OBI PHARMA, INC.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of OBI PHARMA, INC.

Opinion

We have audited the accompanying parent company only balance sheets of OBI PHARMA, INC. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

Key audit matter – Impairment assessment of intangible assets and investments accounted for using equity method

Description

Refer to Note 4(15) for accounting policies on impairment assessment of non-financial assets, Note 5 for critical judgements adopted in accounting policies on impairment assessment of intangible assets, and Note 6(7) in the parent company only financial statements and Note 6(6) in the consolidated financial statements for account details of intangible assets.

As of December 31, 2020, the balance of the Company's intangible assets amounted to NT$69,010 thousand, which consists of related technologies acquired from other companies for new drug development. The balance of patents, patented technologies and goodwill arising from equity investments in AP Biosciences, Inc. amounted to NT$250,843 thousand (shown as investments accounted for using equity method). Since the drug is still under development, no stable cash inflow can be generated. As of the balance sheet date, the Company assesses whether there is any indication that the patents and patented technologies are impaired based on external and internal information. The Company would then consider to recognise an impairment loss by comparing the recoverable amount if there is an indication that they are impaired. The goodwill is directly assessed for impairment testing. Since the impairment assessment performed by management involves critical judgement and has significant effect on value-in-use valuation, we considered the impairment assessment of intangible assets and investments accounted for using equity method a key audit matter.

How our audit addressed the matter

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

1. Reviewed the information used by the Company management for impairment assessment of intangible assets including plan and progress for each development project, etc., conducted discussion with management and director of research and development department regarding the information used for impairment assessment of intangible assets, and assessed whether:

   (1) The features, marketing advantages and market tendency of the main products including research and development technology are still competitive.

   (2) The progress of the major research and development plan has no significant delay.

   (3) The total market value of the Company is higher than the net assets as of the balance sheet date.

2. Performed the following procedures based on the obtained valuation report on goodwill impairment on the reinvestments accounted for using equity method prepared by external experts:

(1) Assessed whether the valuation methods adopted are reasonable for the industry, environment and the valued assets of the Company;

(2) Evaluated the reasonableness of main assumptions used in estimating the value-in-use, including R&D timeline, R&D success rate, market share of products after the receipt of drug permit license and royalty rate.

(3) Examined model parameters and calculations.

(4) Compared the discount rate used and assumptions on the capital cost of cash-generating units.

(5) Verified whether the value-in-use exceeds the book value of equity in AP Biosciences, Inc.

Key audit matter – Reorganisation of entities under common control

Description

As descripted in Note 6(14), the Company increased its capital by issuing new shares to acquire shares of Amaran Biotechnology Inc. with the merger effective date set on December 31, 2020. As the transaction pertains to the reorganisation of entities under common control, Amaran Biotechnology Inc. shall be treated as if it had always been consolidated since the beginning. Thus, the Company retrospectively restated the 2019 parent company only financial statements when preparing the Company's 2020 comparative parent company only financial statements.

Since the transaction was considered as a material transaction occurring during the reporting period, we consider the reorganisation of entities under common control a key audit matter.

How our audit addressed the matter

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

1. Interviewed the management to obtain an understanding on the purpose, evaluation process and determination of the consideration of this merger.
2. Reviewed the Acquisition Agreement and the meeting minutes of the Board of Directors' Meeting to verify whether the matters resolved in the meeting were consistent with the contents stipulated in the Acquisition Agreement.
3. Reviewed the accuracy of the accounting treatments and records on the merger effective date.
4. Performed the necessary audit procedures on the accounting items in the balance sheet and the statements of comprehensive income on the merger effective date and for the comparative periods in the financial statements.

Key audit matter – Accuracy of the subsidiaries' licensing revenue recognition

<u>Description</u>

The Company's subsidiary derives licensing revenue primarily from parent licensing. The licensing revenue amounted to NT$137,560 thousand for the year ended December 31, 2020. Refer to Note 4(24) in the consolidated financial statements for accounting policies on licensing revenue recognition and Note 6(14) in the consolidated financial statements for account details of licensing revenue. As the Company recognises revenue in accordance with the terms and conditions specified in each license contract, and the amount of revenue is material to the Company's share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method, we consider the accuracy of licensing revenue recognition a key audit matter.

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

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

1. Checked the contents of license contracts, and confirmed whether the amounts and timing were recognised in accordance with the accounting treatment for revenue recognition.
2. Obtained proper supporting documents to verify that the rights and obligations have been transferred.

Other matter – Reference to the audits of other auditors

As descripted in Note 6(4), we did not audit the 2019 financial statements of an investment accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of Amaran Biotechnology Inc., is based solely on the report of the other auditors. The balance of this investment accounted for using the equity method amounted to NT$452,434 thousand, constituting 8% of the total assets as at December 31, 2019, and the comprehensive loss recognised from this investment accounted for using the equity method amounted to NT$184,356 thousand, constituting 13% of the total comprehensive loss for the year then ended.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in 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 parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors'

report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

David Teng Eileen Liang

For and on behalf of PricewaterhouseCoopers, Taiwan
March 12, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

OBI PHARMA, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	(Adjusted) December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,454,956	54	$ 4,424,629	75
1110	Financial assets at fair value through profit or loss - current	6(2)	382,159	9	-	-
1170	Accounts receivable, net		1,451	-	854	-
1200	Other receivables		14,879	-	37,404	1
1210	Other receivables due from related parties		1,795	-	-	-
1410	Prepayments		131,120	3	114,450	2
11XX	**Total current assets**		2,986,360	66	4,577,337	78
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	8,037	-	8,318	-
1550	Investments accounted for under equity method	6(4)	1,156,711	25	788,320	13
1600	Property, plant and equipment	6(5) and 7	211,646	5	241,259	4
1755	Right-of-use assets	6(6)	80,130	2	118,612	2
1780	Intangible assets	6(7)	69,010	1	87,967	2
1900	Other non-current assets	8	36,368	1	57,750	1
15XX	**Total non-current assets**		1,561,902	34	1,302,226	22
1XXX	**Total assets**		$ 4,548,262	100	$ 5,879,563	100

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OBI PHARMA, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	(Adjusted) December 31, 2019 AMOUNT	%
	Current liabilities					
2200	Other payables		$ 144,299	3	$ 111,091	2
2220	Other payables - related parties	7	44,157	1	34,623	-
2280	Current lease liabilities		29,108	1	36,965	1
2320	Long-term liabilities, current portion	6(8)	9,000	-	9,711	-
2399	Other current liabilities, others		1,397	-	1,217	-
21XX	**Total current liabilities**		227,961	5	193,607	3
	Non-current liabilities					
2540	Long-term borrowings	6(8)	35,000	1	43,289	1
2580	Non-current lease liabilities		56,279	1	85,387	1
25XX	**Total non-current liabilities**		91,279	2	128,676	2
2XXX	**Total liabilities**		319,240	7	322,283	5
	Equity					
	Share capital	6(11)				
3110	Common stock		1,992,794	44	1,881,287	32
	Capital Surplus	6(10)(12)				
3200	Capital surplus		3,684,782	80	11,504,987	196
	Retained earnings	6(13)				
3350	Accumulated deficit		(1,377,935)	(30)	(8,259,036)	(141)
	Other equity interest					
3400	Other equity interest		(16,788)	-	(22,392)	-
3500	Treasury stocks	6(11)	(53,831)	(1)	-	-
35XX	**Equity attributable to former owner of business combination under common control**	6(14)	-	-	452,434	8
3XXX	**Total equity**		4,229,022	93	5,557,280	95
	Significant Contingent Liabilities and Unrecognised Contract Commitments	6(7) and 9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 4,548,262	100	$ 5,879,563	100

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

OBI PHARMA, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

	Items	Notes	2020 AMOUNT	2020 %	2019(Adjusted) AMOUNT	2019(Adjusted) %
4000	Sales revenue	6(15)	$ 1,489	-	$ 872	-
5000	Operating costs		-	-	-	-
5900	Net operating margin		1,489	-	872	-
	Operating expenses	6(9)(10)(19) (20) and 7				
6200	General and administrative expenses		(151,737)	(11)	(188,194)	(12)
6300	Research and development expenses		(1,069,086)	(73)	(1,134,337)	(71)
6000	Total operating expenses		(1,220,823)	(84)	(1,322,531)	(83)
6900	Operating loss		(1,219,334)	(84)	(1,321,659)	(83)
	Non-operating income and expenses					
7100	Interest income	6(16)	42,125	3	90,387	6
7010	Other income		5,956	-	4,403	-
7020	Other gains and losses	6(17)	(71,391)	(5)	(83,963)	(5)
7050	Finance costs	6(18)	(2,390)	-	(2,566)	-
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(4)	(212,506)	(14)	(277,984)	(18)
7000	Total non-operating income and expenses		(238,206)	(16)	(269,723)	(17)
8200	**Loss for the year**		($ 1,457,540)	(100)	($ 1,591,382)	(100)
	Other comprehensive income (loss), net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316	Unrealised valuation gains and loss from equity investment instruments measured at fair value through other comprehensive income	6(3)	($ 281)	-	$ 864	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		5,885	-	(1,839)	-
8300	**Other comprehensive income (loss) for the year, net**		$ 5,604	-	($ 975)	-
8500	**Total comprehensive loss for the year**		($ 1,451,936)	(100)	($ 1,592,357)	(100)
	Loss attributable to:					
	Owners of the parent		($ 1,377,935)	(95)	($ 1,407,026)	(88)
	Former owner of business combination under common control		(79,605)	(5)	(184,356)	(12)
	Total		($ 1,457,540)	(100)	($ 1,591,382)	(100)
	Comprehensive loss attributable to:					
	Owners of the parent		($ 1,372,331)	(95)	($ 1,408,001)	(88)
	Former owner of business combination under common control		(79,605)	(5)	(184,356)	(12)
	Total		($ 1,451,936)	(100)	($ 1,592,357)	(100)
	Loss per share	6(22)				
9750	Basic loss per share		($ 7.34)		($ 8.30)	

