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OBI Pharma, Inc.

Annual Report 2020

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I Letter to Shareholders

Dear Shareholders,

The world has not yet shaken off the haze of COVID-19. This epidemic has not only brought unprecedented impact, but also fundamentally changed the working and lifestyle of human beings; It is worth mentioning that it is precisely because of this epidemic that we have a new understanding of the characteristics, importance and influence of biotechnology industry. For OBI Pharma, Inc., the policy of blocking and isolating the epidemic has naturally delayed the progress of actively promoting clinical trials in the world; On the whole, last year (2020) was the most challenging and crucial year for Haoding. Last year, we not only completed a new strategic layout, but also made many fruitful achievements in research and development and clinical progress.

In the last (2020) year, we announced several important plans, such as exchanging the equity of Amaran Biotechnology Inc. by means of increasing capital and issuing new shares, and cooperating the development of OBI-999, OBI-833 and other products with the Delos team. In addition, the global intellectual property right of OBI-858 new botulinum toxin preparation developed by ourselves was also authorized to subsidiary of Obigen Pharma, Inc., which will carry out the clinical follow-up of cosmetic indications.Among these plans, subsidiaries of Amaran Biotechnology Inc. and Obigen Pharma, Inc. were completed at the end of April, while others were still approved by the competent authorities and put into practice after negotiation between both parties.

In addition, in the face of the ever-expanding product field, we will also launch a related manufacturing (CMC) upgrading plan in the near future, that is, in the future, most products of OBI Pharma, Inc. and its subsidiaries will try their best to produce by themselves, so as to minimize the proportion of outsourced manufacturing, with the aim of controlling quality and schedule management more completely.

In terms of clinical development, the third phase clinical trial of the new breast cancer drug Adagloxad Simolenin (OBI-822) was affected by the epidemic, and it was announced last year that it would stop receiving cases for three months; However, this period was not idle. We made full use of this window to strengthen communication with FDA of the United States, and put forward an application for changing the clinical trial plan, which was successfully approved, and was also approved by South Korea and China. At present, according to the new experimental plan, we have expanded the experimental sites all over the world, including Central and South America. OBI-888, a new passive immune monoclonal antibody, has been conducting phase II clinical trials in Taiwan and the United States since last year; OBI-866, a new active anti-cancer drug with SSEA-4 as the target, and OBI-858, a botulinum toxin product developed by ourselves,

all advanced the first clinical stage respectively. Globo H antibody small molecule drug complex OBI-999 has been approved by FDA as an orphan drug for gastric cancer. at present, the first phase of human clinical trial has been completed, and the second phase of clinical trial is being planned.

In terms of academic and international expansion, in addition to being invited to give a speech at the annual meeting of J.P. Morgan Health Care as usual in January, last year, they also held annual meetings on ASCO Online to explain the progress of Adagloxad Simolenin, OBI-999 and OBI-3424 with papers; Published two papers on Globo H at the virtual annual meeting of the American Cancer Research Association (AACR); Speech on new drug OBI-999 at the 2020 World ADC Digital Conference; In addition, the first-phase preliminary results of the new generation Globo H active immune anticancer drug OBI-833 were published at the annual meeting of European oncology society in Asia (ESMO ASIA 2020).

The following is a report to shareholders on the company's important operational strategies, achievements, governance progress and performance in the past year.

I. 2020 BUSINESS RESULTS
[R&D ACHIEVEMENTS IN MAJOR PRODUCTS]

1. Adagloxad Simolenin (OBI-822) Globo H active immunity vaccine

Adagloxad simolenin is a new active immune anticancer drug with tumor surface sugar molecule Globo H as its target. the global phase iii clinical trial was suspended in the second quarter due to COVID-19 epidemic. it was restarted in Taiwan Province, the United States, Australia, Hong Kong, Ukraine and Russia before the end of the year, and was approved for trial by South Korea and China.

Since the start of this trial, the cases were not as expected. Last year, we applied to FDA to change the clinical trial plan from randomized, double-blind, placebo-controlled design to randomized, open, open-label, which was successively approved by FDA and the regulatory units of participating countries. At present, patients with triple negative breast cancer (TNBC) with high recurrence risk after operation are taken as subjects, and it is assessed that there are still unmet medical needs); in this group. In this study, TNBC patients with a certain amount of Globo H expression on the tumor surface were screened by immunohistochemistry, IHC) approved by FDA.

2. OBI-888 Globo H Passive Immune – oncology therapy

OBI-888 is a passive immunotherapy monoclonal antibody with Globo H as its target. It has completed the dose escalation test in 2019, and is in the first stage of the second population

expansion test in hospitals such as M.D. The University of Texas M.D. Anderson Cancer Center, University of Texas, USA. At this stage, patients with locally advanced or metastatic solid tumors were selected as subjects, and the expression of tumor Globo H was measured by immunohistochemistry, IHC approved by FDA, which was used as the criteria for screening subjects.

OBI-888 has been approved by FDA as an orphan drug for pancreatic cancer. At present, many medical centers in the United States and Taiwan Province, including the University of Texas The University of Texas MD Anderson Cancer Center and Taipei Veterans General Hospital, have accelerated the acceptance of Phase II Phase I clinical trials, and are continuously evaluating the efficacy.

3. OBI-999 Globo H Antibody Drug Conjugate (ADC)

This product utilizes Globo H antibody to identify cancer cells of high Globo H performance, and stop the division of tumor cells by releasing activated micromolecule chemical drugs to achieve the purpose of killing tumor cells. This product has been applied for related patents and layout, and has been approved by South African patents and recently notified by American patents. In January last year, the product was approved by FDA as an orphan drug for treating gastric cancer; Before that, he was qualified as an orphan drug for pancreatic cancer.

OBI-999 has completed the first phase of human clinical trial and is now planning the second phase of clinical trial. In May, 2020, the company published a paper at the online annual meeting of American Society of Clinical Oncology (ASCO), explaining the progress and preliminary data of the first phase clinical trial of OBI-999.

4. OBI-3424 AKR1C3 Enzyme Prodrug

OBI-3424 is a precursor of the first small molecule new drug, which can selectively act on a variety of cancers over-expressed by AKR1C3 aldosterone reductase. Has been approved by FDA of the United States as an orphan drug for the treatment of hepatocellular carcinoma (HCC) and acute lymphoblastic leukemia (ALL).The first dose escalation test of this product was carried out at the m.d. The University of Texas M.D. Anderson Cancer Center of the university of Texas and the James cancer hospital and so love research institute of Ohio state university, and the dose limiting toxicity was evaluated at the same time.

OBI Pharma, Inc. published a paper on the progress and preliminary data of OBI-3424 Phase I clinical trial at the online annual meeting of American Society of Clinical Oncology (ASCO) in May, 2020. OBI-3424 has completed the assessment of the main safety indicators of the first phase of clinical Dose Escalation Phase, and the Safety Review Committee,SRC recommended to launch the second phase of clinical herd expansion phase. In this phase of the trial, patients

with hepatocellular carcinoma with high expression of AKR1C3 will be screened as subjects by Immunohistochemistry (IHC).

5. OBI-833 Globo H-DT active immune – oncology therapy

OBI-833 has completed the first clinical trial, and the preliminary evaluation of safety and efficacy shows that this product is safe and the preliminary results will be published in ESMO Asia 2020; Then, a second-stage cohort expansion experiment will be launched for lung cancer patients. And another investigator-initiated trial (IIT) initiated by the researcher aiming at delaying the recurrence of esophageal cancer after surgery.

6. OBI-858 Botulinum toxin

This product is the new clostridium botulinum toxin developed by the company by utilizing new strains, and its preparation is predetermined to be used for medical and cosmetic purpose. In August of (2020), the first phase clinical trial was approved by the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare of Taiwan Province, and it was conducted in Tri-Service General Hospital and Kaohsiung Chang Gung Hospital respectively. The case has been successfully received, and the safety and preliminary efficacy evaluation of the subjects is expected to be completed in the third quarter of this year (2021). The global intellectual property right of beauty medicine of this product has authorized Obigen Pharma, Inc., a subsidiary, to develop the follow-up indications of beauty medicine. This product will be applied to the development of migraine and other medical uses in the future.

[OTHER IMPORTANT MILESTONE OF R&D]

Taking Globo series as the target, OBI Pharma, Inc. has planned to develop the first cancer immunotherapy. In addition to the product development of Globo H, it has also actively carried out a number of research and development projects for SSEA-4 sugar molecules with high performance in cancer stem cells, including active immune anticancer drug OBI-866. OBI-866 obtained Phase I Clinical Trial Permit (IND) from Taiwan Food and Drug Administration (TFDA), Ministry of Health and Welfare, Taiwan Province in August, 2020, and is actively accepting cases.With the development of these first in class products, OBI Pharma, Inc. has maintained a leading position in the field of innovative cancer therapy with Globo series as its target.

[CORPORATE GOVERNANCE]

The purpose of corporate governance is to strengthen the functions of the board of directors, fulfill the responsibilities of enterprise managers, enhance information transparency, protect the rights and interests of shareholders and interested parties, fulfill the commitment of enterprises to society, make good use of resources, improve efficiency and promote social well-being.At present, whether investors or society refer to and evaluate the investment of enterprises, their

eyes are no longer limited to financial performance, but focus on ESG(Environmental, Social and Governance), that is, environmental, social and corporate governance; Therefore, ESG has not only become an important indicator of the company's sustainable operation, but the government has also urged enterprises to implement ESG concretely through legislation and corporate governance evaluation.

In order to implement ESG requirements, in2020 109, OBI Pharma, Inc. revised the Code of Practice for Corporate Governance, the Code of Integrity Management and the Operational Procedures and Behavioral Guidelines for Integrity Management simultaneously in accordance with the latest laws and regulations of the competent authorities, added the Measures for Handling Reporting Cases, formulated internal control audit plans according to legal risks, checked the implementation status of laws and regulations of various departments, and organized integrity management, GDPR, intellectual property policy propaganda and business secret education and training, etc. Communicate with interested parties, emphasize the core value of "good faith", take this as the management policy, carefully select cooperative manufacturers, and evaluate the contract fulfillment and law compliance practices of upstream and downstream manufacturers before signing the contract.

There is a very high professional threshold in biotechnology industry, so the competent authorities are responsible for providing instant, transparent and equal information for special courses in biotechnology industry. OBI Pharma, Inc. is one of the few companies engaged in pioneering new drug research and development in Taiwan Province. It attaches great importance to effective communication with investors and society, and emphasizes information openness and transparency. In addition to publishing important information on product progress in real time according to regulations, it is supplemented by press releases when necessary, and regularly holds seminars or participation forums to publicly announce and explain relevant information such as product development progress to investors and the public. In order to pay attention to investors' voices, the company also has special personnel to handle investors' questions, answers and suggestions, so as to promote positive interaction with investors and build mutual trust.

Information security is one of the continuous risks faced by modern enterprises. In particular, the business secrets, technology patents and intellectual property layout of biotechnology industry are its core values, and all enterprises have listed maintaining information security as a major measure to avoid risks. In order to strengthen risk management, OBI enhances the maintenance of information security, and has completed the backup mechanism, disaster preparedness and restoration drill for key systems in 2020; to face continuous and complicated network threat and attack, OBI will also introduce multiple factor verification, managed monitoring and response services this year, so as to strengthen the defense and handling capability in information security.Although the competent authorities have not listed biotechnology as an industry for

compulsory publishing of corporate social responsibility (CSR) reports so far, OBI Pharma, Inc. has complied with the trend and compiled and published CSR reports of OBI Pharma, Inc. year by year since 2014 in accordance with the Operational Measures for Preparing Corporate Social Responsibility Reports of OTC Companies and the GRI Guidelines proposed by the Global Sustainability Standards Council, which not only examines the implementation in ESG and corporate governance, but also urges itself with the practice of social responsibility.

[2020 FINANCIAL REPORT]

The R&D industry of new anti-cancer drugs is highly uncertain, and the financial principle of the Company is conservative.The consolidated operating income of the Company in 2020 was NT$ 140,886,000, and the consolidated R&D expenses were NT$ 1,309,881,000, which were mainly used for new drug research and development projects such as OBI-822, OBI-888, OBI-999 and OBI-3424. As it is still in the R&D investment period, the R&D expenditure is to accumulate the energy for future product listing and profit growth.

The consolidated financial analysis of 2020 is as follows:

2020 Analysis Item		Analysis of Financial and Profitability in Recent Two Years		
		2020	(After Adjusting) 2019	Increase (Reduce)
Financial Structure (%)	Owned Capital Ratio	90.60	91.30	(0.77%)
	Ratio of long-term funds to fixed assets	666.41	922.65	(27.77%)
Repayment ability (%)	Liquidity ratio	1,567.40	2,397.14	(34.61%)
	Quick ratio	1,505.45	2,338.17	(35.61%)
Profitability (%)	Rate of return on total assets	(25.14)	(27.88)	9.84%
	Return on stockholders' equity	(27.69)	(29.89)	7.35%
	Net loss per share (NT$)	(7.34)	(8.30)	11.57%

II. BUSINESS PLAN SUMMARY AND DEVELOPMENT STRATEGY

As a new drug development company with multiple technologies and targets, since 2019, OBI Pharma, Inc. has started its industrial layout, which is called "OBI 2.0" project. High-level directors of R&D, clinical and commercial development departments set up special teams to take stock of product lines, determine resources and development progress of similar products, and

decide development priorities. Secondly, check the technical platforms owned by the company, such as monoclonal antibody, ADC and bispecific antibody; Look at the world, and understand the current situation of the same type of products that compete with us, their latest technologies and dosage forms. Based on this, we re-evaluate the technical cooperation, licensing opportunities and the introduction of the second generation technology for improvement of our products, hoping to strengthen the product line and expand the development possibilities, such as developing cell therapy or combination drugs, so as to strive for greater development opportunities.

Facing the expansion of partners and product fields, the company will also launch a manufacturing (CMC) upgrade plan; In short, for most products of OBI Pharma, Inc. and its subsidiaries in the future, it is decided by policy to try its best to produce them by themselves and minimize the proportion of outsourced manufacturing, with the aim of further optimizing quality and schedule management.

Due to these new strategic considerations, the personnel and organizational layout in 2020 has been readjusted according to different development stages and needs, so as to enrich and enhance the combat effectiveness of the management team.

The safeguard of intellectual property is the value of biotechnology industry, in respond to global market competition, OBI reinforced the patent layout in 2020 and strengthened the protection of business secrets as well, achieving many substantial progresses; as at the end of 2020, OBI had obtained 26 domestic and foreign trademark certificates, owning 99 domestic and foreign patents in total. Meanwhile, OBI continued to introduce senior international management talents to join the management team to enrich the research and development capacity, so as to respond to the globalization of market and competition.

III. IMPACT OF EXTERNAL COMPETITIVE ENVIRONMENT, REGULATORY ENVIRONMENT AND OVERALL ENVIRONMENT

The development of biotechnology industry is inseparable from national security, economy, health and well-being and environmental sustainability. In particular, the rapid spread of COVID-19 in the world has alerted the world: with the close international contacts in the current "global village", it is impossible to effectively stop the epidemic outside the country for a long time through anti-blocking and isolation. The research and development of related drugs and vaccines is the key to overcome the epidemic and the last word for the development of biotechnology.

Faced with the challenges of this post-epidemic era, the development of biotechnology industry is highly anticipated. The government also extends from epidemic prevention needs to industrial promotion and mutual assistance and cooperation with the international community. It hopes to make good use of the energy of innovation, R&D and manufacturing of Taiwan's biotechnology industry, grasp the opportunity, push Taiwan's biotechnology R&D, clinical trial system and niche products to the international stage, and become a part of the global pharmaceutical and biotechnology supply chain. At the same time, it attracts foreign manufacturers to invest in Taiwan or establish cooperative partnerships, so as to build Taiwan Province into an important city of biomedical R&D industry in Asia Pacific.

The Executive Yuan has listed biotechnology industry as the six core strategic industrial projects, and at the same time approved the promotion plan of diversified biotechnology industry, and planned the precise and healthy strategic industry, which is expected to further promote the development of Taiwan's biotechnology industry, support the development of biotechnology as a new technology industry, create a high-quality industrial development environment, promote global investment and lay out the global market. As the original "Regulations on the Development of New Biotechnology Drugs Industry" will go down this year, the Executive Yuan has proposed that the revised "Regulations on New Biotechnology Drugs" will be promoted for the third reading in the near future. It is hoped that the tax deduction for technology research and development, talent training, corporate shareholders and other businesses providing new biotechnology drugs will be targeted, and the commercialization of research and development results will be implemented and the product launch will be accelerated in combination with the research and development energy of legal persons; At the same time, it also links international resources and accelerates the international marketing of products.

All the products of the Company are first in class new drugs, so we should make good use of this opportunity encouraged by government policies and expected by the whole people, and make full efforts to carry out clinical trials, with a view to launching products as soon as possible, opening up the global market and benefiting people. However, the research and development and application of new biotech drugs must verify the safety and effectiveness of new drugs through clinical scientific data. Therefore, biotech drugs are strictly regulated by laws and regulations from raw material use, research and development, production to marketing to ensure safe use; In order to strengthen the linkage with the industry and meet the market demand, the domestic pharmaceutical administration and legal environment should be further integrated with the international market and continuously improved.

In recent years, China has won the field of biotechnology new drug research and development with great ambition, which has not only become the second largest drug market in the world after the United States, but also attracted the attention of all countries because of the reform and

refinement of its drug administration regulations and its attempt to connect with international standards. In particular, it has greatly expanded the scale of the Food and Drug Evaluation Center (CDE), accelerated the examination and approval speed, and encouraged innovative drug research and development with policies, and its efficiency and transparency in drug examination have gradually aligned with advanced countries.

In recent years, Hong Kong has devoted itself to absorbing the kinetic energy of biotech pharmaceuticals. Since the Hong Kong Stock Exchange opened the non-operating biotech companies to be listed in 2018, many new cancer immune drug companies with China as their operating target have been listed one after another, and raised considerable funds from the capital market, and their future development should not be neglected. All this means that China will become a competitor that can not be ignored in China's development opportunities and market.

These qualitative changes in the Chinese market are not only new challenges but also business opportunities for OBI Pharma, Inc. , who focuses on the research and development of new anti-cancer drugs; In addition to strengthening its local deployment, OBI Pharma, Inc. will pursue the maximization of product value through joint development with partners, complementary resources and technologies in the future.

IV. Concluding remarks

Scientific and technological innovation is the most important driving force for industrial growth. OBI Pharma, Inc. has always focused on the research and development of first-in-class new anti-cancer drugs, and continued to make progress and deepen the layout in the research and development of new anti-cancer drugs with Globo series as the target; In recent years, the research and development direction has been expanded from Globo series to new fields such as AKR1C3 enzyme and bi-specific antibody, and successfully transformed into an innovative tumor immunotherapy development platform with multiple technologies and targets.

At the same time of changing environment, fierce international competition and sharp trade conflict, OBI Pharma, Inc. kept rolling review and revision in the face of resources, product competitiveness and development strategy, and completed the new industrial strategic layout last year and planned the medium and long-term development goals; Not only did it gain control with its original partner Amaran Biotechnology Inc. by way of share swap, but it also authorized the newly established Obigen Pharma, Inc. to raise funds to speed up the development process for its self-developed botulinum toxin product OBI-858. In addition, the cooperation case with Ap Biosciences Inc., the subsidiary, and the cooperation case of Delos in the Chinese market are also actively underway. The Company will continue to seek international cooperation opportunities and advance towards the goal of a global competitive multinational biotechnology new drug company.

On the other hand, it also actively promotes the international visibility of the Company through academic occasions, and seeks to discuss cooperation with large pharmaceutical companies, so as to accelerate the expansion of product research and development progress, reduce development costs and share research and development risks together.

OBI Pharma, Inc.

Chairman & Chief Executive Officer
Michael N. Chang

II Company Profile

I. Establishment Date

(1) Establishment date: April 29, 2002

(2) Address and telephone number of parent company, branch company and plant:

1. Company address and telephone number:

19F, No. 3, Park Street, Nangang Software Park, Nangang District, Taipei City 115 Tel.:(02)2655-8799

7F, No. 369, Zhongxiao East Road, Section 7, Nangang District, Taipei City 115 Tel.:(02)2786-6589

2. Branch company address and telephone number: NA.

3. Plant address and telephone number: NA.

II. Company history

2002	● In April, OBI Pharma, Inc. (hereinafter referred to as "OBI Pharma") was established by American merchant Optimer Pharmaceuticals, Inc. (Optimer Pharmaceuticals, Inc. locates at US San Diego, it is a NASDAQ listed company with stock code as OPTR, mainly researching and developing new drugs related to anti-infective diseases and cancers). ● OBI Pharma is the subsidiary 100% invested by American merchant Optimer Pharmaceuticals, Inc., upon the establishment, the authorized capital was NT$Forty Million, the paid-up capital was NT$Ten Million, and the founder and Chairman was Michael N. Chang.
2004	● Completed the statistical analysis of DIFICIDTM (Fidaxomicin) CDI epidemiology in Taiwan . ● To expand operations, a capital increase of 12.6 million shares and technology investment of 20.4 million shares, or a total of 33 million shares with par value per share of NTD 10. Authorized capital was NTD 1,200,000,000, and paid-up capital was NTD 340,000,000 ● OBI Pharma coordinated with the manufacturing of DIFICIDTM for a phase I/II clinical trial in Taiwan
2006	● Optimer Pharmaceuticals (NASDAQ:OPTR) initiates a DIFICIDTM Phase III human trial (No. 003 clinical trial)
2007	● Parent company Optimer Pharmaceuticals became public listing in the National Association of Securities Dealers Automated Quotation (NASDAQ) ● OBI Pharma partnered with Academia Sinica on carbohydrate molecules synthesis and carbohydrate membrane array development
2008	● Taiwan's Center for Drug Evaluation granted OBI priority review for OBI-822 (formerly known as OPT-822) ● The research of Academia Sinica pointed out that the Globo series carbohydrates highly perform in cancer cells, and the paper was published in journal Proceedings of the National Academy of Sciences (PNAS)
2009	● Dr. Youe-Kong Shue appointed CEO. ● In order to expand operation, external cash capital increase was carried out to

	introduce strategic cooperative partners, there were two payment installments in total: the first installment was cash payment of 19.8 million shares, with NT$Ten per share. Apart from the parent company American merchant Optimer Pharmaceuticals, Inc., shareholders of the Company also include large groups, financial holdings and venture capitals etc. in Taiwan; the authorized capital was NT$One Billion Twenty Million, and the paid-up capital was NT$Five Hundred Thirty-Eight Million. ● OBI-822 licensing fully transferred to OBI from Optimer Pharmaceuticals.
2010	● OBI gained the exclusive right to develop OBI-833, a new generation cancer immunotherapy, and OBI-868, a novel cancer diagnosis technology, from Academia Sinica. ● OBI-822 Phase II/III Clinical Trial for metastatic breast cancer began in Taiwan. ● Taiwan Ministry of Economic Affairs approved OBI Pharma Inc. as the new biotechnological drug company.
2011	● OBI-822 Clinical Trial for metastatic breast cancer began in the US and Hong Kong. ● OBI received the Gold Award at the 2011 Taiwan Biomedical and Agricultural Industries Innovation and Excellence Ceremonies ● TFDA granted New Drug Priority Review and exemption requiring a Bridging Study Evaluation (BSE) for DIFICID™. ● OBI Pharma proposed DIFICIDTM new drug application to Taiwan Food and Drug Administration (TFDA). ● OBI Pharma acquired the selling right of DIFICIDTM in Taiwan. ● Cooperated with Academia Sinica to carry out biopharmaceutical national plan of the country, researching and developing the application of carbohydrate membrane array in cancer detection. ● In order to expand operation, second installment was cash payment of 46.2 million shares, with NT$Ten per share. The authorized capital was NT$One Billion Five Hundred Million, and the paid-up capital was NT$One Billion.
2012	● In January, appointed Amy Huang to take the post of Chief Operating Officer of OBI Pharma. ● In January, appointed Dr. Yu Cheng-te to take the post of Chief R&D Officer of OBI Pharma. ● In March, in order to expand operation, issued totally 36 million new shares for cash capital increase, with NT$Ten per share, and every share was issued at premium of NT$Fifteen. The authorized capital was NT$One Billion Five Hundred Million, and the paid-up capital was NT$1,363,842,910. ● In April, since juridical person director of the Company, namely American merchant Optimer Pharmaceuticals, Inc. reassigned the director representative, all attending directors elected Director Tamon Tseng to take the post of Chairman of OBI Pharma. ● In May, approved by the Securities and Futures Bureau, Financial Supervisory Commission, the Executive Yuan to become the public company. ● In June, Drug Controller General of India approved OBI-822 clinical trial license. ● In August, Korea Food and Drug Administration (KFDA) approved OBI-822 clinical trial license. ● In August, Taiwan Food and Drug Administration (TFDA) approved OBI-822, the active immunity anti-cancer drug treating metastatic advanced breast cancer to enter into phase III clinical trial. ● In September, Department of Health issued medicament license for the new antibiotic drug DIFICID® (Fidaxomicin), and approved it to come into Taiwan market. ● In October, the active immunity anti-cancer drug treating metastatic advanced

	breast cancer OBI-822 was appraised and elected by TFDA as one of the first five partnership projects in pharmaceutical research across the strait. ● In October, juridical person director American merchant Optimer Pharmaceuticals, Inc transferred share holding exceeding one second of the election shares, thus relieved its director identity. ● In November, Hong Kong subsidiary OBI Pharma Limited was established.
2013	● In February, Interim Meeting elected the fourth session directors and supervisors, and the Board of Directors elected Michael N. Chang to take the post of Chairman. ● In March, OBI Pharma (Shanghai) Limited was established. ● In April, appointed Ms Amy Huang to take the post of General Manager of the Company. ● In April, established US subsidiary OBI PHARMA USA, INC. ● In June, elected Dr. Hsu Yo-gung to take the post of Vice Chairman of OBI Pharma. ● In order to expand operation, issued totally 9,493,671 new shares for cash capital increase in October, every share was issued at premium of NT$158. After capital increase, the paid-up capital was NT$1,489,959,170. ● In November, cooperated with Taipei Mackay Memorial Hospital to carry out clinical trial plan for ovarian cancer active immunity anti-cancer drug.
2014	● In April, OBI Pharma and Academia Sinica signed the exclusive license agreement on carbohydrate molecules synthetic technology. ● In July, completed the trial target of 342 patients in OBI-822 random double blind phase II/III breast cancer clinical trial. ● In August, DIFICIDTM and Department of National Health Insurance completed health insurance payment agreement, starting from September, it was listed as the payment item in health insurance. ● In December, US FDA approved to carry out clinical trial for the new generation active immunity anti-cancer drug (OBI-833).
2015	● In March, officially listed in ROC Taipei Exchange. ● In March, issued totally 20,000,000 new shares for cash capital increase, every share was issued at premium of NT$310. After capital increase, the paid-up capital was NT$1,702,672,100. ● In July, received the notice groom Food and Drug Administration, Ministry of Health and Welfare, the new generation active immunity anti-cancer drug OBI-833 passed the human clinical trial examination (IND). ● In July, awarded the gold award of R&D Technology Award in "Taipei Biotechnology Award" held by Taipei City Government. ● In October, announced to exclusively license the product development and selling right of DIFICIDTM in Taiwan to American merchant Merck Sharp & Dohme.
2016	● In February, OBI-822 clinical trial blind deconvolution was conducted, the preliminary data showed that, despite the trial had not reached to the primary efficacy endpoint, but it certified that OBI-822 had the capacity in generating antibody, and had very significant clinical meaning to the group capable of generating effective antibody. ● In March, received the notice from American Society of Clinical Oncology (ASCO), the result of the Company's new drug for breast cancer OBI-822 phase II/III clinical trial will publish oral paper presentation in the annual meeting of such Society in June. ● In April, Expert Meeting held for OBI-822-001 Study in London ● In June, OBI-822-001 trial data presented at ASCO in Chicago. In the same month, announcement on abstract Study was given at the Investor Conference in

