POLARIS GROUP AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND

2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

POLARIS GROUP

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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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

<u>Description</u>

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.

<u>How our audit addressed the matter</u>

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

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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)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
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)

		Equity attributable to owners of the parent						
	Notes	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 amount (In thousands)		Exchange rate	Functional currency (USD)		Book value (NTD)	
(Foreign currency: functional currency)							
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 amount (In thousands)		Exchange rate	Functional currency (USD)		Book value (NTD)	
(Foreign currency: functional currency)							
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 Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
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)

					Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	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%