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

OBI PHARMA, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital Surplus			Accumulated deficit	Other Equity Interest		Treasury stocks	Equity attributable to former owner of business combination under common control	Total equity
			Additional paid-in capital	Employee stock options	Others		Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
2019 (Adjusted)											
Balance at January 1, 2019		$ 1,739,907	$ 8,284,772	$ 1,099,675	$ 145,671	($ 6,514,955)	($ 1,690)	($ 19,727)	($ 386,721)	$ 699,530	$ 5,046,462
Net loss for the year		-	-	-	-	(1,407,026)	-	-	-	(184,356)	(1,591,382)
Other comprehensive income (loss) for the year		-	-	-	-	-	(1,839)	864	-	-	(975)
Total comprehensive income (loss) for the year		-	-	-	-	(1,407,026)	(1,839)	864	-	(184,356)	(1,592,357)
Capital increase by cash		150,000	1,875,000	-	-	-	-	-	-	-	2,025,000
Tresaury stock retired	6(11)(12)	(8,620)	(41,046)	-	-	(337,055)	-	-	386,721	-	-
Share-based payment transactions	6(10)(11)(12)(20)	-	8,351	59,730	72,834	-	-	-	-	-	140,915
Shares of the parent company held by subsidiaries treated as treasury shares	6(4)	-	-	-	-	-	-	-	-	(62,740)	(62,740)
Balance at December 31, 2019		$ 1,881,287	$ 10,127,077	$ 1,159,405	$ 218,505	($ 8,259,036)	($ 3,529)	($ 18,863)	$ -	$ 452,434	$ 5,557,280
2020											
Balance at January 1, 2020		$ 1,881,287	$ 10,127,077	$ 1,159,405	$ 218,505	($ 8,259,036)	($ 3,529)	($ 18,863)	$ -	$ 452,434	$ 5,557,280
Net loss for the year		-	-	-	-	(1,377,935)	-	-	-	(79,605)	(1,457,540)
Other comprehensive income (loss) for the year		-	-	-	-	-	5,885	(281)	-	-	5,604
Total comprehensive income (loss) for the year		-	-	-	-	(1,377,935)	5,885	(281)	-	(79,605)	(1,451,936)
Effect of reorganisation	6(4)	106,932	336,764	-	-	-	-	-	-	(372,829)	70,867
Capital surplus used to cover accumulated deficit	6(12)(13)	-	(8,259,036)	-	-	8,259,036	-	-	-	-	-
Share-based payment transactions	6(10)(11)(12)(20)	4,575	1,468	37,023	17,517	-	-	-	-	-	60,583
Changes in ownership interests in subsidiaries (Note)	6(12)	-	-	-	31,922	-	-	-	-	-	31,922
Disgorgement exercise	6(12)	-	-	-	14,137	-	-	-	-	-	14,137
Shares of the parent company held by subsidiaries treated as treasury shares	6(4)	-	-	-	-	-	-	-	(53,831)	-	(53,831)
Balance at December 31, 2020		$ 1,992,794	$ 2,206,273	$ 1,196,428	$ 282,081	($ 1,377,935)	$ 2,356	($ 19,144)	($ 53,831)	$ -	$ 4,229,022

Note: It refers to effect of not acquiring shares issued by subsidiaries in proportion to its interest.

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

OBI PHARMA, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019(Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 1,457,540)	($ 1,591,382)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(19)	105,238	99,648
Amortisation	6(7)(19)	20,774	21,290
Interest expense	6(18)	2,390	2,566
Interest income	6(16)	(42,125)	(90,387)
Dividend income		(2,096)	-
Gains on financial assets at fair value through profit or loss	6(2)	(11,552)	-
Compensation cost for share-based payment	6(10)(20)	38,491	111,096
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	212,506	277,984
Prepaid equipment transferred to expenses		229	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(370,607)	-
Accounts receivable		(597)	18
Other receivables		(214)	(1,092)
Other receivables due from related parties		(1,795)	-
Prepayments		(16,670)	(25,459)
Changes in operating liabilities			
Other payables		34,545	31,504
Other payables-related parties		9,534	14,331
Other current liabilities		180	89
Cash outflow generated from operations		(1,479,309)	(1,149,794)
Interest received		64,864	91,093
Dividends received		2,096	-
Interest paid		(2,390)	(2,566)
Net cash flows used in operating activities		(1,414,739)	(1,061,267)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method	6(4)	(508,537)	(15,545)
Acquisition of property, plant and equipment	6(24)	(15,504)	(27,738)
Acquisition of intangible assets	6(7)	(1,817)	(3,307)
Increase in prepayments for business facilities		(3,203)	(8,958)
Decrease (increase) in refundable deposits		1,380	(1,506)
Net cash flows used in investing activities		(527,681)	(57,054)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term debt	6(8)	(9,000)	(9,000)
Proceeds from exercise of employee stock options	6(10)(11)	4,575	-
Repayment of lease principal	6(6)	(36,965)	(24,224)
Proceeds from cash capital increase	6(11)(12)	-	2,025,000
Disgorgement exercise	6(12)	14,137	-
Net cash flows (used in) from financing activities		(27,253)	1,991,776
Net (decrease) increase in cash and cash equivalents		(1,969,673)	873,455
Cash and cash equivalents at beginning of year		4,424,629	3,551,174
Cash and cash equivalents at end of year		$ 2,454,956	$ 4,424,629

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

OBI PHARMA, INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars,
except as otherwise indicated)

1. HISTORY AND ORGANISATION

OBI PHARMA, INC. (the "Company") was established on April 29, 2002 upon approval by the Ministry of Economic Affairs. The Company conducted the initial public offering in May 2012, and traded its shares on the Emerging Stock Market of the Taipei Exchange (formerly GreTai Securities Market) since March 23, 2015. The Company is primarily engaged in new drugs research.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
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 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income, these parent company only financial statements have been prepared under the historical cost convention.

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

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

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 other foreign exchange gains and losses based on the nature of those transactions 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 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.

(4) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as 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;

(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.

Otherwise, they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

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

(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.

Otherwise, they are classified as non-current liabilities.

(5) 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.

(6) 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. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

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

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

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs, and subsequently measured it at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts receivable

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

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

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company 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 Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financials and operating policies. In general, it is presumed that the parent has the power to govern the financials and operating policies, if a parent holds, directly or indirectly, more than half of the voting power of an entity. Investments in subsidiaries are accounted for using equity method in these parent company only financial statements.

B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. Shares of the parent company held by subsidiaries are treated as treasury shares.

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

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 Company 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.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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 and structures	50 years
Lab equipment	3~5 years
Office equipment	3~5 years
Leasehold improvements	3~5 years

(13) Operating leases (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 Company. 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 fixed payments, less any lease incentives receivable. The Company 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; and

(c) Any initial direct costs incurred by the lessee.

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.

(14) Intangible assets

A. Patent and acquired special technology:

(a) Patents acquired in intellectual property right as equity are recognised at fair value at the acquisition date, and amortised on a straight-line basis over the estimated useful life of 17 years.

(b) If acquired by cash, it is recorded at acquisition cost. The estimated useful life is 2 to 10 years, and it is amortised on a straight-line basis.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(15) Impairment of non-financial assets

A. The Company 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 amount of goodwill is 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.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other short-term loans. 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.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is either discharged or cancelled or expires.

(18) 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 expenses in that period when the employees render service.

B. Pensions - Defined contribution plans

For defined contribution plans, the contributions as pension expenses when they are due on an accrual basis. Prepaid contributions 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.

(19) 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-market 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.

(20) 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 operates and generates 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 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred income 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 income 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income 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 income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income 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 income 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 income 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 research and development expenditures, to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Share capital

A. 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.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(22) Revenue recognition

Revenue from licensing intellectual property

Some contracts require a sales-based royalty in exchange for a license of intellectual property. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

(23) Reorganisation of entities under common control

In accordance with the IFRS Q&A 'Questions on the accounting treatment of business combination under common control' issued by the Accounting Research and Development Foundation of the R.O.C. (ARDF) on October 26, 2018, there are no definite rules for business combinations of entities under common control in IFRS 3, 'Business combinations'. Therefore, the Group applies the related interpretations issued in the R.O.C. to account for the reorganisation using the book value method and restate the prior year financial statements as if the entity had always been consolidated since the beginning.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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. Critical judgements adopted in the accounting policies are as follows:

(1) Impairment assessment of intangible assets (excluding goodwill)

In accordance with IAS 36, the Company determines whether an intangible asset (excluding goodwill) may be impaired requiring significant judgements. The Company assesses whether there is any indication for impairment based on internal and external information, including the plan and progress of research and development project and the prospect of such technology.

(2) Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company'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.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 100	$ 100
Checking accounts and demand deposits	478,344	853,772
Time deposits	1,976,512	3,570,757
	$ 2,454,956	$ 4,424,629

A. The Company 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.

B. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2020
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	$ 106,320
Open-end fund	264,287
	370,607
Valuation adjustment	11,552
	$ 382,159

A. The Company recognised a gain of $48,772 on financial assets at fair value through profit or loss for the year ended December 31, 2020. There was no such transaction for the year ended December 31, 2019.