	Taipei. Annual Shareholders' Meeting was held in Taipei. OBI Pharma announces the re-appointment of Dr. Michael Chang as the Chairman of the Company. ● In August, Dr. Nathan Chen resigned as Chief Medical Officer due to personal reasons, and joins the company's Medical Advisory Board. OBI embarks on non-deal roadshow in the US for the first time. ● In September, OBI was invited to the 17th Annual Asian Technology Conference organized by Credit Suisse. ● In October, OBI sponsored an Adagloxad Simolenin Satellite Symposium at the 2016 ESMO Annual Meeting. ● In November, OBI-833 patent was approved for Taiwan and Australia. In the same month, OBI Pharma was awarded grade A for TIPS Management. ● In December, OBI Pharma announced the signing of a Non-Binding Letter of Intent for OBI Pharma, Inc., to issue new shares to AbProtix, Inc., in exchange for an up to 70% stake in AP Biosciences.
2017	● In January, convened Adagloxad Simolenin (OBI-822) EOP2 meeting with US Food and Drug Administration (FDA). ● In January, Chief Operating Officer Meng Zhiyun retired, and Max Chan was appointed as the new Chief Operating Officer ● In January, Adagloxad Simolenin (OBI-822) was approved by China Food and Drug Administration (CFDA) on phase III clinical trial. ● In April, OBI-833 fulfilled the primary safety requirements of Phase I clinical trial for US and Taiwan. ● In June, signed contract with Threshold Pharmaceuticals from California, purchased the micromolecule first-in-class TH-3424, and renamed it into OBI03424, it will be developed into the potential therapy treating cancers of high AKR1C3 enzyme performance, becoming the new force in the product lines of OBI. ● In September, appointed PharmaCore to build special product line for botulinum toxin new drug OBI-858, exclusively provided for medication in phase I and II clinical trial of OBI-858, in the future, medication in phase III clinical trial and production after launched into market will be planned. ● In October, OBI-888 product patent "antibody, hybridoma generating such antibody, pharmaceutical composition containing such antibody and their use" received the notice on patent approval issued by United States Patent Office. 1 In October, in order to improve product competitiveness and new drug development capacity, it was planned to exchange shares with AbProtix, Inc., shareholder of AP Biosciences; after consultation between both parties, the Company issued 1,675,000 ordinary shares by capital increase for the transfer of 6,700,000 ordinary shares (accounting for 67% of outstanding shares) of AP Biosciences held by AbProtix, Inc. ● In December, announced the resolution to acquire AP Biosciences, Inc. by capital increase through issuing new shares, and the base date for stock swap was January 10, 2018.
2018	● In January, passive immunity monoclonal antibody OBI-888 of OBI passed the human clinical trial examination (IND) by US Food and Drug Administration (FDA)(IND) ● In March, in response to practical need of the Company, the title of Chief Operating Officer Max Chan was adjusted into Chief Financial Officer. ● In April, the new chemotherapy prodrug OBI-3424 was approved by US Food and Drug Administration (FDA) to carry out phase I/II human clinical trial. ● In July, OBI-3424 obtained the qualification as the orphan drug for hepatocellular carcinoma (HCC) treatment from US Food and Drug Administration (FDA). ● In July, the medical equipment clinical research application (IDE) of OBI-822 passed the examination and approval of US Food and Drug Administration

	(FDA) to be used for OBI-822 phase III human clinical trial. ● In August, product patent of OBI-3424 "DNA alkylating agent" was approved by IP Australia. ● In September, OBI-3424 obtained the qualification as the orphan drug for Acute Lymphoblastic Leukemia (ALL) treatment from US Food and Drug Administration (FDA). ● In September, OBI-822 (Adagloxad Simolenin) was approved by Taiwan Food and Drug Administration (TFDA) to carry out phase III human clinical trial. ● In October, product patent of OBI-822 "Compound and Component of Carbohydrate Vaccine and Its Use" was approved by Taiwan Patent Office. ● In October, OBI's subsidiaries OBI Australia announced that OBI-822 (Adagloxad Simolenin) passed the examination of phase III human clinical trail in Australia. ● In November, OBI-822 (Adagloxad Simolenin) was approved to carry out phase III human clinical trial in US. ● In November, the medical equipment clinical research application (IDE) of OBI-888 passed the examination by US Food and Drug Administration (FDA), and was approved to be used in Cohort Expansion Phase of OBI-888 phase I human clinical trial. ● In November, OBI-822 (Adagloxad Simolenin) was approved by Hong Kong Department of Health (DOH) to carry out phase III human clinical trial. ● In November, OBI-888 obtained the qualification as the "orphan drug" for pancreatic cancer treatment from US Food and Drug Administration (FDA).
2019	● In January ,The 37th J.P. Morgan HealthCare Conference Report was first invited to San Francisco. ● In February, OBI-822 (Adagloxad Simolenin) was approved by Ministry of Health of Ukraine to carry out phase III human clinical trial. ● In February, Published in the journal of the national academy of sciences (PNAS) in cooperation with academia sinica, the paper proves that the Globo series is closely related to the survival of cancer cells, which provides an important theoretical basis for haoding Globo series to target new anti-cancer drugs. ● In March, Poster at the annual meeting of the American association for cancer research (AACR): Obi-888 and obi-999 (a new single antibody drug and a new antibody small molecule drug complex called ADC) are the first to be developed. Their mechanism of action, antineoplastic efficacy, drug metabolism and pharmacokinetic characteristics are also discussed. ● In April, OBI-822 (Adagloxad Simolenin) was approved by Ministry of Health of the Russian Federation to carry out phase III human clinical trial. ● In June, passive immunity monoclonal antibody new drug OBI-888 had completed the assessment of major safety indicators for phase I human clinical trial, the safety and tolerance of OBI-888 were good, and there were no major safety concerns. ● In June, convened annual general meeting, carried out reelection of directors comprehensively, and then Board of Directors Meeting was convened, in which directors elected and reappointed Michael N. Chang, legal representative of Yi Tai Investment Co., Ltd., as the Chairman. ● In August, the Globo H antibody-drug conjugate OBI-999 was approved by US Food and Drug Administration (FDA) to carry out phase I/II human clinical trial. ● In September, the results of Adagloxad Simolenin (OBI-822) ovarian cancer phase II clinical trial cooperated with Taipei Mackay Memorial Hospital were announced, generally speaking, the safety and tolerance of this vaccine were acceptable. ● In December, Globo H antibody-drug conjugate OBI-999 obtained the qualification as the "orphan drug" for pancreatic cancer treatment from US Food and Drug Administration (FDA).

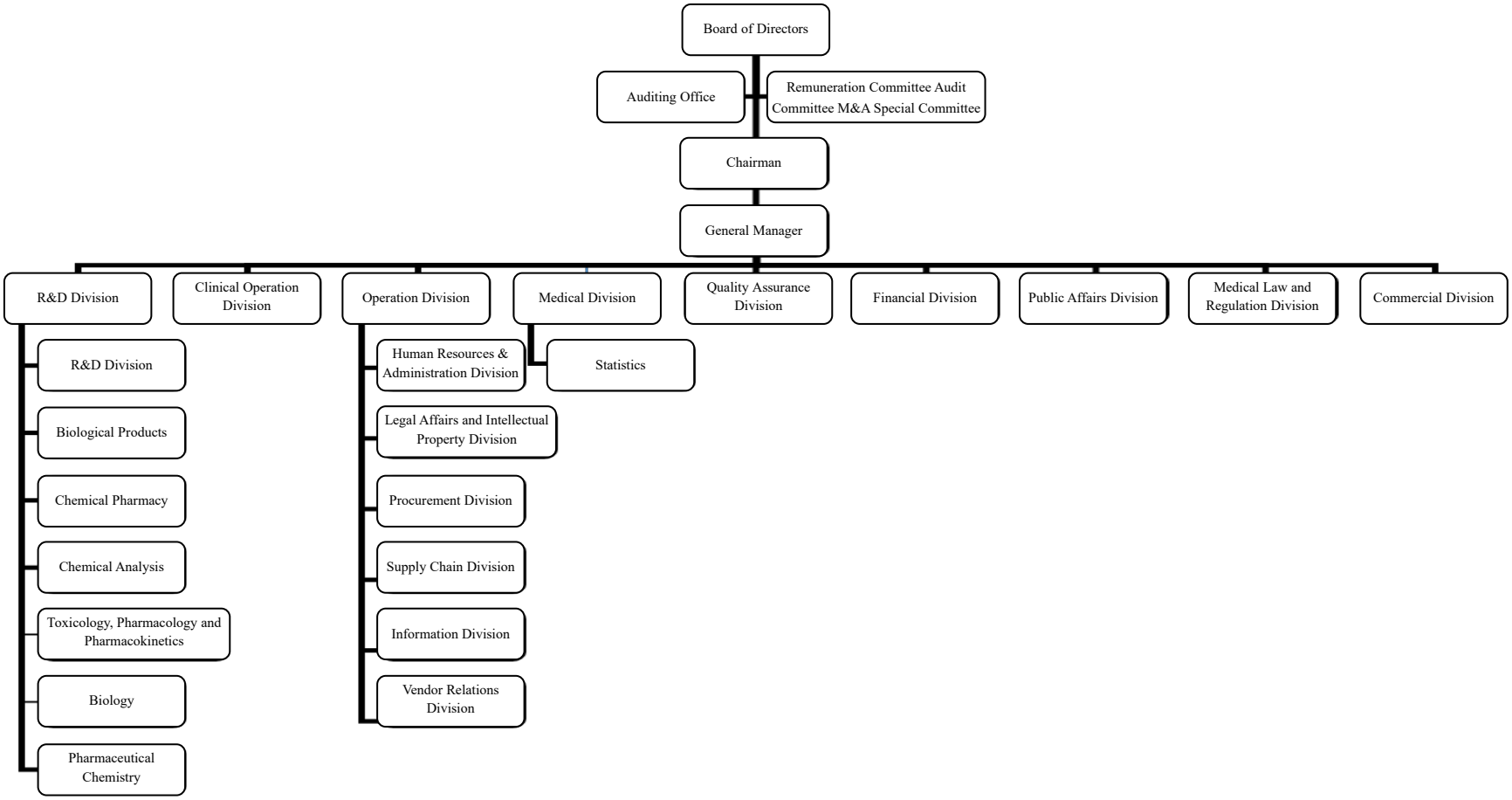
2020	● In January, Globo H antibody-drug conjugate OBI-999 obtained the qualification as the “orphan drug” for gastric cancer treatment from US Food and Drug Administration (FDA). ● In April, OBI-822 (Adagloxad Simolenin) was approved by the Ministry of Food and Drug Safety of South Korea to carry out phase III human clinical trial. ● In July, OBI-888, a new passive immune monoclonal antibody, was approved by the Taiwan Food and Drug Administration of the Ministry of Health and Welfare for the first/second phase human clinical trials. ● In August, the new botulinum toxin preparation OBI-858 was approved by the Taiwan Food and Drug Administration of the Ministry of Health and Welfare for the first phase of human clinical trial. ● In August, OBI-866, an active immune anticancer drug, was approved by the Taiwan Food and Drug Administration of the Ministry of Health and Welfare for the first phase of human clinical trial. ● In September, it increased capital and issued 10,693,000 shares in exchange for 53,466,000 common shares of Amaran Biotechnology Inc. to shareholders of Amaran Biotechnology Inc., and acquired 67% equity of Amaran Biotechnology December 31st, 2020 is the benchmark date of share exchange. ● In November, we received a reply from the US Food and Drug Administration (FDA) on the application for medical equipment clinical research (IDE) in the first/second stage of population expansion of human clinical trials of a new precursor chemotherapy drug OBI-3424, which can be used in the first/second stage of population expansion of human clinical trials without approval. ● In December, the active immune anticancer drug OBI-822(Adagloxad Simolenin) was approved by National Medical Products Administration, China for the third phase of human clinical trial.
2021	● In February, it signed a global cosmetic medicine licensing agreement with Obigen Pharma, Inc. "OBI-858 new botulinum toxin preparation". ● In April, OBI-3424, a new precursor chemotherapy drug, has completed the safety evaluation of the first phase of clinical dose increment trial, and plans to launch the second phase of clinical population expansion trial.

III. Corporate Governance Report

I Organization system

(i) Organizational chart

OBI Pharma, Inc.



(ii) Operating business of each major department:

Department		Major responsibility
Auditing Office		1. Supervise and urge each unit to formulate internal control system and execute it. 2. Prepare and execute annual audit plan. 3. Prepare audit report and regularly trace deficiency, review self-inspection operations and other matters shall be executed as required by law of each unit.
R&D Division	Translation	1. Plan and execute translational cancer mechanism study, and support clinical trial and medicament license application. 2. Execute translational medicine, translational pharmacology and toxicity test, and support clinical trial. 3. Plan R&D direction and new drug development plan. 4. Execute new drug R&D project management. 5. Patent layout of research achievements.
	Biological Products	1. Plan and execute trials related to pre-clinical immunology and immunological pharmacology. 2. Plan and manage relevant studies on clinical trial specimens. 3. Execute product release immune activity test. 4. Support clinical license application and medicament license application. 5. Patent layout of research achievements.
	Chemical Pharmacy	1. Development and design of synthetic method and dosage form. 2. Process parameter and process optimization study. 3 Planning of manufacturing, process control and outsourcing cooperation project. 4. Product CMC data preparation and writing, so as to support clinical license application and medicament license application. 5. Patent layout of research achievements.
	Chemical Analysis	1. New drug characteristics analysis and analysis method development. 2. Creation of analysis method operation document and execution of effect experiment. 3. Product specification setting. 4. Investigational product quality control and stability tracing. 5. Patent layout of research achievements.
	Toxicology, Pharmacology and Pharmacokinetics	1. Plan and execute pre-clinical toxicology, pharmacology and pharmacokinetics tests. 2. Write pre-clinical test report, and support clinical trial license application and medicament license application. 3. Development of analytical methods for pharmacological animal model and drug metabolism.。 4. Assist in management of new drug development project. 5. Patent layout of research achievements.

	Biology	1. Carry out relevant research on pharmacological mechanism of products. 2. Assist and execute preclinical immunology related tests. 3. Establish the test method of product immunological activity. 4. Support clinical license application and drug certificate application test. 5. Patent layout of research results.
	Pharmaceutical Chemistry	1. Screening of new chemical drugs and molecular design of new drugs. 2. Study the relationship between chemical structure and activity of new drugs. 3. Develop synthetic routes of new drugs and modify and optimize lead compounds. 4. Assist in the early development of new drugs. 5. Patent layout of research results and publication of papers.
Clinical Operation Division		1. Clinical trial planning and execution. 2. Study on the laws and regulations on new drug development and drug examination and approval. 3. Product plan project management.
Medical Division		1. Lead and write new drug clinical trial plan, and confirm its feasibility. 2. Provide relevant information on medical science and drug side effects, and responsible for pre-clinical preparation and execution; during such period, interpret if the trial subject has the symptom of adverse reaction. 3. Support the promotion of new drug business.
Statistics		1. Provide statistical specialty and planning for clinical development. 2. Lead statistical analysis and explain the analysis results. 3. Support the negotiation with Food and Drug Administration. 4. Support the publication of clinical results.
Financial Division		1. Financial management. 2. Accounting management. 3. Listing and stock affairs management. 4. Rental tax planning. 5. Budget management.
Public Affairs Division		1. Preparation and publication of external speech strategy. 2. Media relations management, media interview, publication, advertising arrangement and execution. 3. Maintenance and contact window for relations with government, profession, those of the same industry, patients group and investors. 4. Design and comprehensive arrangement of external statement, media related contents, official documents and correspondence, planning and event creativity. 5. Planning and execution of corporate social responsibility activity.

Quality Assurance Division		1. Ensure R&D and drug distribution are conforming to the Food and Drug Administration (FDA). 2. Current Good Manufacturing Practice (cGMP)
Medical Law and Regulation Division		1. Application for registration of domestic medicament license. 2. Provide company pharmaceutical affairs laws and regulations information. 3. Application and change registration of druggist license. 4. Clinical license application and medicament license application.
Commercial Division		1. Responsible for short, medium and long term operating strategy planning, business marketing, and new drug market development. 2. Product commercialization management. 3. Product market trend assessment. 4. Technology transfer and product licensing. 5. Win over international partner.
Operation Division	Human Resources & Administration Division	1. Comprehensive arrangement of company organization and human resources planning, employee development. 2. Remuneration rewarding system. 3. Organization optimization and improve employee's quality and core technology. 4. Organizational culture cultivation. 5. Human resources system optimization. 6. Strengthen employee relationship. 7. General affairs administration, and space utilization.
	Legal Affairs and Intellectual Property Division	1. Review, revise and draft contracts and legal documents. 2. Legal system establishment, maintenance and process management. 3. Legal dispute case handling and consultation. 4. Intellectual property right management and maintenance. 5. Establishment and promotion of legal compliance system. 6. Control of legal risks related to company operation.
	Procurement Division	Materials and labor service procurement.
	Supply Chain Division	1. Responsible for production planning, technology transfer and product supply to clinical use or marketing sales. 2. Ensure the Company's stable supply of clinical and future products both at home and abroad.
	Information Division	1. Follow the operation and development strategy to plan and develop the information blueprint and structure. 2. Formulate information budget plan, and control and monitor budget outlays. 3. Establish information policies, standards and procedures. 4. Develop information performance indicator, ensure the benefits of effective assessment information program in business improvement.

		5. Plan and implement the Information Security Management System. 6. Design and implement information security solution, and protect the confidentiality, integrity and availability of information assets.
	Vendor Relations Division	1. Work out and optimize various internal standard operation procedures of the company regarding vendor relations. 2. Execution and management of vendor relations maintenance. 3. Guide internal interdepartmental communication of the company regarding vendor relations. 4. Assist in management of grading vendor relations.

II Information on board of directors, supervisor, General Manager, vice presidents, directors, and the department heads

(i) Board of directors and supervisors

1. Board of directors and supervisor:

April 30, 2021 Unit: thousand shares; %

Title	Name	Gender	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives or supervisor			If the General Manager or equivalent (top managerial officer) and the Chairman are the same person, or are spouse or first degree relatives.
							Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship	
Chairman	Yi Tai Investment Co., Ltd.	Not applicable	ROC	June 27, 2016	June 27, 2019	3 years	25,765	13.70	25,765	12.92	0	0	0	0	Not applicable	NA	NA	NA	NA	Not applicable
	Yi Tai Investment Co., Ltd. Representative: Michael N. Chang	Male	ROC	June 27, 2016	June 27, 2019	3 years	0	0	3,311	1.66	1,335	0.66	4,956	2.48	Postdoctoral Research, Massachusetts Institute of Technology Doctor of Organic Chemistry, Brandeis University Founder and Chairman of Optimer Pharmaceuticals, Inc.	Chief executive officer of OBI Pharma, Inc. Director of Amaran Biotechnology, Inc. Director of OBI Pharma USA, Inc. Director of OBI Pharma Australia Pty Ltd Director of Ansun Biopharma, Inc.	NA	NA	NA	(Note1)
Director	Yi Tai Investment Co., Ltd. Representative: Tamon Tseng	Male	ROC	June 27, 2016	June 27, 2019	3 years	0	0	0	0	0	0	0	0	Master of Laws, University College London Supervisor of SinoPac Financial Holdings Co., Ltd	Special Assistant of Legal Affairs Office, Ruentex Industries Ltd. Juridical Person Director Representative of TaiMed Biologics Co., Ltd. Juridical Person Director Representative of Amaran Biotechnology, Inc. Juridical Person Director Representative of Mithra Biotechnology Inc. Juridical Person Director Representative of Run Hui Biotechnology Co., Ltd. Juridical Person Director Representative of Run Cheng Investment Holding Co., Ltd. Juridical Person Director Representative of Sunny Friend Environmental Technology Co., Ltd. Juridical Person Supervisor Representative of Yi Thai Investment Co., Ltd. Juridical Person Director Representative of Sheng Cheng Investment Co., Ltd. Juridical Person Director Representative of Ruentex Construction Co., Ltd. Chairman of Taiwan Transport Insurance Service Co., Ltd. Director of China Marine Surveyors & Sworn Measurers` Corp. Director of Juridical Person Mr. Yi Xunnuo Memorial Education Foundation Juridical Person Director Representative of Hao Ke Investment Holding Co., Ltd. Juridical Person Director Representative of Nan Shan Life Insurance Co., Ltd.	NA	NA	NA	NA
Director	Sheng Cheng Investment Co., Ltd.	Not applicable	ROC	June 27, 2016	June 27, 2019	3 years	250	0.13	2,924	1.46	0	0	0	0	Not applicable	NA	NA	NA	NA	Not applicable

Title	Name	Gender	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives or supervisor			If the General Manager or equivalent (top managerial officer) and the Chairman are the same person, or are spouse or first degree relatives.
							Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship	
Director	Sheng Cheng Investment Co., Ltd. Representative: YEN, YUN (Note2)	Male	ROC	June 27, 2016	June 27, 2019	3 years	0	0	0	0	0	0	0	0	PhD of Pathology and Cell Biology, Thomas Jefferson University Part-Time Professor, Institute of Oncology, National Taiwan University College of Medicine Part-Time Professor, California Institute of Technology Attending physician of oncology department, professor of oncology research institute, general convener of cancer treatment research, director and vice president of molecular pharmacology department of City of Hope National Medical Center Specialized training in cancer, blood and bone marrow transplantation of Yale university	Director of Tanvex BioPharma, Inc. Professor of Cancer Translation Medicine, Taipei Medical University Sino American Cancer Chairman of Sino American Cancer Foundation (non-profit business) Chief scientific advisor of Stembios Chief scientific advisor of Fulgent Advisory Committee member of Allianz Pharmascience Ltd. Chairman of Calgent Biotechnology Co., Ltd.	NA	NA	NA	NA
Director	Sheng Cheng Investment Co., Ltd. Representative: Frank Chen	Male	ROC	June 27, 2016	June 27, 2019	3 years	0	0	800	0.40	20	0.01	0	0	Master degree from Graduate Institute of Business Administration, National Taiwan University Deputy General Manager of Investment and Special Assistant to President, Management Division, Ruentex Group	Chief finance officer of OBI Pharma, Inc. Juridical Person Director Representative of TaiMed Biologics Co., Ltd. Juridical Person Director Representative of Taiwan Tai Fu Biotechnology Co., Ltd. Juridical Person Chairman Representative of Tanvex Biologics, Inc Chairman of TMB HK Services Limited Juridical Person Chairman Representative of TaiMed Biologics HK Limited Director of Juridical Person Mr. Yi Xunnuo Memorial Education Foundation Director of Yi ShuTien Medical Foundation Juridical Person Director Representative of Mithra Biotechnology Inc. Juridical Person Director Representative of Mass Solutions Technology Inc. Director representative of Amaran Biotechnology, Inc. Juridical Person Director Representative of Diamond Biotechnology Investment Co., Ltd. Juridical Person Director Representative of Diamond Capital Management Co., Ltd. Juridical Person Director Representative of Xin Yao Biotechnology Investment Co., Ltd. Juridical Person Director Representative of CHO Pharma Inc. Juridical Person Director Representative of Cotton Field Organic Co., Ltd. Partner of Delos Capital Director of Tanvex BioPharma, Inc. Juridical Person Director Rep Chairman and CEO of OBIGEN PHARMA, INC.	NA	NA	NA	NA
Independent Director	Jerry Fong	Male	ROC	July 23, 2014	June 27, 2019	3 years	0	0	0	0	0	0	0	0	Jurum Doctor of Cornell University Master of Laws of Pennsylvania State University President of Intellectual Property Institute, Director of Financial Law Research Center, College of Law, National Chengchi University	Adjunctive Professor, NCCU Graduate Institute of Technology, Innovation & Intellectual Property Management Independent Director, Remuneration and Audit Committee Member of ESC EliteGroup Co., Ltd. Independent Director, Remuneration and Audit Committee Member of Cayman merchant Eurocharm Holdings Co., Ltd. Independent Director, Remuneration and Audit Committee Member of Chien Kuo Construction Co., Ltd.	NA	NA	NA	NA
Independent Director	Taychang Wang	Male	ROC	June 27, 2016	June 27, 2019	3 years	0	0	0	0	0	0	0	0	PhD in Finance graduated from Wharton School, Pennsylvania State University Distinguished Professor of National Taiwan University Associate Professor of Accounting Department, National Taiwan University	Professor of National Taiwan University Independent Director, Remuneration and Audit Committee Member of RUENTEX GROUP	NA	NA	NA	NA

Notes1: In view of the importance of China market, by making use of the experience of Amy Huang, General Manager (transferred), in China market, the Company assigns her to Shanghai to be responsible for planning and executing the strategy of the Company in Greater China. Starting from August 1, 2019, the Chairman Michael N. Chang holds a concurrent post as the Chief Executive Officer of the Company, since the majority of directors do not hold a concurrent post as the employee or managerial officer of the company, he will help to maintain the efficiency of Board of Directors and strengthen sound development of the company in the aspects of research and development, clinical and financial affairs etc.

Note 2: The original representative of Shengcheng Investment Co., Ltd. was Mr. Lung-Yen Cho, who resigned on July 13, 2020, and was reassigned as Dr. Yan Yun on August 3, 2020.

Note 3: Tony Chang, an orignially independent director, resigned on July 31, 2020. The Company is expected to elect an independent director at the 2021 ordinary shareholders meeting.

2. If director or supervisor is juridical person shareholder representative, the share proportion of such juridical person shareholder exceeds ten percent or list of shareholders of top ten share proportion:

(1) Major shareholders of juridical person shareholder

Base date: April 30, 2021

Name of juridical person shareholder	Major shareholders of juridical person shareholder	Shareholding ratio%
Yi Tai Investment Co., Ltd.	Ren Ying Industrial Co., Ltd.	85.10
	Ruentex Xing Co., Ltd.	14.90
Sheng Cheng Investment Co., Ltd.	Run Hua Dyeing Factory Co., Ltd.	48.98
	Ren Ying Industrial Co., Ltd.	23.81
	Ying Jia Investment Co., Ltd.	17.31
	Hui Hong Investment Co., Ltd.	9.90

(2) When major shareholders of juridical person shareholder are juridical person, major shareholders thereof

Base date: April 30, 2021

Name of juridical person	Major shareholders of juridical person	Shareholding ratio %
Run Hua Dyeing Factory Co., Ltd.	Ruentex Xing Co., Ltd.	19.55
	Ren Ying Industrial Co., Ltd.	19.14
	Changchun Investment Co., Ltd.	18.44
	Hui Hong Investment Co., Ltd.	17.96
	Yi Yanliang	13.70
	Wang Qifan	6.55
	Juridical Person Mr. Yi Xunnuo Memorial Education Foundation	4.40
	Yi Chong'en	0.26
Hui Hong Investment Co., Ltd.	Run Hua Dyeing Factory Co., Ltd.	63.53
	Ruentex Xing Co., Ltd.	19.93
	Yi Tai Investment Co., Ltd.	16.54
Ren Ying Industrial Co., Ltd.	Yi Yanliang	92.86
	Wang Qifan	7.14
Ruentex Xing Co., Ltd.	Yi Yanliang	99.997
	Wang Qifan	0.003
Ying Jia Investment Co., Ltd.	Changchun Investment Co., Ltd.	75.86
	Run Hua Dyeing Factory Co., Ltd.	24.14

3. Professional knowledge possessed by director and supervisor, and their independence

April 30, 2021

Condition / Name	Whether or not with over five years of work experience and the following professional qualifications			Independence conformance (notes 1)												Number of other public companies in which concurrently act as independent director
	Lecturer or above in the department of commercial affairs, legal affairs, financial affairs, accounting or those related company business in public and private colleges and universities	Judge, procurator, lawyer, accountant, or other professional and technical personnel having passed national examination and acquired certificate necessary for company business	Work experience in commercial affairs, legal affairs, financial affairs, accounting or necessary for company business	1	2	3	4	5	6	7	8	9	10	11	12	
Yi Tai Investment Co., Ltd. Representative: Michael N. Chang			✓	✓			✓		✓	✓	✓	✓	✓	✓	✓	-
Yi Tai Investment Co., Ltd. Representative: Tamon Tseng			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	-
Sheng Cheng Investment Co., Ltd. Representative: YEN, YUN	✓		✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	-
Sheng Cheng Investment Co., Ltd. Representative: Frank Chen			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	-
Jerry Fong	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Taychang Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Notes 1: If each director or supervisor is conforming to the following conditions two years before appointment and during the term of office, please tick "✓" in the blank below the code of each condition

(1) Not the employee of the company or its affiliated enterprise.

