood sugar levels. In addition, Semaglutide is also used for weight management in obesity, as it can promote appetite reduction and contribute to weight loss. In addition, Semaglutide is expected to continue to expand with the progress of clinical trials of the original company, including the treatment of renal failure in diabetes patients and other related indications. The Company is committed to further optimizing Semaglutide products, including the development of generic drug products from active pharmaceutical ingredients (APIs), injections, and oral formulations. Moreover, the Company also expanded the market size of its products through the development of Class505b2 new drugs to meet the needs of patients and improve therapeutic effectiveness.

The Semaglutide API 75kg production line is scheduled to be completed in 2024, and the capacity expansion will be carried out in three stages over the next three years with the confirmation of mass production orders. The first stage is the production line with an annual output of 75 kg, the second stage is the production line with an annual output of 200 kg, and the third stage is the production line with an annual output of 1,000 kg. In the aspect of commercial development, the Company is currently focusing on the expansion of the new market (emergingmarket). As the supply of Semaglutide products falls short of demand, the company also plans to cooperate with new market countries to enter major new market countries through joint venture, co-development or technology transfer, etc.

(2) Teriparatide

As a peptide substance used in the treatment of osteoporosis, Teriparatide has a significant effect on enhancing bone mineral density and reducing the risk of fracture. The company is committed to improving the production efficiency and quality of Teriparatide to ensure that patients have access to safe and effective treatments. In 2023, the Company has completed the API production of Teriparatide and obtained the certification of EU GMP raw material pharmaceutical factory. This

year, we will continue to develop Teriparatide preparations, drug inspection registration and marketing planning.

(II) Industry Overview

1. Current Status and Development of the Industry

(1) Cancer Medication

According to IQVIA's statistics, the global drug market size in 2022 is about 1.48 trillion US dollars, excluding the related costs of COVID-19 vaccines and therapies, which is an increase of about 4.2% compared with 1.42 trillion US dollars in 2021, of which the market size of advanced countries is about 1.09 trillion US dollars. It accounts for 73.42% of the global drug market. The drug market size of the top 10 advanced countries in the United States, Germany, France, the United Kingdom, Italy, Spain, Japan, Canada, Australia, and South Korea in 2022 is about 968.9 billion US dollars, accounting for 65.36% of the global drug market; emerging drug markets, mainly China, Brazil, India and Russia, had a drug market size of $370.8 billion in 2022, accounting for about 25.02% of the global drug market, while low-income countries and regions had drug sales of $23.2 billion, accounting for only 1.57%.

According to IQVIA's survey, the world's top three therapeutic drugs in 2027 are anticancer drugs, immunosuppressants and hypoglycemic drugs, which are the same as those estimated in 2026, as shown in the table below. Cancer is a serious and challenging disease, and manufacturers are actively investing in the development of cancer drugs. Over the years, the products approved for listing in Europe and the United States are also mostly anticancer drugs, and countries have also promoted precision medicine and encouraged early screening. The adoption of cancer-related innovative therapies has also led to the continued growth of the use of anticancer drugs, and the market size is estimated to reach $377 billion in 2027, with a compound annual growth rate of 13-16% from 2023 to 2027. Compared to the high growth of cancer drugs, although new drugs for immunosuppressants and hypoglycemic drugs continue to be launched, they are only growing by 3-6% due to competition from some drugs with expired patents. It is expected that the market size will be $177 billion and $168 billion respectively in 2027.

Uni: US$ 100M, %

Field of Drug	Forecast Sales Volume of 2027	2between 2023 and 2027
Oncologics (anticancer drug)	3,770	13~16
Immunosuppressants (immunosuppressor)	1,770	3~6
Anti-diabetics (hypoglycemic drugs)	1,680	3~6
Cardiovascular (drugs for cardiovascular diseases)	1,260	1~4
Respiratory (respiratory medication)	920	3~6
Central Nervous System (central nervous system drugs)	810	2~5

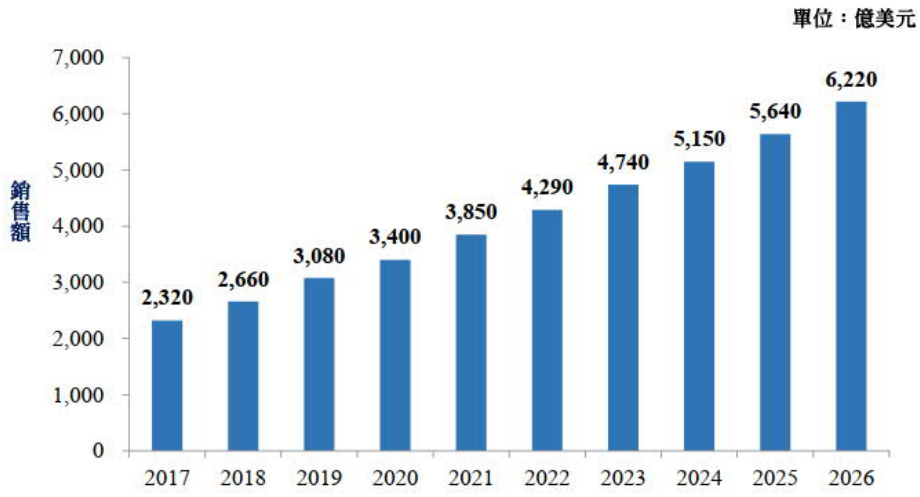
Field of Drug	Forecast Sales Volume of 2027	2between 2023 and 2027
Infectious diseases (drugs for infectious diseases)	740	2~5
GU sexual health (drugs for genitourinary and sexual health)	580	2~5
GI products (gastrointestinal medication)	520	3~6
Mental health (mental health medication)	480	0~3

Source: Global Use of Medicines 2023: Outlook to 2027, IQVIA,January 2023.

(2) Biopharmaceuticals / Commissioned Development and Manufacturing Services of Biopharmaceuticals (CDMO)

According to IQVIA's research report, the global biopharmaceutical market size will increase from $431 billion in 2022 to $666 billion in 2027, with a compound annual growth rate of about 7.5-10.5%, and accounting for 35% of the global drug market size. Its growth is mainly driven by the continued increase in the number of biologic drug approvals, coupled with the approval of biologic drugs such as cell therapy and gene therapy. However, due to the entry of biosimilar drugs into the market and the competition with biologics, the growth rate of the global biologics market has slowed down, and the development trend of the global biologics market is shown in the following figure.

Source: Global Use of Medicines 2023: Outlook to 2027, IQVIA, January 2023.



Biological drugs are new types of drugs that have emerged in the past decade. These drugs can be used to treat common chronic diseases such as cancer, rheumatoid arthritis, and leukemia. These drugs are expensive to produce and require long-term use, so they can easily sell for hundreds of millions of dollars. Amounts make biological preparations the target of research and development, and the market trend of these drugs is also the focus of attention of major pharmaceutical companies. According to the annual reports published by international pharmaceutical companies, the top ten global brand drugs in 2020 are counted, of which five are biological drugs, as shown in the following table .

Unit: US$ 100 M, %

Brand Name/Manufacturer Name	Major Indications	Sales Volume of 2021	Sales Volume of 2022	Growth rate from 2021 to 2022	Product Name
Comirnaty® (Pfizer/BioNTech)	COVID-19	403.41	430.20	6.64	Biological drugs
Humira® (AbbVie)	Rheumatoid arthritis, Crohn's disease, psoriasis, juvenile idiopathic polyarthritis, etc	206.94	212.37	2.62	Biological drugs
Keytruda® (Merck&Co)	Advanced melanoma	171.86	209.37	21.83	Biological drugs
Paxlovid® (Pfizer)	COVID-19	0.76	189.33	24,811.84	Small molecule drug
Spikevax® (Moderna)	COVID-19	176.75	184.80	4.55	Biological drugs
Stelara® (Johnson&Johnson/ Mitsubishi Tanabe Pharma)	Psoriasis	135.66	134.55	-0.82	Biological drugs
Eliquis® (Bristol-Myers Squibb/Pfizer)	Anticoagulant	107.62	117.89	9.54	Small molecule drug
Biktarvy® (Gilead Sciences)	HIV	86.24	103.90	20.48	Small molecule drug
Eylea® (Regeneron/Bayer/ Santen)	Wet macular degeneration, Retinal vein obstruction (RVO)	92.35	100.64	8.98	Biological drugs
Revlimid® (Bristol-Myers Squibb)	Multiple myeloma	128.21	99.78	-22.17	Small molecule drug

Source: GlobalData, May 2023

According to Grand View Research, the global CDMO market for biologics continues to grow at a steady growth rate from about $146 billion in 2023 to $235.5 billion in 2030, with a compound growth rate of 7.2% from 2024 to 2030. The supply and demand market assessment shows that the future demand market is expected to be larger than the supply market.

In addition, in 2019, the Group began to cooperate with Nanotein to develop nanoprotein medium (medium) products, which can be used for cell culture activation and expansion. At present, this main product is mainly used for CAR-T cell therapy, CAR-T cell therapy The market size of CAR-T was US$467 million in 2018, and it is estimated that the market size of CAR-T will reach US$8.68 billion in 2026, with a compound growth rate of 44.1%, and the market potential

is amazing.

(3) GLP-1 Peptide

Globally, Deppon expects the global market for GLP-1 in type 2 diabetes and obesity to reach $90 billion by 2030. The type 2 diabetes drug market accounts for about $35 billion to $40 billion, and the weight loss drug market accounts for about $50 billion to $55 billion. Barclays Bank has even higher expectations for the weight loss market, estimating that the global weight loss therapy market could be worth more than $100 billion in the next 10 years.

According to the financial report of Lovenox and Novo Nordisk, in the first half of 2023, the sales sales of three products with Simaglutide injection Ozempic of 6.077 billion US dollars ranked first, with a year-on-year increase of 58%; Semaglutide Rybelsus, an oral hypoglycemic drug, came in last with sales of $1.215 billion, also up 97% from a year earlier. The sales of Wegovy, a weight loss

		2023年上半年	2023年	2024年	2025年	2026年	備註
原研年总销售额（亿美元）	针剂	78.36	157	204	265	344	原研23年銷售增長預期仍舊低估，預測按30%增長計
	片剂	12.15	24	32	41	53	
		2027年	2028年	2029年	2030年	2031年	備註
全球针剂API需求（KG）		1147	3441	5735	9176	9176	1、每针賣US$60，50萬支针剂需要API 1kg，预测计算整體需求 2、口服以均量15 mg/片计，每片價格US$32预测计算整體需求 3、仿製首年API需求為原研基礎，次年同比增長3倍，第三年5倍、第四年8倍至峰值持穩
全球口服API需求（KG）		2485	7455	12425	19880	19880	
全球市場API總需求（噸）		3.6	10.9	18.2	29.1	29.1	
全球API市場潛力仍舊巨大，市場遠未被滿足							

injection with Semaglutide, were $1.759 billion, an increase of 367%.

2. The relationship between the upper, middle and lower reaches of the industry

U p s t r e a m　　M i d s t r e a m　　D o w n s t r e a m

※Material supplier • Raw materials and consumables for the production of medicines ※ Outsourcing R&D institutions •Assist in the execution of clinical trials or the development of specific assays ※ Engineering Company • cGMP factory design, construction and maintenance	※ cGM ppharmaceutical factory • Production of pharmaceutical raw materials that meet specifications • Packaging of pharmaceutical raw materials • Quality and quality control of pharmaceutical raw materials and finished products	※ Medical institutions ※ Drug agent sales and distributors

3. Various development trends of products

In recent years, new cancer drugs are mostly targeted drugs, aiming at various possible differences between tumor cells and normal cells, and designing new drugs that can effectively kill tumor cells without affecting normal cells.

The ADI-PEG 20 being developed by the Company is a biological drug developed by taking advantage of the significant difference in metabolism between tumor cells and normal cells. Since the first human clinical trial was carried out at USA MD Anderson Cancer Center in 2001, The Company has completed 24 Phase I, II and III clinical trials, and more than 1,600 terminal cancer patients worldwide are in clinical trials Treated with ADI-PEG 20. In many patients, ADI-PEG 20 effectively inhibited cancer cell growth with minimal side effects. The results of completed clinical trials have been compiled into reports and submitted to the USA FDA and relevant competent authorities, and most of them have also been published in internationally renowned scientific journals .

Development trend of ADI-PEG 20 in the next few years will focus on three directions:

A. WWOX Biomarkers

Due to the existence of single nucleotide polymorphism (SNP) in the gene sequence between people, there are different responses to the occurrence of diseases and the efficacy of drugs. It is a future trend to use this gene detection. In addition to the traditional methods of performing routine tests and genetic testing, modernized precision medicine can select the most suitable treatment methods or drugs for patients, so that the efficacy can be maximized.

WWOX is an oxidoreductase with a WW domain. It is a tumor suppressor. In cells, it can regulate cell growth or death, inhibit cell cancerization, and even inhibit cancer cell invasion. According to the research data of The Company

and Linkou Chang Gung, WWOX GG-type hepatic cell carcinoma patients had better tumor shrinkage response and longer survival to ADI - PEG 20 treatment .

The Company’s future clinical trials will actively explore the relationship between ADI-PEG 20 and genes, hoping that based on Taiwan’s genetic data, suitable patients can be found, and treatment methods suitable for them can be developed, creating a product with fewer side effects and a longer disease control period., Medical care with high survival rate, economic value, and high mobility will drive the development of Taiwan's biotechnology industry and contribute to global patients .

B. Expand the market

Since tumor cells of various cancers have metabolic mutations that cannot produce arginine, the indications of ADI-PEG 20 should include a variety of cancers, and the company will continue to conduct clinical trials on various cancers to expand the market for ADI-PEG 20.

C. Combined medication to enhance the efficacy

In the future, the treatment of cancer will tend to be a combination of multiple drugs with different mechanisms of action, curative effects and relatively mild side effects. The mechanism of action of ADI-PEG 20 is completely different from that of all drugs currently approved or entering Phase II and III human clinical trials, with clear efficacy and mild side effects, making it suitable for use in combination with any other treatment methods. Currently, the Company has multiple ongoing clinical trials targeting different cancers, combining different drugs with ADI-PEG 20. In the future, The Company will continue to test various combinations to find the most effective and safest combination in order to fully expand the market share of ADI-PEG 20 in each different cancer market .

The Company’s subsidiary, Genovior Biotech, focuses on the development, manufacture and distribution of difficult-to-mimic biosimilars, generic drugs and injectable formulations, which are high margin pharmaceutical products with high market potential. Teriparatide, Glucagon Kit, Liraglutide, Semaglutide and other difficult to imitate polypeptide drugs developed by Genovior Biotech have many process steps and technical links in API and preparation, and are difficult to produce. They can be applied to indications such as osteoporosis, glucagon, diabetes, and slimming, making their market potential endless. It is expected that they will be developed and marketed in the next few years. Genovior Biotech's refractory anticancer drug Carfilzomib is designed to treat multiple myeloma in patients who have received at least two prior treatments (bortezomib and immunomodulators). In addition, the Company will actively develop oral preparations for niche products to prepare for the expansion of a larger consumer market.

4. Competitive Situation

A.Other Arginine Deprivation Therapy

In addition to Polaris, two companies are also working on reducing arginine to treat cancer, Bio-Cancer Treatment International (BCT) and Aeglea Biotherapeutics (Aeglea), the drug they used was PEGylated recombinant arginase . Arginase is an enzyme in the human body that catalyzes the final step of the urea cycle, decomposing arginine into urea and ornithine. The urea cycle is the body's way of removing excess nitrogen to avoid ammonia poisoning.

Polaris' ADI-PEG 20 (Pegargiminase) has a different mechanism of action. ADI catalyzes the hydrolysis of arginine to produce citrulline and ammonia. Microorganisms use ADI to utilize arginine as an energy source. The human body itself does not produce ADI .

Arginase is an inherent enzyme in the human body and does not produce antibodies, it has two major differences as a cancer drug and ADI-PEG 20 (Dillon 2002, Keshet 2018) : First, Arginase has a low affinity (Km, activity) for arginine and requires a higher dose. Second, the ornithine produced by its action leads to an increase in polyamines and thus cancer progression. The Arginase properties of Polaris' ADI-PEG 20 and the other two companies are compared as follows:

<u>BCT-100</u>

BCT has been testing BCT-100 as a single drug since 2000, and recently published a 27 -person Phase 2 hepatic cell carcinoma clinical trial (Chan 2021), because it is a small single-group trial, its survival results cannot be interpreted. There is only one ongoing trial (NCT03455140) on the ClinicalTrials.gov website, last updated March 25, 2020 .

<u>Aeglea</u>

In order to solve the problem of low Km of Arginase, Aeglea replaced the original manganese ion with cobalt and renamed it peglizarginase (Stone 2010) . In a 2019 report to the U.S. Securities and Exchange Commission (SEC), Aeglea described its trials in small cell lung cancer, which included a phase I/II small (35 participants) monotrial with pembrolizumab, and a phase I multi-tumor trial. But cancer was not mentioned in the 2020 report. The 2021 report only covered studies conducted in collaboration with Immedica Pharma AB for Arginase deficiency, a disease related to arginine metabolism 1. There was no progress in cancer, and no information regarding the development of cancer indications in cooperation with other manufacturers.

In addition to the two aforementioned companies, Athenex, a company in Buffalo, USA, claims that its new pegylated arginase (Yu 2021) has anticancer effects in preclinical cell and animal studies. A recent literature (Zhang 2021) summarizes possible competitors to current arginine -lowering therapies, including new drugs in preclinical and clinical trials.

To sum up, there are currently no clinical trials from companies other than Polaris actively testing arginine -lowering cancer therapies.

B. Therapies of other mechanisms

The Company's core drug, ADI-PEG 20, has a unique mechanism of action,

which is different from traditional chemotherapy or radiotherapy. It has high specificity for cancer cells, which can improve the effect of cancer treatment and its impact on normal cells. Smaller, but also more able to slow down the occurrence of side effects. This drug is also suitable for use in combination with a variety of other treatment modalities, and will have strong competitiveness in the cancer market in the future, and there is currently no homogenous drug (see the aforementioned arginase) and ADI-PEG 20 . competition in the future market.

C. Generic drug market

According to IQVIA, the global generic drug market will reach $499 billion by 2026, with a compound annual growth rate of about 7%. The generic drug market is large and crowded with competitors. There are many aspects to consider in order to make a profit, the most important of which is the choice of topic. The Company focuses on difficulto-mimic drugs in the development of chemical synthetic drugs and biological agents, with high technical difficulty of difficulto-mimic drugs, few competitors, and high gross profit margin of products. Supplemented by the Company's integrated development capability from API to injection, the Company can maximize its competitive advantage in the market of generic drugs.

(III) Overview of Technology and Research and Development

1. R&D expenses in the most recent year and up to the date of printing the annual report

Unit: NT$ 1,000

Items	2023	End of March (Note 1)
R&D expenses (A)	1,536,701	-
The amount of paid-in capital at the end of the period (B)	7,437,592	-
(A) / (B)(%)	20.66	-

Note 1: As of the date of publication of the Annual Report, the first quarter of 2024 has not yet ended.

2. Successfully developed technology or product

The Company's principal developed drug, ADI-PEG 20, is still in clinical trials and has not yet been licensed for sale. However, ADI-PEG 20 is not only patented in many countries, but also has a certain degree of efficacy against many different cancers due to its innovative and unique mechanism of action. Since the first clinical trial was conducted at MD Anderson Cancer Center in 2001, 24 Phase I, II, and III trials have been completed worldwide.

In addition, the Company has nearly 20 years of experience in R&D and manufacturing of ADI-PEG 20 clinical trial drugs, and has mastered the key technologies of the whole process of biopharmaceuticals (*E.coli*), which can manufacture high-end protein drugs, including, recombinant proteins, Recombinant protein vaccines, nano-antibodies, hormones and interferons, etc.,

also plan to produce mRNA vaccines in the future. Since the Company's process development platform has excellent R&D capabilities and rich experience in microbial systems (E. coli systems), it has been At the end of the year, it has begun to use the excess production capacity of the USA Northern California plant to provide external biopharmaceuticals commissioned development and production services (CDMO) .

Genovior Biotecg, a subsidiary of the Group, focuses on the development and production of generic drugs, APIs and injection products, and has obtained more than 20 drug licenses.

(IV) Long-term and Short-term Business Development Plans

1. Short-term Development Strategies and Plans
   (1) In November 2023, the Group has submitted a rolling application for drug license of mesothelioma to the FDA, and is expected to complete the submission of all information related to the drug license this year. We're actively obtaining the FDA's Priority Review qualification.
   (2) Strategically plan clinical trials to obtain global drug licenses as soon as possible to benefit cancer patients worldwide.
   (3) Continue to explore the relationship between ADI-PEG 20 and genes, maximize the therapeutic benefit of patients through genetic testing, so as to achieve the ultimate goal of precision medicine, increase the penetration rate of ADI-PEG 20 in various cancer markets, and ultimately expand the market size.
   (4) Combining the expertise of Polaris Group and Genovior Biotech Corporation, we will expand our product line to include peptide related APIs, difficult generics, and Class 505b2 drugs to better meet the needs of different patients.
   (5) Find and co-development or regional licensing with strategic alliance partners to secure working capital and spread risks.
   (6) Practically carry out relevant clinical trials on metabolic disease indications, such as severe fatty liver and diabetes, to make ADI-PEG20 the first choice for combination of metabolic therapy and various cancer drugs, so that more patients can benefit.
   (7) Combining the expertise of Polaris and Genovior Biotech, the company will expand its pipeline to include peptide related APIs, difficult generics, and Class 505b2 drugs to better meet the needs of diverse patients.

2. Medium and Long-term Development Strategies and Plans
   (1) ADI-PEG 20 will be licensed and marketed for at least two indications, and will actively negotiate drug licensing.
   (2) Complete hardware facilities and certification of Taiwan cGMP factory, conduct production and quality control training, and officially produce.
   (3) Create dual engines for Polaris Pharmaceuticals' ADI-PEG 20 cancer drug and chemically synthesized peptide products, driving future company growth.