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

C. 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 fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
Non-current item:		
Unlisted stocks	$ 27,181	$ 27,181
Valuation adjustment	(19,144)	(18,863)
	$ 8,037	$ 8,318

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $8,037 and $8,318 as at December 31, 2020 and 2019, respectively.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 281)	$ 864

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $8,037 and $8,318, respectively.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Investments accounted for using equity method

	2020	2019 (Adjusted)
At January 1 (Adjusted)	$ 788,320	$ 1,085,520
Addition of investments accounted for using equity method	508,538	15,545
Shares of the parent company held by subsidiaries treated as treasury shares	(53,831)	(62,740)
Share of profit or loss of investments accounted for using equity method (Note 1)	(212,506)	(277,984)
Acquisition of equity attributable to former owner of business combination under common control	70,866	-
Changes in ownership interests in subsidiaries	31,922	-
Changes in capital surplus	17,517	29,818
Changes in other equity items	5,885	(1,839)
At December 31	$ 1,156,711	$ 788,320

	December 31, 2020	December 31, 2019 (Adjusted)
AP Biosciences, Inc.	$ 589,510	$ 262,502
Amaran Biotechnology Inc. (Note 2)	389,865	452,434
OBI Pharma Australia Pty Ltd.	117,639	8,790
OBI Pharma USA, Inc.	51,101	49,554
OBI Pharma Limited	8,596	15,040
	$ 1,156,711	$ 788,320

Note 1: Including loss attributable to former owner of business combination under common control amounting to $79,605.

Note 2: Including shares of the Company held by subsidiaries that are treated as treasury shares.

A. Details of the subsidiaries of the Company are provided in Note 4(3) in the Company's 2020 consolidated financial statements.

B. The Company included Amaran Biotechnology Inc. in 2019 due to the retrospective restatement. Based on the reports of auditors engaged by the investee, the comprehensive loss recognised from investments accounted for using equity method amounted to $184,356 for the year ended December 31, 2019 and the balance of investments accounted for using equity method amounted to $452,434 as of December 31, 2019.

C. The Company increased its capital by issuing new shares to acquire shares of Amaran Biotechnology Inc. from related parties with the merger effective date set on December 31, 2020. The merger transaction pertains to the intra-group reorganisation. Refer to Note 6(14) for details.

(5) Property, plant and equipment

	Land	Buildings and structures	Lab equipment	Office equipment	Leasehold improvements	Total
At January 1, 2020						
Cost	$ 87,514	$ 26,818	$ 301,487	$ 20,887	$ 61,087	$ 497,793
Accumulated depreciation	-	(10,171)	(191,152)	(17,659)	(37,552)	(256,534)
	$ 87,514	$ 16,647	$ 110,335	$ 3,228	$ 23,535	$ 241,259
2020						
At January 1	$ 87,514	$ 16,647	$ 110,335	$ 3,228	$ 23,535	$ 241,259
Additions	-	-	9,760	2,150	2,257	14,167
Reclassifications (Note 1)	-	-	18,736	-	4,240	22,976
Depreciation	-	(2,927)	(49,789)	(2,199)	(11,841)	(66,756)
At December 31	$ 87,514	$ 13,720	$ 89,042	$ 3,179	$ 18,191	$ 211,646
At December 31, 2020						
Cost	$ 87,514	$ 26,818	$ 329,982	$ 23,020	$ 67,584	$ 534,918
Accumulated depreciation	-	(13,098)	(240,940)	(19,841)	(49,393)	(323,272)
	$ 87,514	$ 13,720	$ 89,042	$ 3,179	$ 18,191	$ 211,646

	Land	Buildings and structures	Lab equipment	Office equipment	Leasehold improvements	Total
At January 1, 2019						
Cost	$ 87,514	$ 26,818	$ 248,875	$ 19,664	$ 36,788	$ 419,659
Accumulated depreciation	-	(5,930)	(138,697)	(14,324)	(26,412)	(185,363)
	$ 87,514	$ 20,888	$ 110,178	$ 5,340	$ 10,376	$ 234,296
2019						
At January 1	$ 87,514	$ 20,888	$ 110,178	$ 5,340	$ 10,376	$ 234,296
Additions	-	-	22,566	1,701	3,193	27,460
Reclassifications (Note 1)	-	-	30,080	-	21,106	51,186
Depreciation	-	(4,241)	(52,489)	(3,813)	(11,140)	(71,683)
At December 31	$ 87,514	$ 16,647	$ 110,335	$ 3,228	$ 23,535	$ 241,259
At December 31, 2019						
Cost	$ 87,514	$ 26,818	$ 301,487	$ 20,887	$ 61,087	$ 497,793
Accumulated depreciation	-	(10,171)	(191,152)	(17,659)	(37,552)	(256,534)
	$ 87,514	$ 16,647	$ 110,335	$ 3,228	$ 23,535	$ 241,259

Note 1: The reclassifications resulted from a transfer from prepayments for business facilities (shown as ‘other non-current asset’) to property, plant and equipment.

Note 2: Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

Note 3: Refer to Note 6(24) for details.

(6) Leasing arrangements - lessee

A. The Company leases various assets including office space and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. 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 offices. Low-value assets comprise photocopiers. For the years ended December 31, 2020 and 2019, payments of lease commitments for short-term leases amounted to $222 and $10,649, respectively.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Buildings	$ 80,130	$ 118,040
Transportation equipment (Business vehicles)	-	572
	$ 80,130	$ 118,612

	Years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Buildings	$ 37,910	$ 27,340
Transportation equipment (Business vehicles)	572	625
	$ 38,482	$ 27,965

D. For the year ended December 31, 2019, the Company increased 'right-of-use asset' by $48,935 . There was no such transaction for the year ended December 31, 2020.

E. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,687	$ 1,652
Expense on short-term lease contracts	222	10,649
Expense on leases of low-value assets	401	440

F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases arising from right-of-use assets were $39,275 (of which $36,965 represents principal of lease liabilities) and $36,965 (of which $24,224 represents principal of lease liabilities), respectively.

(7) Intangible assets

	Patent					
	OBI-822 Therapeutically metastatic vaccines	OBI-858 Product development project of botulinum	OBI-833 Next-generation cancer vaccine	OBI-3424 AKR1C3 enzyme prodrug	Software	Total
At January 1, 2020						
Cost	$ 87,577	$ 42,858	$ 1,500	$ 90,693	$ 12,391	$ 235,019
Accumulated amortisation	(82,426)	(33,572)	(1,038)	(21,162)	(8,854)	(147,052)
	$ 5,151	$ 9,286	$ 462	$ 69,531	$ 3,537	$ 87,967
2020						
At January 1	$ 5,151	$ 9,286	$ 462	$ 69,531	$ 3,537	$ 87,967
Additions	-	-	-	-	1,817	1,817
Amortisation	(5,151)	(4,286)	(150)	(9,069)	(2,118)	(20,774)
At December 31	$ -	$ 5,000	$ 312	$ 60,462	$ 3,236	$ 69,010
At December 31, 2020						
Cost	$ 87,577	$ 42,858	$ 1,500	$ 90,693	$ 8,630	$ 231,258
Accumulated amortisation	(87,577)	(37,858)	(1,188)	(30,231)	(5,394)	(162,248)
	$ -	$ 5,000	$ 312	$ 60,462	$ 3,236	$ 69,010

	Patent						
	OBI-822	OBI-858	OBI-833	OBI-3424			
	Therapeutically metastatic vaccines	Product development project of botulinum	Next-generation cancer vaccine	AKR1C3 enzyme prodrug	ThioBridge linker technology	Software	Total
At January 1, 2019							
Cost	$ 87,577	$ 42,858	$ 1,500	$ 90,693	$ 1,945	$ 9,084	$ 233,657
Accumulated amortisation	(77,275)	(29,287)	(887)	(12,092)	(1,216)	(6,950)	(127,707)
	$ 10,302	$ 13,571	$ 613	$ 78,601	$ 729	$ 2,134	$ 105,950
2019							
At January 1	$ 10,302	$ 13,571	$ 613	$ 78,601	$ 729	$ 2,134	$ 105,950
Additions	-	-	-	-	-	3,307	3,307
Amortisation	(5,151)	(4,285)	(151)	(9,070)	(729)	(1,904)	(21,290)
At December 31	$ 5,151	$ 9,286	$ 462	$ 69,531	$ -	$ 3,537	$ 87,967
At December 31, 2019							
Cost	$ 87,577	$ 42,858	$ 1,500	$ 90,693	$ 1,945	$ 12,391	$ 236,964
Accumulated amortisation	(82,426)	(33,572)	(1,038)	(21,162)	(1,945)	(8,854)	(148,997)
	$ 5,151	$ 9,286	$ 462	$ 69,531	$ -	$ 3,537	$ 87,967

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,			
	2020		2019	
Administrative expenses	$	1,167	$	1,851
Research and development expenses		19,607		19,439
	$	20,774	$	21,290

B. The Company purchased patents named "OPT-822", therapeutically metastatic breast cancer vaccines, and "OPT-80", Macrolide, from Optimer Pharmaceuticals, Inc. (the name "Optimer" is no longer used since January 2013 and the name was changed to "OBI-822/821" after the organisation changed in October 2012) on December 29, 2003. The main contract information is as follows:

(a) The patent amounting to USD 6 million (approximately NTD 204,000) based on the appraisal report, was acquired as intellectual property right through equity of 20,400 thousand shares.

(b) The Company signed an authorised sale contract for Antibiotics-Fidaxomicin with OPT. The contract states that the Company must pay royalty fees to OPT based on 17% or 22% of sales under the revenue achievements. The payment period of the royalty fee is the duration of patent right or ten years starting from the initial sales, whichever is later.

(c) On October 2, 2015, the Company entered into a contract with Optimer Pharmaceuticals, LLC. (hereafter referred to as "Optimer"), agreeing to transfer all the rights of DIFICID™ (Fidaxomicin) in terms of marketing approval and filing a trademark application pursuant to Taiwan legislations. The contract will expire on November 27, 2028 when the patent term lapses. The contract provides that the Company is obliged to transfer all related rights to Optimer. In return, Optimer is obliged to pay the Company (a) US$3 million of contract value; (b) a maximum of US$3.25 million of accumulated net sales revenue and additional US$1 million of milestone payment for each new indication; (c) sales royalty calculated based on a certain percentage of net sales revenue. As for all business activities related to DIFICID™, it is handed over to Optimer's associate in Taiwan, Merck Sharp & Dohme (I.A.) LLC. - Taiwan Branch (hereafter referred to as "MSD"). In addition, the authorised sale contract mentioned in Note 6(7)B.(b) has been terminated when the contract value of this transfer contract was settled based on mutual agreement. For the years ended December 31, 2020 and 2019, the Company recognised the aforementioned royalty income of $1,489 and $872, respectively.