(2) Not the director or supervisor of the company or its affiliated enterprise (Except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(3) Natural person shareholder holding over 1% of the total issued shares of the company or being the top ten shareholders not in the name of himself/herself and his/her spouse, minor children or other persons.

(4) Not the spouse, relative within second degree of kinship, or lineal relative within third degree of kinship, of the managerial officer listed in Paragraph (1) or any of the persons listed in Paragraph (2) and (3).

(5) Not the director, supervisor or employee of the corporate shareholder that directly holds 5% or more of the total outstanding shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Paragraph 1 or 2, Article 27 of the Company Act (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not the director, supervisor or employee of the other company in which the majority of director seats or voting shares of the company is controlled by the same person (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not the director (member of a council), supervisor, or employee of the other company or institution in which the Chairman, General Manager, or person holding an equivalent position of the company are the same person or spouses (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not the director (member of a council), supervisor, manager or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (except that such specific company or institution holds 20% or more and no more than 50% of the total outstanding shares of the company, and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or

subsidiary or a subsidiary of the same parent).

(9) Not the professional individual who, or an owner, partner, director (member of a council), supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. Provided that, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities Exchange Act, Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not having spouse relationship or relatives relationship within second degree with other directors.

(11) Not one of the circumstances as prescribed in Article 30 of Company Act.

(12) The government, juridical person or its representative is not appointed pursuant to Article 27 of Company Act.

(ii) Information of General Manager, Deputy General Manager, Assistant General Manager, and head of each department and branch

April 30, 2021 Unit: thousand shares; %

Title	Name	Gender	Nationality	Date of appointment (duty assumption)	Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives or supervisor			Note
					Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship	
Chief Executive Officer	Michael N. Chang	Male	ROC	August, 2019	3,311	1.66	1,335	0.66	4,956	2.48	Postdoctoral Research, Massachusetts Institute of Technology Doctor of Organic Chemistry, Brandeis University Founder and Chairman of Optimer Pharmaceuticals, Inc.	Director of Amaran Biotechnology, Inc. Director ofOBI Pharma USA, Inc. Director ofOBI Pharma Australia Pty Ltd Director ofAnsun Biopharma, Inc.	NA	NA	NA	Starting from August 1, 2019, the Chairman Michael N. Chang holds a concurrent post as the Chief Executive Officer of the Company, since the majority of directors do not hold a concurrent post as the employee or managerial officer of the company, he will help to maintain the efficiency of Board of Directors and strengthen sound development of the company in the aspects of research and development, clinical and financial affairs etc.
Chief Financial Officer	Frank Chen	Male	ROC	July, 2019	800	0.40	20	0.01	0	0	Master degree from Graduate Institute of Business Administration, National Taiwan University Deputy General Manager of Investment and Special Assistant to President, Management Division, Ruentex Group	Chief finance officer of OBI Pharma, Inc. Juridical Person Director Representative of TaiMed Biologics Co., Ltd. Juridical Person Director Representative of Taiwan Tai Fu Biotechnology Co., Ltd. Juridical Person Chairman Representative of Tanvex Biologics, Inc Chairman of TMB HK Services Limited Juridical Person Chairman Representative of TaiMed Biologics HK Limited Director of Juridical Person Mr. Yi Xunnuo Memorial Education Foundation Director of Yi ShuTien Medical Foundation Juridical Person Director Representative of Mithra Biotechnology Inc. Juridical Person Director Representative of Mass Solutions Technology Inc. Director representative of Amaran Biotechnology, Inc. Juridical Person Director Representative of Diamond Biotechnology Investment Co., Ltd. Juridical Person Director Representative of Diamond Capital Management Co., Ltd. Juridical Person Director Representative of Xin Yao Biotechnology Investment Co., Ltd. Juridical Person Director Representative of CHO Pharma Inc. Juridical Person Director Representative of Cotton Field Organic Co., Ltd. Partner of Delos Capital Director of Tanvex BioPharma, Inc. Juridical Person Director Rep Chairman and CEO of OBIGEN PHARMA, INC.	NA	NA	NA	Director & Chief Financial Officer
Chief Scientific Officer	Ming Lai	Male	ROC	April, 2019	0	0	0	0	0	0	Postdoctoral Research, Massachusetts Institute of Technology PhD in Bio-organic Chemistry, University of Minnesota Senior Chief Scientist, Merck Sharp & Dohme	Director of AP BIOSCIENCES INC.	NA	NA	NA	NA

Title	Name	Gender	Nationality	Date of appointment (duty assumption)	Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives or supervisor			Note
					Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship	
Vice President for Medical Affairs	Tsai, Cheng-En	Male	ROC	July, 2018	0	0	0	0	0	0	PhD in Molecular Genetics and Biology, University of Cambridge Deputy General Manager for Clinical Research and Development, TWi Biotechnology Deputy General Manager for Clinical Research and Development, TaiGen Biotechnology Senior Researcher of Center for Drug Evaluation, Taiwan Medical Advisor of Bristol-Myers Squibb Company Head of Pediatrics Department and Genetic Counseling Center, Hualien Tzu Chi Medical Center Physician-in-charge of Pediatrics Department, National Taiwan University Hospital	NA	NA	NA	NA	NA
Vice President of Biological Agents, R&D Department	Jiann-Shiun Lai	Male	ROC	March, 2014	94	0.04	0	0	0	0	Doctor of Inheritance Institute, State University of New York at Stony Brook Biotechnology Pharmaceuticals and Livelihood Materials Consultant, Technology Division, Ministry of Economic Affairs Group Leader of Protein engineering Group, Biopharmaceutical Institute, Development Center for Biotechnology Researcher of Biomedical Institute, Academia Sinica Director of Corporation Taiwan Antibody Association	NA	NA	NA	NA	NA
Director in chemical pharmacy, R&D Division	Edward Hsieh	Male	ROC	March, 2014	2	0	0	0	0	0	Doctor of Chemistry Institute, Simon Fraser University Examiner/Researcher of Center for Drug Evaluation Deputy General Manager of Ningbo Smart Pharmaceutical Co., Ltd. Researcher of Industrial Technology Research Institute	NA	NA	NA	NA	NA
Director of Public Affairs	Sharon Lee	Female	ROC	March, 2016	28	0.01	16	0	0	0	MSc Public Health Research, Tulane University Media Director of Show Chwan Health Care System Secretary General of Cross-Strait Health Care and Leisure Activities Association Director of Life and Comprehensive News Center, Min Sheng Daily Deputy Editor-in-Chief of Europe Journal	Lecturer of The Graduate Institute of Journalism, National Taiwan University	NA	NA	NA	NA
Director of Supply Chain Division	Tyro Shyu	Male	ROC	August, 2017	10	0	0	0	0	0	Master of Chemical Engineering, Syracuse University Bachelor of Chemical Engineering, National Taiwan University Director of Biotechnology Service Division, Pfizer	NA	NA	NA	NA	NA
Director of Human Resources and Administration	Rich Chang	Male	ROC	December, 2020	0	0	0	0	0	0	Master of Business Law and Economics, University of Denver Master of Management, Webster University Human Resource Director of TTY Biopharm Company Limited CSR Director of Human Resources and Corporate Responsibility of Pou Chen Corporation	Director of Human Resources and Administration of Amaran Biotechnology Inc.	NA	NA	NA	NA
Senior Manager of Financial Division	Colin Kao	Male	ROC	October, 2017	5	0	0	0	0	0	Master of Accounting, National Chengchi University Accountant in Taiwan and Britain Accounting Director of Far Eastern International Leasing Corp. Accounting Director of KHS Assistant Manager of Deloitte & Touche	Supervisor of Obigen Pharma, Inc.	NA	NA	NA	NA

(iii) Remuneration of Director, Supervisor, General Manager and Deputy General Manager

1. Remuneration paid to the Director and Independent Director in the last year (2020)

Unit: NT$thousand

Title	Name	Director remuneration								Proportion of total amount of A, B, C and D in net profit after tax (%)		Relevant remuneration received by part-time employee								Proportion of total amount of A, B, C, D, E, F and G in net profit after tax (%)		Receiving remuneration from reinvestment enterprise other than the subsidiaries or from the parent company.
		Remuneration (A)		Retirement pension (B)		Reward in surplus distribution (C)		Business execution costs (D)				Salary, bonus and special disbursement etc. (E)		Retirement pension (F)		Employee remuneration (G)						
																The Company		All companies in financial report				
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in financial report	
Chairman	Yi Tai Investment Co., Ltd. Representative: Michael N. Chang	2,508	2,508	-	-	-	-	35	35	(0.17)	(0.17)	9,004	24,359	-	-	-	-	-	-	(0.79)	(1.81)	NA
Director	Yi Tai Investment Co., Ltd. Representative: Tamon Tseng	-	-	-	-	-	-	25	25	-	-	-	-	-	-	-	-	-	-	-	-	NA
Director	Sheng Cheng Investment Co., Ltd. Representative: Lung-Yen Cho(Note 1)	-	-	-	-	-	-	10	10	-	-	-	-	-	-	-	-	-	-	-	-	NA
Director	Sheng Cheng Investment Co., Ltd. Representative: YEN, YUN(Note 1)	-	-	-	-	-	-	10	10	-	-	-	-	-	-	-	-	-	-	-	-	NA
Director	Sheng Cheng Investment Co., Ltd. Representative: Frank Chen	-	-	-	-	-	-	35	35	-	-	2,206	2,206	-	-	-	-	-	-	(0.15)	(0.15)	NA
Independent Director	Tony Chang (Note 2)	350	350	-	-	-	-	20	20	(0.02)	(0.02)	-	-	-	-	-	-	-	-	(0.02)	(0.02)	NA
Independent Director	Jerry Fong	600	600	-	-	-	-	70	70	(0.05)	(0.05)	-	-	-	-	-	-	-	-	(0.05)	(0.05)	NA

Independent Director	Taychang Wang	600	600	-	-	-	-	70	70	(0.05)	(0.05)	-	-	-	-	-	-	-	-	(0.05)	(0.05)	NA

1. Please describe the payment policy, system, standard and structure of independent director's remuneration, and describe the relevance of payment amount according to factors such as the borne responsibility, risk and devotion time etc.
   According to the regulations of Articles of Incorporation of the Company, for the remuneration of director, Remuneration Committee will determine according to its value of involvement in and contribution to company operation and by considering the normal industry payment standard, and then propose it to Board of Directors for resolution. The Company may determine the remuneration of independent director different from that of general director. Besides, according to the rules of responsibility scope of independent director of the Company, the remuneration of independent director of the Company shall be determined in Articles of Incorporation or according to the resolution of Shareholders' Meeting, and reasonable remuneration different from general director may be determined appropriately. The remuneration of such independent director may also be determined appropriately as the fixed remuneration on monthly payment after relevant legal procedures, and will not participate in earnings distribution of the company. By referring to industry standards both at home and abroad, currently the Company pays the independent director a remuneration of NT$Fifty Thousand per month, and NT$Ten Thousand as traffic allowance for each attending Board of Directors Meeting.
2. Apart from those disclosed in the above table, the remuneration received by company directors for providing service to all companies in financial report in recent years (such as taking a post as an adviser other than an employee etc.):
   N.A.

Note 1: The original representative of Shengcheng Investment Co., Ltd. was Mr. Lung-Yen Cho, who resigned on July 13, 2020, and was reassigned as Dr. Yan Yun on August 3, 2020.
Note 2: Tony Chang, an independent director, resigned on July 31, 2020.

2. Remuneration of supervisor in the last year (2020): not applicable

3. Remuneration paid to General Manager and Vice President in the last year (2020):

Unit: NT$thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special disbursement etc. (C)		Amount of employee remuneration (D)				Proportion of total amount of A, B, C and D in net profit after tax (%)		Receiving remuneration from reinvestment enterprise other than the subsidiaries or from the parent company.
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company		All companies in financial report		The Company	All companies in financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chairman & Chief Executive Officer	Michael N. Chang	15,399	30,754	0	0	17,726	17,726	0	0	0	0	(2.27)	(3.25)	NA
Director & Chief Financial Officer	Frank Chen													
Chief Scientific Officer	Ming Lai													
Vice President of Biological Agents, R&D Department	Jiann-Shiun Lai													
Vice President for Medical Affairs	Tsai, Cheng-En													

Notes: including the acquisition of employee stock option certificate, and salary expense (non-cash charges) recognized in "Share-based Payment" according to IFRS 2

Remuneration Numerical Range Table

Numerical range of remuneration paid to each General Manager and Deputy General Manager of the Company(Notes)	Name of General Manager and Deputy General Manager	
	The Company	All companies in financial report
Below NT$1,000,000	NA	NA
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	NA	NA
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Frank Chen	Frank Chen
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	Jiann-Shiun Lai	Jiann-Shiun Lai
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	Tsai, Cheng-En、Ming Lai,Michael N. Chang	Tsai, Cheng-En、Ming Lai
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	NA	NA
NT$15,000,000 (inclusive) ~ NT$30,000,00 (exclusive)	NA	Michael N. Chang
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	NA	NA
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	NA	NA
Above NT$100,000,000	NA	NA
Total	5 persons	5 persons

Notes: including the acquisition of employee stock option certificate, and salary expense (non-cash charges) recognized in "Share-based Payment" according to IFRS 2

4. uneration paid to the top 5 supervisors with highest remuneration in the last year (2020):

Unit: NT$thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special disbursement etc. (C) (Notes)		Amount of employee's compensation (D)				Proportion of total amount of A, B, C and D in net profit after tax (%)		Receiving remuneration from reinvestment enterprise other than the subsidiaries
								The Company		All companies in financial report				
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in financial report	
Chairman & Chief Executive Officer	Michael N. Chang	0	15,355	0	0	9,004	9,004	0	0	0	0	(0.62)	(1.63)	NA
Chief Scientific Officer	Ming Lai	5,615	5,615	0	0	3,221	3,221	0	0	0	0	(0.61)	(0.59)	NA
Vice President for Medical Affairs	Tsai, Cheng-En	5,752	5,752	0	0	2,416	2,416	0	0	0	0	(0.56)	(0.55)	NA
Vice President of Biological Agents, R&D Department	Jiann-Shiun Lai	4,032	4,032	0	0	879	879	0	0	0	0	(0.34)	(0.33)	NA
Director & Chief Financial Officer	Frank Chen	0	0	0	0	2,206	2,206	0	0	0	0	(0.15)	(0.15)	NA

Notes: including the acquisition of employee stock option certificate, and salary expense (non-cash charges) recognized in "Share-based Payment" according to IFRS 2.

(iv) Name of manager distributed with employee bonus and distribution circumstance: NA

(v) Make respective comparison analysis on the proportion of total remuneration paid to the directors, supervisors, General Managers, Deputy General Managers of the Company in the last two years by the Company and all companies in consolidated statement in the net profit after tax of individual and consolidated financial report, and describe the policy, standard and combination of remuneration payment, procedures of determining remuneration and its relevance to operation performance and future risk:
The standard or structure and system of the Company in paying remuneration to the director, General Manager and Deputy General Manager will be adjusted according to the future risk factors, and it shall not guide director and General Manager to engage in the action increasing company risk for the pursuit of remuneration, so as to avoid losses of the Company after paying remuneration. Relevant earnings distributions are explicitly stipulated in the Articles of Incorporation, and the payment of director and supervisor remuneration shall be handled pursuant to the provisions of Company Act. Remuneration of General Manager includes salary, bonus and employee bonus etc., and it will be handled according to relevant remuneration system of the Company, the remuneration paid to the directors and supervisors by the Company gives consideration to their participation degree and contribution value in company operation.

Unit: NT$thousand

Annual remuneration / Company type	2019		2020	
	Total remuneration paid to director, General Manager and Deputy General Manager of the Company	Proportion of net profit after tax(%)	Total remuneration paid to director, General Manager and Deputy General Manager of the Company	Proportion of net profit after tax(%)
The Company	57,584	(4.09)	37,458	(2.57)
All companies in consolidated statement	57,584	(4.00)	52,813	(3.54)

Notes: Total remuneration includes the acquisition of employee stock option certificate, and salary expense recognized in "Share-based Payment" according to IFRS 2

III Corporate governance operation situation

(i) Board of Directors operation situation

7 (A) Board of Directors meetings were convened in 2020, attending situations of directors are as follows:

Title	Name	Actual attendance times (B)	Delegated attendance Times	Actual attendance rate (%) [B/A]	Notes
Chairman	Yi Tai Investment Co., Ltd. Representative: Michael N. Chang	7	0	100	
Director	Yi Tai Investment Co., Ltd. Representative: Tamon Tseng	5	2	71	
Director	Sheng Cheng Investment Co., Ltd. Representative: Lung-Yen Cho	2	0	100	Resign on July 13, 2020
Director	Sheng Cheng Investment Co., Ltd. Representative: YEN, YUN	2	2	50	Took office on 2020.08.03
Director	Sheng Cheng Investment Co., Ltd. Representative: Frank Chen	7	0	100	
Independent Director	Jerry Fong	7	0	100	
Independent Director	Tony Chang	2	0	100	Resign on July 31, 2020
Independent Director	Taychang Wang	7	0	100	

Other matters should be recorded:

1. For matters specified in 3 of Article 14 of Securities Exchange Act, and other resolutions of Board of Directors which independent director opposes or reserves opinion and with record or written statement, the date of Board of Directors, stage, proposal content, opinions of all independent directors, and the Company's handling of independent directors' opinion shall be specified

Date of the meeting: (Stage)	Proposal contents	Opinion of independent director and handling situation of the Company
March 13, 2020 (The 7th of the 6th session)	Recognition of the “Declaration of Internal Control System” in 2019. Cooperate with the internal adjustment of accounting firms to replace certified accountants. Appointed Pricewaterhouse Coopers Taiwan to handle the audit, and public expense case of the fiscal and taxation report of 2020. Revise internal control system of the Company	Approved and passed by all independent directors.
August 5, 2020 (The 10th of the 6th session)	According to the letter from portfolio investor, a consortium legal person, and the Securities and Futures Investors Protection Center, the case of exercising the right of incorporation to the chairman of the Company. Establish Shanghai Sub-subsidiary's "Code of Good Faith", "Intellectual Property Management Measures", "Operation Procedures for Lending Funds to Others", "Operation Procedures for Endorsement and Guarantee", "Processing Procedures for Trading Derivative Financial Products" and "Seal Management Measures".	
September 28, 2020 (The 11th of the 6th	The Company plans to issue new shares and accept the shares of Amaran Biotechnology Inc.	

session)	The Company intends to authorize some intellectual property rights in Chinese mainland (including Hong Kong and Macau) to specific companies. Our company intends to authorize its subsidiary Ap Biosciences Inc. to develop bispecific antibodies, which is limited to the case of OBI-888+CD3/CD 137. Extempore Motion: it is proposed to authorize the chairman to discuss follow-up cooperation with potential partners on obi-858 medical and aesthetic indications.		
November 6, 2020 (The 12th of the 6th session)	The audit department plans to put forward the audit plan of the Company in 2021. Revise internal control system of the Company		
December 4, 2020 (The 13th of the 6th session)	The Company intends to authorize the intellectual property rights of OBI-858 global medical beauty to specific companies. Appointed Pricewaterhouse Coopers Taiwan to handle the audit, and public expense case of the fiscal and taxation report of 2021.		
March 13, 2021 (The 14th of the 6th session)	It is planned to participate in the cash capital increase case of Amaran Biotechnology Inc., the subsidiary. The authorized cooperation case between the Company and ODEON in China (including Hong Kong and Macao) was partially adjusted. Recognition of the "Declaration of Internal Control System" in 2020. Revise internal control system of the Company		

2. For the director's avoidance of proposal with conflict of interest, the name of director, proposal content, reason for conflict of interest and participation in voting shall be specified：

Date	Name of director	Motion contents	Reason for conflict of interest	Voting situation
August 5, 2020	Michael N. Chang	According to the letter from portfolio investor, a consortium legal person, and the Securities and Futures Investors Protection Center, the case of exercising the right of incorporation to the chairman of the Company.	Chairman Michael N. Chang is the party concerned.	Michael N. Chang, the chairman of the board of directors, was a party and avoided the discussion and resolution according to law. The case was consulted by the acting chairman Jerry Fong, an independent director, and passed without objection: the case will be handled according to the letter from the Insurance Center.
September 28, 2020	Michael N. Chang Frank Chen Tamon Tseng	The Company plans to issue new shares and accept the shares of Amaran Biotechnology Inc.	Chairman Michael N. Chang, Director Frank Chen and Director Tamon Tseng are directors of Amaran Biotechnology Inc. at the same time. They have conflicts of interests and avoid them according to law.	Chairman Michael N. Chang, Director Frank Chen and Director Tamon Tseng are directors of Amaran Biotechnology Inc. at the same time. They have conflicts of interests, avoid them according to law, and don't participate in discussions and resolutions. This case was consulted by the acting chairman Jerry Fong, an independent director, and passed without objection.
September 28, 2020	Michael N. Chang Frank Chen Tamon Tseng	The Company intends to authorize some intellectual property rights in Chinese mainland (including Hong Kong and Macau) to specific companies.	Chairman Michael N. Chang, Director Frank Chen, and Director Tamon Tseng, the representative of Legal Person Director of Yi Thai International Co., Ltd., have conflicts of interest with DELOS Company, and have avoided	Because Chairman Michael N. Chang, Director Frank Chen and Director Tamon Tseng, the representative of Legal Person Director of Yi Thai International Co., Ltd., have conflicts of interests with DELOS Company, they avoided according to law and did not participate in discussions and resolutions. This case was consulted by the acting chairman Jerry Fong, an independent director, and passed without objection.

			them according to law.	
September 28, 2020	Michael N. Chang	Proposal on personnel, salary and welfare of the Company.	Chairman Michael N. Chang is the party concerned.	Since Chairman Michael N. Chang is a party, he avoided according to law and did not participate in the discussion and resolution. This case was consulted by the acting chairman Taychang Wang, an independent director, and passed without objection.
November 6, 2020	YEN, YUN	The limit case of dismissing the directors' non-competition restriction.	Director Yan Yun is a party.	Director Yan Yun, as a party, avoided according to law and did not participate in the discussion and resolution. After consulting all the directors present, the Chairman passed the case without objection.
March 12, 2021	Michael N. Chang Frank Chen YEN, YUN	The authorized cooperation case between the Company and ODEON in China (including Hong Kong and Macao) was partially adjusted.	Chairman Michael N. Chang, Director Frank Chen and Director Yan Yun, the representative of Shengcheng Investment Co., Ltd., have conflicts of interest with DELOS Company, the main investor of ODEON, and avoid them according to law	Chairman Michael N. Chang, Director Frank Chen, and Director Yan Yun, the representative of Shengcheng Investment Co., Ltd., have conflicts of interest with DELOS Company, the main investor of ODEON, and have avoided the discussion and resolution according to law. This case was consulted by the acting chairman Jerry Fong, an independent director, and passed without objection.

3. Self-assessment (or assessment by peer) of the Board of Directors

No.	Evaluation Method	Evaluation Cycle	Evaluation Duration	Evaluation Scope	Evaluation Content	Evaluation Result
1	Internal Self-Evaluation of Board of Directors	Once per year	From January 1, 2020 to December 31, 2020	The Whole Board of Directors	I. Extent of participation in the operation of the company. II. Improve the decision-making quality of board of directors. III. Composition and structure of the board of directors. IV. Selection and continuing education of directors. V. Internal control.	The board of directors of OBI Pharma, Inc. has self-evaluated smooth operation, unimpeded communication and high efficiency; The board of directors of the company can give full play and operate well as a whole.
2	Self-Evaluation of Directors	Once per year	From January 1, 2020 to December 31, 2020	Individual Director Member	I. Master the company's objectives and tasks. II. Recognition of director responsibility. III. Extent of participation in the operation of the company. IV. Operation and communication of internal relationship. V. Professional and continuing education of directors. VI. Internal control.	Self-evaluation of new directors will strengthen their participation in the agenda of the board of directors. Other existing directors have actively participated in and provided professional advice and continued to study.
3	Self-Evaluation of Directors	Once per year	From January 1,	Functional Committee	I. Extent of participation in the	Self-evaluation of functional committees

				2020 to December 31, 2020		operation of the company. II. Recognition of responsibility of functional committee III. Improve the decision-making quality of functional committee. IV. Composition and selection of members of functional committee. V. Internal control.	is generally working well.

4. The objective of strengthening the functions and powers of Board of Directors (such as setting Audit Committee, improving information transparency etc.) in the current and last year and assessment on execution situation:
   1. The Company has become OTC on March 23, 2015, all operations of Board of Directors shall be handled according to relevant laws and regulations. In order to strengthen corporate governance, the Company has established the M&A Special Committee with three independent directors on January 18, 2017.
   2. There should be three independent directors of the Company, and now there are two, namely Dr. Frank Feng and Dr. Taychang Wang (Note). They have rich professional abilities and experience in the fields of legal intelligence, accounting and financial analysis, and provide good suggestions on relevant resolutions of the board of directors and the operation of the company. (Note: Dr. Tony Chang, the former independent director, resigned on July 31, 2020, and the Company is expected to elect an independent director at the 2021 ordinary shareholders meeting.)
   3. All members of current Board of Directors of the Company have taken refresher courses related to corporate governance.
   4 In order to regularly review the efficiency of Board of Directors, the Company has formulated Board of Directors Performance Assessment Measures and its assessment method in 2016. The internal performance evaluation of the board of directors of the Company in 2020 has been completed before the end of the year of 2020.
   5. PwC Taiwan is appointed for auditing and certifying the financial reports of the Company, all information disclosures as required by laws and decrees are completed accurately in due time, and dedicated person is designated to be responsible for collection and disclosure of company information. Spokesman system is established to ensure timely and proper disclosure of important information. Apart from the linkage to mops.twse.com.tw, the website of the Company will also timely update relevant activities, announcements and financial information for the sake of reference by shareholders and interested parties on financial business related information.