II. Market and Production Overview

(I) Market Analysis

1. Sales (supply) Areas of Major Commodities (Services)

The core technology of the Group's research is the new cancer target drug ADI-PEG 20. Clinical trials have been carried out on humans with various cancers around the world. Due to its unique mechanism of action, efficacy and safety have been observed in trials of various cancers. After The Company obtains the drug license, the sales strategy will cover the whole world. In addition, the Company's CDMO business is currently mainly serving the USA .

Genovior Biotech, a subsidiary of the Group, now derives its main revenue from CDMO and its main customers are Japan and Taiwan.

2. Market Share

The Company's ADI -PEG 20 have not yet been sold in the market, so there is no complete market share analysis yet. In addition, Genovior Biotech, a subsidiary of the Group, has the ability to complete product development, production, quality control and regulatory documentation from APIs to sterile preparations, focusing on the one-stop CDMO service model for HPAPIs, peptides, macromolecular APIs and injections. It can provide global customers with convenient, practical and effective pharmaceutical finished products solutions.

3. The Supply and Demand and Growth Potential of the Market in the Future

According to a survey by EvaluatePharm, anticancer drugs ranked first in sales from 2017 to 2019. The increasing morbidity and mortality of cancer make the anticancer drug market larger and larger. Long-term irregular work and rest, high work pressure, overwork, and exposure to highly polluted environments have been clinically proven to be important carcinogens, and the aging of the global population is also the reason for the continued increase in cancer patients. According to WHO statistics, the cumulative number of cancer deaths in 2022 reached 9.7 million, accounting for 48.5% of the total 20 million people with cancer.

According to Grand View Research, the global CDMO market is expected to reach $157.7 billion by 2030, with a CAGR of 7.2% from 2024 to 2030. Among them, chemical drugs still account for the biggest proportion of CDMO business opportunities, but the proportion of biological drugs has been rising year by year. Rising biopharmaceutical consumption, increasing demand for advanced therapies, demand for orphan drug discovery, surge in the number of clinical trials, and growing demand for one-stop CDMOS are expected to positively impact the global market.

4. Competitive Niche

(1) As an innovative cancer target therapy, ADI-PEG 20 has a completely different mechanism of action than other therapies, and there are currently no similar drugs entering the market or in late-stage clinical trials globally.

(2) In advanced clinical development, more than 1,600 patients with various end-

stage cancers worldwide have been treated with ADI-PEG 20 in clinical trials with clear efficacy and mild side effects.

(3) Many different cancers are potentially treatable with ADI-PEG 20 and the market is huge.

(4) Due to its completely different mechanism of action from other therapies and high safety, ADI-PEG 20 can be used in combination with any other therapy, resulting in better efficacy and further expanding the market.

(5) Equipped with vertically integrated manufacturing capabilities, ADI-PEG 20 will have future production lines in the United States and China that meet international specifications, so that drug supply, quality control, storage, transportation and marketing can be planned in a unified manner.

(6) Supported by strong teams, the Company cooperates with the world's top cancer centers and authorities to stay number 1 in the world.

(7) ADI-PEG20 has obtained 49 international patents, covering the USA, Canada, Europe, Australia, Singapore, and South Korea, etc., and another 20 patents are pending .

(8) We have achieved achievements in the development of polypeptides and anti-cancer refractory drugs, and have the ability to integrate biochemistry, synthesis and formulation to provide customers with one-stop CDMO services from research and development to production.

(9) We're able to produce polypeptide apis with more than 30 amino acids in a fully synthetic or microbial process and to produce polypeptide injections in combination with API production, sterile filling of cassette bottles, and medical devices (such as injection pens)

5. Advantages, Disadvantages and Countermeasures of the Development Prospect

(1) Favorable factors for the development prospect:

(i) With the increase of human lifespan, the number of cancer patients worldwide is increasing rapidly every year .

(ii) ADI-PEG 20 could potentially be used to treat a number of different cancers with a very different mechanism of action and a high safety profile, and it could also be used in combination with other therapies to improve efficacy and expand the market.

(iii) The government has actively promoted the biotechnology industry and included biotechnology medicine into one of the five innovation industry research and development plans to promote the biotechnology industry, making it the country's next economic growth momentum.

(iv) Many important drug patents will expire in the coming years. Under the financial pressure of health insurance, countries are encouraging the use of generic drugs. The importance of generic drugs in the pharmaceutical market is increasing year by year, and the growth rate of the generic drug market will still be significantly higher than that of brand name drugs.

(2) Unfavorable factors and countermeasures of development prospects:

(i) The development of new cancer drugs is the focus of most pharmaceutical companies. In the future, more new drugs will obtain drug certificates and be marketed.

Countermeasures :

ADI-PEG 20 has a unique mechanism of action and is developed into a market different from other drugs . And any new drug may be used in combination with ADI-PEG 20 to enhance the efficacy.

(ii) The development of new drugs is lengthy and risky

The biotechnology and medical profession is an industry that requires the combination of talents, technology and capital, and must be invested in long-term research and development and high-level research and development experience.

Countermeasures:

ADI-PEG 20 is an innovative cancer target therapy with a completely different mechanism of action from other therapies. There are currently no drugs with a similar mechanism of action entering the market or in late-stage clinical trials globally. The Company does not rule out that it will consider a strategic alliance with international manufacturers at an appropriate time in the future. Through the acquisition of technology licensing funds, it will reduce research and development costs and speed up product development.

(iii) A large number of competitors for new generic drugs, resulting in lower prices and shorter product life cycles.

Countermeasures:

We focus on the development of difficult-to-imitate drugs, and make good use of production advantages to reduce production costs.

(II) Important Uses and Production Processes of Main Products

1.Important uses of main products: The ADI-PEG 20 series developed by the Company is a non-single-indication anticancer drug. Genovior Biotech, a subsidiary of the Group, now derives its main revenue from CDMO and its main products are used as orphan drugs and detox drug. The polypeptide drugs and anticancer drugs that will be listed in the future can be used for different indications such as osteoporosis, glucagon, diabetes, weight loss, myeloma, etc.

2. Production processes of main products: E. coli fermentation, protein purification, raw material modification, preparation bottling, refrigeration.

(III) Supply status of main raw materials: This mainly refers to the consumables required for production. Each consumable has more than two suppliers, so that its supply is stable. Therefore, there is no centralized transaction.

(IV) The names of customers who have accounted for more than 10% of the total purchases (sale) in any one of the last two years, and their purchases (sale) amounts and proportions, and explain the reasons for their increase or decrease:

The Company’s AD I - PEG 20 is still in the clinical trial stage, so there is no

operating income and operating gross profit yet. The Company's biopharmaceutical CDMO revenue for 2022 and 2023 were NT$6,439,000 and NT$7,481,000, respectively .

The Company is mainly engaged in the development of new biologics cancer drug ADI-PEG 20 and drug commissioned development and manufacturing services (CDMO). Since the Company's new cancer drug ADI-PEG 20 is still in the clinical trial stage, and theoperating income in 2022 was from the signing of the CDMO business of biopharmaceuticals with the American business Helix BioMedix, Inc. and the joint development agreement with Nanotein Technologies. In the pre-development stage of biological drugs in 2022, only the expenses for experimental consumables such as buffers, experimental bottles, and reagents required for the execution of the plan are incurred, and there is no purchase of raw materials, so it is not applicable.

On December 9, 2023, the Company acquired Genovior Pharmaceuticals and entered into production and sales activities. Aptar Stelmi,GreenLife,BROAD VICTORY DEVELOPMENTS LIMITED and Shanghai Qunji Biotech Co.,Ltd, accounted for more than 10% of the total purchase amount from December 9 to December 31, with purchase amount of NT$169,111,95 and NT$70,000 respectively, accounting for 30.37%,20.03%,17.12% and 12.53% of the purchase during the period, mainly for common packaging materials, consumables and raw materials required for production.

Information on Major Sales Customers in the Last Two Years

Unit: NT$1,000

	2022				2023				Year ended March 31, 2024 (Note 1)			
Item	Name	Amount	Proportion of annual net sales (%)	Relationship with the issuer	Name	Amount	Proportion of annual net sales (%)	Relationship with the issuer	Name	Amount	Proportion of annual net sales (%)	Relationship with the issuer
1	Helix BioMedix, Inc.	6,439	100	None	Helix BioMedix, Inc.	2,945	39	None	-	-	-	-
2	Others	-	-	None	MegaPro Biomedical	2,101	28	None	-	-	-	-
3	-	-	-	-	Hangzhou YidanBiotechnology Co.,Ltd.	1,166	16	None	-	-	-	-
4	-	-	-	-	Others	1,269	17	None	-	-	-	-
	Net sales volume	6,439	100	-	Net sales volume	7,481	100	-	-	-	-	-

Note 1: As of the date of publication of the Annual Report, the first quarter of 2024 has not yet ended.

(V) Production value table for the last two years: The Company's CDMO business, the output value is determined according to the commissioned work project, and there is no fixed mass production product. The Company's self-developed ADI-PEG 20 is still in the research and development stage, and has not been officially mass-produced for sale, so, it's not applicable.

(VI) Sales Value Table for the Last Two Years:

Unit: NT$1,000

Major products Goods for sale Years	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	quantity	value	quantity	value	quantity	value	quantity	value
CDMO revenue	-	-	-	6,439	-	2,101	-	4,191
Income from self-owned products	-	-	-	-	3,885	1,189	-	-
Subtotal	-	-	-	6,439	3,885	3,290	-	4,191

Notes on change: Change note: The Company’s current main revenue comes from CDMO services, and the output value is determined by the entrusted project and there is no fixed mass production product.

III. Information on Employees

Profile of Employees in the Last Two Years and as of the Date of Publication of the Annual Report

Year		2022	2023	Current year ended February 29, 2024
Number of workers	R & D personnel	124	322	324
	Other personnel	27	66	67
	total	151	388	391
Average age		40.09	38.72	38.95
Average years of service		4.30	3.50	3.50
Education distributed Ratio (%)	PhD	9.27	9.54	8.70
	Master	21.19	30.41	30.69
	College	62.91	56.44	57.03
	High school	6.62	3.61	3.58
	Below high school	0.00	0.00	0.00

Note: The Group acquired the subsidiary Genovior Biotech in December 2023, so the employee data from 2023 includes the number of employees of the subsidiary Genovior Biotech.

IV. Information on Environmental Protection Expenditure

In the most recent year and up to the date of publication of the annual report, the total amount of losses (including compensation) and punishments suffered as a result of environmental pollution, as well as the future countermeasures (including improvement measures) and possible expenses (including the estimated amount of losses, punishments and compensation that may occur without taking countermeasures, and the fact that it is impossible to reasonably estimate if it is impossible to reasonably estimate) : None.

V. Labor Relations

(I) List the Company's various employee welfare measures, further education, training, and retirement systems and their implementation, as well as labor-management agreements and various employee rights and interests protection measures:

1.Taiwanese employees

(1) Employee welfare measures

The Company's employee welfare measures are regulated by the Labor Standards Act, Labor Insurance Act and related laws and regulations. The main items of the current welfare system include: Dragon Boat Festival, Mid-Autumn Festival, Spring Festival, wedding and other gifts, funeral subsidies, hospitalization subsidies for injuries and illnesses, maternity condolences, group insurance, etc.

(2) Employees' further education and training

The Company's well-planned education and training system is mainly divided into pre-employment training and on-the-job training. It provides employees with various learning channels and professional course training to achieve the Company's goal of creating a work environment for further study and development and cultivating professional talents.

(3) Retirement system

New system: in accordance with the Labor Pension Act.

(4) The agreement between labor and management and various measures to protect the rights and interests of employees

Through various communication, incentive, education, fellowship campaign and other activities, the company timely understands the needs of employees and actively explores and solves employee problems, so that employees can establish a harmonious relationship with the company, improve their centripetal force force and satisfaction, thus creating a better future with the Company. The Company has formulated relevant protection norms in the work rules for the work rights and interests of female colleagues to protect the relatively disadvantaged female colleagues. The Company also stipulates the way to complain about sex in the workplace, in order to ensure respect for the fundamental human rights of both genders.

2. Employees from USA

In addition to complying with the relevant provisions of the United State Federal Government's Social Security Act and labor laws, it also provides employee health insurance and work injury compensation to protect employee benefits.

3.Employees from Mainland China

The Company's subsidiaries in Mainland China, in addition to implementing the Labour Contract Law and its relevant sub-laws as the labor policy of the Company's subsidiaries in Mainland China, also adopt the practice of avoiding labor discrimination, not employing child labor, and providing normal and good working conditions for laborers and other measures.

(II) Set out the losses suffered as a result of labour disputes in the most recent year and up to the date of publication of the annual report, and disclose the estimated amounts and measures currently and possibly in the future and, if not reasonably estimated, the fact that they are not reasonably estimated: None.

VI. Infocomm Security Management

(I) State the Infocomm Security Risk Management Framework, the Infocomm Security Policy, the Specific Management Plan and the Resources Invested in the Infocomm Security Management, Etc.

1. Infocomm security risk management framework

The information engineer under the Management Department is responsible for coordinating and implementing information security policies, publicizing information security information, enhancing employees' information security awareness, collecting and improving the Company's information security management system, and ensuring the confidentiality, integrity and availability of information. The Audit Office conducts information security audits on the internal control system - computer information system cycle every year to evaluate the effectiveness of the internal control of the Company's information operations .

2.Infocomm Security Policy

- Ensure that data access is regulated according to departmental functions.
- Avoid unauthorized access and modification of data and systems to ensure their correctness and integrity.
- Ensure the continuous operation of the information system.
- Regularly perform information security audits to ensure that information security is actually implemented.

- Regularly publicize information security policies, promote employees' awareness of information security and strengthen their awareness of related responsibilities.

3. The specific management plan and the resources invested in the security management of information communication

The information security business is coordinated, managed and supervised by the information engineer, who is responsible for handling the information security work, including regular Internet information security control, data access control, fulfillment of backup and emergency recovery mechanisms, and provision of relevant information security publicity and education&training courses. Through the implementation of relevant information security policies, the Company’s information security can be protected and a safe and secure information security environment can be available. The Company also actively improves and strengthens the data security mechanism and improves data security to ensure the Company’s continued security.

(II) Set out the losses suffered in the last two years and up to the date of publication of the annual report as a result of major security incidents, the possible impact and the response measures, and if it is not reasonably possible to estimate the fact that it is not reasonably possible to estimate: None.

VII. Important Contracts

Nature of Contract	Party	Duration of Contract	Main Content	Restrictive Clause
Cooperative Research Contract	Polaris/ Ludwig Institute for Cancer Research Ltd.	January 3, 2011 to the completion of the contract	USA Human Clinical Trial Study	Privacy Policy
Clinical Research Contract	Polaris/ Polaris Pharmaceuticals	July 1, 2020 to the completion of the contract	Human clinical trials in Asia	Privacy Policy
Mutual Authorization Contract	Polaris/ Polaris Pharmaceuticals/ DRX USA	December 17, 2014	Patent Mutual License	Privacy Policy
CDMO	Polaris/ DRX USA	October 1, 2012	Manufacture of outsourced clinical medicines	Privacy Policy
Delegated Service	Polaris/ PPI	January 1, 2021 to December 31, 2024	Outsourced R&D, clinical trials and administrative service	Privacy Policy
Land Transfer Contract	DRX Chengdu/ Chengdu Municipal Bureau of Land and Resources	August 6, 2013 (the term of land release shall be 50 years from the date of delivery. Prior to the expiration of the useful life, the land user may apply for the contract, which shall be approved by the issuer unless recovered in accordance with the needs of the public interest. However, the term of the use right of the residential construction land shall be automatically renewed.)	State-owned construction land for sale	None
Lease Contract	PPI / SAN Diego SYCAMORE, LLC	February 1, 2020 to May 31, 2024	USA San Diego Office Rental	None
Lease Contract	PPI/ Allison Commercial, LLC	August 1, 2013 to July 31, 2028	USA Va caville plant lease	None
Foundry Contract	PPI/ Helix BioMedix, Inc.	November 14, 2019-	Development of E. coli expression system for UVDE-TAT production	Privacy Policy
Joint Development Agreement	Polaris/ Nanotein Technologies., Inc.	September 30, 2020	Cooperative Development Agreement	Privacy Policy
Real Estate Purchase and Sale Contract	DRX USA / Agenus West, LLC	May 14, 2021	Purchase of land	None
Clinical study contract	PPI/ Global Coalition for Adaptive Research.	November 19, 2022 to the completion of the study	Clinical trial study of cerebral cancer	Privacy Policy

Nature of Contract	Party	Duration of Contract	Main Content	Restrictive Clause
Lease Contract	北 Polaris Pharmaceuticals/ WEST FORTUNE INDUSTRIES LIMITED	October 1, 2022 to December 31, 2027	Rental of Taipei Office	None
Loan Contract	DRX Chengdu/Shanghai Commercial & Savings Bank	March 27, 2023 to March 26, 2024	Short-term loan of RMB 136,000,000	None
Loan Contract	DRX Chengdu/Bank of Chengdu	August 18, 2023 to August 17, 2024	Short-term loan of RMB 20,000,000	None
Loan Contract	DRX Chengdu/KGI Bank	October 12, 2023 to October 11, 2028	Long-term loan of RMB 68,000,000	None
Real Estate Purchase and Sale Contract	DRX USA / Asset Preservation, Inc.	December 1, 2023	Purchase of land and building	None
Real estate purchase and sale contract	Polaris Pharmaceuticals Inc./Epistar	January 25, 2024	Purchase of plant	None
Authorized Supply Contract	Genovior Biotech/Company A	July 26, 2022	Drug distribution	Confidentiality treaty
Factory Inspection Contract	Genovior Biotech/FAMTRIZ PHARMACEUTICAL CONSULTING LDA EMONA BIOPHARMA d.o.o.	September 11, 2023	Instructed Europe GMP to inspect the plant in Southern Taiwan Science Park	None
Audit Service Contract	Genovior Biotech/Youth CDMO	October 11, 2023	EU QP audit and MHRA on-site audit	None
Lease Contract	Genovior Biotech/Hsinchu Science Park	January 1, 2021 to December 31, 2028	Plant rental in Zhunan	None
Lease Contract	Genovior Biotech/Southern Taiwan Science Park	January 1, 2024 to December 31, 2024	Plant rental in Southern Taiwan Science Park	None
Loan Contract	Genovior Biotech/First Bank	January 20, 2020 to January 20, 2025	Long term loan of NT$20,000,000	None
Loan Contract	Genovior Biotech/First Bank	April 9, 2020 to April 9, 2025	Long term loan of NT$17,500,000	None
Loan Contract	Genovior Biotech/First Bank	August 12, 2020 to August 12, 2025	Long term loan of NT$30,000,000	None
Loan Contract	Genovior Biotech/First Bank	December 9, 2022 to December 28, 2027	Long term loan of NT$30,000,000	None
Loan Contract	Genovior Biotech/First Bank	July 28, 2023 to July 28, 2028	Long term loan of NT$34,726,000	None
Loan Contract	Genovior Biotech/Hua Nan Commercial Bank Ltd.	April 9, 2020 to April 9, 2025	Long term loan of NT$15,000,000	None
Loan Contract	Genovior Biotech/Taiwan Cooperative Bank	December 7, 2023 to December 7, 2028	Long term loan of NT$30,000,000	None
Loan Contract	Genovior Biotech/Taiwan Cooperative Bank	August 7, 2023 to May 30, 2028	Long-term loan of 16,500,000	None

VI. Financial Overview

I. Condensed Balance Sheet and Consolidated Profit and Loss Statement for the Last Five Years, and the Accountant's Name and Audit Opinion Should Be Noted

(I) Condensed Balance Sheet and Comprehensive Income Statement

1. Condensed Balance Sheet - IFRS

Unit: NT$1,000

Item \ Year		Financial Information for the Last Five Years (Note 1)					Financial information of the year ended March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		2,639,001	1,878,834	6,349,990	7,540,216	5,105,125	-
Investments using the equity method		-	39,552	62,352	60,122	-	-
Property, plant and equipment		1,373,837	1,322,198	1,297,205	1,300,049	1,437,857	-
Intangible assets		-	596	381	174	2,106,189	-
Other assets		93,379	121,200	112,176	318,681	448,783	-
Total assets		4,106,217	3,362,380	7,822,104	9,219,242	9,097,954	-
Current liabilities	Before assignment	236,074	278,003	436,770	250,830	959,373	-
	After assignment	236,074	278,003	436,770	250,830	959,373	-
Non-current liabilities		260,535	202,848	171,457	294,355	505,411	-
Total liabilities	Before assignment	496,609	480,851	608,227	545,185	1,464,784	-
	After assignment	496,609	480,851	608,227	545,185	1,464,784	-
Equity attributable to owners of parent company		3,609,608	2,881,529	7,213,877	8,674,057	7,366,027	-
Share capital		6,529,014	6,529,014	7,188,451	7,420,484	7,437,592	-
Capital reserve		5,266,256	5,290,730	9,824,000	11,476,142	11,696,587	-
Reserve surplus	Before assignment	(8,021,651)	(8,681,875)	(9,422,362)	(10,572,795)	(12,149,489)	-
	After assignment	(8,021,651)	(8,681,875)	(9,422,362)	(10,572,795)	(12,149,489)	-
Other rights		(164,011)	(256,340)	(376,212)	350,226	381,337	-
Treasury stock		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	267,143	-
rights and interests lump sum	Before assignment	3,609,608	2,881,529	7,213,877	8,674,057	7,633,170	-
	After assignment	3,609,608	2,881,529	7,213,877	8,674,057	7,633,170	-

Note 1 : Data from financial report audited and certified by an accountant.

Note 2: As of the date of publication of the annual report, the first quarter of 2024 has not yet ended.