(d) The Company needs to pay the annual fee and achieved milestones. As of December 31, 2020, the remaining unpaid amount for achieved milestones amounted to US$10 million. The amount of payment was determined based on whether the milestones in the agreement are achieved or not. Furthermore, the Company must pay royalty fees based on a certain percentage of the sales of patented products annually.

C. In order to improve mass production and manufacturing process of OBI-822 for expanding global market, the Company has signed an exclusive patent license for the Globo H series' chemosynthesis of carbohydrates with Academia Sinica on April 23, 2014, and the contract period is from April 23, 2014 to the expiration of protection duration of the last patented product. The Company must pay upfront patent licensing fees and royalty fees in accordance with the contract. Except for royalty fees, the Company assesses whether to pay periodical patent licensing fees based on 4 achieved milestones. The total contract amount was approximately $60,000. Further, pursuant to the supplements and amendments agreement on February 18, 2016, the patent licensing fees was reduced to $57,320. As of December 31, 2020, the Company paid royalty fees of $20,000 in 2014, milestone patent licensing fees of $27,320 in 2016 and $10,000 in 2017. These fees were recognised as research and development expenses.

D. The Company purchased a patent named "product development project of botulinum" (OBI-858) from Amaran Biotechnology Inc. on March 2, 2012, which amounted to $42,858 based on external experts' valuation.

E. In 2010, the Company acquired patents named "next-generation cancer vaccine" (OBI-833) and "reagent for cancer screening" (OBI-868). The contract states that the Company must pay royalty fees based on the achieved milestones. In 2013, the Company paid royalty fees of $1,500 separately for both projects. Furthermore, the Company must pay royalty fees based on a certain percentage of the sales of patented products annually.

F. On May 31, 2017, the Company entered into an agreement with Threshold Pharmaceuticals, Inc. to acquire the global IP right (excluding Mainland China, Hong Kong, Macao, Taiwan, Japan, South Korea, Singapore, Malaysia, Thailand, Turkey and India) and patent regarding the innovative micromolecule drug TH-3424, which was then renamed OBI-3424.

G. On July 11, 2017, the Company entered into a licensing agreement with PolyTherics Limited (Abzena) to introduce the ThioBridge™ linker technology required for the antibody drug conjugate (ADC). Under the terms of the agreement, the Company is obliged to pay a small amount of upfront payment to Abzena to acquire the worldwide exclusive right to use the ThioBridge™ technology for the development and commercialisation of ADCs targeting of carbohydrates in the Globo series. In the following years, milestone payments will be due whenever the specified milestones are reached. In addition, the Company is also required to pay royalties based on a certain percentage of sales of the products which incorporate the ThioBridge™ technology.

H. The Company has no intangible assets pledged to others.

(8) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2020	December 31, 2019
Long-term bank borrowings					
Secured borrowings	Borrowing period is from October 5, 2016 to October 5, 2026; interest is payable monthly (Note 1)	Note 3	Note 2	$ 42,000	$ 49,000
Unsecured borrowings	Borrowing period is from October 5, 2016 to October 5, 2021; interest is payable monthly (Note 1)	Note 3	None	2,000	4,000
				44,000	53,000
Less: Current portion				(9,000)	(9,711)
				$ 35,000	$ 43,289

Note 1: The Company negotiated borrowing contract with the bank whereby the principal will be payable quarterly starting from January 2017.

Note 2: Please refer to Note 8 for details.

Note 3: It was calculated based on 3-month adjustable rates for consumer loans plus 0.53% annual rate. As of December 31, 2020 and 2019, the interest rate was 1.33% and 1.6%, respectively.

(9) Pension

The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were $7,623 and $7,122, respectively.

(10) Share-based payment

A. The options were granted to qualified employees of the Company, the subsidiaries which the Company holds over 50% equity interest, and the branches by issuing new shares when exercised. The options are valid for 10 years. The major contents were as follows:

Type of agreement	Grant date	No. of units	Subscription share per unit	Vesting conditions	Weighted-average remaining contract period (years)
Employee stock option plan	2010.03.08	2,360,000	1	One year after grant, employees can exercise options monthly at a certain percentage	-
〃	2010.05.21	100,000	1	〃	-
〃	2010.09.10	60,000	1	〃	-
〃	2010.12.15	144,000	1	〃	-
〃	2011.01.01	588,000	1	〃	-
〃	2011.03.30	80,000	1	〃	0.25
〃	2011.06.10	124,000	1	〃	0.44
〃	2011.09.30	260,000	1	〃	0.75
〃	2011.12.16	2,450,000	1	〃	0.96
〃	2012.01.01	1,560,000	1	〃	1.00
〃	2012.03.09	270,000	1	〃	1.19
〃	2013.11.27	1,821,000	1	Two year after grant, employees can exercise options monthly at a certain percentage	2.9
〃	2014.02.21	1,744,000	1	〃	3.14
〃	2014.03.26	575,000	1	〃	3.23
〃	2015.05.06	2,861,000	1	〃	4.34
〃	2015.08.04	75,000	1	〃	4.59
〃	2015.11.06	353,000	1	〃	4.85
〃	2015.12.15	13,000	1	〃	4.96
〃	2016.03.25	1,377,000	1	〃	5.23
〃	2017.03.09	3,145,000	1	〃	6.18
〃	2017.05.12	20,000	1	〃	6.36
〃	2017.08.11	20,000	1	〃	6.61
〃	2017.11.10	130,000	1	〃	6.86
〃	2018.01.19	1,685,000	1	〃	7.05
〃	2019.09.06	1,125,000	1	〃	8.68
〃	2019.11.08	385,000	1	〃	8.85
〃	2020.08.05	510,000	1	〃	9.59

Type of agreement	Grant date	No. of units	Subscription share per unit	Vesting conditions	Weighted-average remaining contract period (years)
Cash capital increase reserved for employee preemption	2013.07.26	839,514	1	Vested immediately	-
〃	2015.03.16	3,000,000	1	〃	-
〃	2019.04.22	2,175,700	1	〃	-

Note: The above share-based payment arrangements are equity-settled.

B. Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2020		2019	
	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	10,634,832	$ 249.44	10,230,484	$ 245.60
Options granted	510,000	120.00	1,510,000	140.69
Options exercised	(457,500)	10.00	-	-
Options forfeited or expired	(732,997)	276.68	(1,105,652)	254.52
Options outstanding at end of the year	9,954,335	251.81	10,634,832	249.44
Options exercisable at end of the year	7,629,383		7,167,497	
Options authorised but not granted at end of the year	-		-	

C. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2020 was $105.3 (in dollars). No stock option was exercised for the year ended December 31, 2019.

D. As of December 31, 2020 and 2019, the range of exercise prices of the Company’s stock options outstanding were $120~$727 (in dollars) and $10~$727 (in dollars), respectively.

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

Type of agreement	Grant date	Underlying market value on measurement date (in dollars)	Exercise price per share (in dollars)	Expected volatility (Note)	Expected option life	Expected dividend yield	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock option plan	2010.03.08	$ 6.9	$ 10.0	44.23%	10 years	0%	1.42%	$ 3.16
〃	2010.05.21	6.9	10.0	44.23%	10 years	0%	1.42%	3.16
〃	2010.09.10	6.9	10.0	44.23%	10 years	0%	1.42%	3.16
〃	2010.12.15	6.9	10.0	44.23%	10 years	0%	1.42%	3.16
〃	2011.01.01	9.6	10.0	41.62%	10 years	0%	1.51%	4.98
〃	2011.03.30	9.6	10.0	41.62%	10 years	0%	1.51%	4.98
〃	2011.06.10	9.6	10.0	41.62%	10 years	0%	1.51%	4.98
〃	2011.09.30	7.4	10.0	40.94%	10 years	0%	1.29%	3.21
〃	2011.12.16	7.4	10.0	40.94%	10 years	0%	1.29%	3.21
〃	2012.01.01	10.1	10.0	40.83%	10 years	0%	1.22%	5.21
〃	2012.03.09	10.1	10.0	40.83%	10 years	0%	1.22%	5.21
〃	2013.11.27	255.6	247.4	49.72%	6.375 years	0%	1.44%	128.42
〃	2014.02.21	231.4	214.4	47.62%	6.375 years	0%	1.34%	114.80
〃	2014.03.26	215.0	227.6	46.54%	6.375 years	0%	1.38%	97.07
〃	2015.05.06	334.0	334.0	44.46%	6.375 years	0%	1.33%	150.18
〃	2015.08.04	283.0	283.0	43.90%	6.375 years	0%	1.21%	125.27
〃	2015.11.06	422.0	422.0	44.11%	6.375 years	0%	1.01%	186.00
〃	2015.12.15	727.0	727.0	45.44%	6.375 years	0%	0.99%	328.28
〃	2016.03.25	420.0	420.0	47.70%	6.375 years	0%	0.72%	195.43
〃	2017.03.09	326.0	326.0	50.01%	6.375 years	0%	1.11%	159.90
〃	2017.05.12	261.0	261.0	49.51%	6.375 years	0%	0.96%	126.34
〃	2017.08.11	191.0	191.0	48.61%	6.375 years	0%	0.82%	90.60
〃	2017.11.10	169.0	169.0	48.44%	6.375 years	0%	0.81%	79.91
〃	2018.01.19	170.5	170.5	48.61%	6.375 years	0%	0.88%	81.04
〃	2019.09.06	144.0	144.0	45.65%	6.375 years	0%	0.62%	64.29
〃	2019.11.08	131.0	131.0	45.03%	6.375 years	0%	0.65%	57.88
〃	2020.08.05	120.0	12.0	45.37%	6.375 years	0%	0.37%	52.76
Cash capital increase reserved for employee preemption	2013.07.26	171.2	158.0	18.68%	0.125 years	0%	0.87%	14.02
〃	2015.03.16	373.5	310.0	23.49%	0.005 years	0%	0.87%	63.51
〃	2019.04.22	158.0	135.0	36.55%	0.09 years	0%	0.59%	23.61

Note: Expected price volatility rate was estimated by using the average price volatility of similar listed and OTC companies within the appropriate period and the Company's historical transaction data since its shares traded on the Emerging Stock Market.