(ii) Operation situation of Audit Committee or supervisor's participation in Board of Directors:

1. Operation situation of Audit Committee: 7 (A) Audit Committee meetings were convened in 2020, attending situations of independent directors are as follows:

Title	Name	Actual attendance times (B)	Delegated attendance times	Actual attendance rate (%) (B/A) (notes)	Notes
Chairperson	Jerry Fong	7	0	100	
Committee member	Tony Chang	2	0	100	Resign on July 31, 2020
Committee member	Taychang Wang	7	0	100	

Other matters should be recorded:

1. For matters listed in 5 of Article 14 of Securities Exchange Act and other resolution matters not passed by Audit Committee but agreed by more than two third of all directors, the date of Audit Committee meeting, stage, motion content, resolution results of Audit Committee meeting, and the Company's handling of Audit Committee's opinion shall be specified:

Date of the meeting: (Stage)	Proposal contents	Opinions of all independent directors and the company's handling of independent directors' opinion
March 13, 2020 (The 6th of the 3rd session)	Final statement case in 2019. Loss make-up case in 2019 Recognition of the “Declaration of Internal Control System” in 2019. Cooperate with the internal adjustment of accounting firms to replace certified accountants. Appointed Pricewaterhouse Coopers Taiwan to handle the audit, and public expense case of the fiscal and taxation report of 2020. Revise internal control system of the Company	Approved and passed by all independent directors.
May 8, 2020 (The 7th of the 3rd session)	Financial report for the first quarter of 2020.	
July 17, 2020 (The 8th of the 3rd session)	When the Company intends to issue new shares and transfer the shares of Amaran Biotechnology Inc., it will appoint an external independent expert to issue the appraisal report on the equity value evaluation of Amaran Biotechnology Inc. and the opinions on the rationality of the conversion ratio of both parties.	
August 5, 2020 (The 9th of the 3rd session)	Financial report for the second quarter of 2020. According to the letter from portfolio investor, a consortium legal person, and the Securities and Futures Investors Protection Center, the case of exercising the right of incorporation to the chairman of the Company. Establish Shanghai Sub-subsidiary's "Code of Good Faith", "Intellectual Property Management Measures", "Operation Procedures for Lending Funds to Others", "Operation Procedures for Endorsement and Guarantee", "Processing Procedures for Trading Derivative Financial Products" and "Seal Management Measures".	
September 28, 2020 (The 10th of the 3rd session)	The Company plans to issue new shares and accept the shares of Amaran Biotechnology Inc. The Company intends to authorize some intellectual property rights in Chinese mainland (including Hong Kong and Macau) to specific companies. Our company intends to authorize its subsidiary Ap Biosciences Inc. to develop bispecific antibodies, which is limited to the case of OBI-888+CD3/CD 137.	

November 6, 2020 (The 11th of the 3rd session)	Financial report for the third quarter of 2020. The audit department plans to put forward the audit plan of the Company in 2021. Revise internal control system of the Company	
December 4, 2020 (The 12th of the 3rd session)	The Company intends to authorize the intellectual property rights of OBI-858 global medical beauty to specific companies. Appointed Pricewaterhouse Coopers Taiwan to handle the audit, and public expense case of the fiscal and taxation report of 2021.	
March 13, 2021 (The 13th of the 3rd session)	Final statement case in 2020. Loss make-up case in 2020 It is planned to participate in the cash capital increase case of Amaran Biotechnology Inc., the subsidiary. The authorized cooperation case between the Company and ODEON in China (including Hong Kong and Macao) was partially adjusted. Recognition of the "Declaration of Internal Control System" in 2020. Revise internal control system of the Company	

2. For the independent director's avoidance of proposal with conflict of interest, the name of independent director, proposal content, and reason for conflict of interest and participation in voting shall be specified: NA
3. Communication circumstances (shall include the major matters, method and result etc. of communication regarding financial and business situations of the company) between independent director and internal audit supervisor and accountant.

Date	Communication method	Communication object	Communication matter	Communication result
March 13, 2020	Audit Committee	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Director of internal audit	Recognition of the "Declaration of Internal Control System" in 2019 of the Company	Noted
		Accountant	Report on the communication between Pricewaterhouse Coopers Taiwan and the governance unit during the audit completion stage of the consolidated financial report of the final statement in 2019.	Noted
	Board of Directors	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Director of internal audit	Recognition of the "Declaration of Internal Control System" in 2019 of the Company	Noted
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the audit completion stage of the consolidated financial report of the final statement in 2019.	Noted
May 08, 2020	Audit Committee	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the completion stage of the financial statement review in the first quarter of 2020.	Noted
	Board of Directors	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the completion stage of the financial statement review in the first quarter of 2020.	Noted
August 05, 2020	Audit Committee	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the review of the financial statements in the second quarter of	Noted

			2020.	
	Board of Directors	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the review of the financial statements in the second quarter of 2020.	Noted
September 28, 2020	Audit Committee	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
	Board of Directors	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
November 06, 2020	Audit Committee	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Director of internal audit	The audit department plans to put forward the audit plan of the Company in 2021.	After passing the resolution submitted to the board of directors, it will be implemente d
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the review of the financial statements in the third quarter of 2020.	Noted
	Board of Directors	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Director of internal audit	The audit department plans to put forward the audit plan of the Company in 2021.	Noted
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the review of the financial statements in the third quarter of 2020.	Noted
December 04, 2020	Audit Committee	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
	Board of Directors	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
March 12, 2021	Audit Committee	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Director of internal audit	Recognition of the “Declaration of Internal Control System” in 2020 of the Company	Noted
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the audit completion stage of the consolidated financial report of the final statement in 2020.	Noted
	Board of Directors	Director of internal audit	Work progress report of internal audit supervisor according to annual audit plan.	Noted
		Director of internal audit	Recognition of the “Declaration of Internal Control System” in 2020 of the Company	Noted
		Accountant	Report on the communication between PricewaterhouseCoopers Taiwan and the governance unit during the audit completion stage of the consolidated financial report of the final statement in 2020.	Noted

2. Operation situation of supervisor's participation in Board of Directors: Not applicable.

(iii) Operation situation of corporate governance and its difference from Listed Company Governance Best Practice Principles and the reason therefor:

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
1. Whether the Company has formulated and disclosed the Corporate Governance Best Practice Principles according to the "Listed Company Governance Best Practice Principles"?	✓		Currently the Company has formulated the Corporate Governance Best Practice Principles and disclosed it at the company website, besides, the Company has established Rules of Procedure for Shareholders' Meetings, Regulations Governing Procedure for Board of Directors Meetings, Procedures for Election of Directors, internal control system and all kinds of administrative measures and systems etc., so as to promote the operation of corporate governance based on that.	There is no significant difference yet.
2. Company equity structure and shareholders' rights and interests				There is no significant difference yet.
(1) Whether the Company has formulated internal operation procedures to handle shareholders' suggestion, doubt, dispute and litigation matters, and implement it according to such procedures?	✓		(1) The Company has set spokesman and acting spokesman to handle issues such as shareholders' suggestion or dispute etc., if otherwise involved in legal issues, it will be transferred to Legal Department for handling.	
(2) Whether the Company has mastered the major shareholders of actual controlling company and the final controller list of major shareholders?	✓		(2) The Company has mastered the register of shareholders provided by stock affairs agency.	
(3) Whether the Company has established and executed the risk control and firewall mechanism with affiliated enterprises.	✓		(3) The Company has formulated relevant administrative measures, and will make amendment in due time in respond to the business necessity and according to the company operation and development in the future.	
(4) Whether the Company has formulated internal regulation to prohibit insider of the Company from utilizing undisclosed information for the securities transaction?	✓		(4) The Company has formulated the "Procedures for Handling Material Inside Information" to explicitly prohibit insider of the Company from utilizing undisclosed information for the securities transaction.	
3. Board of Directors' composition and responsibility				There is no significant difference yet.
(1) Whether the Board of Directors has formulated diversified policy for the member composition and implemented it?	✓		(1) The "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" of the Company explicitly stipulate the diversity policy for composition of Board of Directors members and disclose it at company website and mops.twse.com.tw, directors of the Company have different professional backgrounds, and members of the sixth session Board of Directors possess knowledge, skills and accomplishments necessary for duty execution. The current board of directors of the Company is composed of six directors, including four directors and two independent directors, with rich experience and expertise in accounting, law and other fields. The tenure of two independent directors is 4~6 years. Finance / Law / Industry / Management / International Michael N. Chang: V / V / V Tamon Tseng: V / V / V	

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
			YEN, YUN V V V Frank Chen V V V Jerry Fong V V V V Taychang Wang V V V Note: Tony Chang, an orignially independent director, resigned on July 31, 2020.The Company is expected to elect an independent director at the 2021 ordinary shareholders meeting.	
(2) Apart from setting Remuneration Committee and Audit Committee pursuant to law, whether the Company is willing to set other functional committees?	✓		(2) Apart from setting Remuneration Committee and Audit Committee pursuant to law, the Company also set M&A Special Committee and organization regulations in 2016, and the M&A Special Committee comprising of three independent directors was established on January 18, 2017. Other corporate governance operations of the Company are handled by each department respectively according to its function and power, in the future, other committee may be set after further assessment if necessary.	
(3) Whether the Company has formulated Board of Directors Performance Assessment Measures and its assessment method, regularly carries out performance assessment every year, hands in the results of performance assessment to Board of Directors, and applies them as the reference for the remuneration, nomination and reappointment of individual directors?	✓		(3) In order to regularly review the efficiency of Board of Directors and improve the degree of corporate governance, the Company has formulated the "Board of Directors Performance Assessment Measures" and its assessment method in 2016, and executes Board of Directors performance assessment at least once a year. The internal performance evaluation of the board of directors in 2020 of evaluation was completed before the end of 2020.The scope of this appraisal is the board of directors, individual directors and functional committees. The performance appraisal of the board of directors, in the form of self-assessment questionnaire, includes 45 evaluations in five aspects (including participation in the company's operations, improving the decision-making quality of the board of directors, composition and structure of the board of directors, selection and continuing education of directors, internal control, etc.), and all performed well. Self-assessment of directors' members, including 23 items in the form of self-assessment questionnaire, has performed well in six aspects (including mastering the company's objectives and tasks, directors' responsibilities, participation in the company's operations, internal relations management and communication, directors' professional and continuing education, internal control, etc.). The performance appraisal of functional committees, in the form of self-assessment questionnaire, includes 24 evaluations in five aspects (including the degree of participation in the company's operations, the awareness of the responsibilities of functional committees, the improvement of decision-making quality of functional committees, the composition and selection of members of functional committees, internal control, etc.), and all performed well. The Company's review of the items with weaker scores will be the way to improve in the coming	

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
			year.	
(4) Whether the Company has regularly assessed the independence of certified public accountant?	✓		(4) The Company assesses the independence and competency of certified public accountants at least once a year, and asks the accountants and accounting firm to provide relevant materials and statements on the indicators such as the scale and reputation of accounting firm, number of years in consecutive providing audit service, nature and degree of providing non-audit service, audit certification fee, peer appraisal, whether it is involved in any lawsuit or any case amended or investigated by competent authority, the quality of audit service, whether there is any regular further education, and interaction between and among the management echelon and internal audit supervisor etc., so that Board of Directors conducts assessment accordingly, and the assessment results of the last year has been completed on March 13, 2020.	
4. Whether or not the listed or OTC-quoted company sets appropriate number of eligible corporate governance personnel, and designates the corporate governance supervisor to be responsible for corporate governance related affairs (including but not limited to provide directors and supervisors necessary materials for business execution, assist directors and supervisors in legal compliance, handle matters related to Board of Directors Meeting and Shareholders' Meeting pursuant to law, and prepare meeting minutes for Board of Directors Meeting and Shareholders' Meeting etc.)?	✓		The Company has specific promotion plan for fulfilling corporate governance, and has formulated Corporate Governance Best Practice Principles and discloses it at the company website; meanwhile, the Company continues to update the latest amended regulations related to corporate governance; currently the Financial Division of the company is responsible for handling affairs related to corporate governance, and the execution situation is good so far, when the capital amount and scale etc. meet statutory requirements, the Company will set corporate governance personnel and supervisor to be responsible for handling affairs related to corporate governance.	There is no significant difference yet.
5. Whether the Company has established communication channels with the interested parties (including but not limited to shareholders, employees, customers and suppliers etc.), and set interested party zone in the company website, and appropriately responded to the important corporate social responsibility issues concerned by interested parties?	✓		The Company has set spokesman and acting spokesman mechanism, and regularly disclose financial information for interested party to rapidly understand the operation situation of the Company to safeguard its rights and interests.	There is no significant difference yet.
6. Whether the Company has appointed professional stock affairs agency to handle the affairs of Shareholders' Meeting?	✓		The Company has appointed MasterLink Securities Corporation to handle stock affairs.	There is no significant difference yet.
7. Information disclosure				There is no

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
(1) Whether the Company has set website to disclose financial business and corporate governance information?	✓		(1) The website of the Company has disclosed information related to company profile and financial business.	significant difference yet.
(2) Whether the Company has adopted other information disclosure methods (such as setting English website, designating dedicated person to be responsible for the collection and disclosure of company information, implementing spokesman system, and setting company website in the course of investor conference presentation etc.)?	✓		(2) The Company has designated dedicated person to be responsible for disclosing significant company information, and timely input it in the announcement at mops.twse.com.tw; besides, the Company has set spokesman and acting spokesman system and publicly plays the live video of investor conference presentation at the company website.	
(3) Whether or not the company announces and declares annual financial report within two months after the end of accounting year, and announces and declares the financial report of the first, second and third quarter and monthly operating situation before the prescribed time limit?	✓		(3) Pursuant to relevant regulations, the Company announces and declares annual financial report within three months after the end of accounting year, and announces and declares the financial report of the first, second and third quarter and monthly operating situation before the prescribed time limit, please refer to the mops.twse.com.tw for the disclosure of aforesaid information.	
8. Whether the Company has other important information contributing to the understand of operation situation of corporate governance (including but not limited to employee rights and interests, employee caring, investor relations, supplier relations, rights of interested party, further education of director and supervisor, execution situation of risk management policy and risk measurement standard, execution situation customer policy, the situation in which the Company buys liability insurance for the director and supervisor etc.)?	✓		(1) Safeguard and care about employee rights and interests: The Company complies with the Labor Standards Act, Labor Safety and Health Act and relevant regulations, spares no efforts to safeguard the legal rights and interests of employees, and regularly and irregularly holds all kinds of educational training to build a good relationship of mutual trust and interdependence with the employees. (2) Investor relations: In order to maintain shareholders' rights and interests and for the convenience of public investors to understand the situation of company operation, the Company disclose relevant information at mops.twse.com.tw as required. (3) Supplier relations: Through long-term intercourse with major suppliers, the Company has built a good relationship of mutual trust and has a cordial working relationship with them. (4) Rights of interested party: Apart from setting designated spokesman and acting spokesman, the Company also sets stock affairs unit to handle relevant issues and suggestion matters of the shareholders and interested party of the Company; if involving in legal issues, then the Company has appointed law consultant or legal personnel for handling, so as to safeguard the rights and interests of interested party. (5) Further education of director and supervisor: The Company irregularly provides directors and managers the legal information shall be paid attention to and the information of professional knowledge further education courses held by relevant units, and details on the manners	There is no significant difference yet.

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
			and situations of further education for directors of the Company are as shown in the next page. (6) Execution situation of risk management policy and risk measurement standard: The Company emphasizes the risk management policy of "Prevention speaks louder than everything", apart from formulating rigorous internal control system pursuant to law, and regularly and irregularly examining the execution situation and proposing report through internal audit, the Company also takes reasonable hedging measures in the aspect of financial affairs and exchange rate etc. to reduce risks, and reviews the financial structure at any time to avoid excessive financial risks. (7) Execution situation customer policy: The products of the Company are currently at the stage of research and development and have no operating income, in the future, when the products come into the market for sale, dedicated personnel will provide relevant services to the correspondents. (8) The situation in which the Company buys liability insurance for the director and supervisor: Starting from June 14, 2012, the Company buys liability insurance for the directors and supervisors, and the insurance is renewed every year.	
9. Please describe the improvement of corporate governance evaluation result released by corporate governance center of Taiwan Stock Exchange Corporation in the last year, and propose the prioritized strengthening matters and measures for the unimproved matters. The Company has been listed in corporate governance assessment (the 3rd session) for the first time in 2016, in the future, for the items failed in assessment, the Company will review the feasibility in current year and future strategy every year, therefore, the Company will achieve a balance between the development of competent authority policy and the development of company mainbody every year, promote the implementation plan for the items can be improved at current stage, and set the year and objective of improvement for the items cannot be improved at current stage.				

Main manners and situations of further education for directors of the Company in 2020 are as follows:

- In Board of Directors Meeting, the management team will make brief report on business and other relevant information for directors.
- Courses related to corporate governance etc. will be arranged for directors in Board of Directors Meeting.
- Each director may participate in relevant refresher courses voluntarily as needed.

Name	Date of further education	Host unit	Course name	Hours of further education
Michael N. Chang	September 21, 2020	Taipei Exchange	Summit Forum on "Corporate Governance 3.0-Sustainable Development Blueprint"	3
	December 04, 2020	Securities and Futures Institute	Intellectual Property Rights Management and Company Management Risk	3
Tamon Tseng	August 06, 2020	Taiwan Investor Relations Institute	Current Situation and Future of Drug-related Intellectual Property Protection in Taiwan Province	3
	September 21, 2020	Taipei Exchange	Summit Forum on "Corporate Governance 3.0-Sustainable Development Blueprint"	3
	November 05, 2020	Taiwan Corporate Governance Association	Securities illegal cases and directors' responsibilities	3
	November 06, 2020	Internal Audit Association of the Republic of China	Legal norms and risk responsibilities that directors and insiders must know under corporate governance	3

Name	Date of further education	Host unit	Course name	Hours of further education
YEN, YUN	November 18, 2020	Taiwan Corporate Governance Association	Crisis Trend and Enterprise Risk Forecast in Taiwan	3
	November 18, 2020	Taiwan Corporate Governance Association	How to effectively protect business secrets	3
Frank Chen	August 06, 2020	Taiwan Investor Relations Institute	Current Situation and Future of Drug-related Intellectual Property Protection in Taiwan Province	3
	November 05, 2020	Taiwan Corporate Governance Association	Securities illegal cases and directors' responsibilities	3
	November 06, 2020	Internal Audit Association of the Republic of China	Legal norms and risk responsibilities that directors and insiders must know under corporate governance	3
Jerry Fong	September 21, 2020	Taipei Exchange	Summit Forum on "Corporate Governance 3.0-Sustainable Development Blueprint"	3
	November 06, 2020	Internal Audit Association of the Republic of China	Legal norms and risk responsibilities that directors and insiders must know under corporate governance	3
Taychang Wang	November 06, 2020	Internal Audit Association of the Republic of China	Legal norms and risk responsibilities that directors and insiders must know under corporate governance	3
	November 17, 2020	Accounting Research and Development Foundation	Corporate Governance from the Perspective of Inspection and Adjustment-Also on the Operation Practice of Board of Directors and Audit Committee	3

(iv) If the Company has set Remuneration Committee, its composition, responsibility and operation situation shall be disclosed:

1. Information of Remuneration Committee members

Identity type	Condition / Name	Whether or not with over five years of work experience and following professional qualifications			Independence conformance (notes 1)										Number of other public companies in which concurrently act as Remuneration Committee member	Notes (notes 2)
		Lecturer or above in the department of commercial affairs, legal affairs, financial affairs, accounting or those related company business in public and private colleges and	Judge, procurator, lawyer, accountant, or other professional and technical personnel having passed national examination and acquired certificate necessary for company business	With work experience in commercial affairs, legal affairs, financial affairs, accounting or those necessary for company business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Jerry Fong	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Conforming
Independent Director	Tony Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	Conforming
Independent Director	Taychang Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Conforming

Notes 1: If each member is conforming to the following conditions two years before appointment and during the term of office, please tick "✓" in the blank below the code of each condition.

(1) Not the employee of the company or its affiliated enterprise.

(2) Not the director or supervisor of the company or its affiliated enterprise (Except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(3) Not the natural person shareholder holding over 1% outstanding shares of the company or being the top ten shareholders in the name of himself/herself and his/her spouse, minor children or other persons.

(4) Not the spouse, relative within second degree of kinship, or lineal relative within third degree of kinship, of the managerial officer listed in Paragraph (1) or any of the persons listed in Paragraph (2) and (3).

(5) Not the director, supervisor or employee of the corporate shareholder that directly holds 5% or more of the total outstanding shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Paragraph 1 or 2, Article 27 of the Company Act (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not the director, supervisor or employee of the other company in which the majority of director seats or voting shares of the company is controlled by the same person (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not the director (member of a council), supervisor, or employee of the other company or institution in which the Chairman, General Manager, or person holding an equivalent position of the company are the same person or spouses (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not the director (member of a council), supervisor, manager or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (except that such specific company or institution holds 20% or more and no more than 50% of the total outstanding shares of the company, and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not the professional individual who, or an owner, partner, director (member of a council), supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. Provided that, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities Exchange Act, Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not one of the circumstances as prescribed in Article 30 of Company Act.

Notes 2： If the identity type of the member is director, please describe whether it is conforming to the provisions of Paragraph 5, Article 6 of "Measures for Establishment of Company Remuneration Committee upon Going Public or Transaction in Business Place of Securities Dealer and Exercising Functions and Powers".

2. Information of operation situation of Audit Committee

(1) There are three members in the Remuneration Committee of the Company.
(2) Term of office of members in this session: from June 27, 2020 to June 26, 2022, Remuneration Committee has convened 5 meetings (A) in 2020, and members' qualifications and attending situations are as follows:

Title	Name	Actual attendance times B	Delegated attendance times	Actual attendance rate (%) [B/A]	Notes
Convenor	Taychang Wang	5	0	100	
Committee member	Jerry Fong	5	0	100	
Committee member	Tony Chang	1	0	100	

Other matters should be recorded:
1. If Board of Directors refuses to adopt or revises the suggestion of Remuneration Committee, the date of board meeting, stage, proposal contents, result of board resolution and handling of Remuneration Committee's opinion (if the remuneration passed by Board of Directors is superior to the suggestion of Remuneration Committee, the difference therebetween and reason therefor shall be specified) shall be specified: NA.
2. For the resolution of Remuneration Committee, if a member opposes or has a qualified opinion and with record or written statement, the date of Remuneration Committee meeting, stage, proposal contents, and opinions of all members and handling of members' opinion shall be specified: NA.

(V) Performance of corporate social responsibility and its difference from the Code of Corporate Social Responsibility of Listed and OTC-quoted Companies and reasons:

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
1. Whether or not the company conducts risk assessment on the environment, society and corporate governance issues related to company operation according to materiality principle, and formulates relevant risk management policy or strategy?	✓		Risk management policy of the Company emphasizes that "Prevention speaks louder than everything", apart from formulating rigorous internal control system pursuant to law, the Company will examine the execution situation regularly and irregularly through internal audit and propose a report. Besides, the Company also classifies the risks according to materiality principle and prepares solutions respectively, and relevant departments will conduct regular risk assessment and review to reduce the impact of risks.	There is no significant difference yet. ◦
2. Whether the Company has set dedicated (part-time) unit to promote corporate social responsibility, and whether the Board of Directors has authorized senior management echelon to handle and report the handling situation to Board of Directors?	✓		For the promotion of corporate social responsibility, the Company currently has appointed Public Relations & Government Affairs Division, Personnel Administration Division and Financial Division to be in charge, and the Chief Financial Officer will coordinate with each division and office to work together according to the activity or policy requirement and report to the Board of Directors.	There is no significant difference yet. ◦
3. Environmental issue				The Company belongs to biotechnology industry and has no production

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
				operation, and continues to reduce the environmental impact caused by the laboratory and office, in respect of the measures taken for sustainable environment, there is no significant difference between the regulations.
(1) Whether the Company has been devoting to improve the utilization efficiency of all kinds of resources, and using renewable materials having lower impact on environmental load?	✓		(1) The industry of the Company engages in biotechnology research and development, for the operation requirement of industrial characteristics, the Company has set safety and health management group, and has formulated laboratory waste management measures to execute waste cleaning and recovery, and complies with environmental protection regulations of competent authority.	
(2) Whether the Company has established appropriate environmental management system according to its industrial characteristics?	✓		(2) The Company belongs to biotechnology research and development industry and is mainly based on laboratory, thus does not use resources having greater impact on environmental load. The Company cherishes resources; continuously carries out the concept and action of energy saving; encourages waste classification and recycling, paper reduction; and calls on colleagues to turn off lights when leaving, reduce copying, voluntarily bring green cup, and reduce the consumption of bottled water and paper cup; and implement the energy saving in the actions of daily life; as for improving utilization efficiency of resources, the Company implements measures such as resources types classification and recycling etc., so as to achieve the purpose of waste reduction and resources recovery.	
(3) Whether or not the company assesses potential current and future risk and opportunity brought by climate change to the company, and adopts solutions to relevant climate issues?	✓		(3) Current business of the Company focuses on the research and development of new drugs, and there is no product launched to the market yet, nor any of them enter into substantial manufacturing production, hence there is no emission of greenhouse gas. Apart from causing natural disaster directly impacting the operation activity, the climate change may also cause indirect impacts such as rising price or supply interruption of raw materials etc., therefore, the Company actively pays attention to the issues of energy saving and carbon reduction and greenhouse gas reduction,	

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
			controls the temperature of air-conditioner in summer, pursues energy saving and carbon reduction in the office, saves water and electricity consumption, and adjusts the temperature of air-conditioner; so as to reduce the operation energy consumption in life, office and laboratory. Besides, the Company improves manufacturing method, process and production management to take measures to mitigate pollution incident, and makes effective utilization of energy to achieve the purpose of energy saving and carbon reduction.	
(4) Whether or not the company conducts statistics on greenhouse gas emissions, water consumption and total waste weight in the last two years, and formulates policies for energy saving, carbon reduction, reduction of greenhouse gas emissions and water consumption, or management of other waste?	✓		(4) Drug research and development business of the Company is based on laboratory in Nangang Software Park, currently the research and development process has not entered into mass production phase, hence there is no doubt on the plant's discharge of sewage, waste, and greenhouse gas etc. However, in order to comply with relevant environmental protection regulations of the government, the Company has formulated the "Industrial Waste Disposal Plan" (waste disposal manual) and "Laboratory Waste Management Methods" as the basis for proper handling of industrial wastes. All hazardous solid and infectious wastes are stored temporarily in an open metal bucket with cover, liquid wastes are stored temporarily in a sealed HDPE bucket, and they will be disposed and cleared regularly by the eligible contracted manufacturer.	
4 Social issue (1) Whether the Company has formulated relevant management policies and procedures according to relevant laws and regulations and International Covenants on Human Rights?	✓		(1) The Company has formulated "Employee Manual" pursuant to Labor Standards Act and relevant laws and decrees. i. Hold employees' friendship activity etc. irregularly, which is good for the physical and mental development of employees. ii. Regularly hold employee health examination. iiii Formulate association establishment measures, encourage employees to spontaneously establish art and literature, and leisure associations to hold activities regularly, initiate employees to enjoy the work, stay healthy and exercise the mind and body to improve the cohesion. iv. The Company convenes labor-management conference every quarter, safeguarding the legal rights and interests of employees and non-discrimination of employment policy pursuant to labor laws and regulations, and allocate retirement pension. Besides, the Company has set Employee Welfare Committee to handle all kinds of welfare affairs through the operation of welfare committee elected by employees.	Conforming to the Code of Corporate Social Responsibility of Listed Company.