2.Condensed Consolidated Income Statement - IFRS

Unit: NT$1,000

Year / Item	Financial information for the last five years (Note 1)					Financial information of the year ended March 31, 2024
	2019	2020	2021	2022	2023	
Operating income	-	9,410	15,041	6,439	7,481	-
Operating profit	-	2,431	2,097	1,415	(3,065)	-
Operating profit and loss	(795,220)	(678,058)	(731,917)	(1,157,547)	(1,847,047)	-
Non-operating income and expenses	(33,718)	17,882	(7,793)	12,648	270,539	-
Net profit before tax	(828,938)	(660,176)	(739,710)	(1,144,899)	(1,576,508)	-
Net profit of continuing business units for the current period	(829,758)	(660,224)	(740,487)	(1,150,433)	(1,592,062)	-
Loss of closed units	-	-	-	-	-	-
Net profit (loss) for the current period	(829,758)	(660,224)	(740,487)	(1,150,433)	(1,592,062)	-
Other comprehensive gains and losses for the current period (net after tax)	(88,998)	(92,329)	(119,872)	726,438	31,111	-
Total comprehensive profit and loss for the current period	(918,756)	(752,553)	(860,359)	(423,995)	(1,560,951)	-
Net profit attributable to owners of parent company	(829,758)	(660,224)	(740,487)	(1,150,433)	(1,576,694)	-
Net profit attributable to non-controlling interests	-	-	-	-	(15,368)	-
Total comprehensive profit or loss attributable to parent company owner	(918,756)	(752,553)	(860,359)	(423,995)	(1,545,583)	-
Total comprehensive profit or loss attributable to non-controlling interests	-	-	-	-	(15,368)	-
EPS	(2.46)	(1.01)	(1.09)	(1.57)	(2.12)	-

Note1 : Data from financial report audited and certified by an accountant.
Note 2 : As of the date of publication of the annual report, the first quarter of 2024 has not yet ended.

(II) Name and Audit Opinion of the Certified Public Accountant for the Last Five Years

Year	CPAs	Affiliated Unit	Audit Opinion	Note
2019	CPA Liang, Wendy Liang, Sheng-Wei, Deng	PwC Taiwan	unqualified opinion	—
2020	CPA Wendy Liang, Alan Chien,	PwC Taiwan	unqualified opinion	—
2021	CPA Wendy Liang, Alan Chien,	PwC Taiwan	unqualified opinion	—
2022	CPA Wendy Liang, Alan Chien,	PwC Taiwan	unqualified opinion	—
2023	CPA Wendy Liang, Alan Chien,	PwC Taiwan	unqualified opinion	—

II. Financial Analysis for the Last Five Years

Analysis Subjects (Note3) \ Year		Financial Analysis for the Last Five Years					Financial information of the year ended March 31, 2024
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt to assets ratio	12.09	14.30	7.78	5.91	16.10	-
	Long-term funding as a ratio of property, plant and equipment	281.70	233.27	569.33	689.85	566.02	-
Solvency (%)	Current ratio	1117.87	675.83	1453.85	3,006.11	532.13	-
	Quick ratio	1105.45	669.62	1373.00	2,944.78	519.17	-
	Interest coverage ratio	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	-
Operation capacity	Accounts receivable turnover rate (times)	-	4.06	4.15	2.39	2.68	-
	Average days of receipt	-	89.90	87.95	152.72	136.19	-
	Inventory turnover(times)	-	-	-	-	0.58	-
	Payables turnover rate (times)	-	-	-	-	2.10	-
	Average days on sale	-	-	-	-	629.31	-
	Real estate, plant and equipment turnover	-	0.01	0.01	0.01	0.01	-
	Total asset turnover rate (times)	-	0.003	0.003	0.001	0.001	-
Profitability	Return on assets (%)	(26.12)	(17.54)	(12.98)	(13.40)	(17.10)	-
	Return on equity (%)	(39.05)	(20.34)	(14.67)	(14.48)	(19.53)	-
	Net profit before tax to paid-in capital (%)	(12.70)	(10.11)	(10.29)	(15.43)	(21.20)	-
	Net profit ratio (%)	—	(7,016.20)	(4,923.12)	(17,866.64)	(21,281.41)	-
	Earnings per share (NTD)	(2.46)	(1.01)	(1.09)	(1.57)	(2.12)	-
Cash flow	Cash flow ratio (%)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
	Cash flow adequacy ratio (%)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
	Cash reinvestment ratio (%)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Leverage	Operating leverage	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
	Financial leverage	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
	Please explain the reasons for the changes in financial ratios in the last two years. (If the increase or decrease change is less than 20%, the analysis can be exempted) (1)Debt to assets ratio, current ratio and quick ration: The purchase of Genovior's equity in cash in 2023 resulted in an increase in debt ratio and a decrease in current and quick ratios. (2)Return on assets, Return on equity, Net profit before tax to paid-in capital and net profit ratio: The increase of losses after tax resulted in the decrease of net profit ratio.						

Source: Consolidated financial statements audited and certified by an accountant.

Note 1: The Company's cash flow from operating activities is negative and has no analytical significance, so it is not intended to be calculated.

Note 2: The Company is a net operating loss, and the ratio is negative, so it is not calculated.

Note3: Financial analysis calculation formula:

1. Financial structure
   (1) The ratio of liabilities to assets = total liabilities/total assets.
   Ratio of long-term funds to real estate, real estate, plant and equipment = (total equity + non-current liabilities)/ net real estate, plant and equipment .
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense for the current period.
3. Operation capacity
   (1) Accounts receivable turnover ratio (including accounts receivable and bills receivable arising from business operations) = net sales / average receivables in each period (including accounts receivable and bills receivable arising from business operations) Receivables) balance.
   (2) Average days of receipt = 365/receivables turnover rate.
   (3) Inventory turnover ratio = cost of goods sold/average inventory.
   (4) Accounts payable (including accounts payable and bills payable arising from business operations) turnover rate = cost of goods sold / balance of average payables (including accounts payable and bills payable arising from business operations) in each period.
   (5) Average days on sale = 365/inventory turnover rate.
   (6) Fixed asset turnover rate = net sales/average net fixed assets.
   (7) Turnover rate of total assets = net sales/total average assets.
4. Profitability
   (1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)]/average total assets.
   (2) Return on equity = after-tax profit and loss/average total equity.
   (3) Net profit ratio = profit and loss after tax / net sales.
   (4) Earnings per share = (equity attributable to owners of the parent company - dividends on special shares)/weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
   (2) Cash flow adequacy ratio = the net cash flow of operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend).
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non- current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
   (2) Financial leverage = operating profit / (operating profit - interest expense).

III. Audit Committee's Report on the Financial Report for the Year 2023

Polaris Group

Audit Committee's Review Report

The Board has prepared the Company's 2023 Annual Business Report, Consolidated Financial Statements, Deficit Compensation Statement, etc., of which the Consolidated Financial Statements have been audited by the Accountants Wendy Liang and Alan Chien of PwC Taiwan appointed by the Board, and a review report was then issued accordingly.

The above-mentioned Annual Business Report, Consolidated Financial Statements, Deficit Compensation Statement have been reviewed by the Audit Committee and no irregularities were found. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the report is hereby issued. Please review and kindly approve.

To:

Polaris Group 2024 Annual General Meeting

Polaris Group

Convenor of Audit Committee: Way, Tzong Der 

March 12, 2024

IV. The Most Recent Annual Financial Report: Please refer to page 146 of this annual report .

V. The Company's Most Recent Annual Financial Report, Audited and Certified by an Independent Accountant.: Not applicable.

VI. If The Company and Its Affiliates Have Experienced Financial Difficulties In the Recent Year and as of the Date of the Annual Report, the Impact on the Company's Financial Position Should Be Stated: None.

VII. Review and Analysis of Financial Condition and Financial Performance and Risks

I. Financial Status

Unit: NT$1,000

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	7,540,216	5,105,125	(2,435,091)	(32.29)
Investments using the equity method	60,122	-	(60,122)	(100.00)
Property, plant and equipment	1,300,049	1,437,857	137,808	10.60
Right-of-use asset	287,456	162,382	(125,074)	(43.51)
Intangible assets	174	2,106,189	2,106,015	1210353.45
Other assets	31,225	286,401	255,176	817.22
Total assets	9,219,242	9,097,954	(121,288)	(1.32)
Current liabilities	250,830	959,373	708,543	282.48
Non-current liabilities	294,355	505,411	211,056	71.70
Total liabilities	545,185	1,464,784	919,599	168.68
Equity attributable to owners of parent company	8,674,057	7,366,027	(1,308,030)	(15.08)
Share capital	7,420,484	7,437,592	17,108	0.23
Capital reserve	11,476,142	11,696,587	220,445	1.92
Retained surplus	(10,572,795)	(12,149,489)	(1,576,694)	14.91
Other equities	350,226	381,337	31,111	8.88
Non-controlling interests	—	267,143	267,143	—
Total Equity	8,674,057	7,633,170	(1,040,887)	(12.00)

1.The main reasons for the major changes in assets, liabilities and equity in the last two years and their impact, (analyzing and explaining the changes of more than 20 % in the previous and later periods, and the amount of the changes has reached NT$10 million)

(1)Current assets: The principal investment in the subsidiary Genovior and the maintenance of daily operating activities resulted in a decrease in current assets.

(2)Investments using the equity method: The decrease in investment using the equity method is mainly due to increased investment in Nanotein which them became the subsidiary of the Group

(3)Right-of-use asset: It's mainly because of the cancellation of rental contract of lands in Yilan and acquisition of right-of-use assets of office of Genovior.

(4)Intangible assets: It's mainly due to the goodwill arising from the corporate merger.

(5)Other assets: It's mainly because the land is reclassified from real estate and plant to real estate of investment nature and prepayments' reclassified into other non-current assets.

(6)Current liabilities: It's mainly because of bank loan.

(7)Non-current liabilities: It's mainly due to the acquisition of bank loan.

(8)Non-controlling interests: It was mainly caused by the acquisition of two subsidiaries, Nanotein Technologies, Inc. and Linyang.

2. Future countermeasures: The above changes have no material adverse effect on the Company or its subsidiaries.

Source: Consolidated financial statements audited and certified by an accountant.

II. Financial Performance

(I) Business Result Analysis Form

Unit: NT$1,000

Item \ Year	2022	2023	Increase (decrease) amount	Change (%)
Operating incomes	6,439	7,481	1,042	16.18
Operating costs	(5,024)	(10,546)	(5,522)	109.91
Operating margins	1,415	(3,065)	(4,480)	(316.61)
Operating expenses	(1,158,962)	(1,843,982)	(685,020)	59.11
Operating losses	(1,157,547)	(1,847,047)	(689,500)	59.57
Non-operating incomes and expenses	12,648	270,539	257,891	2038.99
Net loss before tax	(1,144,899)	(1,576,508)	(431,609)	37.70
Income tax expense	(5,534)	(15,554)	(10,020)	181.06
Net loss for the current period	(1,150,433)	(1,592,062)	(441,629)	38.39
Other comprehensive profit or loss (net)	726,438	31,111	(695,327)	(95.72)
Total comprehensive loss for the current period	(423,995)	(1,560,951)	(1,136,956)	268.15
Change of the increase/decrease ratio of more than 20% and the amount of NT$ 10 million or more and its impact analysis are explained as follows : (1) Operating expenses: Mainly attributable to employee benefit costs, commissioned research and increased consumables costs. (2) Non-operating incomes and expenses: Mainly due to the increase in interest income. (3) Income tax expense: Mainly due to the withholding of income tax by the US subsidiary. (4) Other comprehensive profit or loss: Due to exchange rate fluctuations caused by the reduction of exchange profit margin.				

Source: Consolidated financial statements audited and certified by an accountant.

(II) Expected Sales Volume and Its Basis:

The Company is currently in the stage of new drug research and development, with its revenue mainly from the CDMO business. The Company will actively develop customized CDMO services, with it and its subsidiaries continuing to develop ADI-PEG 20 and provide biopharmaceutical development technology services and OEM production services. Currently, the Company and its subsidiaries have sound finances and have no significant adverse impact on our ongoing research and development plans and financial operations.

(III) Possible impact on the Company's future financial business and corresponding plans: Please refer to V-I-(IV) "Long-term and Short-term Business Development Plans" in this annual report.

III. Cash Flow

(I) Analysis and Explanation of Cash Flow Changes in Recent Years

Unit: NT$1,000

Subjects\Year	2022	2023	Increase (Decrease) in Amount	Increase (Decrease) in Ratio (%)
Increase (Decrease) in Ratio (%)	(1,029,077)	(1,255,446)	(226,369)	22.00

Net cash inflows (outflows) from investing activities	199,683	(3,235,367)	(3,435,050)	(1720.25)
Net cash inflows (outflows) from financing activities	1,484,775	919,161	(565,614)	(38.09)

Analysis of cash flow changes :

(1) Operating activities: This is mainly due to the rise of net loss before tax for current period.

(2) Investing activities: Primarily the acquisition of investments using the equity method, the acquisition of subsidiaries and the reclassification of time deposits to financial assets measured at amortized cost.

(3) Financing activities: This is mainly due to the acquisition of loan.

(II) Improvement Plan for Insufficient Liquidity:

The Company is in the clinical trial stage of developing new drugs, and the cash remains without insufficient liquidity. However, in order to strengthen the financial structure of the Company, improve the ratio of self owned funds, and pursue the long-term stable development of the Company, the cash capital increase plan will be carried out as appropriate.

(III) Analysis of Cash Flow in the Next Year

Unit: NT$1,000

Initial cash balance (1)	Expected net cash flow from operating activities throughout the year (2)	Expected net cash flow from other activities throughout the year (3)	Expected net cash flow from other activities throughout the year (3)	Remedies for insufficient cash	
				Investment plan	Financial plan
3,615,481	(2,287,491)	(61,235)	1,266,755	—	—

Cash liquidity in the coming year :

(1) In 2024, new drugs are still in the research and development stage. Although there is already income from CDMO. As for the overall net operating activities, there is still in the stage of cash outflow.

(2) Investing and financing activities: In 2024, we plan to obtain bank borrowings and support capital expenditure of the Group's various plants.

IV. The Impact of Major Capital Expenditures on Financial Business in the Most Recent Year :

The Group's capital expenditures for the most recent year amounted to approximately NT$333,176,000, which were mainly related to the addition of real estate, plant and equipment for future product development and manufacturing. Therefore, there were no adverse events resulting from the increase in capital expenditures to the financial condition of the Company.

V. Reinvestment Policy in the Most Recent Year, the Main Reasons for Its Profit or Loss, Improvement Plan and Investment Plan for the Next Year

(I) Reinvestment Policy

The Company's current re-investment policy is mainly based on investment targets related to the development of its own industry, and does not engage in investment in other industries. The relevant executive departments implement in accordance with the "Investment Cycle" and "Procedures for Acquiring or Disposing of Assets" under the internal control system. The foresaid regulations or procedures have been discussed and approved at the Board Meeting or the Shareholders' Meeting.

(II) The Main Reasons for the Profit or Loss of Reinvestment in the Most Recent Year and the

Improvement Plan :

The reinvestment businesses of the Company are all still in the research and development stage and have not yet generated operating income, so up to now, the reinvestment businesses are still in a state of loss. With the completion of the clinical trial and successful launch of products, the reinvestment businesses will generate revenues and profits.

(III) Investment Plan for the Next Year:

The Company will strengthen research and development and innovation in the polypeptide product line, with a special focus on the development of multiple polypeptide products, while optimizing the process to improve production efficiency and product quality. It is planned to build an injection plant and a peptide API plant in the newly acquired Taiwan Zhunan plant and Chengdu plant, and gradually expand the production capacity according to future demand.

The Semaglutide API 75kg production line is expected to be completed in 2024, and the capacity expansion will be carried out in three stages over the next three years with the confirmation of mass production orders. The first stage is a production line with an annual output of 75 kg, the second stage is a production line with an annual output of 200 kg, and the third stage is a production line with an annual output of 1000 kg.

VI. Analysis and Evaluation of Risks

(I) The Impact of Interest Rate, Exchange Rate Changes and Inflation on the Company's Profit and Loss and Future Countermeasures

1.The Impact of Interest Rate, Exchange Rate Changes and Inflation on the Company's Profit and Loss and Future Countermeasures

The Company pays attention to the trend of interest rates at any time to avoid the impact of interest rate fluctuations on the cost of capital of the Company, and maintains a good relationship with the correspondent banks, so as to obtain more favorable interest rates and avoid the risk of interest rate rises. The Company is still growing, characterized with the high demand of funds and long R&D duration in terms of new drug development. In the future, it will comprehensively consider the amount and cost of various funding sources, in order to take flexible measures at any time to raise the required funds. Therefore, changes in interest rates will affect the the Company's profit or loss is not yet materially affected .

2. The impact of exchange rate changes on the profit and loss of the Group and future countermeasures

The Company's functional currencies are mainly US dollars, RMB, and New Taiwan Dollars when engaging in daily operations. For foreign currency hedging, the Company adopts the natural write-off principle, but its impact is small and aims to reduce the impact of exchange rate fluctuations on profit and loss. The Company maintains close relations with correspondent banks to grasp the changes in the foreign exchange market, thus being able to minimize the impact of exchange rate fluctuations.

3. Influence of inflation on the profit and loss of the Group and future countermeasures

The Company's profit and loss has so far not been significantly affected by inflation. The Company is a new R & D and manufacturing company and at present, we are mainly engaged in the research and development of new activities and CDMO services. Due to industry characteristics, inflation has little impact on the Company's operations, and mainly on the personnel costs and equipment procurement costs. However, up to now, the Company's profit and loss has not been affected by inflation, and we will pay close

attention to changes in the overall economic environment and take appropriate measures in the future.

(II) Policies, Main Reasons for Profit or Loss and Future Countermeasures for Engaging in High-Risk, High-Leverage Investments, Lending Funds to Others, Endorsement Guarantees and Derivatives Trading

The Company focuses on the development of its own business. In the most recent year and up to the date of publication of the annual report, it has not engaged in high-risk, high-leverage investments and transactions, and nor engaged in fund loans to others or endorsed guarantees to others. In addition, measures such as “Procedures for Acquiring or Disposing of Assets”, “Regulations Governing Lending Loans to Others” and “Regulations Governing Endorsement” have been formulated. All relevant operating procedures have carefully taken into account the risk status. Any endorsement guarantee or loan between the Company and its subsidiaries shall be handled in accordance with relevant operating procedures.

(III) Future R&D Plans and Estimated R&D Expenses

Compared with generic drugs or contract manufacturing, the development of new drugs requires more money and longer time, with the relatively high risk of failure. ADI-PEG 20, the Company’s new drug in development, has been under development for more than 30 years since 1990 at the laboratories of the Ludwig Institute For Cancer Research, a private, non-profit global cancer research organization in New York. Since the first human clinical trial was conducted at MD Anderson Cancer Center in 2001, the Company has completed more than 20 phase I, II and III clinical trials. As the current data shows that ADI-PEG 20 may be effective in a variety of cancers, the entire development process has entered the final stage. According to the current development progress, the indications closest to commercialization are mesothelioma, soft tissue sarcoma and hepatic cell carcinoma, and the risk of uncertainty has been reduced considerably. The Company will continue to communicate closely with the competent authorities of various countries (FDA, EMA, TFDA, CFDA) in the final stage, in order to obtain the new drug certificate in the shortest time. In addition, The Company will begin to explore the feasibility of a strategic alliance, looking for highly complementary partners to maximize the market potential of ADI -PEG 20.

In addition, The Company estimates that the total amount of research and development expenses in 2024 will be approximately NT$1.5 billion. If there are major changes in new drug development, appropriate planning and adjustments will be made depending on the Company’s operating conditions and the progress of new drug development clinical trials to ensure the Group’s competitive advantage .

(IV) The Impact of Important Domestic and Foreign Policies and Legal Changes on the Company’s Financial Business and Countermeasures

The Company is registered in the British Cayman Islands (hereinafter referred to as “Cayman Islands”), with its operations mainly carried out in the United States, Taiwan and Mainland China. The Cayman Islands is the place of incorporation of the Company only and the Company has no substantial economic activities there. Cayman Islands takes financial services as its main economic activity, while the United States is the world's main economic system. Therefore, the economic development and political environment of both islands are relatively stable. The Company executes all its businesses in accordance with important local policies and laws and regulations, and always pays attention to the development trend of important domestic and foreign policies and changes in regulations. If there are changes, it will consult lawyers, accountants and other relevant units, or commission them to evaluate and plan countermeasures. In the most recent year

and up to the date of publication of the annual report, the Company has not had any material events that have affected the Company's financial business due to important policy and legal changes in the above regions. In addition, The Company will always pay attention to changes in important policies and laws at home and abroad, and take appropriate countermeasures in a timely manner. Therefore, in the most recent year and up to the date of publication of the annual report, the changes in important policies and laws in various investment regions have not caused significant changes in the Company's financial business.

(V) The Impact of Technological Changes (including Information Security Risks) and Industrial Changes on The Company's Financial Business and Countermeasures

The Company has a high degree of professional research and development capabilities and keeps eye on the update and improvement of related technologies in its industry at any time as well as grasps the latest market information. It closely grasps technological changes and industrial changes and takes appropriate measures as needed. Information engineers under the Management Department are responsible for coordinating and implementing information security policies to reinforce the importance of information security. In the most recent year and as of the publication date of the annual report, the Company has not had any significant impact on the Company's financial business due to technological changes and industrial changes.

(VI) The Impact of Corporate Image Change on Corporate Crisis Management and Countermeasures

The Company has always upheld the entrepreneurial spirit of integrity and sustainable operation. In the most recent year and up to the date of publication of the annual report, the company has not changed its corporate image, which has had a negative impact on it. The Company has a spokesperson system to establish a transparent and timely communication channel to protect the corporate image of the Group.

(VII) Expected Benefits, Possible Risks and Countermeasures of Merger and Acquisition

As of the publication date of the Annual Report, the Company currently has no acquisition plans.

(VIII) Expected Benefits, Possible Risks and Countermeasures of Plant Expansion

The Group's plants in Northern California and Chengdu are built in accordance with the United States and European Union specifications of cGMP, and the production plant in Northern California has sufficient capacity to supply the initial global market demand after the drug is licensed. The Chengdu plant is currently focusing on the research and development of freeze-drying processes for biological agents, aiming to optimize the storage and transportation methods of ADI-PEG 20 products, and will also enter the field of biopharmaceutical CDMO foundry. In addition, after the acquisition of Genovior Biotech, the Group will strengthen the research and development and innovation in the peptide product line, with a special focus on the development of multiple polypeptide products, while optimizing the process to improve production efficiency and product quality. It is planned to build an injection plant and a peptide API plant in the newly acquired plants in Taiwan Zhulan Science Park and Chengdu, and gradually expand the production capacity according to future demand.

The Semaglutide API 75kg production line is expected to be completed in 2024, and the capacity expansion will be carried out in three stages over the next three years with the confirmation of mass production orders. The first stage is a production line with an annual output of 75 kg, the second stage is a production line with an annual output of 200 kg, and the third stage is a production line with an annual output of 1000 kg.