F. For the years ended December 31, 2020 and 2019, the Company recognised employee stock option plan compensation expense of $38,491 and $111,096, respectively.

(11) Share capital

A. As of December 31, 2020, the Company's authorised capital was $3,000,000, consisting of 300 million shares of ordinary stock (including 24 million shares reserved for employee stock options), and the outstanding capital was $1,992,794 with a par value of $10 (in dollars) per share. Additionally, the Company increased its capital by issuing 10,693,200 new shares to acquire 67% equity interest in Amaran Biotechnology Inc. with the merger effective date set on December 31, 2020. The registration was completed on February 3, 2021.

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

	2020	2019
At January 1	187,655	173,991
Effect of reorganisation	10,693	-
Shares of the parent company held by subsidiaries treated as treasury shares	-	(536)
Shares of the parent company sold by subsidiaries	87	62
Exercise of employee stock options	457	-
Cash capital increase	-	15,000
Retirement of treasury shares	-	(862)
At December 31	198,892	187,655

B. Treasury stock:

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

	Year ended December 31, 2020				
Reason for reacquisition	Beginning shares	Additions	Disposal	Ending shares	Carrying amount
Shares of the Company held by the subsidiary, Amaran Biotechnology Inc., before becoming the Group's entity (Note)	474 thousand shares	-	87 thousand shares	387 thousand shares	$53,831

	Year ended December 31, 2019				
Reason for reacquisition	Beginning shares	Additions	Disposal	Ending shares	Carrying amount
To transfer shares to the employees	862 thousand shares	-	862 thousand shares	-	$ -
Shares of the Company held by the subsidiary, Amaran Biotechnology Inc., before becoming the Group's entity (Note)	-	536 thousand shares	62 thousand shares	474 thousand shares	62,618

Note: Shares of the parent company held by subsidiaries are treated as treasury shares but are entitled to the shareholders' rights.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. The capital deduction took effect on March 8, 2019 as resolved by the Board of Directors. All treasury shares were retired.

(12) Capital surplus

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.

	2020		
	Share premium	Employee stock options	Others
At January 1	$ 10,127,077	$ 1,159,405	$ 218,505
Effect of reorganisation	336,764	-	-
Capital surplus used to offset accumulated deficit	(8,259,036)	-	-
Employee stock options compensation cost	-	38,491	17,517
Employee stock options exercised	1,468	(1,468)	-
Changes in ownership interests in subsidiaries	-	-	31,922
Disgorgement exercise	-	-	14,137
At December 31	$ 2,206,273	$ 1,196,428	$ 282,081

	2019		
	Share premium	Employee stock options	Others
At January 1	$ 8,284,772	$ 1,099,675	$ 145,671
Cash capital increase	1,875,000	-	-
Retirement of treasury shares	(41,046)	-	-
Employee stock options compensation cost	8,351	59,730	72,834
At December 31	$ 10,127,077	$ 1,159,405	$ 218,505

(13) Retained earnings

A. 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. Cash dividends shall first be appropriated, and the remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. The Company is facing a capital intensive industrial environment, with the life cycle of the industry in the growth phase. The residual dividend policy is adopted taking into consideration the Company's operating expansion plans and investment demands. According to the balanced dividend policy adopted by the Board of Directors, stock dividends and cash dividends will be allocated in consideration of the actual net income and funds status and are subject to the approval by the Board of Directors and resolution by shareholders and cash dividends shall account for at least 10% of the total dividends distributed.

C. Except for covering accumulated deficit, increasing capital or payment of cash, the legal reserve shall not be used for any other purpose. The amount capitalised or the cash payment shall not exceed 25% of the paid-in capital.

D. As resolved by the shareholders on June 22, 2020, the Company's 2019 deficit is as follows:

	Year ended December 31, 2020
Accumulated deficit at beginning of the year	($ 6,514,955)
Net loss for 2019	(1,407,026)
Retirement of treasury shares credited to accumulated losses	(337,055)
Accumulated losses at the end of the year	(8,259,036)
Capital surplus, additional paid-in capital, used to offset accumulated deficit	8,259,036
Accumulated deficit at end of the year	$ -

E. As resolved by the shareholders on March 12, 2021, the Company's proposal for 2020 deficit compensation is as follows:

	Year ended December 31, 2020
Accumulated deficit at beginning of the year	$ -
Net loss for 2020 (Note)	(1,377,935)
Accumulated deficit at end of the year	($ 1,377,935)

Note: Excluding effect of equity attributable to former owner of business combination under common control in the amount of $79,605.

As of March 12, 2021, the aforementioned proposal for 2020 deficit compensation has not yet been resolved by the shareholders.

(14) Reorganisation of entities under common control

A. The Company's products, Adagloxad Simolenin, has entered into clinical trials. To ensure stable quality and ceaseless supply of current clinical trial drugs and those products that will be sold in the market in the future, to prepare for the inspection by the competent authority before selling the products in the market and to improve the Company's ability on the CMC manufacture and development. Thus, the Company issued 10,693 thousand shares of common share in exchange for 53,466 thousand shares of common share of Amaran Biotechnology Inc. from Amaran Biotechnology Inc.'s shareholders to acquire 67% equity interest in Amaran Biotechnology Inc. Since the Company and Amaran Biotechnology Inc. are under common control, this merger transaction is considered as a reorganisation transaction. Amaran Biotechnology Inc. was accounted for using the book value method. The difference between the book value of Amaran Biotechnology Inc. and the investment cost was adjusted in the 'capital surplus, additional paid-in capital' in the amount of $336,764.

B. The Company treats Amaran Biotechnology Inc. as if it had always been consolidated since the beginning and restated the 2019 parent company only financial statements. Equity held by the initial controller of the target company was classified as 'equity attributable to former owner of business combination under common control' when preparing the comparative parent company only balance sheet, and profit attributable to the initial controller of the target company was classified as 'profit attributable to former owner of business combination under common control'.

(15) Operating revenue

	Years ended December 31, 2020	Years ended December 31, 2019
Revenue from contracts with customers	$ 1,489	$ 872

The Company recognises the revenue from licensing at a point in time, and the related information is as follows:

Year ended December 31, 2020	Patent technology licensing
Revenue from external customer contracts	
Contract revenue	$ 1,489
Timing of revenue recognition	
At a point in time	$ 1,489

Year ended December 31, 2019	Patent technology licensing
Revenue from external customer contracts	
Contract revenue	$ 872
Timing of revenue recognition	
At a point in time	$ 872

(16) Interest income

	Years ended December 31, 2020	Years ended December 31, 2019
Interest income from bank deposits	$ 42,125	$ 90,387

(17) Other gains and losses

	Years ended December 31,	
	2020	2019
Net currency exchange loss	($ 120,163)	($ 83,963)
Gains on financial assets at fair value through profit or loss	48,772	-
	($ 71,391)	($ 83,963)

(18) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense	$ 2,390	$ 2,566

(19) Expenses by nature

	Years ended December 31,	
	2020	2019
Employee benefit expenses	$ 210,056	$ 286,231
Clinical material expenses	198,937	321,387
Consulting and service fees	317,839	280,584
Clinical trials cost	310,407	243,889
Rental expenses	680	11,147
Depreciation charges	105,238	99,648
Amortisation charges	20,774	21,290
Other expenses	56,892	58,355
Operating expenses	$ 1,220,823	$ 1,322,531

(20) Employee benefit expense

	Years ended December 31,	
	2020	2019
Wages and salaries	$ 139,777	$ 145,876
Employee stock options	38,491	111,096
Labor and health insurance fees	11,242	10,941
Pension costs	7,623	7,122
Directors' remuneration	4,343	4,798
Other personnel expenses	8,580	6,398
	$ 210,056	$ 286,231

A. In accordance with the Articles of Incorporation, 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 2% for employees' compensation and shall not be higher than 2% for directors' remuneration. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the abovementioned employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The term shall be defined by the Board of Directors.

B. As of December 31, 2020, the Company had an accumulated deficit; thus, no employees' compensation and directors' and supervisors' remuneration was recognised for the years ended December 31, 2020 and 2019. Information about employees' compensation and directors' and supervisors' remuneration of the Company as approved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. The reconciliation between accounting income and income tax expense:

	Years ended December 31,	
	2020	2019
Tax calculated based on loss before tax and statutory tax rate	($ 275,587)	($ 281,405)
Expenses disallowed by tax regulation	235	350
Tax effects of unrecognised deferred tax assets	275,352	281,055
Income tax expense	$ -	$ -

B. Details of the amount the Company is entitled as investment tax credits and unrecognised deferred tax assets under the Act for the Development of Biotech and New Pharmaceuticals Industry are as follows:

December 31, 2020		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets
Research and development expense	$ 872,272	$ 872,272

December 31, 2019		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets
Research and development expense	$ 669,756	$ 669,756

The unused tax credits can offset the current income tax payable for the next five years with a range of not more than 50% of each year's income tax payable, but the last year can be fully offset.