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
(2) Whether or not the company formulates and implements rational employee welfare measures (including remuneration, leave and other welfares etc.), and appropriately reflects the operation performance or achievement to employee remuneration?	✓		(2) The Company has formulated relevant measures for the rules and remuneration of colleagues, and employee stock subscription; and explicitly standardizes remuneration and rewards and punishment standards, allowing colleagues to share the achievements in the company business performance and operation growth, so as to fulfill social responsibility.	
(3) Whether the Company has provided employees a safe and healthy working environment, and has implemented safety and health education to the employees regularly?	✓		(3) The Company attaches importance to the safety and health of employees, and holds employee and laboratory safety and health education and fire prevention drilling more than two times a year, so as to implement hazard control assessment on operating environment, and provide appropriate and sufficient protective tools and first aid facilities such as watering, firefighting and medical aid upon emergencies. Devoting to establish safe employee working environment and protect personal safety and prevent occupational disaster.	
(4) Whether the Company has set effective occupational ability development training plan for the employees?	✓		(4) The Company cares about the development of colleagues, and has formulated complete training plan according to individual demand, hoping that colleagues can use their talents to obtain knowledge-ability and skills for promotion through further education.	
(5) For the customer health and safety, customer privacy, marketing and marking of product and service, whether or not the company complies with relevant laws and regulations and international standards, and formulates relevant policies and complaint procedures for protecting consumer rights and interests?	✓		(5) The product marketing and marking of the Company are conforming to relevant regulations. At the beginning of establishment, the Company has formulated a full set of complete management system regarding all relevant processes from confirming the composition of new drugs, pre-clinical research and development, clinical trial, market sales to selection of suppliers etc. For disputable product or manufacturer, apart from explicit prohibition of sales and purchase, the Company emphasizes and adheres to moral standards and ethical principles, complies with global international harmonized regulations, such as based on “Good Manufacturing Practice” (PIC/S GMP), “Good Laboratory Practice” (GLP) and “Good Clinical Practice”(GCP), and strictly complies with regulations such as “Medical Service Act”, “Administrative Measures of Human Trials” and “Pharmaceutical Affairs Act” etc.	
(6) Whether or not the company formulates supplier management policy, and asks the supplier to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights etc.?	✓		(6) Before the intercourse with the suppliers, the Company has collected information to fully understand and assess the suppliers before listing them as the cooperative intercourse objects. The Company has formulated strict regulations on suppliers, apart from listing those conforming to “Good Manufacturing Practice” (GMP), “Good Transport Practice” (GTP) and “ISO Quality	

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
And the implementation situation thereof?			Standards" or other industrial standards as the priority selection objects, the Company also investigates the supplier's performance in professional field, industry appraisal, integrity of plant equipment, employee's quality, corporate value and its fulfillment of social responsibility etc.; before signing the contract, internal competent unit must first conduct comprehensive appraisal and prepare a report.	
5. Whether or not the company refers to international report preparation criterion or guidelines to prepare corporate social responsibility report and other reports disclosing non-financial information of the company? Whether or not the aforesaid report has acquired the assurance or guarantee opinion from the third party verification unit?	✓		The Corporate Social Responsibility Report of the Company is prepared according to the core options of "GRI Standards" proposed by the "Global Sustainability Standards Board" (GSSB); currently external assuring procedures have not been carried out, but will be included in future planning goal.	There is no significant difference yet. ◦
6. If the Company has formulated its own code of corporate social responsibility pursuant to "Code of Corporate Social Responsibility of Listed Company", please describe its operation and the difference circumstance therebetween: the Company has formulated the Code of Corporate Social Responsibility, and practice the corporate social responsibility according to such Code, the practice execution is consistent with its spirit, and there is no significant difference.				
7. Other important information good for understanding the operation situation of corporate social responsibility: (1) Environmental protection: the Company executes environmental protection pursuant to relevant laws and decrees to fulfill the responsibility as an environmentally friendly citizen. (2) Social benefits: apart from devoting to the business operation, the Company also donates the research or charitable organization as the case may be. (3) Human rights and employees rights and interests: 1. The Company maintains a good working environment according to laws and decrees such as "Gender Equality in Employment Act" and "Gender harassment Prevention Act" etc., so as to safeguard the employees' right to work. 2. In order to improve employee quality and working skill and strengthen the work efficiency and quality, the Company has formulated "Management Measures on Education and Training", hoping to train excellent professional talents and further improve operation performance and effectively develop the utilization of human resources. 3. The Company convenes a meeting irregularly to provide an official communication channel, allowing employees of each level to coordinate with each other mutually and allowing personnel of each department to fully express their opinions. (4) Safety and health: 1. The Company always attached importance to the management of employee occupational safety and health, and urges supervisor of each department to pay attention to control the risks of occupational safety and health and improve performance. The Company has formulated relevant laboratory operation standards to standardize basic steps for employee to operate the equipment, and irregularly holds in-service labor safety and health educational training to ensure a safe working environment.				

(vi) Situation of performing integrity operation and measures adopted:

Assessment item	Operation situation			Difference from Listed Company Integrity Operation Rules and the reason therefor
	Yes	No	Description abstract	
1. Formulate integrity operation policy and scheme (1) Whether or not the company formulates the integrity operation policy passed by Board of Directors, and explicitly formulates the policy and practice of integrity operation in the regulations and external documents, and the commitment of Board of Directors and senior management echelon to actively implement the operation policy?	✓		(1) The Company has formulated the Code of Integrity Operation, Operation Procedures and Behavioral Guidelines for Integrity Operation, and Code of Ethical Conduct as the complying basis for internal operation of the company. Integrity and transparency are the important core values in the operation of the Company, the Company establishes corporate governance and risk control mechanisms based on that to pursue sustainable company development.	There is no significant difference yet.
(2) Whether or not the company establishes assessment mechanism for the risk of dishonest behavior, regularly analyzes and assesses the operating activities of higher dishonest behavior risks within the scope of business, and formulates the scheme for preventing dishonest behavior accordingly, and at least covers the prevention measures for various behaviors prescribed in Paragraph 2, Article 7 of "Listed and OTC-quoted Company Integrity Operation Rules"?	✓		(2) The Company has formulated Employee Code of Conduct to sincerely treat customers, investors, colleagues, suppliers and every business contact object with self-discipline and in the principle of integrity and honesty, and strictly prohibits employees to accept any improper gift and entertainment. The Company regularly carries out self-assessment of integrity operation for each department, so as to effectively control relevant risks within business scope respectively.	
(3) Whether or not the company explicitly formulates the operation procedures, behavioral guidelines, violation punishment and complaints system in the schemes of preventing dishonest behavior, implements them, and regularly reviews and amends the aforesaid schemes?	✓		(3) Directors, supervisors, managers, employees or those of substantial control ability of the Company are strictly prohibited from directly or indirectly providing, promising, asking for or receiving any unjustified interests, or from conducting other dishonest behaviors violating integrity, against the law or violating fiduciary duties. Besides, the Company sets the mailbox for malfeasance impeachment, and formulates measures for handling impeachment case to specify the handling procedures and competent unit of the impeachment case.	
2. Implement integrity operation (1) Whether the company has assessed the integrity record of contacting objects, and explicitly	✓		(1) Personnel of every level of the Company are of high self-discipline and have never involved in other illegal affairs or purposes in the commercial activity; for those who have the	There is no significant difference yet.

Assessment item	Operation situation			Difference from Listed Company Integrity Operation Rules and the reason therefor
	Yes	No	Description abstract	
stipulated integrity clauses in the contract signed between the Company and trading objects?			record of dishonest behaviors, the Company will degrade them, stop their powers, or remove them from the list of qualified suppliers.	
(2) Whether the company has set dedicated unit subordinated to Board of Directors to promote corporate integrity operation, and regularly (at least once a year) reports to Board of Directors on its integrity operation policy and scheme of dishonest behavior prevention, and supervises the execution situation?	✓		(2) The Legal Affairs and Intellectual Property Department of the Company is the specialized unit responsible for honest operation, which is responsible for assisting the board of directors and management in formulating and supervising the implementation of honest operation policies and preventive plans, and ensuring the implementation of the code of honest operation. The full-time unit reported its implementation to the board of directors on August 5, 2020 and March 12, 2021 respectively.	
(3) Whether the Company has formulated policy to prevent conflict of interest and provided proper statement channel, and implements them?	✓		(3) Board of Directors of the Company adheres to high self-discipline, for the proposal listed by Board of Directors and those have interest relationship with the Board of Directors or its representing juridical person, such interested relationship shall be described in the current Board of Directors meeting, if such relationship is detrimental to corporate benefits, it shall not join in discussion and voting and shall evade upon discussion and voting, and shall not exercise voting right on behalf of other directors.	
(4) Whether the company has established effective accounting system, internal control system for implementing integrity operation, and has the internal audit unit to draft relevant audit plans according to the assessment results of dishonest behavior risks, and checks the compliance of the scheme for dishonest behavior prevention accordingly, or appoints the accountant to execute the auditing?	✓		(4) To establish effective accounting and internal control system, the Company carries out computerized operation in which the management function can be connected through computers, besides, the Company executes abnormality management and assigns internal audit unit to conduct examination regularly or appoints accountants to execute the examination.	
(5) Whether the Company holds internal and external educational training on integrity operation regularly?	✓		(5) On July 27, 2020, the company held the "Integrity Management, GDPR, Intellectual Finance Policy Publicity and Business Secret Education Training", which was publicized by e-mail and paper posters.	

Assessment item	Operation situation			Difference from Listed Company Integrity Operation Rules and the reason therefor
	Yes	No	Description abstract	
3. Operation situation of company reporting system (1) Whether the Company has formulated specific reporting and rewarding system and established convenient reporting channel, and assigned appropriate dedicated handling personnel for the object being reported? (2) Whether the company has formulated standard investigation procedures for accepting impeachment matters, and subsequent measures and relevant confidentiality mechanism should be adopted after investigation? (3) Whether the Company has taken measures to protect whistleblower from improper treatment due to the reporting?	✓ ✓ ✓		The Company sets the mailbox for malfeasance impeachment, and formulates measures for handling impeachment case to accept any notification on illegal or immoral circumstances, assigns independent dedicated unit to be responsible for the investigation, and actually keeps the identity of whistleblower and impeachment contents confidential; besides, the investigation results will be submitted to members of Board of Directors regularly.	There is no significant difference yet.
4. Strengthen information disclosure Whether the Company has disclosed the contents of Code of Integrity Operation formulated and the promotion effect thereof at the company website and mops.twse.com.tw?	✓		The Company discloses company profile at the company website and announces real time information at the mops.twse.com.tw as required by laws and decrees.	There is no significant difference yet.
5. If the company has formulated its own Code of Integrity Operation according to the "Listed and OTC-quoted Company Integrity Operation Rules", please describe its operation and the differences with the formulated rules: the Code of Integrity Operation of the Company is conforming to the regulations of "Listed and OTC-quoted Company Integrity Operation Rules", and there is no difference.				
6. Other important information good for understanding the operation situation of integrity operation of the company (such as the Company reviews and amends the Code of Integrity Operation formulated etc.): the Company has formulated the Code of Integrity Operation for the first time in 2014, and amends it according to laws and decrees and corporate practice.				

(vii) If the Company has formulated the Code of Corporate Governance and relevant regulations, the inquiry method thereof shall be disclosed:

The Company has formulated the Code of Corporate Governance and disclosed it in the company website, and also has formulated operation procedures such as "Code of Integrity Operation", "Codes of Ethical Conduct", "Code of Corporate Social Responsibility", "Rules of Procedure for Shareholders' Meetings", "Specification of

Procedure for Board of Directors", "Procedures for Election of Directors", "Interested Party Specific Company and Group Enterprise Transaction Operation Procedure", "Measures for Supervision and Management of Subsidiary" and "Internal Control System" etc., operating and executing corporate governance related specifications according to the spirit of corporate governance, in the future, the Company will amend the management measures according to relevant laws and decrees as the case may be, so as to strengthen the corporate governance.

(viii) Other important information sufficient enough to enhance the operation situation of corporate governance shall be disclosed all together: please refer to "Paragraph vii of Operation situation of corporate governance and its difference from Listed Company Governance Best Practice Principles and the reason therefor".

(ix) Execution situation of internal control system

1. Internal Control System Statement: please refer to the next page.
2. If the accountant is appointed to specifically examine the internal control system, the accountant examination report shall be disclosed: NA.

OBI Pharma, Inc.
Internal Control System Statement

Date: March 12, 2021

For the 2020 internal control system of the Company, based on the result of self-assessment, it is hereby made the statement as follows:

i The Company acknowledges that the establishment, implementation and maintenance of internal control system are the responsibilities of Board of Directors and managers of the Company, and the Company has established such system. Its purpose is to provide a reasonable guarantee for achieving the objectives such as operation effect and efficiency (including profit making, performance and safeguarding assets safety etc.), report reliability, promptness, transparency and the compliance of relevant regulations and relevant laws and decrees etc.

ii The internal control system has its own inherent limitation, no matter how perfect its design is, an effective internal control system can only provide reasonable guarantee for achieving three objectives mentioned above; and due to the change of environment and circumstance, the effectiveness of internal control system might be changed accordingly. But the internal control system of the Company has set self-supervision mechanism, once the deficiency has been identified and confirmed, the Company will take correction action immediately.

iii The Company stipulates the determination items of internal control system effectiveness according to the "Guidelines on Public Company to Establish Internal Control System" (hereinafter referred to as "Guidelines"), so as to determine whether the design and execution of internal control system are effective. The determination items of internal control system adopted in such "Guidelines" are the processes of management control, dividing internal control system into five elements: 1. Environment control; 2. Risk assessment; 3. Operation control; 4. Information and communication, and 5. Supervision operation. Each element further includes several items. Please refer to the provisions of "Guidelines" for the preceding items.

iv The Company has adopted the determination items of internal control system mentioned above to assess the effectiveness of the design and execution of internal control system.

v Based on the assessment result in preceding paragraph, the Company thinks that the internal control system of the Company on December 31, 2020 (including supervision and management of subsidiary), including that the design and execution of internal control system related to understanding the operation effect and achievement degree of efficiency objective; reliable, prompt and transparent report; and compliance of relevant regulations and relevant laws and decrees etc. are effective, and it can reasonably guarantee the achievement of above objectives.

vi This Statement will become major contents of the annual report and public prospectus of the Company, and will be disclosed externally. If the preceding disclosed contents have any false, concealing or illegal circumstance, it will involve in the legal responsibilities as prescribed in Article 20, Article 32, Article 171 and Article 174 etc. of Securities Exchange Act.

vii This Statement is passed by Board of Directors of the Company on March 13, 2021, among 5 attending directors, no one holds opposing opinion and all agree upon the contents of this Statement, it is hereby declared as well.

OBI Pharma, Inc.
Chairman & Chief Executive Officer
Michael N. Chang (Signature/Seal)

(X) In the last year and as at the publication date of annual report, the company and its internal personnel are punished according to law, or the company punishes its internal personnel for violating the provisions of internal control system, and the punishment results thereof might cause significant impact on shareholders' equity or securities price, the punishment contents, major deficiencies and improvement situation shall be listed: None.

(xi) In the last year and as at the publication date of annual report, important resolution of Shareholders' Meeting and Board of Directors Meeting:

1. Important resolution of Shareholders' Meeting and Board of Directors Meeting:

Shareholders' Meeting / Board of Directors Meeting	**Date**	**Important resolution and execution situation**
Board of Directors	The 7th of the 6th session Board of Directors 2020.03.13	1. Pass the final statement case of the Company in 2019. 2. Pass the loss make-up case of the Company in 2019 3. Pass the plan to improve the ability to prepare financial reports by oneself. 4. Pass the fund loan of the Company and the case of OBI Pharma (Shanghai), Inc., the sub-subsidiary. 5. Pass the plan to increase the capital of the Australian subsidiary to meet the needs of clinical trials conducted by the Company. 6. Pass the recognition of the "Declaration of Internal Control System" in 2019. 7. Pass the cooperation with the internal adjustment of accounting firms to replace certified accountants. 8. Pass appointment of Pricewaterhouse Coopers Taiwan to handle the audit, and public expense case of the fiscal and taxation report of 2020. 9. Pass the revision of some articles of the Company's "Operation Methods for Preparing Financial Statements". 10. Pass the revision of some articles of the Company's "Procedure Rules of Shareholders' Meeting". 11. Pass the revision of some articles of the Company's "Procedure Rules of Board of Directors". 12. Pass the revision of some articles of the Company's "Organizational Rules of Audit Committee". 13. Pass the revision of some articles of the Company's "Organizational Rules of Salary and Compensation Committee". 14. Pass the addition of the Company's "Measures for the Establishment of Independent Directors and Matters to be Followed". 15. Pass the revision of some articles of the Company's "Rules on the Scope of Duties of Independent Directors". 16. Pass the revision of some articles of the Company's "Measures for Performance Evaluation of Board of Directors". 17. Pass the revision of some articles of the Company's "Code of Practice on Corporate Governance". 18. Pass the revision of some articles of the Company's "Code of Good Faith". 19. Pass the revision of some articles of the Company's "Operating Procedures and Behavioral Guidelines for Integrity Management". 20. Pass the revision of some articles of the Company's "Code of Practice on Corporate Social Responsibility". 21. Pass the Company's operation plan in 2020. 22. Pass the time and place for accepting shareholders' proposals. 22. Pass the resolution on the date, place and meeting matters of the shareholders' regular meeting in 2020. 24. Pass the statement that the directors and senior management of the company should comply with the credit management policy according to law. 25. Pass the salary adjustment to be implemented by the Company in 2020 and the salary adjustment proposal of the managers of the Company in 2020. 26. Pass to ratify the appointment of the deputy general manager of the clinical operation department of the US subsidiary of the company and the salary and welfare proposal,
Board of Directors	The 8th of the 6th session Board of Directors 2020.05.18	1. Execute the case of renewing common shares with stock option certificates by employees. 2. Pass the limit case of dismissing the directors' non-competition restriction. 3. Pass the change of place and new reasons for convening the shareholders' regular

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution and execution situation
		meeting in 2020.
Board of shareholders	2020 General meeting of shareholders 2020.06.22	Acknowledgement matters 1. Final statement case in 2019. Resolution: After the chairman consulted all the shareholders present, the original proposal was voted without objection. According to the statistics, after the total voting rights of the shareholders present were 119,809,201 (including electronic voting), they were in favor of 116,225,569 rights, opposed to 2,856 rights, invalid weight 0 rights and abstained/did not vote 3,580,776 rights; The affirmative weight accounts for 97.00% of the total voting rights, which exceeds the statutory amount. The case was passed as per the case. 2. Loss make-up case in 2019 Resolution: After the chairman consulted all the shareholders present, the original proposal was voted without objection. According to the statistics, after the total voting rights of the shareholders present were 119,809,201 (including electronic voting), they were in favor of 116,326,964 rights, opposed to 3,465 rights, invalid weight 0 rights and abstained/did not vote 3,478,772 rights; The affirmative weight accounts for 97.00% of the total voting rights, which exceeds the statutory amount. The case was passed as per the case. Discussion matters: 1. Revision of some articles of the Company's "Procedure Rules of Shareholders' Meeting". Resolution: After the chairman consulted all the shareholders present, the original proposal was voted without objection. According to the statistics, after the total voting rights of the shareholders present were 119,809,201 (including electronic voting), they were in favor of 116,312,851 rights, opposed to 14,448 rights, invalid weight 0 rights and abstained/did not vote 3,481,902 rights; The affirmative weight accounts for 97.00% of the total voting rights, which exceeds the statutory amount. The case was passed as per the case. 2. The limit case of dismissing the directors' non-competition restriction. Resolution: After the chairman consulted all the shareholders present, the original proposal was voted without objection. According to the statistics, after the total voting rights of the shareholders present were 119,809,201 (including electronic voting), they were in favor of 116,310,415 rights, opposed to 17,883 rights, invalid weight 0 rights and abstained/did not vote 3,480,903 rights; The affirmative weight accounts for 97.00% of the total voting rights, which exceeds the statutory amount. The case was passed as per the case. Extempore motion: None
Board of Directors	The 9th of the 6th session Board of Directors 2020.07.17	1. Pass the discuss and define of the members, functions and tasks of the project team.
Board of Directors	The 10th of the 6th session Board of Directors 2020.08.15	1. Exercising the right of incorporation to the chairman of the Company according to the letter from portfolio investor, a consortium legal person, and the Securities and Futures Investors Protection Center. 2. Pass the "Code of Good Faith" of OBI Pharma (Shanghai), Inc. (hereinafter referred to as Shanghai sub-subsidiary). 3. Pass the "Intellectual Property Management Measures" of Shanghai sub-subsidiary. 4. Pass the "Operating Procedures for Lending Funds to Others" of Shanghai sub-subsidiary. 5. Pass the "Endorsement and Guarantee Operation Procedure" of Shanghai sub-subsidiary. 6. Pass the "Processing Procedures Engaged in Derivative Financial Commodity Transaction " of Shanghai sub-subsidiary. 7. Pass the "Seal Management Method" of Shanghai sub-subsidiary. 8. Execute the case of renewing common shares with stock option certificates by employees. 9. Pass the proposal of the Company for the first issue of employee stock option certificates in 2020. 10. Pass the appointment of the director of the quality assurance department and the salary and welfare proposal of the Company. 11. Pass to ratify the appointment of senior director of the business department of the company's American subsidiary and proposing salary and benefits
Board of Directors	The 11th of the 6th session	1. Pass the case of accepting shares of Amaran Biotechnology Inc. by issuing new shares by the Company.

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution and execution situation
	Board of Directors 2020.09.28	2. Pass the case that the Company authorized some intellectual property rights in Chinese mainland (including Hong Kong and Macau) to specific companies. 3. Pass the case that the OBI-888 gene sequence was authorized by the Company to the subsidiary Ap Biosciences Inc. to develop bispecific antibody, which was limited to OBI-888+CD3/CD137 case. 4. Pass the case that the Company made a supplementary appointment of B members of the 4th Salary and Remuneration Committee. 5. Pass the reassignment of directors of OBI Pharma (Shanghai), Inc. . 6. Pass the proposal of personnel, salary and welfare of the Company. Extempore Motion1 : Pass the matter that it is proposed to authorize the chairman to discuss follow-up cooperation with potential partners on obi-858 medical and aesthetic indications.
Board of Directors	The 12th of the 6th session Board of Directors 2020.11.06	1. Pass the revision of some articles of the Company's “Seal Management Method”. 2. Pass the limit case of dismissing the directors' non-competition restriction. 3. Pass the audit plan of the Company in 2021 put forward by audit department. 4. Pass the proposal of the work plan of the remuneration Committee of the company in 2021.
Board of Directors	The 13th of the 6th session Board of Directors 2020.12.04	1. Pass the company's intention to authorize the intellectual property rights of OBI-858 global medical beauty to specific companies. 2. Pass appointment of Pricewaterhouse Coopers Taiwan to handle the audit, and public expense case of the fiscal and taxation report of 2021. 3. Passed the Budget of the Company for the year of 2021.
Board of Directors	The 14th of the 6th session Board of Directors 2020.03.12	1. Pass the final statement case of the Company in 2020. 2. Pass the loss make-up case of the Company in 2020 3. Pass the Company's operation plan in 2021. 4. Pass the cash capital increase case of Amaran Biotechnology Inc., the subsidiary. 5. By requesting the subsidiary of Amaran Biotechnology Inc. to re-elect directors and supervisors in advance at its regular shareholders meeting this year. 6. Pass the authorized cooperation case between the Company and ODEON in China (including Hong Kong and Macao) was partially adjusted. 7. The Company increased the investment quota of OBI Pharma (Shanghai), Inc., which has been passed 8. Re-appoint the directors and principals of OBI Pharma, Inc. and OBI Pharma (Shanghai), Inc. through ratification. 9. Pass the recognition of the “Declaration of Internal Control System” in 2020. 10. Pass the revision of some articles of the Company's “Procedure Rules of Shareholders' Meeting”. 11. Pass the revision of some articles of the Company's “Procedure Rules of Board of Directors”. 12. Pass the revision of some articles of the Company's “Code of Ethical Conduct for Directors and Managers”. 13. Pass the revision of some articles of the Company's “Election method of directors”. 14. Pass the revision of some articles of the Company's “Transaction operation procedures of related parties, specific companies and group enterprises”. 15. Pass the revision of some articles of the Company's “Rules on the Scope of Duties of Independent Directors”. 16. Pass the revision of some articles of the Company's “Organizational Rules of Salary and Compensation Committee”. 17. Pass the revision of some articles of the Company's “Measures for Performance Evaluation of Board of Directors”. 18. Pass the revision of some articles of the Company's “Administrative measures for preventing insider trading”. 19. Pass the revision of some articles of the Company's “Measures for supervision and management of subsidiaries”. 20. Pass the addition of the Company's "Information Security Policy" case. 21. Pass the updated Budget of the Company for the year of 2021. 22. Pass the by-election of one independent director of the sixth session of the Company 23. Pass the list of independent director candidates nominated by the board of directors. 24. Pass the limit case of dismissing the directors' non-competition restriction of the Company. 25. Pass the nomination period, the number of candidates to be elected and the acceptance place of candidates for independent directors. 26. Pass the time and place for accepting shareholders' proposals. 27. Pass the resolution on the date, place and meeting matters of the shareholders' regular

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution and execution situation
		meeting in 2021. 28. Pass the salary adjustment to be implemented by the Company in 2021 and the salary adjustment proposal of the managers of the Company in 2021. 29. Propose the appointment, salary and welfare of the Director of Human Resources Division of the Company and concurrently the Director of Human Resources Division of Subsidiary of Amaran Biotechnology Inc. . 30. Approve the appointment of the Director of Business Development and Regulation Division of Subsidiary of Amaran Biotechnology Inc. and the proposal of salary and welfare.

2. Review on the execution of resolutions of General Meeting:

The 2019 General Meeting of OBI was held in Taipei on June 22, 2020. The resolutions of attending shareholders and executions are reviewed as follows:

Report items:

1. 2019 business report.

   All attending shareholders are noted.

2. 2019 Audit Committee review report.

   All attending shareholders are noted.

3. Implementation of sound business plans.

   All attending shareholders are noted.

4. Amendments to the "Ethical Corporate Management Best Practice Principles" of the Company.

   All attending shareholders are noted.

5. Amendments to the "Procedures for Ethical Management and Guidelines for Conduct" of the Company.

   All attending shareholders are noted.

Items for acknowledgment:

[The first case] Adoption of the 2019 settlement statements.

Resolution: After the chairman consulted all the shareholders present, the original proposal was voted without objection.According to the statistics, after the total voting rights of the shareholders present were 119,809,201 (including electronic voting), they were in favor of 116,225,569 rights, opposed to 2,856 rights, invalid weight 0 rights and abstained/did not vote 3,580,776 rights; The affirmative weight accounts for 97.00% of the total voting rights, which exceeds the statutory amount. The case was passed as per the case.

[The second case] Adoption of the Proposal for 2019 Deficit Compensation.

Resolution: After the chairman consulted all the shareholders present, the original proposal was voted without objection. According to the statistics, after the total voting rights of the shareholders present were 119,809,201 (including electronic voting), they were in favor of 116,326,964 rights, opposed to 3,465 rights, invalid weight 0 rights and abstained/did not

vote 3,478,772 rights; The affirmative weight accounts for 97.00% of the total voting rights, which exceeds the statutory amount. The case was passed as per the case.

Discussion items:

[The first case] Amendments to the "Rules of Procedure for Shareholders Meetings" of the Company.

Resolution: After the chairman consulted all the shareholders present, the original proposal was voted without objection.According to the statistics, after the total voting rights of the shareholders present were 119,809,201 (including electronic voting), they were in favor of 116,312,851 rights, opposed to 14,448 rights, invalid weight 0 rights and abstained/did not vote 3,481,902 rights; The affirmative weight accounts for 97.00% of the total voting rights, which exceeds the statutory amount. The case was passed as per the case.