(IX) Risks Involving Centralized Purchase or Sale of Goods and Countermeasures

1. Risks involving centralized purchase and countermeasures

The Company’s main product is ADI-PEG 20. The Company has at least two qualified suppliers for every key consumable and equipment required for the production of ADI-PEG 20, and there is no risk of centralized purchases.

2. Risks involving centralized sale and countermeasures

The Company’s main product, A DI-PEG 20, is still in the clinical trial stage, so there is no sales nor transaction. However, The Company has generated a small amount of CDMO foundry revenue from a single customer in 2020. In terms of technical services of biological drugs, due to the high technical threshold and different project attributes of customers, the Company mainly focuses on establishing long-term relationships with customers, aiming at strategic joint development projects, and will actively and continuously engage in CDMO business, thus deepening the relationship with customers to reduce the risk of centralized sale.

(X) Directors, Supervisors or Major Shareholders Holding More Than 10% of the Shares, the Impact, Risks and Countermeasures of the Large-Scale Transfer or Replacement of Shares on the Company

In the recent year and up to the date of publication of the annual report, there has been no large-scale transfer or replacement of equity interests .

(XI) The Impact, Risks and Countermeasures of the Change of Management Rights on the Company

In the recent year and up to the date of publication of the Annual Report, there is no change in the management rights on the Company.

(XII) Litigation or Non-litigation Event :

Please refer to page 201 of this annual report for the company's litigation or non-litigation matters in the past year and as of the date of publication of the prospectus. .

(XIII) Other Important Risks and Countermeasures:

The Company is a fully vertically integrated new drug development company, with the main research project being ADI-PEG20. The new drug development phase costs a lot of money, takes a long time to develop, and needs to go through a series of fairly rigorous review procedures before the drug can be licensed to the market and then be profitable. Therefore, the Company has to bear the risk of huge investment and development failure. The Company may encounter different levels of challenges in the new drug development process and subsequent clinical trials, so the risk analysis and countermeasures of various new drug development plans are as follows:

1.There is a risk that a new drug will not be marketed due to the risk of failure in the development of it, as well as delays in conducting human clinical trials or if the results are not as expected.

The development of a new project has become a long-term investment, and all stages are likely to fail, from pre-clinical trial, Phase I, II, III clinical trials to new drug inspections and registration, etc. This is a common problem faced by companies carrying out new research and development for new drugs around the world.

Countermeasures

Our main research and development focus is the development of innovative cancer drugs. We are committed to the design and production of macromolecular biologic drug, i.e. ADI-PEG 20, precise analysis of patient samples in clinical trials, as well as the design, certification and execution of more than 20 QC testing projects established by cGMP factory to ensure the quality of new drugs, all of which require the use of the most advanced instruments and technologies. In addition to an experienced and strong team, the Company also employs external consultants and outsourced R&D facilities to help complete the task and reduce the risk of drug development failure.

The Company has signed contracts with more than 20 first-class universities and research centers around the world for more than ten years to jointly explore and expand the potential market of ADI-PEG 20, find the best combination of drugs for different cancers, and provide more than 100 cancer hospitals on a globe. Moreover, clinical trials have been conducted, and one hundred research reports on ADI-PEG 20 have been published in international scientific journals. These partners have further greatly improved the Company's technical level and R&D capabilities, increased its clinical trial success rate, as well as accelerated the time for drug products to access to the market. In addition, the Company is engaged in a number of cancer clinical trials, so when the results of one clinical trial do not meet expectations, the Company has other clinical trials that are not yet affected by the results of a single clinical trial.

2. Risks of product quality control

Since medicine is related to human health and safety, product quality requirements are relatively strict, and relevant clinical medicines need to be confirmed to be consistent in terms of quality and safety.

Countermeasures

The Company is a fully vertically integrated new drug development company. We have a complete team responsible for the development of new drugs, the planning and execution of clinical trials in many countries around the world, the design, establishment and certification of cGMP plants, and even the production and manufacturing of drugs, and professional QA/QC personnel for drug quality control to ensure the quality and safety of relevant drugs.

3. Long-term investment and capital requirements for new drug development

New drug research and development involves a long marketing process, high investment cost, and high risk of research and development, and it takes a long time to generate net cash inflow from operating activities. If revenue cannot be generated successfully, working capital may be insufficient and there is a risk that the new drug development plan will not be completed.

Countermeasures

The Company's cash on the books as of December 31, 2023 is approximately NT $3.61 billion, which is sufficient to cover the working capital of the Company for more than one year. The company will continue to conduct clinical trials to obtain early approval of the drug, will also rely on Genovior Biotech's CDMO revenue, and accelerate the construction of Semaglutide capacity at the Zhunan plant to generate stable cash flow at an early date. The Company will increase cash flow through different financing channels as appropriate, and in order to reduce research and development costs, it will also consider cooperation with international major manufacturers strategic alliances. The Company also accelerates product development by obtaining technology licensing fees or sharing research and development costs.

4. The impact of information security risks on the Company's financial business and countermeasures:

The Company evaluates the risks of security and network, among which the leakage of confidential information of research and development plan and the Company's network virus and illegal intrusion may lead to significant financial losses of it.

The Company has set up various network security facilities to control or maintain the functions of the its daily operations, and installed firewalls and security software in the computer system. The Company's information department sets up account identification, passwords, firewalls, and other security technologies to detect and prevent intrusion, deletion, and unauthorized access to information and systems. Its firewall settings are also regularly tested and updated. In order to avoid abuse and plagiarism, important software and files are encrypted, passwords are regularly updated, appropriate measures such as improving related processes and upgrading computer software and hardware are made in order to reduce the risk of leakage of confidential information.

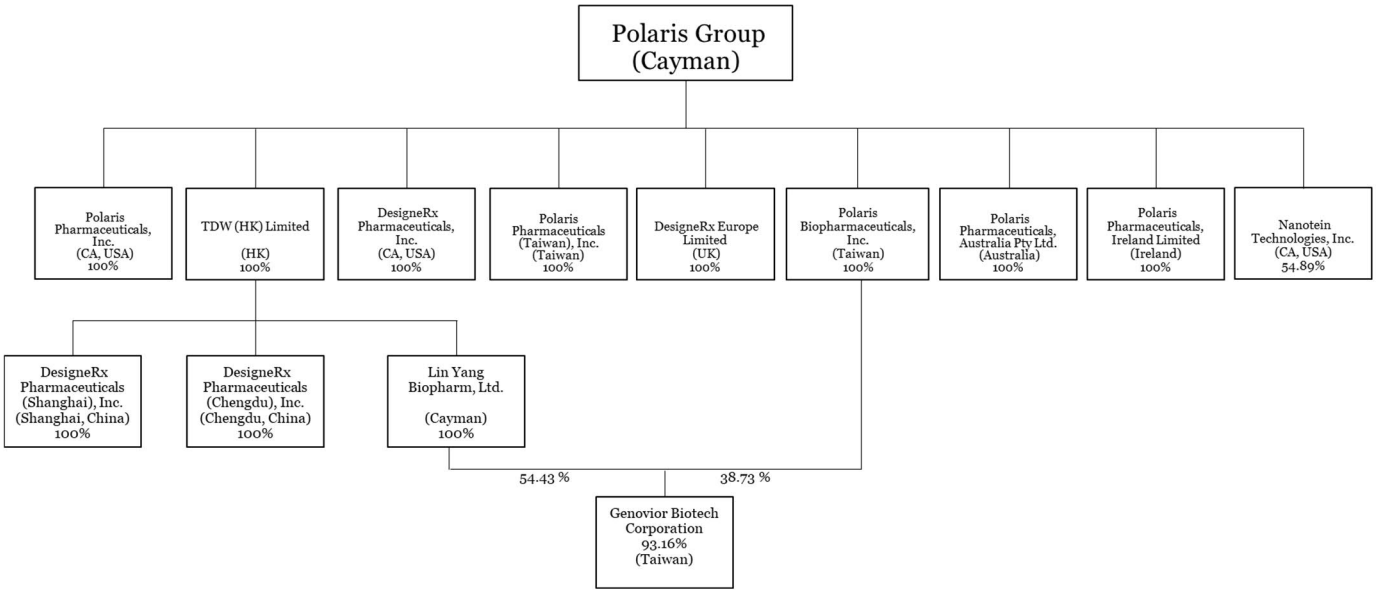
VII. Other Important Matters : None

VIII. Special Notes

I. Information about Affiliate Enterprises

(I) Organization Chart of Affiliated Enterprises

December 31, 2023



(II) Basic Information of Affiliated Enterprises

December 31, 2023 Unit : NT$1,000

Company Name	Date of Establishment	Address	Paid-up Capital	Main Business or Production
Polaris Pharmaceutical Group Co., Ltd.	2006.02.09	P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	7,437,592	Holding Company
Polaris Pharmaceuticals, Inc.	2006.03.29	10675 Sorrento Valley Rd. San Diego, CA92121, USA	141,243	Biotechnology research and development
DesigneRx Europe Limited	2011.04.27	90 High Holborn, London, WC1V 6XX	-	Biotechnology service
Polaris Pharmaceuticals Australia Pty Ltd	2017.01.05	58 Gipps Street, Collingwood VIC3066, Australia	2	Biotechnology service
Polaris Pharmaceuticals Ireland Limited	2018.12.21	88 Harcourt Street, Dublin 2, Ireland	-	Biotechnology service
DesigneRx Pharmaceuticals, Inc.	2002.04.17	4941 Allison Parkway, Suite B, Vacaville, CA95688, USA	3,002,306	R&D and manufacturing of new drugs
Polaris	2003.03.25	7F., No. 298, Ruiguang Rd.,	448,335	Biotechnology

Company Name	Date of Establishment	Address	Paid-up Capital	Main Business or Production
Pharmaceuticals (Taiwan), Inc.		Neihu Dist., Taipei City, Taiwan (R.O.C.)		research and development, drug testing
TDW HK Limited	2012.12.28	6/F ALEXANDRA HSE 18 CHATER RD CENTRAL HONG KONG	2,527,022	Holding Company
Nanotein Technologies, Inc.	2019.03.13	2950 SAN PABLO AVE BERKELEY, CA 94702, USA	271,709	Biotechnology service, drug testing
Polaris Biopharmaceuticals, Inc.	2022.06.02	Hsinchu Science Park 4F.-6-418, No. 15, Yike S. Rd., Yilan City, Yilan County, Taiwan (R.O.C.)	1,292,334	Research and development, manufacturing, and CDMO services for new drugs
DesigneRx Pharmaceuticals (Shanghai), Inc.	2007.07.03	Rm. 201B, 5F, No. 60 Naxian Rd., Zhangjiang, Pudong New Area, Shanghai	112,073	Research and development of new drugs
DesigneRx Pharmaceuticals (Chengdu) Inc.	2013.02.25	No. 198, Tiansheng Rd., Gaoxin West Dist., Chengdu	1,337,203	Research and development, manufacturing for new drugs
Lin Yang Biopharma, Ltd.	2018.07.24	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands	458,062	Holding Company
Genovior Biotech Corporation	2015.04.23	Hsinchu Science Park, 4F., No. 50-8, Keyan Rd., Zhunan Township, Miaoli County, Taiwan (R.O.C.)	787,775	Research and development, manufacturing and production for new drugs

(III) Information on the Same Shareholders of Those Who Are Presumed to Have Control and Affiliation: None.

(IV) Industries Covered by the Business of the Overall Affiliated Enterprise:

The Group is engaged in manufacturing and sales of new drug research and development, biotechnology services, drug testing, etc. The core research of the Group is the novel cancer target drug ADI-PEG 20, which is currently conducting human clinical trials for various cancers all over the world.

(V) Information on Directors, Supervisors and General Managers of Affiliated Enterprises

Company Name	Title	Name or Representative	Shareholding of Polaris Group (Contribution) (Note 1)	
			Number of Share (Contribution)	Shareholding Ratio
Polaris Pharmaceuticals, Inc.	Director	Howard Chen	23,000	100%
	Director	Chen, Shyan Tser		
DesigneRx Europe Limited	Director	Howard Chen	1	100%
	Director	Chen, Shyan Tser		
Polaris Pharmaceuticals Australia Pty Ltd	Director	Howard Chen	100	100%
	Director	Chen, Shyan Tser		
Polaris Pharmaceuticals Ireland Limited	Director	Howard Chen	100	100%
	Director	Chen, Shyan Tser		
Polaris Pharmaceuticals (Taiwan), Inc.	Chairman	Howard Chen	43,800,000	100%
	Director	Chen, Shyan Tser		
	Director	Steve J.P. Hsu		
	Supervisor	Ko, Kai-Ter		
DesigneRx Pharmaceuticals, Inc.	Director	Howard Chen	107,679,257	100%
	Director	Chen, Shyan Tser		
Polaris Biopharmaceuticals, Inc.	Chairman	Howard Chen	125,000,000	100%
	Director	Chen, Shyan Tser		
	Director	Steve J.P. Hsu		
	Supervisor	Ko, Kai-Ter		
TDW HK Limited	Director	Howard Chen	82,300,001	100%
DesigneRx Pharmaceuticals (Shanghai), Inc.	Director	Howard Chen	108,950	100%
	Supervisor	Chen, Shyan Tser		
DesigneRx Pharmaceuticals (Chengdu), Inc.	Director	Howard Chen	1,413,200	100%
	Supervisor	Kay Huang		
Nanotein Technologies, Inc.	Director	Curtis Hodge	6,347,330	54.89%
	Director	Greg Hura		
	Director	Chris Huxsoll		
Lin Yang Biopharma, Ltd.	Director	Steve J.P. Hsu	168,138,001	100%
	Director	Ko, Kai-Ter		
	Director	Chen, Ho-Chuan		
	Director	Howard Chen		
	Director	Chen, Li-Chie		
Genovior Biotech Corporation	Chairman	Steve J.P. Hsu	146,785,000	93.16%
	Director	Howard Chen		
	Director	Chen, Shyan Tser		
	Supervisor	Ko, Kai-Ter		

Note 1: DesigneRx Pharmaceuticals (Shanghai), Inc. and DesigneRx Pharmaceuticals (Chengdu) Inc. are limited companies and listed as contribution.

(VI) Operational Overview of Affiliated Enterprises

December 31, 2023 Unit:NT$1,000

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit (Loss)	Current Profit/Loss (after tax)	EPR (after tax)
Polaris Pharmaceuticals, Inc.	141,243	253,290	30,458	222,832	205,614	(33,289)	(35,062)	(Note 1)
DesigneRx Europe Limited	—	—	—	—	—	—	—	(Note 1)
Polaris Pharmaceuticals Australia Pty Ltd	2	1,831	32,039	(30,208)	—	(1,774)	389	(Note 1)
Polaris Pharmaceuticals Ireland Limited	—	—	—	—	—	—	—	(Note 1)
Polaris Pharmaceuticals, Inc.	448,335	66,103	23,361	42,742	77,421	(23,296)	(22,687)	(Note 1)
DesigneRx Pharmaceuticals, Inc.	3,002,306	503,094	128,756	374,338	137,856	(583,435)	(588,616)	(Note 1)
Polaris Biopharmaceuticals, Inc.	1,292,334	1,418,418	4,862	1,413,556	11,149	(44,943)	(90,746)	(Note 1)
TDW HK Limited	2,527,022	2,195,205	1,391	2,193,814	—	(1,573)	(1,227)	(Note 1)
DesigneRx Pharmaceuticals (Shanghai) Inc.	112,073	1,996	71	1,925	—	(1,308)	(1,286)	(Note 1)
DesigneRx Pharmaceuticals (Chengdu) Inc.	1,337,203	1,737,877	1,422,390	315,487	1,051	(227,597)	(258,018)	(Note 1)
Nanotein Technologies, Inc.	271,709	184,715	3,185	181,530	3,088	(48,998)	(47,992)	(Note 1)
Lin Yang Biopharma, Ltd.	458,062	95,088	—	95,088	—	(28,034)	(122,757)	(Note 1)
Genovior Biotech Corporation	787,775	384,133	209,434	174,699	104,251	(167,983)	(170,769)	(Note 1)

Note 1: As the Company's consolidated financial statements are its primary financial statements, there is no information about earnings per share.

(VII) Consolidated Financial Statements of Affiliated Enterprises : Please refer to the consolidated financial statements attached hereto.

(VIII) Relationship Report: The Company is not a subsidiary company of other companies, so there is no need to prepare a relationship report.

II. The Handling Status of Private Equity Securities in the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report:

Item	The First Private Placement in 2019 Issue Date: April 3, 2019					The First Private Placement in 2019 Issue Date: April 3, 2019				
Types of Private Securities	Common Stock					Common Stock				
Date and amount approved by shareholders meeting	June 26, 2018 The total number of common stocks to be issued shall not exceed 80,000,000					June 11, 2019 The total number of common stocks to be issued shall not exceed 300,000,000				
The basis and reasonableness of pricing	The price of common shares in this private placement shall be determined by dividing the sum of the transaction amount of common shares in each business day within the 30 business days prior to the pricing date by the sum of the number of shares in each business day, deducting the the value of bonus shares issued as stock dividends or ex-dividend, and the share price after the reversal of the capital reduction or determined based on the net value per share as shown in the latest financial report audited or reviewed by accountants before the date of pricing. The higher of the two prices set out above shall be the reference price, and the price shall be determined at a rate not less than 80% of the reference price.					The price of common shares in this private placement shall be determined by dividing the sum of the transaction amount of common shares in each business day within the 30 business days prior to the pricing date by the sum of the number of shares in each business day, deducting the the value of bonus shares issued as stock dividends or ex-dividend, and the share price after the reversal of the capital reduction or determined based on the net value per share as shown in the latest financial report audited or reviewed by accountants before the date of pricing. The higher of the two prices set out above shall be the reference price, and the price shall be determined at a rate not less than 80% of the reference price.				
The way a certain person chosen	The private placement of ordinary shares shall be subject to certain persons in accordance with the provisions of Section 43 (6) of the Securities Exchange Act and (91) Tai-Tsai-Cheng-Yi Zi No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002. The subscribers are selected for the purpose of directly or indirectly benefiting the Company and providing support for the operation or development of the Company.					The private placement of ordinary shares shall be subject to certain persons in accordance with the provisions of Section 43 (6) of the Securities Exchange Act and (91) Tai-Tsai-Cheng-Yi Zi No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002. The subscribers are selected for the purpose of directly or indirectly benefiting the Company and providing support for the operation or development of the Company.				
Necessary reasons for handling private placement	To meet the operational needs of the company and the needs of clinical trials of new drugs and working capital, the Company considers that it may not be easy to obtain the required funds smoothly in a short period of time if the funds are raised through the issuance of marketable securities, in addition, private placement is relatively timely, convenient and equity stable in raising capital, so it is necessary to raise funds from specific persons through private placement.					To meet the operational needs of the company and the needs of clinical trials of new drugs and working capital, the Company considers that it may not be easy to obtain the required funds smoothly in a short period of time if the funds are raised through the issuance of marketable securities, in addition, private placement is relatively timely, convenient and equity stable in raising capital, so it is necessary to raise funds from specific persons through private placement.				
Number of shares (or bonds)	7,065,000 shares					300,000,000 shares				
Payment completion date	March 7, 2019					December 12, 2019				
Delivery date	April 3, 2019					January 17, 2020				
Information of subsciber	Object of Private Placement	Qualification	Subscription Number (shares)	Relationship with the Company	Participation in the Operation of the Company	Object of Private Placement	Qualification	Subscription Number (shares)	Relationship with the Company	Participation in the Operation of the Company
	Iconluck Limited	Second type	2,817,224	None	None	Digital Capital Inc.	Second type	290,000,000	None	None
	G-Technology Investment Co., Ltd.	Third type	2,267,522	Director of the Company	None	Masterpiece Enterprise Co., Ltd.	Second type	10,000,000	None	None
	Chang, Yue-Chi	Second type	1,130,254	None	None					
	Henry Shaw	Second type	500,000	None	None					
	Ultimate Beyond Limited	Second type	350,000	None	None					
Actual subscription price	NT $21.83 per share					NT $10 per share				
Difference between actual subscription price	The actual subscription price is 80.02% of the reference price, not less than 80% of the reference price.					The actual subscription price is 94.61% of the reference price, not less than 80% of the reference price.				

Item	The First Private Placement in 2019 Issue Date: April 3, 2019	The First Private Placement in 2019 Issue Date: April 3, 2019
and reference price		
Impact of private placement on shareholders' equity (e.g., increase in cumulative losses...)	The value per share has been increased and the liability structure has been improved, which has a positive impact on the liability and equity rights of the company.	The value per share has been increased and the liability structure has been improved, which has a positive impact on the liability and equity rights of the company.
The use of private funds and plan implementation progress	It was raised on March 07, 2019 to increase working capital for the Company's future long-term development and to improve its financial ratio.	It was raised on December 12, 2019 to strengthen the working capital needed for the Company's future long-term development and improve the financial ratio.
Presentation of private equity benefits	Enrich the working capital to support the operating requirements and various capital needs of the Company and its subsidiaries, support the clinical trials for various indications of new drugs, facilitate the acquisition of drug licenses, improve the financial structure, provide the future long-term business development needs and improve the financial ratio, enhance the overall shareholders' equity, and have a positive impact on the Company's finance and shareholders' equity.	Enrich the working capital to support the operating requirements and various capital needs of the Company and its subsidiaries, support the clinical trials for various indications of new drugs, facilitate the acquisition of drug licenses, improve the financial structure, provide the future long-term business development needs and improve the financial ratio, enhance the overall shareholders' equity, and have a positive impact on the Company's finance and shareholders' equity.
Subscribed (converted) share payment certificate (certificates of bond-to-stock conversion), shares and stock grants	None	None

III. Information on the Company's Shares Held or Disposed of by Subsidiaries in the Most Recent Year and as of the Date of the Annual Report: None.