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets for the Company are as follows:

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	$ 116,457	$ 116,457	$ 116,457	2021
2012	239,902	239,902	239,902	2022
2013	405,027	405,027	405,027	2023
2014	606,286	606,286	606,286	2024
2015	981,510	981,510	981,510	2025
2016	943,536	943,536	943,536	2026
2017	1,040,320	1,040,320	1,040,320	2027
2018	1,211,688	1,211,688	1,211,688	2028
2019	1,196,669	1,196,669	1,196,669	2029
2020	1,159,787	1,159,787	1,159,787	2030

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	$ 92,437	$ 92,437	$ 92,437	2020
2011	116,457	116,457	116,457	2021
2012	239,902	239,902	239,902	2022
2013	405,027	405,027	405,027	2023
2014	606,286	606,286	606,286	2024
2015	981,510	981,510	981,510	2025
2016	943,536	943,536	943,536	2026
2017	1,040,320	1,040,320	1,040,320	2027
2018	1,211,688	1,211,688	1,211,688	2028
2019	1,196,669	1,196,669	1,196,669	2029

D. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(22) Loss per share

	Year ended December 31, 2020		
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss (Note 2)	($ 1,457,540)	198,591	($ 7.34)

	Year ended December 31, 2019		
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss (Note 2)	($ 1,591,382)	191,772	($ 8.30)

Note 1: The potential ordinary shares have anti-dilutive effect due to net loss for the years ended December 31, 2020 and 2019, so only the basic loss per share was calculated.

Note 2: The Company's merger transaction in 2020 was treated as if occurred since the beginning. Thus, the loss for the year included the parent company and equity attributable to former owner of business combination under common control.

Note 3: The new shares issued due to the reorganisation were included when calculating the weighted average number of ordinary shares, and the loss per share for the year ended December 31, 2019 was calculated retrospectively.

(23) Transactions with non-controlling interest

The Company's subsidiary, AP Biosciences, Inc., increased its capital by issuing new shares in November 2020. However, the Company did not acquire shares proportionally to its interest. As a result, the Company's equity interest decreased by 8.01%, the non-controlling interest decreased by \$31,922 and the equity attributable to owners of parent increased by \$31,922.

(24) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31, 2020	Years ended December 31, 2019
Acquisition of property, plant and equipment	$ 14,167	27,460
Add: Opening balance of payable	1,337	1,615
Less: Ending balance of payable	-	(1,337)
	$ 15,504	$ 27,738

	Years ended December 31, 2020	Years ended December 31, 2019
Acquisition of intangible assets	$ 1,817	$ 3,307
Add: Opening balance of payable	-	-
Less: Ending balance of payable	-	-
	$ 1,817	$ 3,307

(25) Changes in liabilities from financing activities

	Lease liabilities	Long-term borrowings	Liabilities from financing activities - gross
At January 1, 2020	$ 122,352	$ 53,000	$ 175,352
Changes in cash flow from financing activities	(36,965)	(9,000)	(45,965)
At December 31, 2020	$ 85,387	$ 44,000	$ 129,387

	Lease liabilities	Long-term borrowings	Liabilities from financing activities - gross
At January 1, 2019	$ 97,641	$ 62,000	$ 159,641
Changes in cash flow from financing activities	(24,224)	(9,000)	(33,224)
Changes in other non-cash items	48,935	-	48,935
At December 31, 2019	$ 122,352	$ 53,000	$ 175,352

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
OBI Pharma USA, Inc.	Subsidiary
OBI Pharma Australia Pty Ltd.	Subsidiary
AP Biosciences, Inc.	Subsidiary
Amaran Biotechnology Inc. (Note)	Subsidiary
OBI Pharma Limited	Subsidiary
OBI Pharma (Shanghai) Limited	Second-tier subsidiary
Shareholder of Amaran Biotechnology Inc.	Other related party

Note: Amaran Biotechnology Inc. was originally an other related party of the Company. As the Company increased its capital by issuing new shares to acquire 67% equity interest in the entity with the merger effective date set on December 31, 2020, it became a subsidiary of the Company since that date. It is presented as a subsidiary in Note 7(3).

(2) Significant related party transactions

A. Research and development expenses

	Years ended December 31,	
	2020	2019
Subsidiaries		
-OBI Pharma USA, Inc.	$ 152,571	$ 92,636
-Amaran Biotechnology Inc.	25,325	32,487
-AP Biosciences, Inc.	346	-
	$ 178,242	$ 125,123

(a) The Company commissioned OBI Pharma USA, Inc. to render services of clinical trials and research and development for cancer. The price of services rendered was based on mutual agreement.

(b)The Company signed the drugs purchase agreement for clinical trial of OBI-821, OBI-822 and OBI-866 with Amaran Biotechnology Inc. The contract amount was based on mutual agreement.

(c) The Company commissioned AP Biosciences, Inc. to render services of clinical trials and research and development for cancer. The price of services rendered was based on mutual agreement.

B. Other payables

	December 31, 2020	December 31, 2018
Subsidiaries		
-OBI Pharma USA, Inc.	$ 37,078	$ 28,608
-Amaran Biotechnology Inc.	7,051	6,013
-AP Biosciences, Inc.	28	-
-Others	-	2
	$ 44,157	$ 34,623

It was paid for research and development expenditures.

C. Acquisition of investments accounted for using equity method

	Accounts	No. of shares (shares in thousands)	Objects	Year ended December 31, 2020 Consideration
Subsidiaries				
-AP Biosciences, Inc.	Investments accounted for using equity method	5,272	shares	$ 289,960
-OBI Pharma Limited	〃	500	shares	14,810
-OBI Pharma Australia Pty Ltd.	〃	10,000	shares	203,768
-Shareholder of Amaran Biotechnology Inc.(Note)	〃	53,466	shares	443,696

Note: The Company issued 10,693 thousand shares of common share in exchange for 53,466 thousand shares of common share of Amaran Biotechnology Inc. from Amaran Biotechnology Inc.'s shareholders to acquire 67% equity interest in Amaran Biotechnology Inc. This transaction is considered a Reorganisation of entities. Refer to Note 6(4) and Note 6(14) for details.

The Company has no significant transactions in 2019.

D. Property transactions

On March 26, 2016, the Company entered into a purchase agreement for production equipment with Amaran Biotechnology Inc. The Company purchased the existing equipment from Amaran Biotechnology Inc. and made it available for processing related products of OBI-821 (Saponin adjuvant), OBI-822 (therapeutically metastatic breast cancer vaccines), Globo H and OBI-858 (product development project of botulinum). The initial acquisition cost of $108,753 less the carrying amount (net of accumulated depreciation) was the purchase amount. As of December 31, 2020, the Company has paid $106,233 for production equipment, and all equipment had been transferred.

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 27,041	$ 46,694
Share-based payments	14,344	7,885
	$ 41,385	$ 54,579

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purpose
Land	$ 87,514	$ 87,514	Long-term borrowings (Note)
Buildings and structures	13,720	14,021	Long-term borrowings (Note)
Other non-current assets (refundable deposits)	32,405	33,785	Duty paid after customer release, deposits for clinical trial agreement and rental deposit, etc.
	$ 133,639	$ 135,320	

Note: The Company has entered into a mortgage contract with E. SUN Bank in 2016. The contract requires a property as collateral and the credit line is $100 million. Please refer to Note 6(8) for details.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for the promised payments described in Note 6(7) Intangible assets, others are as follows:

(1) Pursuant to the government grants for OBI-822 (formerly OPT-822/821), therapeutically metastatic breast cancer vaccines, in Phase Ⅱ/Ⅲ obtained by the Company from Department of Industrial Technology of Ministry of Economic Affairs R.O.C. (MOEA) on December 25, 2012, if OBI-822 (formerly OPT-822/821) will be successfully licensed to others, the Company promises to contribute 5% of the signing bonus and achieved milestones as feedback fund and the maximum amount for feedback fund is $150,256.

(2) In September 2017, the Company commissioned EirGenix, Inc. to jointly develop CRM197 under an agreement. On December 13, 2018, the Company has amended the agreement with EirGenix, Inc. whereby additional tasks were included to further improve the development process. The contract price totaled $47,848, of which $42,098 had been paid as of December 31, 2020.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Please refer to Note 6(13) for details on the proposal of 2020 deficit compensation.

(2) On February 23, 2021, the Company entered into an intellectual property rights licensing agreement with respect to the global aesthetic medicine for OBI-858, Novel Botulinum Toxin with OBIGEN PHARMA, INC. The future clinical research and development of the OBI-858 aesthetic medicine will be proceeded by OBIGEN PHARMA, INC. Further, OBIGEN PHARMA, INC. will issue new common shares as a consideration and therefore OBIGEN PHARMA, INC. will become the Company's subsidiary.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern through maintaining an optimal capital structure to reduce the cost of capital, and to provide returns for shareholders after the Company turns around from loss to profit. In order to maintain or adjust the capital structure, the Company may increase capital by cash and sell assets to pay off or improve operating capital, adjust the amount of dividends paid to shareholders or capital reduction, etc. The Company monitors capital on the basis of the Debt/Equity ratio. The ratio is calculated by the "Net debt" divided by the "Total equity". The "Net debt" is the "Total liability" less cash and cash equivalents, and the "Total equity" is the same as the consolidated balance sheet.