[The second case] The release of non-competition restrictions on the newly elected directors.

Resolution: After the chairman consulted all the shareholders present, the original proposal was voted without objection.According to the statistics, after the total voting rights of the shareholders present were 119,809,201 (including electronic voting), they were in favor of 116,310,415 rights, opposed to 17,883 rights, invalid weight 0 rights and abstained/did not vote 3,480,903 rights; The affirmative weight accounts for 97.00% of the total voting rights, which exceeds the statutory amount. The case was passed as per the case.

No extemporary motions have been passed in this Shareholders' Meeting. Please refer to the Minute Book of 2020 General Meeting for the voting of each proposal in Shareholders' Meeting.

(xii) In the last year and as at the publication date of annual report, if a director or supervisor has different opinion on the important resolution passed in the Board of Directors Meeting and with record and written statement, major contents thereof: NA.

(xiii) In the last year and as at the publication date of annual report, summary of the resignation or dismissal of Chairman, General Manager, Accounting Director, Financial Director, Internal Audit Director, Corporate Governance Director and R&D Director etc.:NA

IV. Accountant's fees information

(i) Accountant's fees information:

Monetary unit: NT$thousand

Name of accounting firm	Name of accountant		Examination period	Notes
PwC Taiwan	David Teng	Liang, Hua-Ling	From January 1, 2020 to December 31, 2020	

Monetary unit: NT$thousand

Numerical range of amounts \ Fees item		Audit fees	Non-audit fees	Total
1	Below NT$2,000 thousand	-	-	-
2	NT$2,000 thousand (inclusive) ~ NT$4,000 thousand	3,600	335	3,935
3	NT$4,000 thousand (inclusive) ~ NT$6,000 thousand	-	-	-
4	NT$6,000 thousand (inclusive) ~ NT$8,000 thousand	-	-	-
5	NT$8,000 thousand (inclusive) ~ NT$10,000 thousand	-	-	-
6	Above NT$10,000 thousand (inclusive)	-	-	-

(ii) If the non-audit fees paid to the certified public accountant and affiliated firm and enterprise of certified public account are more than one fourth of the audit fees, the amounts of audit and non-audit fees and the non-audit service contents shall be disclosed:

Monetary unit: NT$thousand

Name of accounting firm	Accountant Name	Audit fees	Non-audit fees					Accountant Examination period	Notes
			System design	Business registration	Human Resources	Other (Notes)	Subtotal		
PwC Taiwan	David Teng Liang, Hua-Ling	3,600	-	60	-	275	335	From January 1, 2020 to December 31, 2020	Non-audit fees see the notes below for details

Notes: Service contents and fees of non-audit fees are listed as follows:

1. Pay the service fee of NT$ 160,000 applied by the US subsidiary in accordance with Article 25-1 of the Income Tax Law; The advance payment is NT$ 115,000.

(iii) In case of change of accounting firm and the audit fees paid in the year of change is reduced comparing with that in the year before change, amounts of audit fees before and after change and reasons shall be disclosed: NA.

(iv) If the audit fees is reduced by more than ten percent comparing with that in the last year, the reduced amount of audit fees, proportion and reason shall be disclosed: NA

V Information on change of accountant: Accounting firm changes certified public accountant according to internal rotation required buy relevant laws.

VI Whether the Chairman, General Manager, and managers responsible for financial and accounting affairs of the Company once worked in the affiliated firm or enterprise of the certified public accountant in the last year: NA.

VII In the last year and as at the publication date of annual report, stock right transfer and pledge of stock right in the directors, supervisors, managers and shareholders with shareholding ratio over ten percent.

(i) Stock right transfer and pledge of stock right in the directors, supervisors, managers and shareholders with shareholding ratio over ten percent:

Unit: Thousand shares

Title	Name	2020		2021 As at April 30	
		Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares	Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares
Chairman & Chief Executive Officer	Yi Tai Investment Co., Ltd. Representative: Michael N. Chang	796	1,500	0	0
Director	Yi Tai Investment Co., Ltd. Representative: Tamon Tseng	0	0	0	0
Director	Sheng Cheng Investment Co., Ltd. Representative: Lung-Yen Cho	0	0	0	0
Director & Chief Executive Officer	Sheng Cheng Investment Co., Ltd. Representative: Frank Chen	0	0	0	0
Director	Sheng Cheng Investment Co., Ltd. Representative: YEN, YUN (Note 2)	0	0	0	0
Independent Director	Jerry Fong	0	0	0	0
Independent Director	Tony Chang (Note 3)	0	0	0	0
Independent Director	Taychang Wang	0	0	0	0
Substantial shareholder holding 10% or more	Yi Tai Investment Co., Ltd.	0	0	0	0

Title	Name	2020		2021 As at April 30	
		Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares	Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares
Chief Scientific Officer	Ming Lai	0	0	0	0
Vice President of Biological Agents, R&D Department	Jiann-Shiun Lai	0	0	0	0
Vice President for Medical Affairs	Tsai, Cheng-En	0	0	0	0
Director in chemical pharmacy, R&D Division	Edward Hsieh	2	0	0	0
Director of Public Affairs	Sharon Lee	2	0	0	0
Director of Supply Chain Division	Tyro Shyu	(6)	0	(2)	0
Director of Human Resources and Administration	Rick Chang (Note 4)	0	0	0	0
Senior Manager of Financial Division	Colin Kao	(5)	0	(15)	0

Note 1: The director resigned on July 13, 2020.
Note 2: The director became the director representative of Shengcheng Investment Co., Ltd. on August 3, 2020.
Note 3: The director resigned on July 13, 2020.
Note 4: The manager took office on December 1, 2020.

(ii) Information that the counterpart in the director, supervisor, manager and substantial shareholder's stock right transfer is the interested party: NA.

(iii) Information that the counterpart in the director, supervisor, manager and substantial shareholder's pledge of stock right is the interested party: NA.

VIII Information that the top ten shareholders in shareholding are of interested party, spouse or relatives within second degree relationship mutually:

April 27, 2021 Unit: thousand shares; %

Name	Individual shareholding		Shareholding of spouse, minor children		Total shareholding in the name of other person		If the top ten shareholders are of interested party, spouse or relatives within second degree relationship mutually, the name of or relationship between them.		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Yi Tai Investment Co., Ltd.	25,765	12.93	0	0	0	0	Hui Hong Investment Co., Ltd. Ruentex Industries Ltd. Sheng Cheng Investment Co., Ltd. Changchun Investment Co., Ltd.	Enterprise under the same Group	NA
Representative of Yi Tai Investment Co., Ltd.: Zhang Kunlong	0	0	0	0	0	0	NA	NA	NA
Hui Hong Investment Co., Ltd.	17,766	8.92	0	0	0	0	Yi Tai Investment Co., Ltd. Ruentex Industries Ltd. Sheng Cheng Investment Co., Ltd. Changchun Investment Co., Ltd.	Enterprise under the same Group	NA
Representative of Hui Hong Investment Co., Ltd.: Yin, Yen-Liang	0	0	0	0	0	0	NA	NA	NA
Ruentex Industries Ltd.	8,409	4.22	0	0	0	0	Yi Tai Investment Co., Ltd. Hui Hong Investment Co., Ltd. Sheng Cheng Investment Co., Ltd. Changchun Investment Co., Ltd.	Enterprise under the same Group	NA
Representative of Ruentex Industries Ltd.: Wang Qifan	0	0	0	0	0	0	NA	NA	NA

Name	Individual shareholding		Shareholding of spouse, minor children		Total shareholding in the name of other person		If the top ten shareholders are of interested party, spouse or relatives within second degree relationship mutually, the name of or relationship between them.		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
British Virgin Islands Alpha Corporate Holdings, Ltd.	3,756	1.89	0	0	0	0	NA	NA	NA
Representative of British Virgin Islands Alpha Corporate Holdings, Ltd..:Ken, Chung-Hsuan	22	0.01	0	0	0	0	NA	NA	NA
Michael N. Chang	3,311	1.66	1,335	0.66	4,956	2.48	NA	NA	NA
Sheng Cheng Investment Co., Ltd.	2,924	1.47	0	0	0	0	Yi Tai Investment Co., Ltd. Hui Hong Investment Co., Ltd. Ruentex Industries Ltd. Changchun Investment Co., Ltd.	Enterprise under the same Group	NA
Representative of Sheng Cheng Investment Co., Ltd.: Zhang Kunlong	0	0	0	0	0	0	NA	NA	NA
HSU, HUNG-CHAO(徐紅照)	2,502	1.26	0	0	0	0	NA	NA	NA
Chang Chun Investment Co., Ltd.	2,357	1.18	0	0	0	0	Yi Tai Investment Co., Ltd. Hui Hong Investment Co., Ltd. Ruentex Industries Ltd. Sheng Cheng Investment Co., Ltd.	Enterprise under the same Group	NA
Representative of Chang Chun Investment Co., Ltd.: Yin, Yen-Liang	0	0	0	0	0	0	NA	NA	NA
Special investment account in Bank in Liechtenstein under trustee custody of Standard	2,355	1.18	0	0	0	0	NA	NA	NA

Name	Individual shareholding		Shareholding of spouse, minor children		Total shareholding in the name of other person		If the top ten shareholders are of interested party, spouse or relatives within second degree relationship mutually, the name of or relationship between them.		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Chartered									
Fubon Securities Co., Ltd. in custody for HSU, CHING-HSIANG TRUST ACCOUNT	2,200	1.10	0	0	0	0	NA	NA	NA

IX Number of shareholding of the Company; the director, supervisor, manager of the Company, and the enterprise under direct or indirect control of the Company in the same reinvestment enterprise, and the consolidated comprehensive shareholding ratio:

April 30, 2021 Unit: share; %

Reinvestment enterprise (Notes 1)	Investment of the Company		Investment of director, supervisor, managerial officer and enterprise under direct or indirect control		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
OBI Pharma Limited	2,150,000	100%	0	0%	2,150,000	100%
OBI Pharma (Shanghai) Limited(Notes 2)	0	0%	0	100%	0	100%
OBI PHARMA USA, INC.	2,701,000	100%	0	0%	2,701,000	100%
AP Biosciences, Inc	13,312,000	54.62%	0	0%	13,312,000	54.62%
OBI PHARMA AUSTRALIA PTY LTD	10,650,000	100%	0	0%	10,650,000	100%
Amaran Biotechnology, Inc.	53,466,000	67%	3,213,534	4.03%	56,679,534	71.03%
OBIGEN PHARMA, INC.	47,250,000	62.17%	11,942,000	15.71%	59,192,000	77.88%

Note1:It is the investment of the company using the equity method. In November 2012, March 2013, April 2013 and June 107, the Company completed the establishment registration of Hong Kong OBI Pharma Limited, OBI Pharma (Shanghai), Inc. , OBI PHARMA USA, INC and OBI PHARMA AUSTRALIA PTY LTD; In January, 2018, the company issued new shares to invest in Ap Biosciences Inc.; In December, 2020, the Company invested in Amaran Biotechnology Inc. by increasing capital and issuing new shares; In February, 2021, the Company was authorized to invest in Obigen Pharma, Inc. with the global intellectual property rights of equipment and OBI-858 new botulinum toxin preparation.

Note2:Hong Kong OBI Pharma Limited has reinvested in OBI Pharma (Shanghai) Limited in capital and has no shares.

IV. Fundraising Situation

I Capital and stock

(i) Sources of share capital (in the last five years):

April 30, 2021, Unit: thousand shares, NT$ thousand

Month & Year	Issue price	Authorized share capital		Paid-up share capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Compensation of shares payment with property other than cash	Other
January 2016	Employee stock subscription: NT$10 NT$247.40	300,000	3,000,000	170,970	1,709,702	250 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10501028350 Letter on February 15, 2016
April 2016	Employee stock subscription: NT$10 NT$214.42, NT$227.62, NT$247.40	300,000	3,000,000	171,200	1,711,995	230 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10501117520 Letter on June 2, 2016
July 2016	Employee stock subscription: NT$10 NT$214.42, NT$227.62, NT$247.40	300,000	3,000,000	171,465	1,714,645	265 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10501212150 Letter on August 29, 2016
October 2016	Employee stock subscription: NT$10 NT$214.42, NT$227.62, NT$247.40	300,000	3,000,000	171,584	1,715,838	119 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10501276980 Letter on November 30, 2016
January 2017	Employee stock subscription: NT$10 NT$214.42, NT$247.40	300,000	3,000,000	172,013	1,720,132	429 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10601039450 Letter on March 27, 2017
April 2017	Employee stock subscription: NT$214.42 NT$227.62, NT$247.40	300,000	3,000,000	172,061	1,720,610	48 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10601070650 Letter on June 2, 2017
July 2017	Employee stock subscription: NT$214.42, NT$247.40	300,000	3,000,000	172,116	1,721,156	54 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10601123450 Letter on 2017

Month & Year	Issue price	Authorized share capital		Paid-up share capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Compensation of shares payment with property other than cash	Other
October 2017	Employee stock subscription: NT$10	300,000	3,000,000	172,166	1,721,656	50 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10601151380 Letter on November 7, 2017
January 2018	Share exchange: NT$10	300,000	3,000,000	173,841	1,738,406	1,675 thousand new issue of shares	NA	Approved by Shou-Shang-Zi No. 10701013600 Letter February 7, 2018
January 2018	Employee stock subscription: NT$10	300,000	3,000,000	173,991	1,739,906	150 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10701013620 Letter on June February 9, 2018
March 2019	Capital reduction by stock repurchases: NT$10	300,000	3,000,000	173,129	1,731,286	862 thousand Capital reduction by stock repurchases:	NA	Approved by Shou-Shang-Zi No. 10801033180 Letter on March 26, 2019
June 2019	Cash capital increase: NT$135	300,000	3,000,000	188,129	1,881,286	Cash capital increase of 15,000 thousand shares	NA	Approved by Shou-Shang-Zi No. 10801077480 Letter on June 28, 2019
March 2020	Employee stock subscription: NT$10	300,000	3,000,000	188,229	1,882,286	100 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10901085200 Letter on May 22, 2020
July 2002	Employee stock subscription: NT$10	300,000	3,000,000	188,586	1,885,861	357 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10901158520 Letter on August 28, 2020
December 2020	Share exchange: NT$10	300,000	3,000,000	199,279	1,992,793	10,693 thousand new issue of shares	NA	Approved by Shou-Shang-Zi No. 11001021540 Letter on February 3, 2021

April 27, 2021, Unit: shares

Class of shares	Authorized share capital			Notes
	Outstanding shares	Unissued shares	Total	
Ordinary shares	199,279,374	100,720,626	300,000,000	OTC shares

(ii) Shareholder structure:

April 27, 2021, Unit: thousand shares

Shareholder structure / Quantity	Government institution	Financial institution	Other juridical person	Individual person	Foreign institution and foreigner	Total
Number of person	0	0	213	23,680	147	24,040
Number of shareholding	0	0	68,377	105,796	25,106	199,279
Shareholding ratio (%)	0	0	34.31	53.09	12.60	100

(iii) Dispersion of stock right

April 27, 2021, Unit: thousand shares

Classification of shareholding		Number of shareholders	Number of shareholding	Shareholding ratio (%)
1 to	999	7,813	418	0.209
1,000 to	5,000	12,892	24,802	12.446
5,001 to	10,000	1,610	12,353	6.199
10,001 to	15,000	593	7,537	3.782
15,001 to	20,000	276	4,987	2.502
20,001 to	30,000	324	8,097	4.063
30,001 to	50,000	230	8,900	4.466
50,001 to	100,000	152	10,511	5.275
100,001 to	200,000	74	10,350	5.194
200,001 to	400,000	39	10,812	5.426
400,001 to	600,000	9	4,286	2.151
600,001 to	800,000	3	2,385	1.197
800,001 to	1,000,000	1	963	0.483
1,000,001 above		24	92,878	46.607
Total		24,040	199,279	100.000

(iv) List of major shareholders:

Name, shareholding amount and proportion of the shareholders with over five percent share proportion or the top ten shareholders in share proportion

April 24, 2021 Unit: thousand shares

Share / Name of major shareholders	Number of shareholding	Shareholding ratio
Yi Tai Investment Co., Ltd.	25,765	12.93%
Hui Hong Investment Co., Ltd.	17,766	8.92%
Ruentex Industries Co., Ltd.	8,409	4.22%
Alpha Corporate Holdings, Ltd.	3,756	1.89%
Michael N. Chang	3,311	1.66%
Sheng Cheng Investment Co., Ltd.	2,924	1.47%
Ying Jia Investment Co., Ltd.	2,502	1.26%
Changchun Investment Co., Ltd.	2,357	1.18%
Special investment account in Bank in Liechtenstein under trustee custody of Standard Chartered	2,355	1.18%
Fubon Securities Co., Ltd. in custody for HSU, CHING-HSIANG TRUST ACCOUNT	2,200	1.10%

(v) Market price, net value, earnings, dividend per share and relevant materials in the last two years:

Unit: NT$; thousand shares

Item / Year			2019	2020	As at April 30, 2021
Market price per share	Maximum		192	151	163
	Minimum		127.50	58.60	113
	Average		158.71	118.36	142.36
Net value per share	Before distribution		27.13	21.22	20.26
	After distribution		27.13	21.22	20.26
Earnings per share	Weighted-average shares		191,772	198,591	198,913
	Earnings per share		(8.30)	(7.34)	(1.16)
Dividend per share	Cash dividend		Not applicable	Not applicable	Not applicable
	Stock grants	Stock Dividend from Retained Earnings	Not applicable	Not applicable	Not applicable
		Stock Dividend from Capital Reserve	Not applicable	Not applicable	Not applicable

Item \ Year		2019	2020	As at April 30, 2021
	Accumulated unpaid dividends	Not applicable	Not applicable	Not applicable
Return on investment analysis	Price-to-earnings ratio	Not applicable	Not applicable	Not applicable
	Price-to-dividend ratio	Not applicable	Not applicable	Not applicable
	Cash dividend yield (%)	Not applicable	Not applicable	Not applicable

Note: The financial data for 2019 and 2020 have been audited and certified by accountants. The net value per share and earnings per share in the current year as of April 30, 2021 in the chart refer to the data of the first quarter of 2021 reviewed by accountants.

(vi) Corporate dividend policy and execution condition:

1. Dividend policy stipulated in Articles of Incorporation of the Company:
   If the annual general final accounts of the Company have surplus, taxes shall be withheld and accumulated losses shall be covered first, and then 10% will be allocated as statutory surplus reserve, as for the rest thereof, apart from dividend distribution, if there is still surplus, shareholder dividend will be distributed according to the resolution of Shareholders' Meeting. The operating business of the Company belongs to capital intensive industry, and currently the Company is at the stage of operating growth and shall reserve surplus in respond to the funds needed for operating growth and investment, in principle, the Company will adopt balance dividend policy, mutually matched with part stock dividend and part cash dividend, among them, in principle, the cash dividend shall not be lower than 10% of the total dividend issued. Provided the type and ratio of such surplus distribution shall be proposed to Board of Directors for drafting a proposal according to the actual profit and capital position of the current year, and then it shall be resolved in Shareholders' Meeting. In principle, the surplus distribution proposal planned by Board of Directors shall not be less than 10% of distributable surplus, and the cash dividend shall not be less than 10% of total dividend.
2. Situation of dividend distribution to shareholders planned to be (already) discussed in this year:
   The Company had no surplus in 2020, and there was no surplus distribution, hence it was not applicable.

(vii) The impact of stock grants proposed by Shareholders' Meeting this time on company business performance and earnings per share: as passed in board resolution on March 13, 2021, stock dividend is not distributed due to recovery of losses, hence it is not applicable.

(viii) Employee, director and supervisor remuneration:

1. Percentage or scope of compensation of employee (including managerial officer), director and supervisor stated in Articles of Incorporation:
   If the Company has annual profit, it shall be allocated no less than two percent as employee(including managerial officer) remuneration and no more than two percent as director remuneration. But when the Company still has accumulated losses, it shall reserve the compensation amount in advance.
   Employee(including managerial officer) remuneration will be paid in

stock or cash, which shall be resolved by the consent of more than half of attending directors in the board meeting attended by more than two third of directors, and reported to the Shareholders' Meeting.
The object of issuing remuneration in stock or cash mentioned in preceding paragraph may include employees(including managerial officer) subordinated to the company and conforming to certain conditions, and the conditions and methods thereof will be stipulated by Board of Directors.

2. Estimation base of employee, director and supervisor remuneration in this estimation, the number of shares calculation base for employee(including managerial officer) remuneration in stock distribution, and accounting treatment when the actual distribution amount is different from and estimated amount:
   (1) Employee(including managerial officer), director and supervisor remunerations are not estimated due to the losses in this period.
   (2) If the distribution amount resolved in Shareholders' Meeting is different from the estimated amount in financial statement, it will be deemed as estimated change and listed as distribution of current profits and losses.
3. Situation of remuneration distribution as passed by Board of Directors: the Company had no surplus available for distribution in 2020, hence it was not applicable.
4. For the actual distribution situation of employee(including managerial officer), director and supervisor remuneration in last year (including distributed shares, amount and stock price), if it is different from the recognized employee(including managerial officer), director and supervisor remuneration, the balance, reason and handling situation shall be specified: the Company had no surplus available for distribution in the last year, hence it was not applicable.

(ix) Situation of the Company in buying back the shares of the Company:

April 30, 2021

Buyback phase	First time (phase)
Buyback purpose	Transfer shares to employees
Buyback period	From February 25, 2016 to April 24, 2016
Buyback interval price	NT$348-933
Class and quantity of shares bought back	862,000 ordinary shares
Amount of shares bought back	NT$386,720,591
Proportion of purchased quantity in scheduled purchased quantity (%)	28.73%
Quantity of shares eliminated and transferred	862,000 shares
Accumulated quantity of company shares held	0 share
Proportion of accumulated quantity of company shares held in total shares issued (%)	0.00%

April 30, 2021

Buyback phase	Not applicable
Buyback purpose	Amaran Biotechnology Inc., a subsidiary, held shares of the company before becoming an individual of the group
Buyback period	June 12, 2019
Buyback interval price	NT$ 135
Class and quantity of shares bought back	800,000 ordinary shares
Amount of shares bought back	NT$ 108,000,000 元
Proportion of purchased quantity in scheduled purchased quantity (%)	No applicable
Quantity of shares eliminated and transferred	332,000 share
Accumulated quantity of company shares held	468,000 share
Proportion of accumulated quantity of company shares held in total shares issued (%)	0.23%

II Handling situation of corporate bonds: NA.

III Handling situation of special shares: NA.

IV Handling situation of issuing global depository receipt: NA.

V Handling situation of employee stock option certificate

(i) Handling situation of employee stock option certificate:

April 30, 2021

Type of employee stock option certificate	First time (phase) employee stock option certificate	Second time (phase) employee stock option certificate
Effective registration date	Not applicable (Notes 1)	July 9, 2013
Issuing date	March 8, 2010	November 27, 2013
Duration	10 years	10 years
Number of issuing unit	7,996,000	4,140,000
Proportion of total shares issued for subscription in total issued shares	4.01%	2.08%
Period available for subscription	One year after the subscription right has been granted with employee stock option certificate	Two years after the subscription right has been granted with employee stock option certificate

Method of performance	Issue new shares for delivery	Issue new shares for delivery
Limited subscription period and proportion (%)	25% subscription right can be exercised after 1 year 50% subscription right can be exercised after 2 years 75% subscription right can be exercised after 3 years 100% subscription right can be exercised after 4 years Starting from the second year, the subscription right can be exercised in equal proportion on monthly basis ever year.	50% subscription right can be exercised after 2 years (namely starting from the third year) Within 24 months after 2 years, for every expiration of one month, the accumulated maximum exercisable subscription proportion will increase by 1/48 75% subscription right can be exercised after 3 years 100% subscription right can be exercised after 4 years (namely starting from the fifth year)
Executed number of shares obtained	6,425,581 shares	853,922 shares
Executed subscription amount	NT$ 64,255,810	NT$ 195,915,194
Unexecuted subscription quantity	1,570,419 shares (Notes 2)	3,286,078 shares (Notes 2)
Subscription price per share for those who have not executed the subscription	NT$10	NT$247.40, NT$214.42, NT$227.62
Proportion of unexecuted subscription quantity in total shares issued (%)	0.79%	1.65%
Impact on shareholders' rights and interests	The Company's issue of employee stock option certificate aims at attracting and retaining professional talents, and encouraging and improving employees' centripetal force and productivity, so as to jointly create company and shareholder benefits, it has positive impact on the shareholders' equity.	

Type of employee stock option certificate	Third time (phase) employee stock option certificate	Fourth time (phase) employee stock option certificate
Effective registration date	April 15, 2015	January 20, 2017
Issuing date	May 6, 2015	March 9, 2017
Duration	10 years	10 years
Number of issuing unit	4,679,000	5,000,000

Proportion of total shares issued for subscription in total issued shares	2.35%	2.51%
Period available for subscription	Two years after the subscription right has been granted with employee stock option certificate	Two years after the subscription right has been granted with employee stock option certificate
Method of performance	Issue new shares for delivery	Issue new shares for delivery
Limited subscription period and proportion (%)	50% subscription right can be exercised after 2 years (namely starting from the third year) Within 24 months after 2 years, for every expiration of one month, the accumulated maximum exercisable subscription proportion will increase by 1/48 75% subscription right can be exercised after 3 years 100% subscription right can be exercised after 4 years (namely starting from the fifth year)	50% subscription right can be exercised after 2 years (namely starting from the third year) Within 24 months after 2 years, for every expiration of one month, the accumulated maximum exercisable subscription proportion will increase by 1/48 75% subscription right can be exercised after 3 years 100% subscription right can be exercised after 4 years (namely starting from the fifth year)
Executed number of shares obtained	0 shares	0 shares
Executed subscription amount	NT$ 0	NT$ 0
Unexecuted subscription quantity	4,679,000 shares (Notes 2)	5,000,000 shares (Notes 2)
Subscription price per share for those who have not executed the subscription	NT$334, NT$283, NT$422, NT$727, NT$420 (Notes 3)	NT$326; NT$261, NT$191, NT$169, NT$170.50 (Notes 3)
Proportion of unexecuted subscription quantity in total shares issued (%)	2.35%	2.51%
Impact on shareholders' rights and interests	The Company's issue of employee stock option certificate aims at attracting and retaining professional talents, and encouraging and improving employees' centripetal force and productivity, so as to jointly create company and shareholder benefits, it has positive impact on the shareholders' equity.	

Type of employee stock option certificate	Fifth time (phase) employee stock option certificate
Effective registration date	August 5, 2019
Issuing date	108.9.6
Duration	10 years
Number of issuing unit	2,020,000
Proportion of total shares issued for subscription in total issued shares	1.01%
Period available for subscription	Two years after the subscription right has been granted with employee stock option certificate
Method of performance	Issue new shares for delivery
Limited subscription period and proportion (%)	50% subscription right can be exercised after 2 years (namely starting from the third year) Within 24 months after 2 years, for every expiration of one month, the accumulated maximum exercisable subscription proportion will increase by 1/48 75% subscription right can be exercised after 3 years 100% subscription right can be exercised after 4 years (namely starting from the fifth year)
Executed number of shares obtained	0 shares
Executed subscription amount	NT$ 0
Unexecuted subscription quantity	2,020,000 shares (Notes 2)
Subscription price per share for those who have not executed the subscription	NT$120, NT$131, NT$144 (Notes 3)
Proportion of unexecuted subscription quantity in total shares issued (%)	1.01%
Impact on shareholders' rights and interests	The Company's issue of employee stock option certificate aims at attracting and retaining professional talents, and encouraging and improving employees' centripetal force and productivity, so as to jointly create company and shareholder benefits, it has positive impact on the shareholders' equity.