IV. Other Supplementary Information Required: None.

V. Explanation of the Major Differences with My Country's Provisions on the Protection of Shareholders' Rights and Interests:

Due to the slight inconsistency between the British Cayman Islands Act and the R.O.C. Act, the Taiwan Stock Exchange's recently revised "Checklist for the Protection of Shareholders' Rights and Interests in the Country of Registration of Foreign Issuers" (hereinafter referred to as the "Checklist for the Protection of Shareholders' Rights and Interests") can not be applicable to the Company. The following list describes the differences between the current and effective articles of association of the Company (hereinafter referred to as the "Articles of Incorporation") and the protection of shareholders' rights and interests due to the provisions of the British Cayman Islands Act, as well as the provisions of the Articles of Incorporation of the Company .

Important Matters for the Protection of Shareholders' Rights and Interests	**Acts Related to the Corporations Act or the Securities Exchange Act**	**Articles of Incorporation and Reasons for Differences**
II. Convening Procedures and Resolution Methods of Shareholders' Meetings		
1.The Regular Shareholders' Meeting must be convened at least once a year; It should be held within six months after the end of each fiscal year. The Shareholders' Meeting is convened by the Board of Directors.	1. Article 170 of the Company Act 2. Article 172-2 of the Company Act 3. Article 172-1 of the Company Act	In response to the amendments to the Tai-Cheng-Shang-Er-Zi No. 1111700674, "Checklist for the Protection of Shareholders' Rights and Interests in the Country of

Important Matters for the Protection of Shareholders' Rights and Interests	Acts Related to the Corporations Act or the Securities Exchange Act	Articles of Incorporation and Reasons for Differences
2.The Articles of Incorporation may provide that the Shareholders' Meeting shall be held by video conference or other means announced by the competent authority of the Company Act of the Republic of China. However, due to acts of God, accidents or other force majeure, the competent authority of the Company Act of the Republic of China may announce that the Company may, within a certain period of time, hold meetings by video conference or public announcement without the provisions of the Articles of Incorporation. 3.If the Shareholders' Meeting is held by video conference, the shareholders who participate in the meeting by video conference shall be deemed to have attended the meeting in person. 4.The conditions, operating procedures and other matters to be complied with by the Company shall be in accordance with the Securities Act of the Republic of China for the Shareholders' Meeting to be held by video conference. 5.The Physical Shareholders' Meeting of the Company shall be ~~held~~ within the territory of the Republic of China. If a Physical Shareholders' Meeting is held outside the Republic of China, the approval of the stock exchange shall be reported to the stock exchange within two days after the resolution of the Board of Directors or the shareholders' permission for convening by the competent authority. 6.A shareholder holding more than one percent of the total number of issued shares may submit a proposal to the Company in writing or electronically. The Board of Directors shall list the motion as a motion unless it is a resolution on the income of the Shareholders' Meeting, if the proposal is not held by shareholders by 1%, if the proposal is proposed outside the period of acceptance of the public announcement, if the	4. 4.Item1, 2 of Article 173 and Article 173-1 of the Company Act 5. Item1, 2 of Article 173 and Article 173-1 of the Company Act	Registration of Foreign Issuers" (hereinafter referred to as the "Checklist for the Protection of Shareholders' Rights and Interests") issued by TSEC on March 11, 2022, and in accordance with the provisions of Taiwan's Company Act, the Regular Shareholders' Meeting of Polaris Pharmaceuticals Inc. (hereinafter referred to as Polaris Company) updated the relevant provisions on the holding of a Shareholders' Meeting by video call and added the word "physical" to the front of the original Shareholders' Meeting to make a distinction on June 2, 2022. This has no adverse impact on the shareholders' equity.

Important Matters for the Protection of Shareholders' Rights and Interests	Acts Related to the Corporations Act or the Securities Exchange Act	Articles of Incorporation and Reasons for Differences
proposal is more than 300 words, or if there is more than one proposal. The Board still has to include shareholder proposals that urge companies to advance the public interest or fulfill their social responsibilities. 7. If a shareholder continues to hold more than 3% of the total number of shares issued for more than one year, he may request the Board of Directors to call an extraordinary meeting of shareholders by stating in writing the proposed matters and reasons. If the Board of Directors fails to notify the meeting within 15 days after the request is made, the shareholders may report to the competent authority for permission to convene the meeting on their own. 8. Shareholders who continue to hold more than half of the total number of shares issued for more than three months may call an Interim Shareholders Meeting on their own. The period and number of shares held by shareholders shall be calculated on the basis of the shares held at the time of the termination of the transfer of ownership. 9. The following matters shall be enumerated and stated in the cause of convening the Shareholders' Meeting, and shall not be raised by temporary motion; the main contents may be posted on the website designated by the securities authority or the Company, and its web address shall be stated in the notice: (1) Election or dismissal of directors or supervisors; (2) Change of Articles of Incorporation; (3) Capital reduction; (4) Apply to suspend the public offerings; (5) Dissolution, merger, share conversion and division of the Company; (6) Conclude, modify or terminate a contract for leasing all business, entrusting operation, or often cooperating with or with others; (7) To transfer all or a substantial part		

Important Matters for the Protection of Shareholders' Rights and Interests	Acts Related to the Corporations Act or the Securities Exchange Act	Articles of Incorporation and Reasons for Differences
of its business or property; (8) The transferee of all the business or property of others has a significant impact on the operation of the Company; (9) Private placement of marketable securities with the nature of equity; (10) Permission of directors' participation in competitive activities; (11) To distribute dividends and bonuses in whole or in part by issuing new shares; (12) Where the legal surplus reserve and the capital reserve from issuing premium shares or receiving gifts are distributed to the original shareholders by issuing new shares or cash.		
1. When holding Shareholders' Meetings, the Company shall list ~~written and~~ electronic forms as one of the channels for exercising voting rights. ~~2. Where the company holds a shareholders' meeting outside the Republic of China, it shall provide shareholders with the right to exercise their voting rights in writing or electronically.~~ 2. If the Company exercises its voting right in writing or electronically, the method of exercise shall be specified in the notice of convening the Shareholders' Meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have attended the shareholders' meeting in person. However, any provisional motion or amendment to the original motion at the meeting shall be deemed as a waiver. 3. If a shareholder exercises the right to vote in writing or electronically, the expression of intention shall be delivered to the Company two days before the meeting of the shareholders. In case of any repetition of the expression of intention, the first one delivered shall prevail. Except those who have	1. Article 177-1 of the Company Act 2. Article 177-2 of the Company Act	Polaris intends to amend Article 66 of the Articles of Association at the 112 General meeting to: "to the extent permitted by the Cayman Law, the Company shall include electronic means as one of the channels for the exercise of voting rights." delete the last paragraph "Where the company holds a shareholders' meeting outside the Republic of China, it shall provide shareholders with the right to exercise their voting rights in writing or electronically." to comply with the provisions of the shareholders'' rights and interests protection schedule.

Important Matters for the Protection of Shareholders' Rights and Interests	Acts Related to the Corporations Act or the Securities Exchange Act	Articles of Incorporation and Reasons for Differences
expressed their intention before the declaration is revoked. 4. 4.A shareholder who wishes to attend the Shareholders' Meeting in person after exercising his voting right in writing or electronically shall, two days before the Shareholders' Meeting, revoke the aforesaid expression of intention to exercise the voting right in the same manner as the exercise of the voting right; If the cancellation is delayed, the voting right exercised in writing or electronically shall prevail. 5. If a shareholder exercises his voting right in writing or electronically and entrusts an agent to attend the Shareholders' Meeting by proxy, the voting right to be exercised by the entrusted agent shall prevail.		
1. The Company shall, 30 days before the meeting of the Regular Shareholders' Meeting or 15 days before the meeting of the ExtraRegular Shareholders' Meeting, publish the cause of action and explanatory materials of the notice of Shareholders' Meeting, the power of attorney, the motions relating to recognition and discussion, the matters concerning the election or removal of directors and supervisors. 2. The Shareholders' Meeting of the Company shall send the aforesaid information and the paper for the written exercise of the voting right to the shareholders. 3. In convening a Shareholders' Meeting, the Company shall prepare a handbook for the proceedings of the Shareholders' Meeting, and shall publish the handbook and other relevant materials of the meeting before the 21st day of the Regular Shareholders' Meeting of shareholders or the 15th day of the Interim Shareholders' Meeting. <u>However, if the Company has a paid-in capital of NT$10 billion or more as of the end of the most recent fiscal year, or if the total shareholding ratio</u>	1. <u>The Handbook of Shareholders' Meeting of the public company shall record and comply with</u> Article 5 <u>of the Measures</u> 2. <u>The Handbook of Shareholders' Meeting of the public company shall record and comply with</u> Article 6 <u>of the Measures</u>	Polaris Company intends to update the latter paragraph of clause 45 at the 2023 Shareholders' Meeting in accordance with the Checklist for the Protection of Shareholders' Rights and Interests "However, if the paid-in capital of the company reaches NT $10 billion or more on the end of the most recent fiscal year, or if the total shareholding ratio of foreign and domestic shareholders recorded in the shareholders' register of the most recent fiscal year reaches 30% or more, the files delivered electronically shall be completed 30 days before the Regular Shareholders' Meeting."

Important Matters for the Protection of Shareholders' Rights and Interests	Acts Related to the Corporations Act or the Securities Exchange Act	Articles of Incorporation and Reasons for Differences
of foreign and domestic shareholders recorded in the shareholders' register during the most recent fiscal year reaches 30% or more, the file delivered electronically shall be completed 30 days before the Regular Shareholders' Meeting.		
1. When the Shareholders' Meeting decides on one of the following matters, the opposing shareholders shall have the right to claim for the purchase of shares of the Company: (1) Division, merger, acquisition or share conversion of the company; of the Company; (2) The operation of the Company is materially affected by the conclusion, alteration or termination of a contract by the Company to lease the whole of its business, to entrust the business or to operate with or from time to time with another person, to assign all or a substantial part of its business or property, or to accept the whole of its business or property from another person. 2. Any request made by a shareholder in the preceding paragraph shall be made in writing within 20 days from the date of the resolution of the Shareholders' Meeting, and the purchase price shall be specified. If an agreement is reached between the shareholders and the Company on the purchase price, the Company shall pay the price within 90 days from the date of resolution of the Shareholders' Meeting. If no agreement has been reached, the Company shall, within 90 days from the date of the resolution, pay the price to the shareholder who has not reached an agreement at the price it deems fair; If the company fails to pay, it shall be	1. Article 317, Article 186 of the Company Act. 2. Article 12 of Business Mergers and Acquisitions Act	There is no difference between the Articles of Incorporation and the Checklist for Protection of Shareholders' Rights and Interests.

Important Matters for the Protection of Shareholders' Rights and Interests	Acts Related to the Corporations Act or the Securities Exchange Act	Articles of Incorporation and Reasons for Differences
deemed to agree to the purchase price requested by the shareholder. 3. A shareholder who votes against or waives his right to vote at a meeting of shareholders may, in accordance with the matter set out in Item 1 (1), request the Company to purchase all his shares. If the shareholders and the Company fail to reach an agreement on the purchase price within 60 days from the date of resolution of the Shareholders' Meeting, the Company shall, within 30 days after the expiration of such period, apply to the court for the ruling of the price with all the shareholders who have not reached an agreement as their counterparts, and the Taipei District Court of Taiwan shall be the court of first instance. 4. The number of shares whose voting rights have been waived in the preceding paragraph shall not be counted as the voting rights of shareholders already present.		
3. Powers and Responsibilities of Directors		
1.If a director of the Company has a stake in matters at the Board Meeting, he shall explain to the next Board of Directors the important content of his interest; at the time of the merger and acquisition of the Company, the directors of the Company shall explain to the Board of Directors and the Board of Shareholders the important content of their own interests in the merger and acquisition transaction and the reasons for or against the merger resolution. The Company shall also state the important contents of the directors' interests and the reasons for or against the merger resolution in the convening of the Shareholders' Meeting. The contents may be posted on the website designated by the securities authority of the Republic of China or the Company, and the	Items 2, 3 and 4, Article 206 of the Company Act, Items 3 and 4, Article 5 of the Business Mergers and Acquisitions Act	There is no difference between the Articles of Incorporation and the Checklist for Protection of Shareholders' Rights and Interests.

Important Matters for the Protection of Shareholders' Rights and Interests	Acts Related to the Corporations Act or the Securities Exchange Act	Articles of Incorporation and Reasons for Differences
website shall be indicated in the notice. 2.The spouses, relatives within the second generation of the directors, or the companies with which the directors have controlling affiliations and have an interest in the matters mentioned in the preceding meeting shall be deemed to have their own interest in the matters. 3.Where a director of a company has his own interest in matters at the board meeting which may be detrimental to the interests of the company, he/she shall not join in the voting and shall not exercise his/her voting rights on behalf of other directors. The resolution of the Board of Directors shall not count in the voting rights of the directors present for the directors who are not allowed to exercise their voting rights under the foregoing provisions.		

VI. In the Most Recent Year and as of the Date of Publication of the Annual Report, Any Event That Has a Material Impact on the Equity of Shareholders or the Price of Securities as Specified in Paragraph 2, Item 3, Article 36 of the Securities Exchange Act Has Occurred: None

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Polaris Group

Opinion

We have audited the accompanying consolidated balance sheets of Polaris Group and subsidiaries (the "Group") as at December 31, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Auditing and Attestation Engagement of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with 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 2023 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 2023 consolidated financial statements are stated as follows:

Key audit matter - impairment assessment of property, plant and equipment

Description

The Group is primarily engaged in the research and development of new drugs. The property, plant and equipment currently purchased are mainly used for the purposes of research and development or future production and their utilisation is closely related to the results of the Company's research and development of new drug. The property, plant and equipment amounted to NT$1,437,857 thousand, constituting 16% of the consolidated total assets as at December 31, 2023. Refer to Notes 4(13) and 4(17) for the accounting policies on the acquisition and subsequent measurement of the property, plant and equipment, Note 5 for the accounting estimation uncertainty of property, plant and equipment and Notes 6(8) and 6(12) for the details and related impairment amount of property, plant and equipment. The management of the Group assesses the recoverable amounts of the property, plant and equipment where there is an indication that they are impaired as the basis of impairment assessment under IAS 36 'Impairment of Assets'. Given that the calculation of recoverable amount is considered to be a critical accounting estimate, involves the management's subjective judgement and contains uncertainty, we consider the impairment assessment of property, plant and equipment as a key audit

matter of the consolidated financial statements for the year ended December 31, 2023 based on the overall assessment.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding on and assessed the related policies and procedures of the Group's impairment assessment of property, plant and equipment and obtained an understanding on the Group's procedures of assessing whether there is any indication that each cash-generating unit may be impaired and assessed the reasonableness of the procedures.
2. Obtained an assets appraisal report issued by an external expert appointed by the Group for the cash-generating units with indications of impairment.
3. Conducted the following audit procedures of impairment test in accordance with the assets appraisal report issued by an external expert appointed by the Group:
   (1) Obtained an understanding on and assessed the independence, objectivity and competence of the external expert.
   (2) Obtained an understanding on and assessed the reasonableness of the valuation method adopted in the appraisal report.
   (3) Obtained an understanding on and assessed the reasonableness of the main valuation key assumptions adopted in the appraisal report and recalculated to ascertain the accuracy of the calculation.

Key audit matter - business combination of Lin Yang

Description

Refer to Notes 4(26) and 6(30) B for the accounting policy and details of business combination.

The Group acquired the outstanding shares of Lin Yang Biopharm, Ltd. and Genovior

Biotech Corporation (hereinafter collectively referred to as "Lin Yang") in several stages starting from October 2023, and obtained 93.16% equity interests in Lin Yang and had control over the entity in December 2023. Lin Yang was included as a consolidated entity of the Group from that date. The consideration for business combination amounted to NT$2,088,198 thousand, and as the amount of business combination is material and the business combination was a significant transaction during the financial reporting period for the year, we consider the business combination as a key audit matter of the consolidated financial statements for the year ended December 31, 2023.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Inquired with management for the procedures of the acquisition, including the motivation and price of the acquisition as well as the assessment process, accounting treatments and relevant internal control procedures.
2. Reviewed the relevant meeting minutes to confirm that the business combination was approved appropriately.
3. Obtained an understanding on and assessed the independence, objectivity and competence of the external expert and auditors based on the appraisal report issued by the external expert and auditors' opinion on the reasonableness of price, which were obtained by the Group, and assessed the reasonableness of the valuation method and key assumptions adopted in the appraisal report.
4. Reviewed the contract of shares acquisition and verified the voucher of consideration payment to confirm the consistency with the acquisition contract.

Key audit matter – assessment of contingent liabilities

Description

Refer to Note 4(20) for the accounting policy on contingent liabilities, Note 5(3) for the accounting estimation uncertainty of contingent liabilities and Note 9(1) B for the related details of contingent liabilities.

On March 4, 2024, the Group received a payment order from Taiwan Shilin District Court,

which was a payment request of financial consulting services to the Group amounting to NT$282,486 thousand (US$9,200 thousand) by the creditor, the Group filed an objection form for civil case against all the requests of the payment order to Taiwan Shilin District Court on March 11, 2024. Based on the legal opinion of the attorney, the management assessed that the possibility of the contingent liabilities arising from the payment order is not probable, and therefore no provision has been recognised as at December 31, 2023 in respect of the matters contained in the payment order. However, due to the significant uncertainty inherent in the legal case, we consider the assessment of contingent liabilities as a key audit matter of the consolidated financial statements for the year ended December 31, 2023.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Inquired with management to obtain the understanding on the nature of the legal case and the assessment of contingent liabilities.
2. Obtained the legal confirmation from external attorneys in respect of pending legal cases to review the assessment of the legal cases.
3. Reviewed documents related to the legal case, including related material contracts, legal attest letter, payment order from the court and other documents, and assessed whether the liabilities were recognised by the management and properly disclosed in the consolidated financial statements based on the legal opinions issued by external experts, which were obtained by the Group.

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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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.

POLARIS GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,615,481	40	$ 7,224,724	78
1110	Financial assets at fair value through profit or loss - current	6(2)	176,957	2	155,988	2
1136	Financial assets at amortised cost - current	6(3) and 8	1,154,675	13	-	-
1170	Trade receivables	6(4)	5,119	-	461	-
1200	Other receivables		20,026	-	60	-
130X	Inventories	6(5)	36,355	-	-	-
1410	Prepayments	6(6)	87,954	1	153,825	2
1476	Other current financial assets	6(1) and 8	1,508	-	3,036	-
1479	Other current assets, others		7,050	-	2,122	-
11XX	**Current Assets**		5,105,125	56	7,540,216	82
	Non-current assets					
1550	Investments accounted for using equity method	6(7)	-	-	60,122	1
1600	Property, plant and equipment	6(8)(12)	1,437,857	16	1,300,049	14
1755	Right-of-use assets	6(9)	162,382	2	287,456	3
1760	Investment property, net	6(10)	181,380	2	-	-
1780	Intangible assets	6(11)	2,106,189	23	174	-
1920	Guarantee deposits paid		25,961	-	23,184	-
1990	Other non-current assets, others	6(13)	79,060	1	8,041	-
15XX	**Non-current assets**		3,992,829	44	1,679,026	18
1XXX	**Total assets**		$ 9,097,954	100	$ 9,219,242	100

(Continued)

POLARIS GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14)	$ 674,908	7	$ -	-
2130	Contract liabilities - current		10,060	-	-	-
2170	Accounts payable		2,143	-	-	-
2200	Other payables	6(15)	200,733	2	130,057	2
2280	Current lease liabilities		40,390	1	32,635	-
2320	Long-term liabilities, current portion	6(16)	31,139	-	88,138	1
21XX	**Current Liabilities**		959,373	10	250,830	3
	Non-current liabilities					
2540	Long-term borrowings	6(16)	352,969	4	30,848	-
2580	Non-current lease liabilities		98,626	1	230,997	3
2670	Other non-current liabilities, others	6(17)	53,816	1	32,510	-
25XX	**Non-current liabilities**		505,411	6	294,355	3
2XXX	**Total Liabilities**		1,464,784	16	545,185	6
	Equity attributable to owners of parent					
	Share capital	6(20)				
3110	Common stock		7,437,592	82	7,420,484	81
	Capital surplus	6(21)				
3200	Capital surplus		11,696,587	129	11,476,142	124
	Retained earnings	6(22)				
3350	Accumulated deficit		(12,149,489)	(134)	(10,572,795)	(115)
	Other equity interest					
3400	Other equity interest		381,337	4	350,226	4
31XX	**Equity attributable to owners of the parent**		7,366,027	81	8,674,057	94
36XX	**Non-controlling interests**		267,143	3	-	-
3XXX	**Total equity**		7,633,170	84	8,674,057	94
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 9,097,954	100	$ 9,219,242	100

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

POLARIS GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars,except loss per share)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(23)	$ 7,481	100	$ 6,439	100
5000	Operating costs	6(26)(27)	(10,546)	(141)	(5,024)	(78)
5900	Gross (loss) profit from operations		(3,065)	(41)	1,415	22
	Operating expenses	6(26)(27)				
6200	Administrative expenses		(307,281)	(4108)	(234,991)	(3649)
6300	Research and development expenses		(1,536,701)	(20541)	(923,971)	(14350)
6000	Total operating expenses		(1,843,982)	(24649)	(1,158,962)	(17999)
6900	Operating loss		(1,847,047)	(24690)	(1,157,547)	(17977)
	Non-operating income and expenses					
7100	Interest income		303,549	4058	64,739	1005
7020	Other gains and losses	6(24)	18,620	249	(32,285)	(501)
7050	Finance costs	6(25)	(32,590)	(436)	(11,051)	(172)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(19,040)	(255)	(8,755)	(136)
7000	Total non-operating income and expenses		270,539	3616	12,648	196
7900	**Loss before income tax**		(1,576,508)	(21074)	(1,144,899)	(17781)
7950	Income tax expense	6(28)	(15,554)	(208)	(5,534)	(86)
8200	**Loss for the year**		($ 1,592,062)	(21282)	($ 1,150,433)	(17867)
	Components of other comprehensive income, net,that will not be reclassified to profit or loss					
8361	Exchange differences on translation		$ 25,281	338	$ 835,691	12979
	Components of other comprehensive income, net,that will be reclassified to profit or loss					
8361	Exchange differences on translation		5,830	78	(109,253)	(1697)
8300	**Other comprehensive income**		$ 31,111	416	$ 726,438	11282
8500	**Total comprehensive loss**		($ 1,560,951)	(20866)	($ 423,995)	(6585)
	Loss, attributable to:					
8610	Owners of the parent		($ 1,576,694)	(21077)	($ 1,150,433)	(17867)
8620	Non-controlling interest		(15,368)	(205)	-	-
			($ 1,592,062)	(21282)	($ 1,150,433)	(17867)
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 1,545,583)	(20661)	($ 423,995)	(6585)
8720	Non-controlling interest		(15,368)	(205)	-	-
			($ 1,560,951)	(20866)	($ 423,995)	(6585)
	Loss per share					
9750	Basic and diluted loss per share	6(29)	($ 2.12)		($ 1.57)	