During 2020, the Company's strategy, which was unchanged from 2019, was to maintain the gearing ratio within reasonable security range. The ratios are as follows:

	December 31, 2020	December 31, 2019
Total liability	$ 319,240	$ 322,283
Less: Cash and cash equivalents	(2,454,956)	(4,424,629)
Net debt	($ 2,135,716)	($ 4,102,346)
Total equity	$ 4,229,022	$ 5,557,280

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020		December 31, 2019	
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets at fair value through other comprehensive income	$	382,159	$	-
Financial assets at amortised cost/loans and receivables		8,037		8,318
Cash and cash equivalents		2,454,956		4,424,629
Accounts receivable		1,451		854
Other receivables (including related parties)		16,674		37,404
Other financial assets (refundable deposits)		32,405		33,785
	$	2,895,682	$	4,504,990
Financial liabilities				
Financial liabilities at amortised cost				
Other payables (including related parties)	$	188,456	$	145,714
Long-term borrowings (including current portion)		44,000		53,000
	$	232,456	$	198,714
Lease liabilities	$	85,387	$	122,352

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 70,642	28.480	$ 2,011,884	1%	$ 20,119	$ -
Financial assets						
Non-monetary items						
USD:NTD	2,096	28.480	59,697	-	-	-
AUD:NTD	5,359	21.950	117,639	-	-	-
Financial liabilities						
Monetary items						
USD:NTD	2,172	28.480	61,859	1%	619	-

	December 31, 2019					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 103,276	29.980	$ 3,096,214	1%	$ 30,962	$ -
RMB:NTD	45,676	4.305	196,635	1%	1,966	-
Financial assets						
Non-monetary items						
USD:NTD	2,155	29.980	64,594	-	-	-
AUD:NTD	418	21.038	8,790	-	-	-
Financial liabilities						
Monetary items						
USD:NTD	2,841	29.980	85,173	1%	852	-

v. The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019 amounted to $120,163 and $83,963, respectively.

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The prices of the Company's investments in 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 1% with all other variables held constant, post-tax profit for the year ended December 31, 2020 would have increased/decreased by $3,057, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity for the years ended December 31, 2020 and 2019 would have increased / decreased by $80 and $83, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. The Company's borrowings were calculated by floating rate and stated at New Taiwan Dollars for the years ended December 31, 2020 and 2019.

ii. At December 31, 2020 and 2019, if interest rates had been 1% higher or lower with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have been $423 and $457 lower or higher, respectively, mainly as a result of changes in interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company 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 accounts receivable based on the agreed terms.

ii. For banks and financial institutions the Company only independently rated parties with stable credit rating are accepted. According to the Company's credit policy, each local entity in the Company 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.

iii. Under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customer's accounts receivable, contract assets and rent receivable in accordance with customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. When estimating the allowance for uncollectible accounts for receivables, the Company incorporates forward-looking information in the adjustment of the loss rate, which is calculated based on historical data from specific periods and current information. As of

December 31, 2020 and 2019, the expected loss rate of the Company's accounts receivable that are not past due is immaterial.

(c) Liquidity risk

i. Cash flow forecasting is performed by Company treasury to monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational and R&D needs. Such forecasting is in compliance with internal R&D project schedule targets.

ii. Company treasury invests surplus cash in interest bearing current deposits, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2020				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Other payables (including related parties)	$ 188,456	$ -	$ -	$ -	$ -
Long-term borrowings (including current portion)	9,520	7,415	7,322	14,365	7,043
Lease liabilities (including current portion)	30,221	13,686	16,144	28,252	-

	December 31, 2019				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Other payables (including related parties)	$ 145,714	$ -	$ -	$ -	$ -
Long-term borrowings (including current portion)	9,770	9,626	7,499	14,663	14,214
Lease liabilities (including current portion)	38,653	30,221	13,686	32,288	12,108

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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.

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 Company's investment in financial assets at fair value through other comprehensive income is included in Level 3.

B. The carrying amount of financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables (including those to related parties) and other payables (including those to related parties)) is a reasonable approximation to their fair value; the interest rate on long-term borrowings (including the portion due within a year or one operating cycle) is close to the market interest rate, therefore their carrying amount is a reasonable basis for the estimation of their fair value.

C. The related information on 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 is as follows:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 105,726	$ -	$ -	$ 105,726
Open-end fund	276,433	-	-	276,433
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	8,037	8,037
	$ 382,159	$ -	$ 8,037	$ 390,196

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 8,318	$ 8,318

D. The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

E. Financial 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. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price.

F. The following is the qualitative information on 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, 2020	Valuation technique	Significant unobservable input	Range (median)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 8,037	Market comparable companies	Price to book ratio multiple	1.43~4.19 (2.26)	The higher the mulitple, the higher the fair value
			Discount for lack of marketability	26.27%~ 68.19% (45%)	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (median)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 8,318	Market comparable companies	Price to book ratio multiple	1.09~3.26 (1.75)	The higher the mulitple, the higher the fair value
			Discount for lack of marketability	8.44%~ 47.77% (21%)	The higher the discount for lack of marketability, the lower the fair value

G. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	$ -	$ -	$ 807	($ 807)
	Discount for lack of marketability	±10%	$ -	$ -	$ 647	($ 647)

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	$ -	$ -	$ 890	($ 890)
	Discount for lack of marketability	±10%	$ -	$ -	$ 223	($ 223)

H. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	Equity securities	
	Years ended December 31,	
	2020	2019
Opening net book amount	$ 8,318	$ 7,454
Gain (loss) recognised in other comprehensive income	(281)	864
Closing net book amount	$ 8,037	$ 8,318

I. As of December 31, 2020 and 2019, there was no transfer into or out from Level 3.

(4) Impact of COVID-19

Based on the Company's assessment, the COVID-19 pandemic has no significant impact on the Company.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

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 3.

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 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Please refer to table 7.

14. SEGMENT INFORMATION

Pursuant to Article 22 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, segment information is not required in the parent company only financial statements.

OBI PHARMA, INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash on hand		$ 100
Checking accounts		14,098
Demand deposits - NTD		441,568
- Foreign currencies	USD 734 thousand, exchange rate 28.48	20,904
- Foreign currencies	RMD 405 thousand, exchange rate 4.377	1,774
Time deposits - Foreign currencies	USD 69,400 thousand, exchange rate 28.48, interest rate 0.30%~0.47%, mature between January 2021 and March 2021	1,976,512
		$ 2,454,956

OBI PHARMA, INC.
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares (in shares/units)	Face Value	Total Amount	Interest Rate	Cost	Fair Value Unit Price (in dollars)	Fair Value Total Amount
Yageo Corporation	Financial assets at fair value through profit or loss - current	14,000	$ 10	$ 7,217	-	$ 7,217	$ 518.00	$ 7,252
Taiwan Semiconductor Manufacturing Company Limited	〃	50,000	10	25,975	-	25,975	530.00	26,500
Au Optronics Corp.	〃	468,000	10	7,171	-	7,171	14.00	6,552
TSEC Corporation	〃	94,000	10	3,344	-	3,344	41.75	3,925
Mediatek Inc.	〃	13,000	10	9,749	-	9,749	747.00	9,711
Innolux Corporation	〃	480,000	10	7,169	-	7,169	14.10	6,768
Taiwan Semiconductor Co., Ltd.	〃	110,000	10	7,028	-	7,028	62.20	6,842
Sino-American Silicon Products Inc.	〃	42,000	10	7,370	-	7,370	177.50	7,455
Wafer Works Corporation	〃	110,000	10	4,846	-	4,846	42.80	4,708
United Microelectronics Corp.	〃	250,000	10	12,126	-	12,126	47.15	11,787
Walsin Technology Corp.	〃	31,000	10	7,151	-	7,151	230.50	7,146
Globalwafers Co., Ltd.	〃	10,000	10	7,174	-	7,174	708.00	7,080
Fuh Hwa Global Short-term Income Fund	〃	3,621,622	-	42,409	-	42,409	12.32	44,623
Fuh Hwa Global Bond Fund	〃	1,296,110	-	20,031	-	20,031	15.84	20,530
Fuh Hwa Emerging Market Short-term Income Fund	〃	12,588,612	-	141,847	-	141,847	11.77	148,168
Fuh Hwa Emerging Market High Yield Bond Fund A	〃	6,224,066	-	60,000	-	60,000	10.14	63,112
				$ 370,607		$ 370,607		$ 382,159

OBI PHARMA, INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition		Decrease				Ending Balance				
Name	Shares (in shares)	Amount	Shares (in shares)	Amount	Shares (in shares)	Amount	Investment Income (Loss)	Change in Other Equity Interest	Shares (in shares)	Percentage of Ownership	Amount	Market Value or Net Assets Value	Collateral
Amaran Biotechnology Inc. (Note)	53,466,000	$ 452,434	-	$ -	-	$ -	($ 79,605)	$ 17,036	53,466,000	67%	$ 389,865	$ 389,865	None
AP Biosciences, Inc.	8,040,000	262,502	5,272,000	289,960	-	-	1,159	35,889	13,312,000	58.99%	589,510	589,510	"
OBI Pharma Australia Pty Ltd.	650,100	8,790	9,999,900	203,768	-	-	(103,247)	8,328	10,650,000	100%	117,639	117,639	"
OBI Pharma USA, Inc.	2,701,000	49,554	-	-	-	-	(10,572)	12,119	2,701,000	100%	51,101	51,101	"
OBI Pharma Limited	1,650,000	15,040	500,000	14,810	-	-	(20,241)	(1,013)	2,150,000	100%	8,596	8,596	"
		$ 788,320		$ 508,538		$ -	($ 212,506)	$ 72,359			$ 1,156,711	$ 1,156,711	

Note: A new investee accounted for using equity method. As the transaction pertains to the reorganisation of entities under common control, the Company treated the investee as if it had always been consolidated since the beginning and restated the financial statements.

OBI PHARMA, INC.
STATEMENT OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Administrative Expense	Research and Development Expense	Note
Wages and salaries and directors' remuneration	$ 51,861	$ 130,750	
Clinical material expenses	-	198,937	
Consulting and service fees	46,241	271,598	
Clinical trials cost	-	310,407	
Depreciation	18,210	87,028	
Other expenses	35,425	70,366	Balance of individual accounts has not exceeded 5% of total account balance
	$ 151,737	$ 1,069,086	

OBI PHARMA, INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION
YEAR ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Function / Nature	Years ended December 31, 2020			2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	$ -	$ 178,268	$ 178,268	$ -	$ 256,972	$ 256,972
Labour and health insurance fees	-	11,242	11,242	-	10,941	10,941
Pension costs	-	7,623	7,623	-	7,122	7,122
Directors' remuneration	-	4,343	4,343	-	4,798	4,798
Other personnel expenses	-	8,580	8,580	-	6,398	6,398
	$ -	$ 210,056	$ 210,056	$ -	$ 286,231	$ 286,231
Depreciation	$ -	$ 105,238	$ 105,238	$ -	$ 99,648	$ 99,648
Amortisation	$ -	$ 20,774	$ 20,774	$ -	$ 21,290	$ 21,290

Note:

A. As at December 31, 2020 and 2019, the Company had 129 and 124 employees, including 5 and 6 non-employee directors, respectively.