Notes 1：The Company was not a public company when issuing employee stock option certificate, hence it was passed in the resolution of Board of Directors Meeting held on March 8, 2010 by the Company according to Article 167-2 of Company Act.

Notes 2: From the first time (phase) to the fifth time (phase), the number of shares retrieved upon dimission and

included in unexercised employee stock option certificates are 1,570,419, 1,167,425, 2,149,749, 1,527,944 and 210,000 shares respectively.

Notes 3：It is issued respectively per board resolution, hence the subscription price per share is otherwise determined pursuant to law

(ii) Name of managers acquiring employee stock option certificate and top ten employees acquiring subscription quantity in stock option certificate, acquisition and subscription situation:

Unit: thousand shares; NT$thousand

First time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued
Manager	Vice Chairman and Global Clinical and Legal Chief Planner (Resigned)	Youe-Kong Shue	6,180	3.10%	5,219	10	52,195	2.62%	961	10	9,605	0.48%
	General Manager (Resigned)	Amy Huang										
	Chief Scientific Officer & Executive Vice President (Resigned)	Tony Yu										
	Vice President, Quality Assurance(Resigned)	Richard Tseng										
	Director of Clinical Medicine Division (Resigned)	Yuxin Lin										
	Senior R&D Director(Resigned)	Weicheng Liao										
	Director of Business Development Division(Resigned)	Minshuo Li										
	Vice President, Finance(Resigned)	CT Wang										
	Senior Manager, Audit Office	Neo Chien										
	Director of Human Resources Division (Resigned)	Peihua Bao										
Employee	Senior Manager	Suifen Zhang	1,064	0.53%	583	10	5,832	0.29%	481	10	4,808	0.24%
	Director of Financial Division(Resigned)	Xuemei Yao										
	Manager of Clinical Operation Division (Resigned)	Yuman Huang										

First time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued
	Senior Admin Manager of R&D Division	Lina Ke										
	Manager of R&D Division of American subsidiary (Resigned)	Zhengqi Wang										
	Manager of Pharmacy R&D Division (Resigned)	Jiaxin Xiao										
	Deputy Director of Product Planning Division (Resigned)	Huihua Wu										
	Senior Manager in immune antibody, R&D Division	Yiru Chen										
	Researcher of R&D Division (Resigned)	Jingyi Zhuang										
	Deputy Director, Clinical Operation (Resigned)	Jingrong Zhang										

Unit: thousand shares; NT$thousand

Second time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued
Manager	General Manager (transfer)	Amy Huang	1,535	0.77%	133	214.42~ 247.40	30,026	0.07%	1,402	214.42 ~ 247.40	318,238	0.70%
	Chief Operating Officer (Resigned)	Joanna Meng										
	Chief Scientific Officer & Executive Vice President (Resigned)	Tony Yu										
	Vice President, Quality Assurance(Resigned)	Richard Tseng										
	Vice President of Biological Agents, R&D Department	Jiann-Shiun Lai										
	Director in chemical pharmacy, R&D Division	Edward Hsieh										
	Director, Clinical Operation (Resigned)	Maggie Yang										
	Vice President, Finance(Resigned)	CT Wang										
	Director, Human Resources & Administration (Resigned)	Rose Lo										
	Senior Manager, Audit Office	Neo Chien										
Employee	Chief Business Officer of American subsidiary	Kevin Poulos	1,470	0.74%	170	214.42~ 247.40	41,387	0.09%	1,300	214.42 ~ 247.40	310,553	0.65%
	Chief Operating Officer of American subsidiary	Mitch Che										
	Global Pharmaceutical & Legal Deputy General Manager of American subsidiary	David Hallinan										
	Deputy Director, Human Resources & Administration of American subsidiary(Resigned)	Dee Warren										

	Business Information Director, Commercial (Resigned)	Pedro Chen										
	Director of Investor Relations Department(Resigned)	Gus Adapon										
	Deputy Director of Information and Procurement Division (Resigned)	Junbo Zhang										
	Director of Public Affairs	Sharon Lee										
	Manager of R&D Division of American subsidiary (Resigned)	Zhengqi Wang										
	Senior Manager of Procurement Division	Irene Sun										

Unit: thousand shares; NT$thousand

Third time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued
Manager	Chief Medical Officer and Deputy General Manager for Clinical Drug Research and Development (Resigned)	Nathan Chen	2,265	1.13%	0	334 ~ 420	0	0%	2,265	334 ~ 420	807,852	1.13%
	Vice President, Translational Medicine, R&D Division (Resigned)	Phoebe Yu										
	General Manager(transfer)	Amy Huang										
	Director, Commercial Medicine (Resigned)	Jon Jih Liao										
	Chief Scientific Officer & Executive Vice President (Resigned)	Tony Yu										
	Chief Operating Officer (Resigned)	Joanna Meng										
	Vice President, Quality Assurance (Resigned)	Richard Tseng										
	Vice President of Biological Agents, R&D Department	Jiann-Shiun Lai										
	Vice President, Finance(Resigned)	CT Wang										

	Director, Human Resources & Administration(Resigned)	Rose Lo										
	Director, R&D	Edward Hsieh										
	Director, Clinical Operation (Resigned)	Maggie Yang										
	Director, Commercial (Resigned)	Pedro Chen										
	Director of Investor Relations Department (Resigned)	Gus Adapon										
	Director of Public Affairs	Sharon Lee										
	Senior Manager of Audit Office	Neo Chien										
Employee	Chief Business Officer of American subsidiary	Kevin Poulos	1,094	0.55%	0	334 ~ 422	0	0%	1,094	334 ~ 422	413,190	0.55%
	Senior Business Development Director in Asia Pacific(Resigned)	Xiaofeng Yu										
	Chief Operating Officer of American subsidiary	Mitch Che										
	Global Pharmaceutical & Legal Deputy General Manager of American subsidiary	David Hallinan										
	Deputy Director of Clinical R&D Division	Lance Ou										
	Deputy Director of Information Division(Resigned)	Amos Yang										
	Director, Legal Affairs and Intellectual Property(Resigned)	Jay Chen										
	Pharmaceutical & Legal Deputy Director of American subsidiary	Patricia Ha										
	Deputy Director, Human Resources & Administration of American subsidiary (Resigned)	Warren Dee										
	Senior Manager of Clinical Project Group, Clinical Operation Division	Lisa Liang										

Unit: thousand shares; NT$thousand

Fourth time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued
Manager	Chief Financial Officer (Resigned)	Max Chan	1,813	0.91%	0	169 ~ 326	0	0%	1,813	169 ~ 326	531,331	0.91%
	Vice President, Statistic & Biometrics (Resigned)	Sophia Lee										
	General Manager (Resigned)	Amy Huang										
	Medical Division (Resigned)	Cristina Chang										
	Chief Scientific Officer & Executive Vice President (Resigned)	Tony Yu										
	Vice President, Quality Assurance(Resigned)	Richard Tseng										
	Vice President, Finance (Resigned)	CT Wang										
	Vice President of Biological Agents, R&D Department	Jiann-Shiun Lai										
	Director, Human Resources & Administration (Resigned)	Rose Lo										
	Director, R&D	Edward Hsieh										
	Director, Clinical Operation (Resigned)	Maggie Yang										
	Director of Investor Relations Department (Resigned)	Gus Adapon										
	Director, Commercial (Resigned)	Pedro Chen										
	Director of Public Affairs	Sharon Lee										
	Director, Commercial Medicine (Resigned)	Jon Jih Liao										
	Director, Legal Affairs and Intellectual Property(Resigned)	Jay Chen										
	Director of Supply Chain Division	Tyro Shyu										
	Accounting Manager of Financial Division	Colin Kao										
Employee	General Manager of AP Biosciences, Inc.	He Zhenghong	1,050	0.53%	0	170.50~ 326	0	0%	1,050	170.50 ~ 326	251,332	0.53%

	Chief Operating Officer of American subsidiary	Mitch Che										
	Chief Business Officer of American subsidiary	Kevin Poulos										
	Global Pharmaceutical & Legal Deputy General Manager of American subsidiary	David Hallinan										
	Director of R&D Division of AP Biosciences, Inc.	You Zhongzhe										
	Senior Business Development Director in Asia Pacific(Resigned)	Xiaofeng Yu										
	Pharmaceutical & Legal Deputy Director of American subsidiary	Patricia Ha										
	Deputy Director of Clinical R&D Division(Resigned)	Lance Ou										
	Deputy Director of Information Division(Resigned)	Amos Yang										
	Deputy Director, Human Resources & Administration of American subsidiary(Resigned)	Warren Dee										

Unit: thousand shares; NT$thousand

Fifth time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	of subscription quantity in total shares
Manager	Chairman & Chief Executive Officer	Michael N. Chang	950	0.48%	0	120 ~ 144	0	0%	950	120 ~ 144	129,120	0.48%
	Director &Chief Financial Officer	Frank Chen										
	Chief Scientific Officer	Ming Lai										
	Vice President for Medical Affairs	Tsai, Cheng-En										
	Vice President, Quality Assurance (Resigned)	Shih, Yu-Nan										
Employee	Medical director of American subsidiary	Tillman Elder Pearce	725	0.36%	0	120 ~ 144	0	0%	725	120 ~ 144	95,355	0.36%
	Vice President, Clinical Operations Division, American Subsidiary	Alberto Rodriquez										
	Senior Director, Commercial Division, American Subsidiary	Tod Lauerman										
	Operation Director of American Subsidiary	Mitch Che										

	Deputy director of medical department	HSU, PEI										
	Senior Manager of Biology, R&D Department	Steven Su										
	Principal Investigator of Biological Agents, R&D Department	Tzong-Shoou Wu										
	Senior Manager, Legal and Treasury Department	Mike Hsu										
	Manager of Clinical Operations Department (Resigned)	Charlotte Chuan										
	Senior Research Fellow II, Biological Agents, R&D Division	Sam Liu										

VI Handling situation of acquiring or transferring shares of other company to issue new shares: NA.

In order to ensure the stable supply source and quality, the case that the Company issued new shares to accept the shares of Amaran Biotechnology Inc. was passed by the resolution of the Board of Directors of the Company on September 28, 2020. The Company plans to increase the capital to issue 10,693,200 common shares and accept 53,466,000 common shares of Amaran Biotechnology Inc. (accounting for 67% of the issued shares of Amaran Biotechnology Inc.). By obtaining the control of Amaran Biotechnology Inc., Amaran Biotechnology Inc. has become a reliable new drug production base of the Company, which can promote the resources and production capacity of Amaran Biotechnology Inc. to give priority to the R&D progress of OBI Pharma, Inc., at the same time, avoid the risk of dragging down the R&D progress and product launch time due to the replacement of OEM manufacturers or insufficient production capacity allocation, and grasp the production status of new drugs immediately, ensuring that the quality of raw materials meets international standards, so as to reduce the risk of new drug launch in the future.

The above-mentioned capital increase and issuance of new shares have been reported and put into effect by the Financial Supervision and Administration Commission on November 12, 2020 (JGZFZ No.1090372536), and December 31, 2020 is set as the benchmark date of share exchange.

The basic data table of the acquired and transferee companies is as follows:

Unit: NT$thousand, with earnings per share of NT$

Company Name		Amaran Biotechnology Inc.
Company Address		No. 19, Shengyi 5th Rd., Zhubei City, Hsinchu County, Hsinchu Science and Technology Park
Director		Tessie Che
Paid-in capital amount		797,965
Main business items		Biotechnology service industry
Main product		Protein drugs, new drugs and adjuvants
Financial information of the latest year	Total assets	839,662
	Gross liability	128,000
	Total shareholders' equity	711,662
	Operating revenue	27,161
	Operating gross profit	(68,493)
	Operating income	(127,940)
	Current profit and loss	(118,813)
	Earnings per share	(1.49)

Please refer to the next page for the evaluation opinions issued by the lead securities underwriter (Masterlink Securities Corporation Limited) in the latest quarter in the case of accepting shares of Amaran Biotechnology Inc. to issue new shares.

The 1st quarter of 2021

In 2020 OBI Pharma, Inc. was transferred to Amaran Biotechnology Inc.

Evaluation opinion of the lead underwriter in the case of issuing new shares by shares

OBI Pharma, Inc. (hereinafter referred to as OBI) transferred 53,466,000 common shares of Amaran Biotechnology Inc. (hereinafter referred to as Amaran) by issuing 10,693,200 new shares in 2020. It was reported and put into effect by the Financial Supervision and Administration Commission on November 12, 2020 (JGZFZ No.1090372536). The base date of share conversion is December 31, 2020, and OBI completed the registration of share capital change on February 3, 2021. According to Paragraph 8, Paragraph 1, Article 9 of "the Guidelines for the Issuance and Issuance of Securities by Issuers", OBI shall, within one year after the completion of registration, invite the original lead underwriter to issue an evaluation opinion on the impact of the transfer of shares of Amaran Biotechnology Inc. on the finance, business and shareholders' rights and interests of OBI Pharma, Inc.. The following is only the result of the underwriter's audit, and the evaluation opinions on the impact of Taiwan Province Haoding's transfer of shares of Runya Company on Taiwan Province Haoding's finance, business and shareholders' equity are explained as follows:

1. The financial impact of transferring shares of other companies

   As far as finance is concerned, Amaran Biotechnology Inc. is the foundry manufacturer of DS (Drug Substance), a new active anti-cancer drug for OBI Pharma, Inc. After the issuance of new shares, Amaran Biotechnology Inc. became a 67% subsidiary of OBI Pharma, Inc.. Both parties can cooperate more closely in process development and quality control of new drug research and development projects, which is expected to improve the product quality of new drugs. Once the new drugs are successfully listed or authorized to the outside world in the future, it is expected to improve the cost competitive advantage after mass production of new drugs, which should be of positive benefit to the future profitability of the company.

   In addition, as far as the financial structure and solvency ratio of OBI Pharma, Inc. at the end of 2020 are concerned, the debt ratio of OBI Pharma, Inc. is 9.40%, the current ratio and quick ratio are 1,567.40% and 1,505.45% respectively, and its financial structure is still good.

   To sum up, as of the first quarter of 2021, after OBI Pharma, Inc. received the shares of Amaran Biotechnology Inc. to issue new shares, it should have no significant impact on the finance of OBI Pharma, Inc. To sum up, as of the first quarter of 2021, after OBI Pharma, Inc. received the shares of Amaran Biotechnology Inc. to issue new shares, it should have no significant impact on the finance of OBI Pharma, Inc.

2. The business impact of transferring shares of other companies

   After OBI Pharma, Inc. obtained the control of Amaran Biotechnology Inc. through this transfer case, it has indirectly obtained a reliable production base for active immune anticancer drugs, and both parties will cooperate more closely in research and development activities.In this way, Amaran Biotechnology Inc. can be ensured to continue the commissioned production of raw materials for new active immune anticancer drugs in TOBI Pharma, Inc. , and at the same time, the CMC process of new

active immune anticancer drugs can be optimized with the help of Amaran Biotechnology Inc.'s production experience, so as to ensure the output quality and supply source of new drugs. It is expected to speed up the process of clinical trials, reduce the risk of new drug listing review in the future, and strive for more international cooperation possibilities and business opportunities, which should be beneficial to the business development of OBI Pharma, Inc. .

3. The shareholder's equity impact of transferring shares of other companies

   After the completion of this transfer case, OBI Pharma, Inc. issued 10,693,000 shares according to the aforementioned case, accounting for only 5.37% of the total issued shares of OBI Pharma, Inc. as of the first quarter of 2021, which should not have any significant adverse dilution effect or influence on the original shareholders of OBI Pharma, Inc. .In addition, after OBI Pharma, Inc. acquired the shares of Amaran Biotechnology Inc. this time, it should strengthen the competitiveness of enterprises and ensure the stable supply source and quality of new active immune anticancer drugs, thereby reducing the risk of future listing of new drugs and achieving the mission of maximizing shareholders' rights and interests, sustainable operation of enterprises and keeping roots in Taiwan, so it should be beneficial to the shareholders' rights and interests of OBI Pharma, Inc.

4. Whether the benefit of the transferee is apparent

   (1) Obtain a reliable production base for research and development of new active immune anticancer drugs, and ensure stable supply sources and quality.

   Amaran Biotechnology Inc. is currently a professional foundry pharmaceutical factory for the third phase of human clinical trial of OBI-822 Globo H active immune anticancer drug in OBI Pharma, Inc., the first phase of human clinical trial of OBI-833 new generation Globo H active immune anticancer drug and OBI-866 SSEA-4 active immune anticancer drug research and development projects, and has PIC/S GMP certified production plant in Ministry of Health and Welfare. After OBI Pharma, Inc. obtained the control of Amaran Biotechnology Inc. through this share swap transfer case, Amaran Biotechnology Inc. has become a reliable new drug production base in OBI Pharma, Inc.. Amaran Biotechnology Inc. 's resources and production capacity can give priority to matching with OBI Pharma, Inc.'s R&D progress for production scheduling and development, avoiding the risk of dragging down R&D progress and product launch time due to replacement of OEM manufacturers or insufficient production capacity allocation, and immediately grasping the production status of new drugs, ensuring that the quality of APIs meets international standards, and reducing the risk of new drug launch in the future, so its benefits have gradually appeared.

   (2) Strengthen the company's CMC process technology, quality assurance (QA)/ quality control (QC) capabilities

   At present, OBI Pharma, Inc. and Amaran Biotechnology Inc. have further strengthened their cooperative relationship and integrated their enterprise resources. Therefore, they will jointly optimize the new drug manufacturing process by combining the actual mass production experience of Amaran

Biotechnology Inc. in drug production and the research and development energy of new drug CMC process technology at the front end of OBI Pharma, Inc., and improve the quality assurance (QA)/ quality control (QC) capability of OBI Pharma, Inc. through the quality supervision technology and experience of Amaran Biotechnology Inc. after mass production, share technical resources such as R&D and manufacturing with each other, and gradually achieve the comprehensive effect of industrial integration.

VII Execution of fund application plan

As at the first quarter of 2021, the Company has completed the last cash capital increase plan, it is hereby described the contents, execution situation and benefit analysis of the last plan as follows:

(1) Plan contents:

1. Date of approval by competent authority of target business and document No.: approved by Jin-Guan-Zheng-Zi No. 1080305202 Letter on March 25, 2019.
2. Total fund needed in this plan: NT$2,025,000 thousand.
3. Fund source: issue 15,000,000 ordinary shares in cash capital increase, the issuing price per share is NT$135, and the total fund-raising is NT$2,025,000 thousand.

(2) Plan progress and fund disbursement situation:

As at the first quarter of 2021, the disbursement amount in fund-raising plan is NT$303,050 thousand, the undisbursed balance is NT$1,721,950 thousand, in the future, it will be disbursed to five new drug research and development projects successively, namely OBI-866, OBI-999, OBI-898, OBI-998 and OBI-3424 etc. The funds in this cash capital increase are used for five new drug research and development projects, which is conforming to the planned use of original fund-raising plan, currently there is no circumstance involving the change of plan.

Unit: NT$thousand

Plan item	Execution situation as at the first quarter of 2021		
OBI-866 new drug R&D project	Disbursement amount	Predetermined	100,097
		Actual	25,756
	Execution progress (%)	Predetermined	47.49
		Actual	12.22
OBI-999 new drug R&D project	Disbursement amount	Predetermined	340,430
		Actual	122,642

Plan item	Execution situation as at the first quarter of 2021		
	Execution progress (%)	Predetermined	64.17
		Actual	23.12
OBI-898 new drug R&D project	Disbursement amount	Predetermined	184,289
		Actual	44,173
	Execution progress (%)	Predetermined	27.43
		Actual	6.58
OBI-998 new drug R&D project	Disbursement amount	Predetermined	55,739
		Actual	20,796
	Execution progress (%)	Predetermined	15.91
		Actual	5.94
OBI-3424 new drug R&D project	Disbursement amount	Predetermined	176,724
		Actual	89,683
	Execution progress (%)	Predetermined	66.50
		Actual	33.75
Total	Disbursement amount	Predetermined	857,279
		Actual	303,050
	Execution progress (%)	Predetermined	42.25
		Actual	14.94

(3) Estimated execution benefits: as at the first quarter of 2021, each new drug research and development project of this fund-raising plan has not generated any licensing income. According to the planned schedule of each new drug research and development project of this fund-raising plan, for the licensing income generated from each new drug expectation, it is expected to successively realize it after 2022, hence currently the execution benefits are still conforming to the original schedule.

Unit: NT$ Thousand

Plan item	Income category	Licensing time-point	2022	2023	2024	2025	2026	Total
OBI-866	Income from Licensing fee (Upfront Payment)	Phase II clinical trial	-	-	397,207	502,793	-	900,000
OBI-999	Income from Licensing fee (Upfront Payment)	Phase II clinical trial (2A)	1,170,000	630,000	-	-	-	1,800,000
OBI-898	Income from Licensing fee (Upfront Payment)	Phase II clinical trial (2A)	-	-	-	168,000	882,000	1,050,000
OBI-998	Income from Licensing fee (Upfront Payment)	Phase II clinical trial (2A)	-	-	-	1,170,000	630,000	1,800,000
OBI-3424	Income from Licensing fee (Upfront Payment)	Phase II clinical trial (2A)	210,000	90,000	-	-	-	300,000
Total		-	1,380,000	720,000	397,207	1,840,793	1,512,000	5,850,000

(4) Date of inputting in the information declaration website designated by Financial Supervisory Commission: June 14, 2019.

V Operation Overview

I Business content

(1) Business scope:

1. Major contents of operating business:
   (1) IG01010 Biotechnology Services.
   (2) F108021 Wholesale of Drugs and Medicines.
   (3) F208021 Retail Sales of Drugs and Medicines.
   (4) F401010 International Trade.
   (5) IG02010 R&D Services.
   (6) F601010 Intellectual Property Rights.

2. Operating proportion of major products in 2020:
   In 2020, new drug products of the Company were still at the stage of research and development, hence there was no operating income from major products in current year. The operating income of the Company in 2020 was NT$140.886 thousand, mainly for the recognition of sales royalties, authorization income, material sales income and labor service income.

3. Product lines of the Company under development are as follows:
   (1) Adagloxad Simolenin (A/S, originally OBI-822) breast cancer active immunity anti-cancer drug: A/S links the Globo H carbohydrate molecules to the surface of carrier protein KLH, after subcutaneous injection, it will facilitate human body to generate antibody against Globo H. Global phase III clinical trial of A/S measures the testees' degree of tumor carbohydrate antigen Globo H performance by immunohistochemistry, and screens testees of higher Globo H performance to enter into clinical trial; it takes patients of Triple Negative Breast Cancer (TNBC) with unmet medical need currently as the test object, and it is predetermined to recruit totally 668 testees from USA, Europe, Asia and Australia etc.
   (2) OBI-833, a new generation of Globo H active immune anticancer drug: The safety evaluation of OBI-833 Phase I dose-increasing trial has been completed, and the safety evaluation, immune antibody response and tumor response of cohort expansion study, which takes lung cancer patients as the target, have also been completed, and the second phase clinical trial has been planned.
   (3) OBI-866 SSEA-4 active immune anticancer drug: It has been proved that it can induce the production of specific antibody in mice in animal experiment stage. The first phase of dose increment test was approved by the Food and Drug Administration of the Ministry of Health and Welfare of Taiwan Province in August, 2020, and the case was received in October, 2020.
   (4) OBI-888 Globo H Passive Immune – oncology therapy: OBI-888 is a passive immunotherapy monoclonal antibody designed for Globo H. Patent Cooperation Treaty (PCT) has entered the National Phase, and

has obtained patents from the United States, Taiwan Province and South Africa. Single dose toxicity test of primates found no major adverse reactions; The first phase of the clinical trial has been completed in the world-famous MD Anderson Cancer Center, and subsequent cohort expansion trials are being actively carried out in many medical centers in the United States and Taiwan.

(5) OBI-999 Globo H Antibody Drug Conjugate/ADC: this product will utilize Globo H antibody to identify the cancer cells of high Globo H performance, by means of releasing micromolecule chemotherapeutic drugs through the specificity of antibody, direct cytotoxicity therapy will be carried out targeting the cancer cells of high Globo H performance. It can not only enhance the curative effect of drugs, but also avoid the damage caused by traditional chemotherapy to normal tissues, so as to effectively reduce the side effects. Animal pharmacological experiments have been completed, and relevant patent applications and layouts have been put forward. The dose escalation stage of the first clinical trial has been completed, and the second clinical trial has been planned.

(6) OBI-898 SSEA4 passive immunity monoclonal antibody: OBI-898 is the passive immunotherapy monoclonal antibody designed taking SSEA-4 as the target. And it has applied for patent and Patent Cooperation Treaty (PCT) has been disclosed. After completing a number of evaluations, such as pharmacokinetic and drug organ distribution and metabolism research, process cell development and cell strain screening, and multi-dose toxicity test in rats, the antibody has been humanized and optimized again, and antibody optimization has continued.

(7) OBI-998 SSEA4 Antibody Small Molecule Drug Complex (ADC): OBI-998 is a complex that binds small molecule drugs with cytotoxic properties through chemical bonding to linkers to anti-SSEA4 antibody. It utilizes highly specific anti-SSEA4 antibody to target toxic drugs to malignant tumors, which not only enhances the efficacy of the drug, but also avoids the damage caused by traditional chemotherapy to normal tissues, in order to effectively reduce the occurrence of side effects. After completing the process development, selecting the linker of OBI-998, and carefully evaluating the pharmacology and toxicology. At present, it will continue to optimize its antibodies and small molecule drugs.

(8) OBI-3424 micromolecule chemotherapy prodrug: in May 2017, the Company has acquired the rights to research and development and commercialization of TH-3424 anti-cancer drug (renamed as OBI-3424) in major global markets (except Asia) from US Threshold Pharmaceuticals. OBI-3424 has acquired approval from FDA on April 18, 2018 to carry out human clinical trial (IND). AKR1C3 enzyme is highly expressed in more than 15 types of tumors, and its main function is to participate in hormone synthesis and toxin clearance. OBI-3424 is converted to a cytotoxic metabolite under the catalysis of AKR1C3 enzyme in tumor cells to achieve anti-tumor effects. In April, 2018, our company was approved by FDA to conduct the first clinical trial, and has

completed the dose escalation stage of the first clinical trial, and then will enter the herd expansion stage.

(9) OBI-858 Botulinum toxin: This product is developed into a new type of botulinum toxin with a new strain, and its preparation is intended to be used for medical and cosmetic purposes. In August, 2020, she obtained the first-phase clinical trial license from the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare, and conducted the trial in Tri-Service General Hospital and Kaohsiung Chang Gung Hospital, and successfully received the case. It is expected that the safety and efficacy evaluation of the subjects will be completed in the third quarter of 2021. In February, 2021, it authorized its subsidiary Obigen Pharma, Inc. to have global intellectual property rights in cosmetic medicine.