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

POLARIS GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent						
		Share capital - common stock	Capital surplus	Accumulated deficit	Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
2022								
Balance at January 1, 2022		$ 7,188,451	$ 9,824,000	($ 9,422,362)	($ 376,212)	$ 7,213,877	$ -	$ 7,213,877
Loss for the year		-	-	(1,150,433)	-	(1,150,433)	-	(1,150,433)
Other comprehensive income for the year		-	-	-	726,438	726,438	-	726,438
Total comprehensive income(loss)		-	-	(1,150,433)	726,438	(423,995)	-	(423,995)
Issuance of shares	6(19)(21)	200,000	1,528,539	-	-	1,728,539	-	1,728,539
Exercise of employee stock options	6(19)(21)	32,033	52,081	-	-	84,114	-	84,114
Compensation cost of employee stock options		-	71,522	-	-	71,522	-	71,522
Balance at December 31, 2022		$ 7,420,484	$11,476,142	($10,572,795)	$ 350,226	$ 8,674,057	$ -	$ 8,674,057
2023								
Balance at January 1, 2023		$ 7,420,484	$11,476,142	($10,572,795)	$ 350,226	$ 8,674,057	$ -	$ 8,674,057
Loss for the year		-	-	(1,576,694)	-	(1,576,694)	(15,368)	(1,592,062)
Other comprehensive income for the year		-	-	-	31,111	31,111	-	31,111
Total comprehensive income(loss)		-	-	(1,576,694)	31,111	(1,545,583)	(15,368)	(1,560,951)
Exercise of employee stock options	6(19)(21)	17,108	41,144	-	-	58,252	-	58,252
Compensation cost of employee stock options	6(19)(21)	-	179,301	-	-	179,301	-	179,301
Non-controlling interests		-	-	-	-	-	282,511	282,511
Balance at December 31, 2023		$ 7,437,592	$11,696,587	($12,149,489)	$ 381,337	$ 7,366,027	$ 267,143	$ 7,633,170

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

POLARIS GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 1,576,508)	($ 1,144,899)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(26)	133,615	143,502
Amortisation expense	6(11)(26)	1,765	213
Compensation cost of employee stock options	6(19)(27)	177,431	37,507
Interest expense	6(25)	32,590	11,051
Interest revenue		(303,549)	(64,739)
Loss on disposal of property, plant and equipment	6(8)(24)	57,902	570
Gain on disposal of right-of-use assets	6(24)	(2,016)	-
(Gain) loss on valuation of financial assets at fair value through profit or loss	6(2)(24)	(7,305)	18,408
Share of loss of associates accounted for using equity method	6(7)	19,040	8,755
Gain on disposal of investments accounted for using equity method	6(24)	(47,971)	-
Gain in government grants	6(24)	(1,024)	(1,630)
Changes in operating assets and liabilities			
Changes in operating assets			
Trade receivables		3,913	4,469
Inventories		(7,503)	-
Other receivables		(140)	358
Prepayments		105	(134,871)
Other current assets, others		(1,921)	(2,085)
Other non-current assets, others		3,223	29,289
Changes in operating liabilities			
Contract liabilities-current		(815)	-
Accounts payable		(1,247)	-
Other payables		6,285	18,663
Cash outflow generated from operations		(1,514,130)	(1,075,439)
Income tax paid	6(28)	(15,554)	(5,534)
Interest paid		(29,311)	(12,843)
Interest received		303,549	64,739
Net cash flows used in operating activities		(1,255,446)	(1,029,077)

(Continued)

POLARIS GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(31)	($ 333,176)	($ 69,633)
Acquisition of financial assets at fair value through profit or loss	6(2)	(13,677)	(47,546)
Acquisition of investments accounted for using equity method		(513,923)	-
Proceeds from disposal of property, plant and equipment		1,031	172
Acquisition of financial assets at amortised cost	6(3)	(1,032,691)	-
(Increase) decrease in other current financial assets	6(1)	(1,860)	332,010
Dncrease (increase) in guarantee deposits		81	(15,320)
Net cash flow from acquisition of subsidiaries	6(30)	(1,341,152)	-
Net cash flows (used in) from investing activities		(3,235,367)	199,683
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of short-term loans	6(14)(32)	-	(299,387)
Proceeds from short-term borrowings	6(14)(32)	690,836	-
Repayments of long-term debt	6(16)(32)	(117,643)	-
Proceeds from long-term debt	6(16)(32)	325,361	-
Payments of lease liabilities		(37,645)	(28,491)
Exercise of employee stock options		58,252	84,114
Proceeds from issuance of shares	6(20)	-	1,728,539
Net cash flows from financing activities		919,161	1,484,775
Effect of exchange rate changes on cash and cash equivalents		(37,591)	691,942
Net (decrease) increase in cash and cash equivalents		(3,609,243)	1,347,323
Cash and cash equivalents at beginning of year		7,224,724	5,877,401
Cash and cash equivalents at end of year		$ 3,615,481	$ 7,224,724

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

POLARIS GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

THE POLARIS GROUP, LLC (Polaris Group, the "Company") was incorporated in the Cayman Islands on February 9, 2006. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the biotechnology services, drug testing, contract development and manufacturing services and research, development, manufacture and sales of new drugs. The Group's core research is the ADI-PEG 20 which is currently undergoing human clinical trials for various cancer indications.

The review of initial application for primary listing of stock filed by the Company had been completed on March 4, 2022. The application for listing had been approved by the Board of Directors of the Taiwan Stock Exchange on March 22, 2022. The Company's stocks have been listed on the Taiwan Stock Exchange on June 6, 2022.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 12, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the

"IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

Financial assets (including derivative instruments) at fair value through profit or loss.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRS accounting standards") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2023	Ownership(%) December 31, 2022	Descreiption
The Company	Polaris Biopharmaceuticals, Inc.	Research, development and manufacture of new drugs	100	100	
The Company	Polaris Pharmaceuticals, Inc.	Research and development of biotechnology	100	100	
The Company	DesigneRx Europe Limited	Research and development of biotechnology	100	100	
The Company	Polaris Group Korea Limited	Research and development of biotechnology	-	100	(Note 1)
The Company	Polaris Pharmaceuticals Australia Pty Ltd.	Research and development of biotechnology	100	100	
The Company	Polaris Pharmaceuticals Ireland Limited	Research and development of biotechnology	100	100	
The Company	Polaris Pharmaceuticals (Taiwan), Inc.	Biotechnology services and medicine inspection	100	100	(Note 2)
The Company	DesigneRx Pharmaceuticals, Inc.	Research, development and manufacture of new drugs	100	100	
The Company	TDW HK Limited	Holding company	100	100	
TDW HK Limited	DesigneRx Pharmaceuticals (Shanghai) Inc.	Research and development of new drugs	100	100	
TDW HK Limited	DesigneRx Pharmaceuticals (Chengdu) Co., Ltd.	Research, development and manufacture of new drugs	100	100	
The Company	Nanotein Technologies, Inc.	Biotechnology services and medicine inspection	54.89	41	(Note 3)
TDW HK Limited	Lin Yang Biopharm, Ltd.	Holding company	100	-	(Note 4)
Lin Yang Biopharm, Ltd.	Genovior Biotech Corporation	Research, development, manufacture and production of drugs	54.43	-	(Note 4)
Polaris Biopharmaceuticals, Inc.	Genovior Biotech Corporation	Research, development, manufacture and production of drugs	38.73	-	(Note 4)

Note 1: Polaris Group Korea Limited had been dissolved after completing the liquidation in May 2023.

Note 2: The entity was formerly known as TDW Pharmaceuticals Inc. and was renamed Polaris Pharmaceuticals(Taiwan), Inc. since October 24, 2023 upon approval in order to meet the needs of the Group's operation and development.

Note 3: On June 19, 2023, the Group acquired an additional share capital of Nanotein Technologies, Inc. (collectively referred herein as "Nanotein") in cash and obtained the control over the entity. Please refer to Note 6(30)A. for details.

Note 4: The Group acquired the outstanding shares of Lin Yang Biopharm, Ltd. and Genovior Biotech Corporation (collectively referred herein as "Lin Yang") in several stages starting from October 2023, and obtained the control over the entity in December 2023. Please refer to Note 6(30)B. for details.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: Cash of $559,381 deposited in mainland China are under local foreign

exchange control which restricts the capital to be remitted outside the borders.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's functional currency is United States dollars; however, the consolidated financial statements are presented in New Taiwan dollars under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a). Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b). Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c). All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle (12 months);

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle (12 months);

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at amortised cost

The Group’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Trade receivable

A. Trade and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term trade and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously

recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 ~ 50 years
Testing equipment	5 ~ 11 years
Production equipment	5 ~ 10 years
Computer equipment	3 ~ 7 years
Office equipment	3 ~ 7 years
Leasehold improvements	The shorter of useful lives and lease terms

(14) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments

are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life.

(16) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

C. Core technology – Nanotein medium

Nanotein medium is stated at cost and amortised on a straight-line basis over their estimated useful life of 20 years.

(17) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The Group initially measures notes and accounts payable at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Provisions

Provisions (contingent liabilities of legal cases) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is

recognised as interest expense. Provisions are not recognised for future operating losses.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

(22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional

tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Revenue recognition

A. Sale of services

(a) The Group provides biopharmaceutical manufacturing services to the customers. Operating revenue is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual cost of services provided to the end of the reporting period as a proportion of the total cost of services to be provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed

the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Group provides services of research and development testing results and reporters. Revenue is recognised when the commissioned service is completed by the Group and the acceptance of the results of the services provided is confirmed by the customers.

B. Sale of goods

Revenue is recognised when the customer obtains control over the goods, which is the point at which the performance obligation is satisfied.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(27) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

(1) Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future. Please refer to Notes 6(8) and (12) for the information of impairment assessment of tangible assets.

(2) Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information of impairment assessment of goodwill.

(3) Assessment of contingent liabilities

The process of assessing contingent liabilities of the relevant legal cases relies on the Group's subjective judgement, including the probability of the liabilities that may occur and their amounts. Due to the high degree of uncertainty inherent in the legal cases, there might be material difference between the final results and the estimated amounts. As of December 31, 2023, the Group did not accrue the provision. Please refer to Note 9(1)B. for the information of assessment of contingent liabilities for legal cases.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 269	$ 167
Checking accounts and demand deposits	1,826,814	551,788
Time deposits	1,757,712	6,672,769
Cash equivalents	30,686	-
	$ 3,615,481	$ 7,224,724

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The financial institutions in which the Group deposits are mainly located in Taiwan and the principal currency of the deposits is US Dollar.

B. As of December 31, 2023 and 2022, cash and cash equivalents that were pledged to others as collateral and classified as financial assets at amortised cost, other current financial assets and guarantee deposits amounted to $1,060,328 and $16,036, respectively. Please refer to Notes 6(14), (16) and 8 for details.

C. Cash equivalents referred to the capital that the subsidiary of the Group, Nanotein Technologies, Inc., deposited in the cash management company amounting to $30,686, of which $15,302 had been used to purchase money market funds and $15,384 had not been invested and had been deposited by the cash management company in its cooperative bank.

(2) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current items:		
Unlisted stocks	$ 63,803	$ 49,998
Corporate bonds	79,533	79,545
Beneficiary certificates	49,054	49,062
	192,390	178,605
Valuation adjustment	(15,433)	(22,617)
	$ 176,957	$ 155,988

Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Time deposits	$ 1,154,675	$ -

Among the time deposits, the time deposit with a duration of more than 3 months amounted to $110,705, and the remaining time deposits amounting to $1,043,970 had been pledged to the long-term and short-term borrowings of the subsidiary-DesigneRx Pharmaceuticals (Chengdu) Co., Ltd. as collateral. Please refer to Notes 6(14) and (16) for details.

(4) Trade receivables

	December 31, 2023	December 31, 2022
Trade receivables	$ 5,577	$ 461
Less: Allowance for uncollectible accounts	(458)	-
	$ 5,119	$ 461

The aging analysis of trade receivable that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
	Trade receivables	Trade receivables
Not past due	$ 4,269	$ 461
Up to 90 days	781	-
Over 90 days	527	-
	$ 5,577	$ 461

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 17,157	($ 4,569)	$ 12,588
Work in progress	12,885	(383)	12,502
Finished goods	13,507	(2,242)	11,265
	$ 43,549	($ 7,194)	$ 36,355

The group had no inventories on December 31, 2022.

(6) Prepayment

	December 31, 2023	December 31, 2022
Prepaid clinical trial	$ 60,724	$ 123,972
Others	27,230	29,853
	$ 87,954	$ 153,825

In order to actively expand the clinical trials of Globlastoma, the Company's US subsidiary, Polaris Pharmaceuticals, Inc., entered into a clinical trial contract with a US research institution in 2022. Certain payments were classified to long-term prepaid clinical trials as the trial period was more than a year based on the assessment. Please refer to Note 6(13).

(7) Investments accounted for using equity method

	2023	2022
At January 1	$ 60,122	$ 62,352
Addition of investments accounted for using equity method	2,103,290	-
Share of profit or loss of investments accounted for using equity method	(19,040)	(8,755)
Business combinations recognised as disposals	(2,147,575)	-
Net exchange differences	3,203	6,525
At December 31	$ -	$ 60,122

Associates

A. The Group increased its capital in Nanotein by US$5 million (approximately NT$155,700) on June 19, 2023. The shareholding ratio reached 54.89% of the total number of Nanotein's shares outstanding. The Group included Nanotein Technologies, Inc. in the consolidated financial statements from the effective date of the capital increase on June 19, 2023 as it had control over the investee based on the assessment.

B. The Group acquired the outstanding shares of Lin Yang in several stages starting from October 2023, and the Group obtained 29.11% equity interests in the entity and had significant influence over it on October 11, 2023. Additionally, after the Group' s assessment, the Group obtained 93.16% equity interests in the entity and had control over it in December 2023, therefore it was included in the consolidated financial statements.

C. For the above mentioned investments accounted for using the equity method, the balance on December 31, 2023 and 2022 were $0 and $60,122, respectively, and the comprehensive loss recognised for the years ended December 31, 2023 and 2022 were $19,040 and $8,755, respectively.

D. The basic information of the Group's associate is as follows:

Company name	Principal place of business	Shareholding ratio	
		December 31, 2023	December 31, 2022
Nanotein Technologies, Inc.	California, US	54.89%	41.00%
Lin Yang Biopharm, Ltd.	Cayman Islands	100.00%	-
Genovior Biotech Corporation	Taiwan	93.16%	-

E. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2022, the carrying amount of the net assets of the Group's individually immaterial associates amounted to $74,102. For the year ended December 31, 2022, the loss for the period from continuing operations of the Group's individually immaterial associates amounted to $21,466. The Group's abovementioned associates were included in the consolidated financial

statements in 2023.

(8) Property, plant and equipment

	2023							
	Land	Buildings	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	$ 181,409	$ 995,619	$ 651,830	$ 3,489	$ 23,715	$ 419,877	$ 36,291	$ 2,312,230
Accumulated depreciation and impairment	-	(142,030)	(465,981)	(3,314)	(15,436)	(385,420)	-	(1,012,181)
	$ 181,409	$ 853,589	$ 185,849	$ 175	$ 8,279	$ 34,457	$ 36,291	$ 1,300,049
Opening net book amount as at January 1	$ 181,409	$ 853,589	$ 185,849	$ 175	$ 8,279	$ 34,457	$ 36,291	$ 1,300,049
Additions	51,832	59,075	23,196	1,886	797	-	197,777	334,563
Acquired from business combinations	-	-	158,173	-	198	525	-	158,896
Disposals	-	-	(220)	(187)	(5)	-	(58,521)	(58,933)
Transfers	(179,873)	1,922	40,054	-	5,827	-	(47,803)	(179,873)
Depreciation charge	-	(21,624)	(39,192)	-	(3,054)	(29,621)	-	(93,491)
Net exchange differences	(3,366)	(17,370)	(1,795)	(127)	(180)	(45)	(471)	(23,354)
Closing net book amount as at December 31	$ 50,002	$ 875,592	$ 366,065	$ 1,747	$ 11,862	$ 5,316	$ 127,273	$ 1,437,857
At December 31								
Cost	$ 50,002	$ 1,036,305	$ 1,227,546	$ 2,660	$ 30,190	$ 420,442	$ 127,273	$ 2,894,418
Accumulated depreciation and impairment	-	(160,713)	(861,481)	(913)	(18,328)	(415,126)	-	(1,456,561)
	$ 50,002	$ 875,592	$ 366,065	$ 1,747	$ 11,862	$ 5,316	$ 127,273	$ 1,437,857

	2022							
	Land	Buildings	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	$ 163,511	$ 981,184	$ 573,302	$ 3,438	$ 16,424	$ 373,543	$ 22,053	$ 2,133,455
Accumulated depreciation and impairment	-	(118,684)	(400,282)	(3,266)	(13,934)	(300,084)	-	(836,250)
	$ 163,511	$ 862,500	$ 173,020	$ 172	$ 2,490	$ 73,459	$ 22,053	$ 1,297,205
Opening net book amount as at January 1	$ 163,511	$ 862,500	$ 173,020	$ 172	$ 2,490	$ 73,459	$ 22,053	$ 1,297,205
Additions	-	-	12,552	-	1,291	698	56,241	70,782
Disposals	-	-	(742)	-	-	-	-	(742)
Transfer	-	-	33,751	-	5,626	4,843	(44,220)	-
Depreciation charge	-	(21,563)	(38,219)	-	(1,164)	(50,691)	-	(111,637)
Net exchange differences	17,898	12,652	5,487	3	36	6,148	2,217	44,441
Closing net book amount as at December 31	$ 181,409	$ 853,589	$ 185,849	$ 175	$ 8,279	$ 34,457	$ 36,291	$ 1,300,049
At December 31								
Cost	$ 181,409	$ 995,619	$ 651,830	$ 3,489	$ 23,715	$ 419,877	$ 36,291	$ 2,312,230
Accumulated depreciation and impairment	-	(142,030)	(465,981)	(3,314)	(15,436)	(385,420)	-	(1,012,181)
	$ 181,409	$ 853,589	$ 185,849	$ 175	$ 8,279	$ 34,457	$ 36,291	$ 1,300,049

A. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Notes 6(16) and 8.

B. Impairment information about the property, plant and equipment is provided in Note 6(12). The accumulated impairment amount recorded as of December 31, 2023 was $75,368.

C. Land held by the Group was transferred to investment property due to the changes in purpose of use. Please refer to Note 6(10) for details.

(9) Leasing arrangements－lessee

A. The Group leases various assets including buildings, offices, land and office equipment. Except for the land use right whose lease period is 20~50 years, other rental contracts are typically made for periods of 1 to 6 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Short-term leases with a lease term of 12 months or less comprise certain offices. Low-value assets comprise certain offices and office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land use right	$ 27,930	$ 243,721
Buildings and offices	134,452	43,735
	$ 162,382	$ 287,456

	Year ended December 31, 2023	Year ended December 31, 2022
	Depreciation charge	Depreciation charge
Land use right	$ 12,008	$ 9,994
Buildings and offices	28,116	21,793
Office equipment	-	78
	$ 40,124	$ 31,865

D. On August 6, 2013, the second-tier subsidiary of the Group, DesigneRx Pharmaceuticals (Chengdu) Co., Ltd., signed a land use right contract with the People's Republic of China for the use of the land in the Southwest area of the Chengdu high-tech west zone with a term of 50 years. All rentals had been paid on the contract date.

E. The Company planned to invest and construct a plant in Yilan Science Park through the newly established subsidiary, Polaris Biopharmaceuticals, Inc. as resolved by the Board of Directors on January 27, 2022. The subsidiary had been incorporated under approval on June 2, 2022. The Company entered into a land leasing contract with the Hsinchu Science Park Bureau, National Science and Technology Council on behalf of the subsidiary in the first quarter of 2022. The lease term is 20 years from March 1, 2022. During the period of incorporation, the rental was paid by the Company in advance. However, the management decided to stop the construction after the consideration and wrote a letter to the Hsinchu Science Park Bureau, National Science and Technology Council to terminate the leasing contract on December 26, 2023, and received a letter of consent to surrender the lease from the Hsinchu Science Park Bureau, National Science and Technology Council on January 5, 2024, agreeing to terminate the leasing contract on December 31, 2023, and therefore the Company had derecognised the right-of-use assets and lease liabilities related to the leasing contract.

F. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $121,473 and $248,951, respectively.

G. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 5,185	$ 3,757
Expense on short-term lease contracts	2,444	784
Expense on leases of low-value assets	1,513	449

H. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $46,787 and $33,481, respectively.

I. Information about the land use right that was pledged to others as collateral is provided in Notes 6(14) and 8.

(10) Investment property

	December 31, 2023
	Land
At January 1	
Cost	$ -
Accumulated depreciation and impairment	-
	$ -
Opening net book amount as at January 1	$ -
Reclassifications	179,873
Net exchange differences	1,507
Closing net book amount as at December 31	$ 181,380
At December 31	
Cost	$ 181,380
Accumulated depreciation and impairment	-
	$ 181,380

A. Land held by the Group was transferred from property, plant and equipment to investment property due to the changes in purpose of use.

B. The fair value of the investment property held by the Group as at December 31, 2023 was $403,402. Valuations were made based on the selling price of the comparable properties by comparing the recent transaction price of the land in similar location.