B. As at December 31, 2020 and 2019, the amounts of employee stock options expensed as employee salaries were $38,491 and $111,096, respectively.

C. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:

(a) Average employee benefit expense in current year was $1,659 ((Total employee benefit expense in current year – Total directors' compensation in current year)/(Number of employees in current year – Number of non-employee directors in current year)).

Average employee benefit expense in previous year was $2,385 ((Total employee benefit expense in previous year – Total directors' compensation in previous year)/ (Number of employees in previous year – Number of non-employee directors in previous year)).

(b) Average employees salaries in current year was $1,438 (Total employee salaries in current year / (Number of employees in current year – Number of non-employee directors in current year)).

Average employees salaries in previous year was $2,178 (Total employee salaries in previous year / (Number of employees in previous year –Number of non-employee directors in previous year)).

Average employees salaries, excluding the expenses from employee stock options, in current year, was $1,127 (Total employee salaries in current year – Total employee stock options expenses in current year / (Number of employees in current year – Number of non-employee directors in current year)).

Average employees salaries, excluding the expenses from employee stock options, in previous year was $1,236 (Total employee salaries in previous year - Total employee stock options expenses in previous year / (Number of employees in previous year – Number of non-employee directors in previous year)).

OBI PHARMA, INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
YEAR ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

(c) Adjustments of average employees salaries were -33.98% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).

Adjustments of average employees salaries, excluding the expenses from employee stock options, were -8.82% ((Average employee salaries, excluding employee stock options expenses, in current year- Average employee salaries, excluding employee stock options expenses, in previous year)/ Average employee salaries, excluding employee stock options expenses, in previous year).

(d) The Company had no supervisors' remuneration in both current and previous years.

(e) The Company has set up the audit committee and therefore it has no supervisors' remuneration.

(f) The Company's remuneration policy (including directors, managers and employees) is as follows:

(1) Directors:

i. In accordance with the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed no be higher than 2% for directors' remuneration.

ii. The remuneration to directors is determined by the Remuneration Committee based on the extent of their participation and value of contribution to the Company by reference to the general pay levels in the same industry, and the reports thereof are submitted to the Board of Directors for resolution. The Company may set different remuneration for the independent directors and general directors.

(2) Managers and employees

i. In accordance with the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed at no lower than 2% for employees' compensation.

ii. The Company's annual salary adjustment levels are determined based on a comprehensive consideration of the Company's operational performance and profitability by reference to the salary adjustment levels in the same industry.The Company also differentiates rewards by offering different levels of salary adjustments based on managers'/employees' performance assessment. In addition, the Company sets up employee compensation and stock options regulations and rules, which establish a clear compensation, reward and punishment standards, to share the Company's operational performance and growth with employees.

OBI Pharma, Inc.

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	OBI Pharma, Inc.	OBI Pharma (Shanghai) Limited	Other receivables-related party	Y	$ 17,658	$ 17,658	$ 1,507	1.60%	2	$ -	Working capital	$ -	-	$ -	$ 422,902	$ 1,691,609	

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on total loans to others is 40% of the Company's net assets and limit on loans granted to a single party is 10% of the Company's net assets.

Note 2: The nature of the loan is as follows:

(1) Business transaction: 1

(2) Short-term financing: 2

OBI Pharma, Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2020				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership	Fair value	Footnote
OBI Pharma, Inc.	Stock - Agnitio Science & Technology Inc.	None	Financial assets at fair value through other comprehensive income - non-current	867,018	$ 8,037	3.27%	$ 8,037	None
"	Stock - YAGEO CORPORATION	"	Financial assets at fair value through profit or loss - current	14,000	7,252	0.00%	7,252	"
"	Stock - Taiwan Semiconductor Manufacturing Company Limited	"	"	50,000	26,500	0.00%	26,500	"
"	Stock - AU OPTRONICS CORP.	"	"	468,000	6,552	0.00%	6,552	"
"	Stock - TSEC CORPORATION	"	"	94,000	3,925	0.02%	3,925	"
"	Stock - MEDIATEK INC.	"	"	13,000	9,711	0.00%	9,711	"
"	Stock - INNOLUX CORPORATION	"	"	480,000	6,768	0.00%	6,768	"
"	Stock - TAIWAN SEMICONDUCTOR CO., LTD.	"	"	110,000	6,842	0.04%	6,842	"
"	Stock - SINO-AMERICAN SILICON PRODUCTS INC.	"	"	42,000	7,455	0.01%	7,455	"
"	Stock - WAFER WORKS CORPORATION	"	"	110,000	4,708	0.02%	4,708	"
"	Stock - UNITED MICROELECTRONICS CORP.	"	"	250,000	11,787	0.00%	11,787	"
"	Stock - WALSIN TECHNOLOGY CORP.	"	"	31,000	7,146	0.01%	7,146	"
"	Stock - GLOBALWAFERS CO., LTD.	"	"	10,000	7,080	0.00%	7,080	"
"	Beneficiary certificate - Fuh Hwa Global Short-term Income Fund	"	"	3,621,622	44,623	-	44,623	"
"	Beneficiary certificate - Fuh Hwa Global Bond Fund	"	"	1,296,110	20,530	-	20,530	"
"	Beneficiary certificate - Fuh Hwa Emerging Market Short-term Income Fund	"	"	12,588,612	148,168	-	148,168	"
"	Beneficiary certificate - Fuh Hwa Emerging Market High Yield Bond Fund A	"	"	6,224,066	63,112	-	63,112	"

OBI Pharma, Inc.

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, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2020		Addition		Disposal				Balance as at December 31, 2020		
Investor	Marketable securities	General ledger	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Footnote
OBI Pharma, Inc.	Common stock - Amaran Biotechnology Inc.	Investments accounted for under equity method	The shareholders of Amaran Biotechnology Inc.	Subsidiaries	-	$ -	53,466,000	$ 389,865	-	$ -	$ -	$ -	53,466,000	$ 389,865	Note1

Note 1: Amaran Biotechnology Inc. has become the Company's subsidiary since December 31, 2020.

OBI Pharma, Inc.

Significant inter-company transactions during the reporting period

Year ended December 31, 2020

Table 4

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)
1	OBI Pharma USA, Inc.	OBI Pharma, Inc.	2	Accounts receivable	$ 37,078	(Note 4)	0.69%
1	"	"	"	Service revenue	152,571	"	108.29%
2	Amaran Biotechnology Inc.	"	"	OEM revenue	25,325	(Note 5)	17.98%

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:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: 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 4: The transaction terms are based on the mutual agreement.

Note 5: Amaran Biotechnology Inc. became a subsidiary of the Company on December 31, 2020.

Note 6: The Company may decide to disclose or not to disclose transaction details in this table based on the materiality principle.

OBI Pharma, Inc.

Information on investees

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2020					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
OBI Pharma, Inc.	AP Biosciences, Inc.	Taiwan	Research and development of biotechnology	$ 640,035	$ 350,075	13,312,000	58.99	$ 589,510	$ 41,745	$ 1,159	Note 1
"	Amaran Biotechnology Inc.	Taiwan	Manufacture and wholesale of western pharmaceuticals as well as research and development of biotechnology	389,865	-	53,466,000	67.00	389,865	(118,813)	(79,605)	"
"	OBI Pharma Australia Pty Ltd.	Australia	Research and development of biotechnology	233,768	14,270	10,650,000	100.00	117,639	(103,247)	(103,247)	"
"	OBI Pharma USA, Inc.	USA	Research and development of biotechnology	76,896	76,896	2,701,000	100.00	51,101	(10,572)	(10,572)	"
"	OBI Pharma Limited	Hong Kong	Investments and trading	61,232	46,992	2,150,000	100.00	8,596	(20,241)	(20,241)	"

Note 1: The accounts of the Company are maintained in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.

OBI Pharma, Inc.

Information on investments in Mainland China

Year ended December 31, 2020

Table 6

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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
OBI Pharma (Shanghai) Limited	Research and development of biotechnology	$ 56,960	Note 1	$ 42,720	14,240	-	$ 56,960	($ 20,162)	100.00	($ 20,162)	$ 7,537	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
OBI Pharma, Inc.	$ 56,960	$ 56,960	$ 2,537,413

Note 1: Reinvesting in the investee in Mainland China through OBI Pharma Limited.

Note 2: The total investment amount of USD 2 million was approved pursuant to the Jing-Shen-II-Zi Letter No.10200125600, No. 10600182730, No. 10800182030 and No. 10900147100.

Note 3: Abovementioned investment income (loss) was recognised based on the financial reports audited by the parent company's CPA.

Note 4: The accounts of the Company are maintained in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.

OBI Pharma, Inc.

Major shareholders information

December 31, 2020

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Yi Tai Investment Co., Ltd.	25,765,032	13.66%
Huei Hong Investment Co., Ltd.	15,545,699	8.24%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio include the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

Note 3: Basis for preparation of the major shareholders information is calculating balance distribution of each credit transaction under the securities holder list (no sell back of short bonds) which stock transfer was closed at the shareholders' interim meeting.

Note 4: Ownership (%) = Total number of shares held / Total number of shares in dematerialised form.

Note 5: Total number of shares in dematerialised form (including treasury shares) amounted to 199,279,374 shares = 199,279,374 (common shares) + 0 (preference shares).