(11) Intangible assets

	2023			
	Computer software	Goodwill	Core technologies	Total
At January 1				
Cost	$ 640	$ -	$ -	$ 640
Accumulated amortisation and impairment	(466)	-	-	(466)
	$ 174	$ -	$ -	$ 174
Opening net book amount as at January 1	$ 174	$ -	$ -	$ 174
Additions—acquired through business combination	-	2,068,164	42,485	2,110,649
Amortisation charge	(174)	-	(1,591)	(1,765)
Net exchange differences	-	(2,323)	(546)	(2,869)
Closing net book amount as at December 31	$ -	$ 2,065,841	$ 40,348	$ 2,106,189
At December 31				
Cost	$ 628	$ 2,065,841	$ 41,891	$ 2,108,360
Accumulated amortisation and impairment	(628)	-	(1,543)	(2,171)
	$ -	$ 2,065,841	$ 40,348	$ 2,106,189

	2022
	Computer software
At January 1	
Cost	$ 631
Accumulated amortisation and impairment	(250)
	$ 381
Opening net book amount as at January 1	$ 381
Amortisation charge	(213)
Net exchange differences	6
Closing net book amount as at December 31	$ 174
At December 31	
Cost	$ 640
Accumulated amortisation and impairment	(466)
	$ 174

A. Goodwill is allocated as follows to the Group's cash-generating units:

	December 31, 2023
Nanotein	$ 166,256
Lin Yang	1,901,908
	$ 2,068,164

Acquisition prices in the business combination are calculated by the price of acquisition plus related direct costs. Goodwill is recognised at the difference of the acquisition prices less net fair value of identifiable assets acquired. The allocation duration of acquisition price may not exceed one year after the acquisition. The allocation of the acquisition price of Nanotein had been completed in the fourth quarter of 2023. The allocation duration of the acquisition price of Lin Yang will be completed in one year after the acquisition. Therefore, the goodwill arising from business combination of Lin Yang is an initial estimated value.

B. The Group's goodwill arising from business combination is mainly expected benefits from the growth of the acquired companies. Acquisition prices in the business combination are calculated by the price of acquisition plus related direct costs. Goodwill is recognised at the difference of the acquisition prices less net fair value of identifiable assets acquired. In accordance with IAS 36, goodwill acquired from business combination shall be tested for impairment periodically. The impairment testing of goodwill is to allocate the goodwill to the cash-generating units that are expected to benefit from the synergies of the business combination. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use future pre-tax cash flow projections assessed by the management.

Nanotein and Lin Yang may be cash-generating units which can generate independent cash flows and the impairment of goodwill is calculated based on value in use and carrying amount of net assets of Nanotein and Lin Yang. For Nanotein, the Group calculates the value in use according to the allocation report of the acquisition price issued by the expert and Nanotein's operational condition after acquisition, as Nanotein's products are in the early stages of launch, the management adopts future cash flow projections based on their expectations of market development and the main assumptions used in forecasting cash flow are pre-tax discount rate of 23.90%, the launching promotion schedule of its product, Nanotein medium, and the expected operating revenue from the product. For Lin Yang, the Group obtains the appraisal report issued by the expert and auditor's opinion on the reasonableness of price and calculates the value in use according to the result of the report issued by the expert and Lin Yang's operational condition after acquisition, the management adopts future cash flow projections based on their expectations of market development and the main assumptions used in forecasting cash flow are pre-tax discount rate of 15.16% and the growth trend of operating revenue from services and products launched in the future.

(12) Impairment of non-financial assets

As the impact of the Covid-19 on the Group had been gradually stabilised for the years ended December 31, 2023 and 2022, the Group did not recognise impairment loss on certain property and plant in China for the current year. The recoverable amount is the property's fair value less costs of disposal, estimated in accordance with the comparison approach and replacement cost method. For the land use right, the weighted-average price of the comparison targets was calculated and the balance as of December 31, 2023 were calculated based on the remaining period of the land use right. For the buildings, their estimated economic lives are 30.8 years and the useful lives of clean rooms are 3 to 7 years. For the machinery and equipment, their estimated economic lives are 5 to 15 years based on their nature. Valuations of the non-financial assets were categorised within Level 3 in the fair value hierarchy. There was no impairment for the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, the Group's accumulated impairment amounting to $75,368 were both recognised in 2021.

(13) Other non-current assets – others

	December 31, 2023	December 31, 2022
Prepaid clinical trial	$ 54,869	$ -
Overpaid VAT	23,378	8,041
Prepaid machinery and equipment	359	-
Others	454	-
	$ 79,060	$ 8,041

(14) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range
Bank borrowings		
Secured borrowings (A)	$ 588,381	2.90%～3.11%
Secured borrowings (B)	86,527	3.85%
	$ 674,908	

A. The borrowings were pledged by certificates of deposit and the maturity date of the borrowings is on March 26, 2024.

B. The borrowings were pledged by land use right and the maturity date of the borrowings is on August 17, 2024.

C. The Group had no short-term borrowings as of December 31, 2022.

(15) Other payables

	December 31, 2023	December 31, 2022
Payable on wages and salaries	$ 60,506	$ 33,958
Payable on clinical trials and consumables	39,104	43,973
Payable on interests	3,337	59
Payable on service fees	1,713	156
Payable on construction, machinery and equipment	1,313	3,037
Others	94,760	48,874
	$ 200,733	$ 130,057

(16) Long-term borrowings

Type of borrowings	Interest rate range	Collateral	December 31, 2023
Secured borrowings (A~C)	1.20%	Land use right	$ -
Secured borrowings (E)	6.16%	Certificates of deposit	294,191
Secured borrowings (F)	2.10%~3.15%	Demand deposit and fixed assets	76,730
Unsecured borrowings	2.10%~3.00%	None	13,187
			384,108
Less: Current portion			(31,139)
			$ 352,969

Type of borrowings	Interest rate range	Collateral	December 31, 2022
Secured borrowings (A~D)	1.80%	Land use right	$ 118,986
Less: Current portion			(88,138)
			$ 30,848

A. The borrowing period of the long-term borrowings is from August 23, 2016 to August 11, 2024 and the principal is repayable in 5 installments according to the agreed amounts. The Group had repaid the installment in advance on August 11, 2023.

B. The secured fee and borrowing consulting fee are payable annually at a fixed rate of 1.5% and 0.3%, respectively.

C. The borrowing rate was adjusted to 1.2% in June 2023.

D. The borrowing funds were provided for the use of plant construction and equipment purchase and classified to other current financial assets. Please refer to Note 8 for details.

E. The borrowing period of the long-term borrowings is from October 12, 2023 to October 11, 2028 and the principal is repayable in full amount at the maturity date.

F. The borrowing period of the long-term borrowings is from January 20, 2020 to December 28,

2027. Part of the borrowings were pledged by demand deposits and fixed assets. Please refer to Note 8 for details. The remaining borrowings were guaranteed by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

(17) Other non-current liabilities, others

	December 31, 2023	December 31, 2022
Long-term deferred revenue	$ 31,133	$ 32,510
Others	22,683	-
	$ 53,816	$ 32,510

Long-term deferred revenue pertains to the subsidies of construction project granted by the management committee of Chengdu High-tech Industrial Development Zone, People's Republic of China to support the construction project of the base for the Group's research, development and production of ADI-PEG20 and other antineoplastic drugs. Long-term deferred revenue has been transferred to other gains year by year according to the remaining useful life of the plant. The amount transferred to other gains for the years ended December 31, 2023 and 2022 was $790 and $797, respectively.

(18) Pensions

A. The Group has adopted a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. Nationality. Other consolidated entities have also adopted a defined contribution pension plan under the local regulations and contribute salaries and wages of the local employees to the endowment insurance or pension fund. Other than the annual contributions, the entities have no further obligations. Under the New Plan, the Group contributes monthly an amount based on a certain percentage of the salaries and wages to the pension. Other than the monthly contributions, the Group has no further obligations.

B. The Group's subsidiary in the US, DesigneRx Pharmaceuticals, Ind., provides its employees 401(k) retirement savings plan according to subsection 401(k) of the US Internal Revenue Code. Under the plan, the employees contribute monthly an amount based on a certain percentage of their salaries and wages to their individual pension accounts during their employment period. The subsidiary could additionally contribute a certain amount as employee reward according to its policies.

C. The Company's mainland China subsidiaries, DesigneRx Pharmaceuticals (Chengdu) Co., Ltd. and DesigneRx Pharmaceuticals (Shanghai) Inc., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022, was both 16%. Other than the monthly contributions, the Group has no further obligations.

D. Details of the relevant pension expense which the Group recognised for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Defined contribution plans	$ 19,587	$ 8,197

(19) Share-based payment

A. As of December 31, 2023, the contents of the share-based payment arrangements issued by the Group whose object were the Company's stocks are as follows:

Equity settled

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Stock options	2013.05.20	2,204,000	10 years	4 years' service
Stock options	2013.09.13	276,000	10 years	4 years' service
Stock options	2014.08.15	3,706,400	10 years	4 years' service
Stock options	2014.11.24	520,000	10 years	4 years' service
Stock options	2014.11.24	4,000	10 years	2 years' service
Stock options	2014.12.30	400,000	10 years	4 years' service
Stock options	2015.04.15	519,999	10 years	4 years' service
Stock options	2015.07.07	128,000	10 years	4 years' service
Stock options	2015.10.30	312,000	10 years	4 years' service
Stock options	2015.11.17	3,128,000	10 years	4 years' service
Stock options	2018.01.03	6,111,000	10 years	4 years' service
Stock options	2018.05.31	210,000	10 years	4 years' service
Stock options	2019.11.20	1,788,000	10 years	4 years' service
Stock options	2020.04.01	4,697,000	10 years	4 years' service
Stock options	2021.06.24	818,000	10 years	4 years' service
Stock options	2021.12.13	640,000	10 years	4 years' service
Stock options	2022.05.10	570,000	10 years	4 years' service
Stock options	2022.12.14	7,262,500	10 years	4 years' service
Stock options	2023.06.20	1,450,000	10 years	4 years' service
Stock options	2023.12.21	2,820,000	10 years	4 years' service

B. Details of the Company's shared-based payment arrangements are as follows:

	2023		2022	
	No. of options	Weighted-average exercise price (in USD)	No. of options	Weighted-average exercise price (in USD)
Options outstanding at January 1	18,574,122	$ 2.33	14,684,373	$ 1.39
Options granted	4,270,000	2.42	7,832,500	3.38
Options exercised	(1,710,775)	1.11	(3,203,269)	0.88
Options forfeited	(179,934)	3.20	(739,482)	1.24
Options outstanding at December 31	20,953,413	2.44	18,574,122	2.33
Options exercisable at December 31	7,825,436	1.62	7,336,933	1.64

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 was US$2.92 (in dollars) and US$3.83 (in dollars), respectively.

D. At December 31, 2023 and 2022, the range of exercise prices of the Company's stock options issued and outstanding was both US$0.33 (in dollars) ~ US$4.15 (in dollars); the weighted-average remaining contractual period was 7.21 years and 4.33 years, respectively.

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information on December 31, 2023 is as follows:

Type of arrangement	Grant date	Stock price (USD)	Exercise price (USD)	Expected price volatility (Note)	Expected option life (Year)	Expected dividends	Risk-free interest rate	Fair value per unit (USD)
Stock options	2013.05.20	1.50	1.50	75.00%	5.81~6.11	-	1.09%	0.97~0.99
Stock options	2013.09.13	1.50	1.50	72.50%	5.91~6.08	-	2.01%	0.97~0.98
Stock options	2014.08.15	2.06	2.06	49.65%	5.00	-	1.77%	0.92
Stock options	2014.11.24	1.93	1.93	67.75%	6.00	-	1.82%	1.18
Stock options	2014.12.30	1.93	1.93	66.00%	6.00	-	1.84%	1.16
Stock options	2015.04.15	2.50	2.50	64.00%	6.00	-	1.50%	1.47
Stock options	2015.07.07	2.50	2.50	63.00%	6.00	-	1.77%	1.46
Stock options	2015.10.30	2.50	2.50	63.50%	6.00	-	1.70%	1.46
Stock options	2015.11.17	3.30	3.30	63.50%	6.00	-	1.84%	1.94
Stock options	2018.01.03	1.95	1.68	45.00%	6.00	-	2.30%	0.98
Stock options	2018.05.31	1.93	1.68	45.00%	6.00	-	2.71%	0.98
Stock options	2019.11.20	0.35	0.33	45.00%	7.00	-	1.65%	0.17
Stock options	2020.04.01	0.47	0.47	45.00%	7.00	-	0.51%	0.22
Stock options	2021.06.24	2.40	2.39	47.76%	7.00	-	1.26%	1.19
Stock options	2021.12.13	2.57	2.56	45.71%	7.00	-	1.37%	1.24
Stock options	2022.05.10	4.17	4.15	46.37%	7.00	-	2.97%	2.16
Stock options	2022.12.14	3.32	3.32	45.79%	7.00	-	3.56%	1.74
Stock options	2023.06.20	2.72	2.72	44.07%	7.00	-	3.81%	1.40
Stock options	2023.12.21	2.26	2.26	43.84%	7.00	-	3.87%	1.16

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

F. Expenses incurred on share-based payment transactions of the Company are shown below:

	2023	2022
Equity-settled		
Compensation cost of employee stock options	$ 177,431	$ 70,590
Other loss/Unfinished construction (Note 2)	1,870	932
Cash capital increase	-	55,683
Cash-settled (Note 1)	-	(33,083)
	$ 179,301	$ 94,122

Note 1: All cash-settled share-based payments were converted to equity-settled after the Company was listed on the Taiwan Stock Exchange on June 6, 2022, and thus there is no cash-settled compensation cost of employee stock options starting from 2023.

Note 2: The relevant employee stock options which were originally capitalised as unfinished construction were transferred from unfinished construction to other losses in 2023 as the contract of the land lease was terminated in advance in December 2023. Please refer to

Note 6(9) E. for details.

(20) Share capital

A. As of December 31, 2023, the Company's authorised capital was $10,000,000, consisting of 1,000,000 thousand shares of ordinary stock, and the paid-in capital was $7,437,592 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. The Company's Board of Directors had resolved the capital increase by issuing new shares before initial listing on March 29, 2022. The subscription price of the capital increase was NT$82 (in dollars) per share, the number of shares issued was 20,000 thousand shares, the effective date of subscription was May 25, 2022 and the effective date of capital increase was June 1, 2022. All proceeds from the capital increase have been collected.

C. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	742,048,378	718,845,109
Cash capital increase	-	20,000,000
Employee stock options exercised	1,710,775	3,203,269
At December 31	743,759,153	742,048,378

(21) Capital surplus

	2023				
	Share premium	Employee stock options	Expired conversion options	Net change in equity of associates	Total
At January 1	$10,906,865	$ 554,692	$ 7,637	$ 6,948	$11,476,142
Employee stock options exercised	78,980	(37,836)	-	-	41,144
Compensation cost of employee stock options	-	179,301	-	-	179,301
At December 31	$10,985,845	$ 696,157	$ 7,637	$ 6,948	$11,696,587

	2022				
	Share premium	Employee stock options	Expired conversion options	Net change in equity of associates	Total
At January 1	$ 9,279,846	$ 529,569	$ 7,637	$ 6,948	$ 9,824,000
Cash capital increase	1,528,539	-	-	-	1,528,539
Employee stock options exercised	98,480	(46,399)	-	-	52,081
Compensation cost of employee stock options	-	71,522	-	-	71,522
At December 31	$10,906,865	$ 554,692	$ 7,637	$ 6,948	$11,476,142

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Refer to Note 6(19) for the information of capital surplus - stock options.

(22) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. Under the Company's Articles of Incorporation, at least 10% of the distributable earnings for the current year shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed for the current year. The Group did not distribute dividends for the years ended December 31, 2023 and 2022.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(23) Operating revenue

A. Disaggregation of revenue from contracts with customers

Year ended December 31, 2023	Sales revenue	Service revenue	Other operating revenue	Total
Timing of revenue recognition				
At a point in time	$ 1,189	$ 4,980	$ -	$ 6,169
Over time	-	1,100	212	1,312
	$ 1,189	$ 6,080	$ 212	$ 7,481

Year ended December 31, 2022	Sales revenue	Service revenue	Other operating revenue	Total
Timing of revenue recognition				
At a point in time	$ -	$ -	$ -	$ -
Over time	-	6,439	-	6,439
	$ -	$ 6,439	$ -	$ 6,439

B. Contract balance

	December 31, 2023	December 31, 2022
Contract liabilities - current	$ 10,060	$ -

The change in contract liabilities mainly refers to the timing difference between performance obligations satisfied and customers' payment.

(24) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gains on government grants	$ 1,024	$ 4,274
Losses on disposal of property, plant and equipment	(57,902)	-
Gains on disposal of right of use assets	2,016	-
Foreign exchange gains (losses)	2,403	(19,035)
Gains (losses) on financial assets at fair value through profit or loss	7,305	(18,408)
Gains on disposal of investments accounted for using equity method	47,971	-
Other gains	15,803	884
	$ 18,620	($ 32,285)

(25) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense		
Bank borrowings	$ 27,405	$ 7,294
Lease liabilities	5,185	3,757
	$ 32,590	$ 11,051

(26) Operating costs and expenses by nature

Year ended December 31, 2023	Operating costs	Operating expenses	Total
Employee benefit expense	$ 4,529	$ 700,384	$ 704,913
Contracted research expense and consumables expense	5,219	502,555	507,774
Depreciation charges on property, plant and equipment	335	93,156	93,491
Depreciation charges on right-of-use assets	209	39,915	40,124
Amortisation charges on intangible assets	-	1,765	1,765

Year ended December 31, 2022	Operating costs	Operating expenses	Total
Employee benefit expense	$ 3,055	$ 433,099	$ 436,154
Contracted research expense and consumables expense	1,067	220,496	221,563
Depreciation charges on property, plant and equipment	395	111,242	111,637
Depreciation charges on right-of-use assets	44	31,821	31,865
Amortisation charges on intangible assets	-	213	213

(27) Employee benefit expense

Year ended December 31, 2023	Operating costs	Operating expenses	Total
Wages and salaries	$ 3,793	$ 367,723	$ 371,516
Employee stock options	-	177,431	177,431
Labour and health insurance fees	603	60,961	61,564
Pension costs	133	19,454	19,587
Other personnel expenses	-	74,815	74,815
	$ 4,529	$ 700,384	$ 704,913

Year ended December 31, 2022	Operating costs	Operating expenses	Total
Wages and salaries	$ 2,580	$ 276,084	$ 278,664
Employee stock options	-	93,190	93,190
Labour and health insurance fees	475	41,769	42,244
Pension costs	-	8,197	8,197
Other personnel expenses	-	13,859	13,859
	$ 3,055	$ 433,099	$ 436,154

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. The Company did not recognise employees' compensation and directors' remuneration for the years ended December 31, 2023 and 2022.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 15,554	$ 5,534

(b) Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate (Note)	($ 104,891)	($ 40,289)
Expenses disallowed by tax regulation	(31,621)	(27,721)
Tax exempt income by tax regulation	(17,605)	(12,312)
Effect from Alternative Minimum Tax	14,769	4,631
Temporary difference and taxable loss not recognised as deferred tax assets	137,491	87,374
Others	17,411	(6,149)
Income tax expense	$ 15,554	$ 5,534

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

B. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023			
Year incurred	Unused amount	Unrecognised deferred tax assets	Expiry year
2009 to 2023	$ 3,308,111	$ 3,308,111	2024~indefinite

December 31, 2022			
Year incurred	Unused amount	Unrecognised deferred tax assets	Expiry year
2009 to 2022	$ 2,928,768	$ 2,928,768	2023~indefinite

The abovementioned unused amount and unrecognised deferred tax assets mainly occurred in the subsidiaries of the Group, Polaris Pharmaceuticals, Inc., DesigneRx Pharmaceuticals, Inc., Polaris Pharmaceuticals (Taiwan), Inc., Polaris Biopharmaceuticals, Inc., DesigneRx Pharmaceuticals (Chengdu) Co., Ltd and Genovior Biotech Corporation.

C. Details of the amount the Group is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2023				
Qualifying items	Year incurred	Unused tax credits-federal tax	Unrecognised deferred tax assets	Expiry year
Research and development expenditures	2013 to 2023	$ 69,278	$ 69,278	2033 to 2043

December 31, 2022				
Qualifying items	Year incurred	Unused tax credits-federal tax	Unrecognised deferred tax assets	Expiry year
Research and development expenditures	2006 to 2022	$ 77,506	$ 77,506	2026 to 2042

December 31, 2023				
Qualifying items	Year incurred	Unused tax credits-state tax	Unrecognised deferred tax assets	Expiry year
Research and development expenditures	2003 to 2023	$ 121,660	$ 121,660	Indefinite

December 31, 2022				
Qualifying items	Year incurred	Unused tax credits-state tax	Unrecognised deferred tax assets	Expiry year
Research and development expenditures	2003 to 2022	$ 109,136	$ 109,136	Indefinite

The abovementioned unused tax credits and unrecognised deferred tax assets mainly occurred in the US subsidiaries of the Group, Polaris Pharmaceuticals, Inc. and DesigneRx Pharmaceuticals, Inc.

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 639,177	$ 627,807

E. The income tax returns of the subsidiaries of the Group, Polaris Pharmaceuticals (Taiwan), Inc. and Genovior Biotech Corporation through 2021 have been assessed and approved by the Tax Authority.

(29) Loss per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to the ordinary shareholders of the parent	($ 1,576,694)	743,095	($ 2.12)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to the ordinary shareholders of the parent	($ 1,150,433)	732,611	($ 1.57)

Note: Only the calculation of basic loss per share is shown as the Group had loss for the years ended December 31, 2023 and 2022 and anti-dilutive effect might arise if potential ordinary shares such as employee stock options were included in the calculation.

(30) Business combinations

A. Acquisition of Nanotein:

(a) On June 19, 2023, the Group participated in the capital increase of Nanotein Technologies, Inc. amounting to US$5 million (approximately to NT$155,700). The shareholding ratio was increased from 41% to 54.89%, and thus the Group obtained the control over Nanotein Technologies, Inc. which is located in California, United States and mainly engaged in biotechnology services and medicine inspection. The Group expects to achieve diversified business development after the acquisition.

(b) The following table summarises the consideration paid for Nanotein Technologies, Inc. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

Purchase consideration		
Cash	$	155,700
Fair value of previously held equity interest in the acquiree		101,391
Fair value of the non-controlling interest		131,731
		388,822

Fair value of the identifiable assets acquired and liabilities assumed		
Cash	$	178,955
Trade receivables		133
Prepayments		320
Property, plant and equipment		994
Intangible assets		42,485
Guarantee deposits paid		210
Right-of-used assets		3,044
Other payables	(	512)
Lease liabilities	(	3,063)
Total identifiable net assets		222,566
Goodwill	$	166,256

(c) The allocation of the acquisition price of Nanotein had been completed. The fair value of the acquired identifiable intangible assets and goodwill is $42,485 and $166,256, respectively.

(d) The Group recognised a gain of $47,971 as a result of measuring at fair value its 41% equity interest in Nanotein held before the business combination.

(e) The operating revenue included in the consolidated statement of comprehensive income since June 19, 2023 contributed by Nanotein Technologies, Inc. was $754. Nanotein Technologies, Inc. also contributed loss before income tax of $31,888 over the same period. Had Nanotein Technologies, Inc. been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $3,088 and loss before income tax of $50,581.

B. Acquisition of Lin Yang:

(a) The Group acquired the outstanding shares of Lin Yang in several times for NT$1,937,418 from October 2023 and obtained 93.16% of the share capital and the control of and over Lin Yang in December 2023. As a result of the acquisition, the Group is expected to improve the layout of CDMO production lines and production capacity. The structure of the shares acquired as of December 31, 2023 is as follows:

	Preferred stock	Common stock
Lin Yang Biopharm, Ltd.	-	168,138,001
Genovior Biotech Corporation	57,445,000	89,340,000
	57,445,000	257,478,001

(b) The following table summarises the consideration paid for Lin Yang and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

Purchase consideration		
Cash	$	1,433,695
Fair value of previously held equity interest in the acquiree		503,723
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		150,780
		2,088,198
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		69,288
Other current assets		143,056
Property, plant and equipment		157,902
Right-of-use assets		38,834
Other non-current assets		5,693
Lease liabilities	(	39,672)
Other current liabilities	(	105,138)
Other non-current liabilities	(	83,673)
Total identifiable net assets		186,290
Goodwill	$	1,901,908

(c) Acquisition prices in the business combination are calculated by the price of acquisition plus related direct costs. Goodwill is recognised at the difference of the acquisition prices less net fair value of identifiable assets acquired. The allocation duration of acquisition price may not exceed one year after the acquisition. In December 2023, the Group acquired Lin Yang and the allocation duration of the acquisition price will be completed in one year after the acquisition. The aforementioned information on allocation of acquisition price is an initial estimated value.

(d) The operating revenue included in the consolidated statement of comprehensive income since December 2023 contributed by Lin Yang was $3,543. Lin Yang also contributed loss before income tax of $15,949 over the same period. Had Lin Yang been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $106,429 and loss before income tax of $202,203.

(31) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	$ 334,563	$ 70,782
Opening balance of payable on equipment and construction	3,037	1,543
Ending balance of payable on equipment and construction	(1,313)	(3,037)
Ending balance of prepaid machinery and equipment	359	-
Less: Other current financial assets	(1,533)	345
Effect of foreign exchange	(1,937)	-
Cash paid during the period	$ 333,176	$ 69,633

(32) Changes in liabilities from financing activities

	2023	
	Long-term and short-term borrowings	Long-term and short-term lease liabilities
At January 1	$ 118,986	$ 263,632
Changes in cash flow from financing activities	898,554	(42,830)
Changes in other non-cash items	89,887	(80,054)
Effect of foreign exchange	(48,411)	(1,732)
At December 31	$ 1,059,016	$ 139,016

	2022	
	Long-term and short-term borrowings	Long-term and short-term lease liabilities
At January 1	$ 395,212	$ 41,538
Changes in cash flow from financing activities	(299,387)	(28,491)
Changes in other non-cash items	-	246,081
Effect of foreign exchange	23,161	4,504
At December 31	$ 118,986	$ 263,632

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Acepodia Biotechnologies, Limited	Other related parties
HSU, JAAN-PYNG	Chief Executive Officer of the Company

(2) Significant related party transactions

A. Operating expenses - research and development expenses

	Year ended December 31, 2023	Year ended December 31, 2022
Other related parties	$ 771	$ 511

The Company entered into a research cooperation agreement with Acepodia Biotechnologies, Limited in June 2022. The actual research expenses incurred are allocated to both parties based on the agreement.

B. Other payables

	December 31, 2023	December 31, 2022
Other related parties	$ -	$ 112

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term employee benefits	$ 28,500	$ 23,333
Pensions	45	108
Share-based payments	20,842	4,120
	$ 49,387	$ 27,561

(4) Endorsements and guarantees provided to related parties

The joint guarantor of the bank long-term borrowings of the Company's subsidiary, Genovior Biotech Corporation, is the Company's Chief Executive Officer, HSU, JAAN-PYNG.

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Other current financial assets			
Bank deposits	$ 1,508	$ 3,036	Special funds and restricted bank deposits (Note 1)
Other current assets	$ 1,850	$ -	Secured borrowings, refer to Notes 6(14) and (16)
Financial assets at amortised cost	$ 1,043,970	$ -	
Guarantee deposits paid			
Guarantee deposits of investment and lease - time deposits	$ 19,646	$ 19,647	Guarantee deposits of investment and land leasing for plant in Yilan (Note 2)
Right-of-use assets			
Land use right	$ 27,930	$ 29,166	Secured borrowings, refer to Notes 6(9), (14) and (16)
Property, plant and equipment	$ 19,800	$ -	Secured borrowings, refer to Note 6(16)

Note 1:Certain deposits were deposited in the restricted bank account as such funds can only be used in the construction of plant and purchase of equipment according to the contract entered into with Chengdu Longquanyi District State-owned Assets Investment Management Co., Ltd. and ChinaMinsheng Bank branch in Chengdu. Refer to Notes 6(1) and (16) for details.

Note 2: Referring to guarantee deposits of investment and land leasing paid to Hsinchu Science Park for the construction of plant in Yilan and the lease of land, respectively.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. The Company entered into an agreement with a research institution in January 2011 to provide investigational drugs for the institution to conduct clinical trials related to the Company's lead therapeutic. Pursuant to the agreement, the Company will subsidise the institution with US$950 thousand of research costs if any of the following events occurred: (1) authorising a third party to commercialise and sell the Company's lead therapeutic; (2) sales of the commercialisation rights of the lead therapeutic to a third party; or (3) the Company's acquisition by a third party. As there were still uncertainties in the development of the Company's lead therapeutic, the occurrence possibility, timing and contingent liabilities of the aforementioned events could not be reasonably estimated yet.

B. On March 4, 2024, the Group received a payment order from Taiwan Shilin District Court. The payment order is as follows: The applicant (i.e. creditor), IIH Strategic GP, Inc., required the Group (i.e debtor) to pay the financial consulting fee amounting to $282,486 (US$9,200 thousand) and the interest calculated at 5% per annum from the day following the service of this payment order until the repayment date and compensate the costs of the summary proceedings amounting to NT$500 (in dollars). The Group had declared civil objection against all the requests of the payment order to Taiwan Shilin District Court within the statutory period on March 11, 2024. The payment order ceases to be effective after the objection are declared. For the assessment of the contingent liabilities, the Group had acquired a legal opinion letter issued by a lawyer as of the issuance date of the financial statements. In response to the fact that the financial consulting agreement proposed by the creditor contains contractual invalidity and the factual conditions for the provision of financial consulting services listed in the agreement have not been fulfilled, the Group assessed that the occurrence of contingent liabilities is not highly possible. Therefore, the Group did not recognise provisions for the matters contained in the payment order.

(2) Commitments

The Group's expenditure contracted for at the balance sheet date but not yet incurred is summarized as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 86,446	$ 31,723
Clinical trial plans	23,595	15,471
	$ 110,041	$ 47,194

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On January 19, 2024, the Company's Board of Directors resolved to increase investment for $200,000 in the subsidiary, Genovior Biotech Corporation.

(2) On January 19, 2024, the Company's Board of Directors resolved the plan of the subsidiary, Polaris Biopharmaceuticals, Inc., of purchasing Zhunan plant from EPISTAR Corporation with an expected total transaction price of $670,000.

(3) On February 20, 2024, the Company's Board of Directors resolved to increase investment in the subsidiary, Polaris Biopharmaceuticals, Inc., in the amount of $500,000.

(4) On March 4, 2024, the Group received a payment order from Taiwan Shilin District Court. The payment order is requested by the applicant (i.e. creditor), IIH Strategic GP, Inc., to the Group (i.e debtor) for repayment of US$9,200 thousand. Please refer to Note 9(1) B.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to support the needs of the expansion and upgrading of plants and equipment. Therefore, the Group's capital management is to ensure that there are necessary financial resources and operating plans to maintain or adjust capital structure to support the needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures in the next year.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments at amortised cost (including cash and cash equivalents, current financial assets at amortised cost, investments accounted for using the equity method, trade receivables, other receivables, other financial assets, guarantee deposits paid, notes payable, other payables, short-term borrowings, long-term borrowings and lease liabilities) are approximate to their fair values. In addition, refer to Note 12(3) for the fair value information of financial instruments measured at fair value.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the RMB and NTD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: NTD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows (unit: in thousands):

	December 31, 2023			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Functional currency (USD)	Book value (NTD)
Financial assets				
Monetary items				
RMB:USD	$ 91,098	0.14	$ 12,836	$ 394,129
NTD:USD	705,982	0.03	22,992	705,982
Financial liabilities				
Monetary items				
RMB:USD	$ 228,074	0.14	$ 32,136	$ 986,736
NTD:USD	311,296	0.03	10,138	311,296

	December 31, 2022			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Functional currency (USD)	Book value (NTD)
Financial assets				
Monetary items				
RMB:USD	$ 12,713	0.14	$ 1,824	$ 56,025
NTD:USD	981,550	0.03	31,962	981,550
Financial liabilities				
Monetary items				
RMB:USD	$ 29,238	0.14	$ 4,196	$ 128,849
NTD:USD	261,592	0.03	8,518	261,592

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation (unit: in thousands):

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss (USD)	Effect on profit or loss (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
RMB:USD	3%	$ 385	$ 11,824
NTD:USD	3%	690	21,179
Financial liabilities			
Monetary items			
RMB:USD	3%	$ 964	$ 29,602
NTD:USD	3%	304	9,339

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss (USD)	Effect on profit or loss (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
RMB:USD	1%	$ 18	$ 560
NTD:USD	1%	320	9,816
Financial liabilities			
Monetary items			
RMB:USD	1%	$ 42	$ 1,288
NTD:USD	1%	85	2,616

v. The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to $2,403 and ($19,035), respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss.

ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 3% and 1%, respectively, with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $5,309 and $1,560, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value Interest rate risk

i. The Group's interest rate risk arises from bank deposits and long-term and short-term borrowings. The borrowings with variable rates are short-term borrowings, which expose the Group to cash flow interest rate risk. The risk of variations in the interest rates is performed and monitored by the Group treasury. As of December 31, 2023, the Group's borrowings at variable rate were mainly denominated in RMB.

ii. For the years ended December 31, 2023 and 2022, if the borrowing interest rate of RMB had increased/decreased by 3% and 1%, respectively, with all other variables held constant, profit, net of tax, would have increased/decreased by $26,477 and $0, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the trade receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only rated parties with an optimal credit rating are accepted.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days. The Group's trade receivable was generated from the customers with an optimal credit. The book value of trade receivable on December 31, 2023 and 2022 was $5,119 and $461, respectively. The expected credit impairment is insignificant based on the assessment.

(c) Liquidity risk

i. Cash flow forecasting is performed by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational and research and development needs. Such forecasting takes into consideration the compliance with internal project technology research and development schedule targets.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Accounts payables	$ 2,143	$ -	$ -	$ -
Other payables	200,733	-	-	-
Long-term and short-term borrowings	750,457	34,486	373,087	-
Lease liabilities	42,086	35,848	68,880	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Other payables	$ 130,057	$ -	$ -	$ -
Long-term and short-term borrowings	89,618	31,218	-	-
Lease liabilities	36,504	24,673	52,110	175,978

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's

investment in beneficiary certificates, and on-the-run US corporate bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3:Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks and stock is included in Level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 63,803	$ 63,803
Debt securities	73,094	-	-	73,094
Beneficiary certificates	40,060	-	-	40,060
	$113,154	$ -	$ 63,803	$176,957

December 31, 2022	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 49,998	$ 49,998
Debt securities	66,802	-	-	66,802
Beneficiary certificates	39,188	-	-	39,188
	$105,990	$ -	$ 49,998	$155,988

(b)The methods and assumptions the Group used to measure fair value are as follows:

i. The Group used market quoted prices as the fair values (that is, Level 1) of the corporate bonds and beneficiary certificates.

ii.Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

C. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

D. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
At January 1	$ 49,998	$ 45,065
Additions	13,699	-
Effect of exchange rate changes	106	4,933
At December 31	$ 63,803	$ 49,998

E. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments, and take the latest cash capital increase price as a reference.

F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 63,803	Most recent non-active market price	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 49,998	Most recent non-active market price	Not applicable	Not applicable	Not applicable

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

The Group operates business only in a single industry which is the development of new drugs. The chief operating decision-maker, (Board of Directors) who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

A. Segment income (loss) of the Group is measured using loss before income tax and is used as a basis for performance assessment. The accounting policies and accounting estimates of operating segment are in agreement with the summary of significant accounting policies and the critical accounting estimates and assumption described in Notes 4 and 5.

B. The financial information reported to the chief operating decision-maker is consistent with the financial information in the consolidated statement of comprehensive income and use a consistent measurement method.

(3) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
US	$ 3,938	$ 533,548	$ 6,439	$ 276,534
China	-	1,139,401	-	1,054,560
Taiwan	3,335	2,293,919	-	264,626
Japan	208	-	-	-
	$ 7,481	$ 3,966,868	$ 6,439	$ 1,595,720

Non-current assets refer to property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, others.

Polaris Group and subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Polaris Group	DesigneRx Pharmaceuticals (Chengdu) Co., Ltd.	Finance receivables due from related parties	Yes	$ 614,100	$ 460,575	$ 399,165	3.50%	Short-term financing	-	Working capital	-	-	-	$ 736,603	$ 2,946,611	Notes 2 and 3
1	Polaris Pharmaceutical, Inc.	Polaris Pharmaceuticals Australia Pty Ltd.	Finance receivables due from related parties	Yes	25,792	30,705	25,792	5.65%	Short-term financing	-	Working capital	-	-	-	222,832	222,832	Note 4

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Limit on loans for short-term financing granted by the Company to a single party is 10% of the Company's net assets in the latest audited and attested or reviewed financial statements.

Note 3: Ceiling on total loans for short-term financing granted by the Company to a single party is 40% of the Company's net assets in the latest audited and attested or reviewed financial statements.

Note 4: Limit on loans and ceiling on total loans for short-term financing granted between the overseas subsidiaries whose voting rights are wholly-owned by the Company is the creditor's net assets in the latest audited and attested or reviewed financial statements.

Polaris Group and subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the endorser/guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of Decmber 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements /guarantees to the party in Mainland China (Note 7)	Footnote
0	Polaris Group	DesigneRx Pharmaceuticals (Chengdu) Co., Ltd.	2	$ 14,732,054	$ 1,043,970	$ 1,043,970	$ 882,708	$ 1,043,970	14.16%	$ 22,098,081	Y	N	Y	Note 3

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total amount of endorsements/guarantees that the Company provided to others is 300% of the Company's net assets and limit on endorsements/guarantees provided for a single party is 200% of the Company's net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Polaris Group and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Polaris Group	Launxp Biomedical Co., Ltd.	Not applicable	Financial assets at fair value through profit or loss	3,899,748	$ 63,803	16.66%	$ 63,803	None
Polaris Group	AT&T Inc Bond 3.5%	Not applicable	Financial assets at fair value through profit or loss	Not applicable	$ 21,294	Not applicable	$ 21,294	None
Polaris Group	First Bank Fund	Not applicable	Financial assets at fair value through profit or loss	Not applicable	$ 18,233	Not applicable	$ 18,233	None
Polaris Group	SCSB 4Y Maturity Bond Collective Trust Account (OBU)	Not applicable	Financial assets at fair value through profit or loss	Not applicable	$ 21,827	Not applicable	$ 21,827	None
Polaris Group	Soft Bank Bond 5.25%	Not applicable	Financial assets at fair value through profit or loss	Not applicable	$ 51,800	Not applicable	$ 51,800	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Polaris Group and subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Polaris Group	Stocks	Investments accounted for using the equity method	DesigneRx Pharmaceuticals, Inc.	Subsidiary	88,179,257	$ 287,846	19,500,000	$ 603,423	-	$ -	$ -	$ -	107,679,257	$ 374,338
Polaris Group	Stocks	Investments accounted for using the equity method	TDW HK Limited	Subsidiary	45,300,001	549,975	37,000,000	1,178,650	-	-	-	-	82,300,001	1,454,601
Polaris Group	Stocks	Investments accounted for using the equity method	Polaris Biopharmaceuticals, Inc.	Subsidiary	100,000,000	988,242	25,000,000	500,000	-	-	-	-	125,000,000	1,415,182
TDW HK Limited	Stocks	Investments accounted for using the equity method	Lin Yang Biopharm, Ltd.	Subsidiary	-	-	168,138,001	1,110,347	-	-	-	-	168,138,001	174,699
Polaris Biopharmaceuticals, Inc.	Stocks	Investments accounted for using the equity method	Genovior Biotech Corporation	Subsidiary	-	-	61,035,000	837,271	-	-	-	-	61,035,000	67,661

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Polaris Group and subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction				
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Polaris Group	Polaris Pharmaceutical, Inc.	Parent company to subsidiary	Research and development expenses	$	203,002	Note 3	2713.17%
0	Polaris Group	Polaris Pharmaceuticals (Taiwan), Inc.(Note 6)	Parent company to subsidiary	Research and development expenses	$	78,845	Note 3	1053.94%
0	Polaris Group	DesigneRx Pharmaceuticals, Inc.	Parent company to subsidiary	Research and development expenses	$	137,462	Note 3	1837.48%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The transaction terms of significant inter-company transactions are similar with the normal transaction terms except for circumstances in which there are no similar transactions for reference and the terms will be negotiated and determined by both parties.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 5: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 6: The entity was formerly known as TDW Pharmaceuticals Inc. and was renamed Polaris Pharmaceutical Company Limited since October 24, 2023 upon approval in order to meet the needs of the Group's operation and development.

Polaris Group and subsidiaries

Information on investees

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended Decmeber 31, 2023	Investment income (loss) recognised by the Company for the year ended Decmeber 31, 2023	Footnote
				Balance as at Decmeber 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
The Company	Polaris Pharmaceuticals, Inc.	U.S.A	Research and development of biotechnology	$ 150,995	$ 150,995	23,000	100%	$ 222,832	($ 35,062)	($ 35,062)	
The Company	Polaris Group Korea Limited	South Korea	Biotechnology services	-	1,159	-	0%	-	-	-	
The Company	DesigneRx Europe Limited	U.K.	Biotechnology services	-	-	1	100%	-	-	-	Note 1
The Company	Polaris Pharmaceuticals Australia Pty Ltd.	Australia	Biotechnology services	2	2	100	100%	(30,208)	389	389	
The Company	Polaris Pharmaceuticals Ireland Limited	Ireland	Biotechnology services	4	4	100	100%	-	-	-	
The Company	DesigneRx Pharmaceuticals, Inc.	U.S.A	Research, development and manufacture of new drugs	2,738,033	2,134,610	107,679,257	100%	374,338	(588,616)	(588,616)	
The Company	Polaris Pharmaceuticals (Taiwan), Inc.	Taiwan	Biotechnology services and medicine inspection	903,612	903,612	43,800,000	100%	42,741	(22,687)	(22,687)	Note 2
The Company	TDW HK Limited	Hong Kong	Holding company	2,595,055	1,416,405	82,300,001	100%	1,454,601	(260,532)	(260,532)	
The Company	Nanotein Technologies, Inc.	U.S.A	Biotechnology services and medicine inspection	226,584	70,884	6,347,330	54.89%	99,642	(47,992)	(22,614)	
The Company	Polaris Biopharmaceuticals, Inc.	Taiwan	Research, development and manufacture of new drugs and CDMO services	1,500,000	1,000,000	125,000,000	100%	1,415,182	(89,120)	(89,120)	
TDW HK Limited	Lin Yang Biopharm, Ltd.	Cayman	Holding company	1,110,347	-	168,138,001	100%	174,699	(202,203)	(28,605)	
Lin Yang Biopharm, Ltd.	Genovior Biotech Corporation	Taiwan	Research, development, manufacture and production of medicine	428,750	428,750	85,750,000	54.43%	95,088	(170,769)	(92,950)	
Polaris Biopharmaceuticals, Inc.	Genovior Biotech Corporation	Taiwan	Research, development, manufacture and production of medicine	837,271	-	61,035,000	38.73%	67,661	(170,769)	(1,585)	

Note 1: The initial investment amount is 1 GBP.

Note 2: The entity was formerly known as TDW Pharmaceuticals Inc. and was renamed Polaris Pharmaceutical Company Limited since October 24, 2023 upon approval in order to meet the needs of the Group’s operation and development.

Polaris Group and subsidiaries

Information on investments in Mainland China
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of Decmeber 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnoe
					Remitted to Mainland China	Remitted back to Taiwan							
DesigneRx Pharmaceuticals (Shanghai) Inc.	Research and development of new drugs	$ 108,950	Note 1	$ -	$ -	$ -	$ -	($ 1,286)	100%	($ 1,286)	$ 1,925	$ -	
DesigneRx Pharmaceuticals (Chengdu) Co., Ltd.	Research and development of new drugs	1,413,200	Note 1	-	-	-	-	(258,018)	100%	(258,018)	315,487	-	

Note 1: Through investing in TDW HK Limited, which then invested in the investee in Mainland China.

Note 2: The investment income (loss) was recognised based on the financial statements that were audited by the Group’s CPA.

Polaris Group and subsidiaries

Major shareholders information

December 31, 2023

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Digital Capital Inc.	290,000,000	38.99%
Digital Mobile Venture Ltd.	61,729,295	8.29%
MAI INVESTMENT CO., LTD.	40,527,138	5.44%

Polaris Group

Person in Charge: Howard Chen