(2) Industry overview:

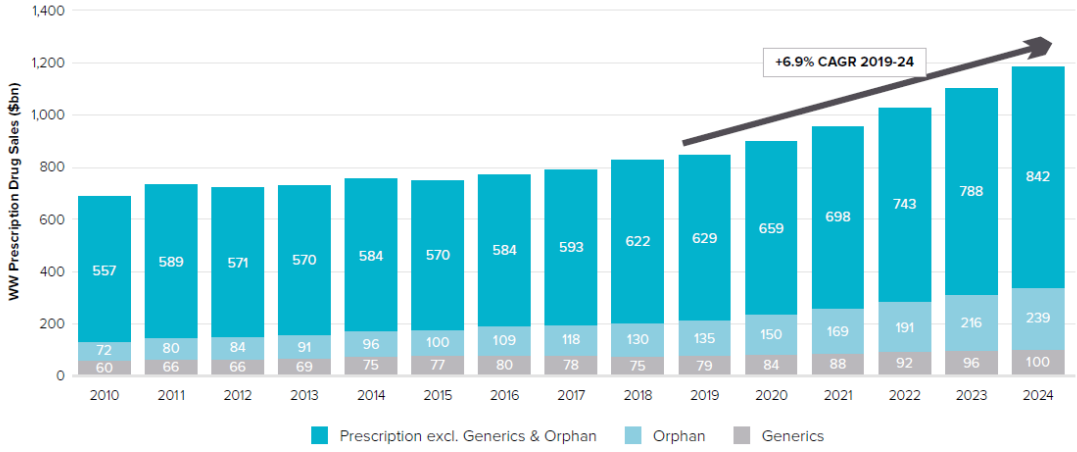
1. Global drug market conditions and development trends

According to the analytical data of Evaluate Pharma, from 2019 to 2024, it is estimated that the Compound Annual Growth Rate (CAGR) of global prescription drugs market will be three times of that from 2010 to 2018, and the market scale of orphan drugs will be doubled.

From 2010 to 2018, the compound annual growth rate of global prescription drugs market is 2.3%. Despite the slowdown of global economic development, with increasing global population and trend of an aging society, the demand on pharmaceutical supplies rose continuously, together with the rising of emerging drug market, as well as the development of biological drugs, there is still certain growth potential in prescription drugs market in the future.

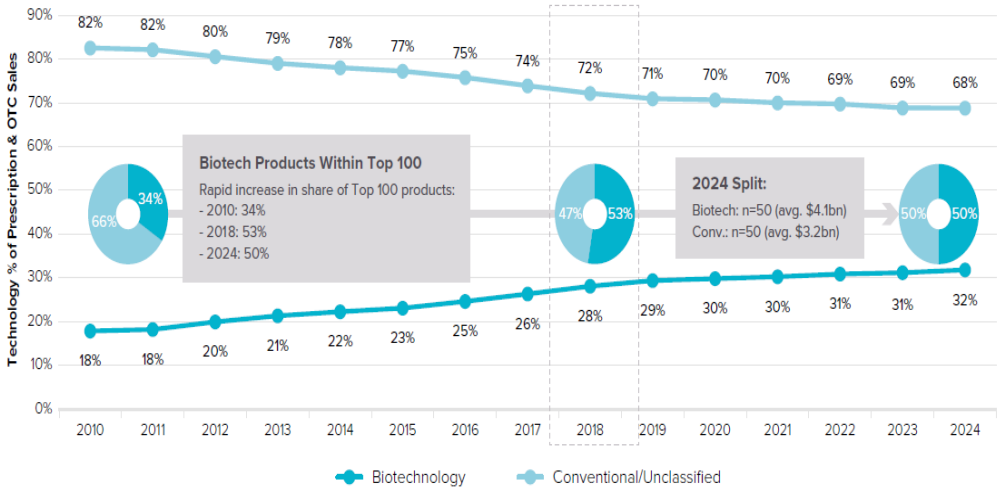
However since the drug market is deeply affected by the medical care policy, budget and cost control of national governments as well as the self-paying medical budgets of consumers, therefore, the changes of growth and decline in new drugs and generic drugs market as well as drug price control measures will bring variables to the global drug market scale in the future, but it is still under growth trend generally speaking, it is estimated that the compound annual growth rate from 2019~2024 will be 6.9%, and the market scale will reach to USD1.18 trillion in 2024.

The scale of global drugs market from 2010~2024



One of an important trends in current global drug market is the fast growth of biotechnology products, the sales volume thereof have surpassed the traditional preparations for the first time in global top 100 drugs ranking list. In the market of global prescription drugs and over-the-counter drugs, it is estimated that the proportion of sales volume of biological preparations will grow continuously from 28% in 2018 to 32% in204. Among the top 100 drugs sold worldwide, it is estimated that half of them will be biological preparations.

Market scale of global prescription drugs: biotechnology and traditional pharmaceutical technology



According to the data of BMI, in respect of the proportion of drug market in each region worldwide in the global drug market scale in 2017, North America was accounted for the largest proportion, followed by Europe, Asia Pacific and Latin America, and Africa and Middle East ranked No. 5; despite North America and Europe had been the uppermost regional market for global drug sales, the market had become mature and under the pressure of economic development slowdown and control of medical expenditure, the

growth speed of drug market was slow relatively, and the proportion in global market tended to be reduced, even if the proportion of drug market in North America grew from 28.9% in 2013 to 33.4% in 2017, the proportion declined by 0.9% in 2017 compared with that in 2016, and the market share in Europe had been declining all the way from 34.0% in 2013 to 28.9% in 2017.

In Asian Pacific, except for the advantage of high population growth, together with the medical demand driven by economic development, countries such as China Mainland, India, Bangladesh, Iran and Vietnam etc. still belong to emerging market, the potential of drug market was promising and it was growing rapidly; therefore, the market share of Asia Pacific in global drug market was still rising year by year, from 25.3% in 2013 to 28.2% in 2017.

The proportion of drug market in Latin America declined from 7.2% in 2013 to 5.1% in 2017, and the average proportion in Africa and Middle East was approximately 3.9%, these two major regional drug markets were affected by unstable circumstances in terms of politics, economy and currency etc., restricting the development of drug market.

In the aspect of future growth of global top 10 national drug markets, it is estimated that the CAGR from 2017 to 2022 will be 4.6%, equivalent to the global drug market, among them, only the future drug market of China Mainland will still grow rapidly, with two digits of CAGR at 12.4%, and it is estimated that the CAGR in other drug markets will be below 4.6% since they are relatively mature.

Global Top 10 National Drug Markets in 2017

Unit: USD100 Million

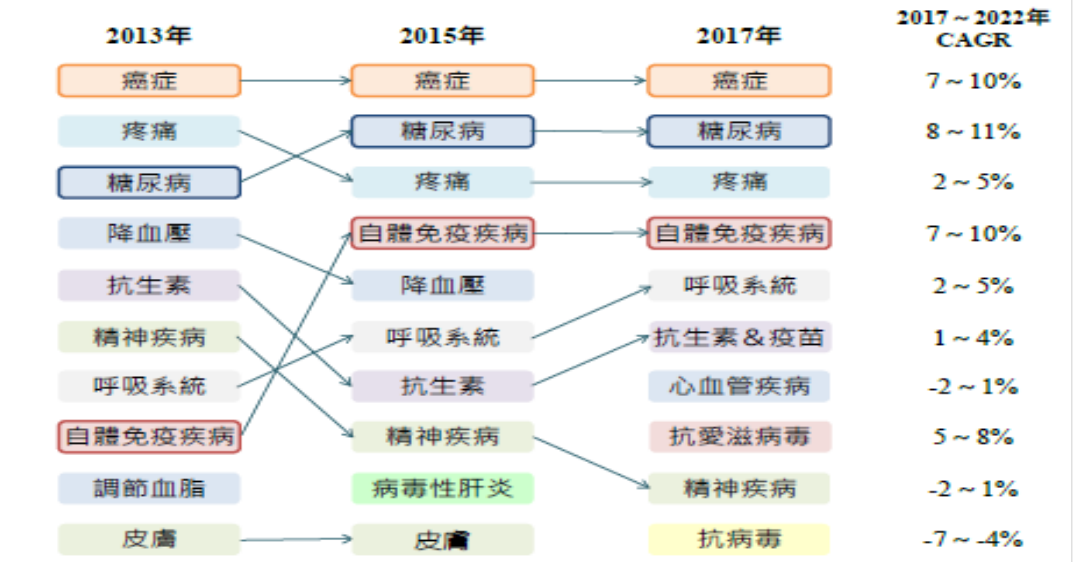
排名	國家	2017 年		占全球藥品市場比率	2013～2017 年 CAGR	2017～2022 年 CAGR
		銷售額	成長率			
1	美國	3,733.2	3.1	31.7	7.1	3.2
2	中國大陸	1,403.1	29.7	11.9	14.4	12.4
3	日本	1,029.9	-1.0	8.7	-1.1	1.4
4	德國	642.2	3.9	5.5	1.4	2.5
5	英國	442.5	-2.4	3.8	-0.8	4.4
6	法國	410.3	3.8	3.5	-2.4	2.3
7	義大利	337.3	3.7	2.9	-0.9	2.2
8	西班牙	295.5	3.9	2.5	-2.1	2.2
9	巴西	246.6	16.8	2.1	-1.5	3.7
10	加拿大	205.0	5.2	1.7	-2.8	2.9
合計		8,745.7	6.3	74.2	4.2	4.6

註：因數據四捨五入，使得各國銷售額數據之加總與合計數值稍有差異

資料來源：BMI（2018.05）；DCB 產資組 ITIS 研究團隊整理

By observing the ranking of global sales volume of drugs for diseases treatment in 2017, we found that, since 2012, the drugs for cancer treatment had been ranking at the top of list for 6 consecutive years; due to the sharp increase of patients with type II diabetes worldwide and the success in research and development of new pathogenesis drugs, making the ranking of drugs for diabetes treatment rose to No. 2 from No. 3, and the ranking of drugs for pain treatment commonly used by modern people dropped from No. 2 to No. 3; due to extensive research on autoimmune diseases, the pathogenesis can be understood better, improving the accuracy of early diagnosis and accelerating the development and launch of therapeutic drugs, hence the ranking of sales volume of drugs for the treatment of autoimmune diseases rose rapidly from No. 8 in 2013 to No. 4 in 2015; as for the drugs for mental disease, due to the lacking of successful development of ground-breaking innovative drugs, together with the patent protection for most traditional drugs expired and the impact of patent cliff experience, the market scale of such drugs were declining year by year, and the ranking also declined gradually.

Changes in the rankings of top 10 efficacy drug categories worldwide in 2013, 2015 and 2017



註 1：2017 年的抗病毒藥物銷售額不含抗愛滋病毒用藥銷售額
註 2：2017 年的心血管疾病藥物銷售額包含降血壓用藥及調節血脂用藥銷售額
資料來源：IQVIA（2018.03）；DCB 產資組 ITIS 研究團隊整理

With continuous increasing of global cancer incidence rate and prevalence, the development and market scale of anti-cancer drugs are expected to grow continuously, with estimated CAGR between 7.0% ~ 10.0% from 2017 to 2022, major research and development categories include cancer immunotherapy, and targeting drug and cell therapy aiming at a variety of molecules.

Due to the sharp increase of patients with type II diabetes worldwide, and the launch of new pathogenesis drugs for diabetes treatment such as

Glucagon-Like Peptide-1 (GLP-1) analogue / GLP-1 Receptor Agonists and Sodium-Glucose Cotransporter 2 (SGLT2) inhibitor into the market, together with the existing insulin, Dipeptidyl Peptidase IV (DPP-4) inhibitor and compound drugs etc., making the market scale expand continuously, with estimated CAGR reach to 8.0%~11.0% from 2017 to 2022.

With medical research having better and better understanding of autoimmune disease, as well as the more and more advanced diagnostic technology development, it increases the diagnosis rate, together with the increase of attack rate year by year worldwide, making the demand on treatment of autoimmune disease increase sharply; furthermore, the drugs for treatment of autoimmune disease are mostly new drugs and biological drugs of high price, hence the drugs for treatment of autoimmune disease are the medication category of high growth in recent years, and it is estimated that the CAGR will continue to increase between 7.0%~10.0% from 2017 to 2022.

2. Current development status of drug market of our country:

Taiwan Province's pharmaceutical market has surpassed Taiwan Province's pharmaceutical market in size and maintained steady growth for many years. However, due to the increasing medical expenditure, the Chinese government has implemented the adjustment of insurance premium rate, the new system of partial burden and the control of health insurance drug price to control medical expenditure. Since 2000, it has implemented the adjustment of health insurance drug price every two years, and changed to the annual adjustment in 2013. If the annual drug price exceeds the budget, the drug price needs to be adjusted. In 2020, the Central Health Insurance Department of the Ministry of Health and Welfare (hereinafter referred to as the Health Insurance Department) reported that since April 2019, the prices of 7,470 drugs have been adjusted, with an average price decrease of 3.5% and an overall expenditure decrease of NT$ 5.8 billion. The following table is a list of health insurance drug price adjustments from 2013 to 2019.

Table 3: Drug price adjustments under DET system, 2013-2019

	2013	2014	2015	2016	2017	2018
DET growth rate (%)	4.528	3.309	3.481	4.950	4.280	3.212
Target expenditure (NT$bn)	138.0	142.6	147.5	154.8	151.1	156.0
Overspend amount (NT$bn)	5.7	8.2	3.2	5.7	7.4	5.8
Effective date of price cut	1 May 2014 1 July 2014	1 April 2015	1 April 2016	1 April 2017	1 May 2018	1 April 2019
Average price reduction (%)	3.9	5.3	2.1	3.5	4.6	3.5
Number of drugs reduced in price	7,583	6,821	7,392	7,331	7,476	7,470

Note: The announcement of the 2020 DET price adjustment has been postponed to 1 October 2020 due to the COVID-19 pandemic.

來源: 台灣健保署資料，由 PWC 整理出版於 A guide to Taiwan's health Industries(2020 年八月)

According to the 2020 White Paper on Biotechnology Industry published by the Ministry of Economic Affairs, according to the statistics of the Health Insurance Department, the drug expenditure in 2018 reached NT$ 195.7 billion, of which anti-tumor and immunomodulators, cardiovascular drugs, systemic anti-infective agents, gastrointestinal and metabolic drugs accounted for 22%, 16%, 15% and 14% of the overall drug expenditure respectively, accounting for about 67% in total, the expenditure on medicines is about NT$ 131.1 billion. As the number of cancer patients in Taiwan Province continues to increase, the total sales volume of anti-tumor products has consistently occupied the first place in the category of diseases treated in Taiwan Province drug market for many years. According to the statistics of the Health Insurance Department, among the top ten malignant tumors in medical expenses in 2019, lung cancer, breast cancer, and colorectal cancer were the top three. According to the statistics of the National Health Administration of the Ministry of Health and Welfare in 2020, the top ten cancers in Taiwan Province (men and women) are (1) colorectal cancer (2) lung cancer (3) female breast cancer (4) liver cancer (5) oral cancer (including oropharynx and hypopharynx) (6) prostate cancer (7) thyroid cancer (8) skin cancer (9) gastric cancer (10) esophageal cancer. The tumor types of the top ten drug expenditures are slightly different from the tumor epidemiology in Taiwan Province, which shows that besides epidemiology, the sales of tumor drugs also have other comprehensive influence factors, including the degree of disease risk, the survival period of patients, and whether there are new drugs within the patent protection period.

表　108年全民健保惡性腫瘤醫療支出「排名前十大癌別之醫療費用支出統計表」

ICD-10碼	中文名稱	就醫病人數		藥費(千點)		醫療費用(千點)		每人平均藥費(點)	每人平均醫療費用(點)
		108年	5年(104~108)年平均成長率	108年	5年(104~108)年平均成長率	108年	5年(104~108)年平均成長率		
C33-C34	氣管、支氣管和肺癌	71,939	7.45%	7,611,412	8.94%	16,403,049	9.70%	105,804	228,013
C50	乳房癌	142,483	5.97%	7,020,677	7.30%	15,137,618	8.50%	49,274	106,242
C18-C21	結腸、直腸和肛門癌	108,050	2.66%	5,486,657	6.13%	14,697,659	7.18%	50,779	136,026
C22	肝和肝內膽管癌	68,838	3.08%	4,135,475	7.38%	11,161,653	6.09%	60,075	162,144
C00-C06, C09-C10, C12-C14	口腔癌	51,742	3.65%	1,732,658	15.41%	9,031,030	7.60%	33,486	174,540
C61	前列腺(攝護腺)癌	51,745	6.17%	2,925,797	17.00%	6,112,083	14.81%	56,543	118,119
C91-C95	白血病	13,953	3.89%	3,701,564	7.38%	5,826,033	7.90%	265,288	417,547
C82-C85, C88, C90	非何杰金氏淋巴瘤	25,053	3.15%	2,953,665	6.67%	5,624,636	6.89%	117,897	224,509
C16	胃癌	22,560	1.16%	1,217,831	5.47%	3,290,675	6.31%	53,982	145,863
C15	食道癌	11,028	5.05%	475,156	7.42%	3,142,284	6.46%	43,086	284,937
C00-C97	惡性腫瘤	756,366	4.31%	42,709,207	8.48%	110,791,571	7.97%	56,466	146,479

1.資料來源：健保資料倉儲門、住診及藥局清單明細檔
2.資料期間：104年1月至108年12月
3.資料範圍：各項癌症(任一診斷符合對應ICD9碼'140'~'208'或是ICD10碼'C00'~'C97')病人門住診及藥局資料，排除代辦案件，醫療費用=申請點數+部分負擔。

Judging from the sales performance of individual drugs, according to the data released by the Health Insurance Department in 2020, the top ten drugs declared by health insurance in 2019 were Harvoni (C Hepatitis) and about NT$ 3.957 billion; Maviret (C Hepatitis), about NT$ 2.863 billion; PLAVIX (anti-stroke, myocardial infarction), about NT$ 2.579 billion; Crestor (high cholesterol), about NT$ 2.388 billion; Baraclude (B Hepatitis), about NT$ 1.837 billion; Lipitor (high cholesterol), about NT$ 1.797 billion; Glivec (myelogenous leukemia), about NT$ 1.726 billion; Herceptin (breast cancer), about NT$ 1.657 billion; Norvasc (high blood pressure), about NT$ 1.605 billion; ADVATE (hemophilia A), about NT$ 1.589 billion.

Top 10 blockbuster drugs in our country in 2017

Unit: NT$100 million; %

Ranking		Product name	2017		Name of manufacturer	Indications
2017	2016		Sales volume	Growth rate		
1	1	Herceptin	24.6	1.2	Roche	Breast cancer
2	2	Baraclude	21.4	0.1	Bristol-Myers Squibb	Chronic Hepatitis B
3	4	Plavix	18.5	-0.5	Sanofi	Atherothrombosis
4	3	Glivec	17.9	-4.2	Novartis	Chronic myeloid leukemia
5	-	Viekirax	16.4	999.0	AbbVie	Chronic hepatitis C genotype 1, 4
6	6	Lipitor	15.8	1.3	Pfizer	Hypercholesteremia, hypertriglyceridemia
7	5	Crestor	15.7	-6.6	AstraZeneca	Hypercholesteremia, hypertriglyceridemia
8	10	Avastin	15.4	25.2	Roche	Metastatic colorectal cancer, metastatic breast cancer etc.
9	9	Humira	14.7	8.3	AbbVie	Rheumatoid arthritis etc.

10	7	Alimta	14.5	2.3	Eli Lilly	Malignant pleural mesothelioma, non-small cell lung cancer
Total of top 10 drugs			174.9	—	—	—

Data source: IQVIA (2018.05); Product Information Group of DCB, summarized by ITIS Research Team (2018.06)

As far as growth rate was concerned, the drug of the highest growth rate in 2017 was the Viekirax for treatment of hepatitis C, because it was included in health insurance payment conditionally at the first stage starting from January 2017, since then, its sales volume grew rapidly and reached to NT$1.64 billion in 2017, and the growth rate was as high as 999.0%, unexpectedly becoming the top 5 blockbuster drugs in 2017; the drugs with the second and third highest growth rate were Avastin for the treatment of colorectal cancer and Humira for the treatment of rheumatoid arthritis respectively, with growth rate at 25.5% and 8.3% respectively.

3. New drug development industry and its relevance to upstream, midstream and downstream:

After experiencing several decades of development in the past, the modern pharmaceutical industry has formed a mature industrial chain in European and American markets, from the study on new drug development, production, marketing to generic drugs market, it all has a certain development and labor division mode. Since drugs are used in human body, hence the drug's safety and effectiveness must be strictly controlled by competent authority of national governments. Take micromolecule new drug development as an example, the research and development of drug is a series of complicated, time consuming and capital-intensive processes, it is estimated that only one new drug can be researched and developed successfully to come into market from 10,000 candidate molecules, the average success rate is 0.01%, hence it always takes 15 years or even longer for a drug to come into market, and the average research and development expenditure at least reaches to USD1.2 billion. Therefore, comparing with other general industries, pharmaceutical industry has the following features: under strictly management of government competent authority, high technical threshold, long research and development duration, high cost and high risk, combined industry crossing technical fields, market specialization, large product market, long life cycle and high profit.

US drug development and review procedure

階段	新藥探索	臨床前試驗		臨床 I 期	臨床 II 期	臨床 III 期	NDA 申請	IV 期
所需年數	5	1.5		1～2	2～3	2～3	1～2	2
試驗對象	實驗室	實驗室及動物試驗	IND 申請	20～100 個健康受試者	100～500 個自願病患	1,000～5,000 個自願病患	登記審核核准	上市後新藥監視（FDA 要求）
目的	發現候選藥物	評估安全性及生物活性		決定安全性及使用劑量	評估有效性，監視副作用的產生	確認有效性，做長期之副作用監視		
成功率	評估 10,000 個化合物	250 個化合物進入臨床前		5 個化合物進入臨床			1 個化合物核准	

資料來源：FDA；DCB 產資組 ITIS 計畫整理

(1) New drug exploration

The new drug exploration usually finds the new lead compound through the new research object found in the research of upstream basic research units, such as school, research institution or laboratory of pharmaceutical factory. Then carries out biological activity assessment on lead compound, test from in vitro to in vivo, such as from enzyme, receptor, G-protein, cell, tissue, organ, living animals to all kinds of disease animal models etc., the research on functioning molecular level is good for compounding and improving the drug of optimization, and it can understand the due pharmacological efficacy, physiological reaction, side effect and interaction between drugs of the drug. A lead compound with drug efficacy usually needs to further compound thousands of derivatives, after assessing and comparing their activity, toxicity, stability and pharmacokinetics, select several potential candidates to enter into the pre-clinical trial at the next stage.

(2) Pre-clinical trial:

The main focus of preclinical experiments is on animal safety experiments, which take time, typically 6 months to 1 year. First, the entire manufacture process must be optimized to increase yield and simplify the manufacture process. The manufacture process of drug candidates must be extended to produce sufficient drug candidates for animal safety experiments. Because at least two animal safety experiments must be completed before the application for the investigational new drug (IND), and the experiment duration must not be shorter than the time for the clinical phase I human trial (the clinical trial of the terminal cancer patient is not subject to this limit), the dose used at this time can be used as a reference for the dose of the clinical phase I human trial.

(3) Investigational New Drug (IND) application:

After the end of pre-clinical trial, the research result and clinical trial plan can be attached to propose Investigational New Drug (IND) to the

competent authority, so as to carry out human body clinical trial. Take USA as an example: during the 30 days of IND review period, if competent authority doesn't propose any doubt and consideration, applicant can start to carry out clinical trial after 30 days.

(4) Clinical trial:
The purpose of clinical trial is to confirm the effectiveness and safety of new drug to human body, applicant appoints clinical doctor to carry out the trial, and it can only be executed after passing the review by Institutional Review Board (IRB), according to the summary of ITIS, Product Information Group of DCB, generally the clinical trial is divided into three phases:

A. Phase I clinical trial:
Take 20~100 voluntary health adults to carry out safety test, the purpose is to establish the tolerance of human body to different dosages, and create materials related to the absorption, distribution, metabolism and excretion of drug in human body; usually this period takes 1~2 years.

B. Phase II clinical trial:
Take 100~500 patients to carry out large-scale or even transnational effectiveness test, the purpose is to verify the efficacy of phase III trial with greater samples, and find out the undiscovered adverse reaction, and to acquire all materials related to indication, taboo and side effect of new drug, usually this period takes 2~3 years, or depends on the design of clinical trial and receiving progress.

C. Phase III clinical trial:
Take 1,000~5,000 patients to carry out large-scale or even transnational effectiveness test, the purpose is to verify the efficacy of phase II trial with greater samples, and find out the undiscovered adverse reaction, and to acquire all materials related to indication, taboo and side effect of new drug, usually this period takes 3~5 years, or depends on the design of clinical trial and receiving progress.

(5) New Drug Application (NDA):
After completing clinical trial successfully, trial results (including pre-clinical trial results) and all relevant materials can be prepared to propose New Drug Application (NDA) to the competent authority, namely the examination registration procedure, the review period takes about 1 year on average. If in those materials it can prove that the new drug under application has better therapeutic or preventive effect than the drugs in the market on the same disease, it will have the opportunity to enter into quick review procedure to shorten the review period to

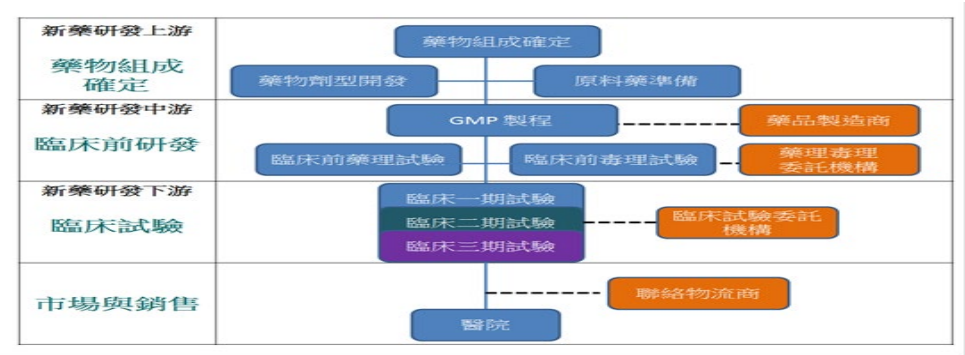
about 6 months.

(6) Post-marketing surveillance:
The post-marketing surveillance of drug, the indispensable part to ensure medication safety of the public, through adverse drug reaction report system, clinical doctor will monitor the long term reaction after using the new drug, so as to carry out post-marketing surveillance of the drug.

During such long new drug research and development process, how to effectively connect the upstream, midstream and downstream of the industry to shorten the development schedule to accelerate the launch of product is a very important key for competition. From the study on upstream basic science, combine the outstanding domestic academic research achievement into the midstream technology development and application, and private practitioners closely cooperate with relevant juridical persons to develop the downstream drug commercialization and marketing strategy, so as to promote the joint development of production, management, academics and research of Taiwan biotechnology industry, making the biotechnology of Taiwan develop more extensively and comprehensively, and further march towards international market.

Based on innovation, apart from emphasizing independent research and development, OBI Pharma also actively seeks for new drug research and development case of development potential from all walks of academics and research, so as to reduce the cost input at the early stage of new drug research and development. And accelerates to complete product development through effective management of drug development procedures at exploration stage to launch on the market. The operation model of OBI Pharma research, development and marketing add value, apart from rooting in research and development energy and self-establishing marketing team, the production part is outsourced in combination of domestic manufacturing capacity. The object of outsourcing partner will give priority to the local manufacturers in Taiwan, so as to assist the new biotechnological drug to root in Taiwan. According to such model, the thing first introduced by OBI Pharma is the OBI-822 already completed clinical phase I trial in Memorial Sloan-Kettering Cancer Center (MSKCC), then it is the OBI-833 and OBI-866 still at the pre-clinical stage and introduced from Academia Sinica; meanwhile, based on the internal research and development capacity, the R&D team of OBI has independently researched and developed the OBI-888, OBI-999, OBI-898 and OBI-998. Regardless of the case acquired from technology transfer or of independent research and development, OBI Pharma will spare no efforts to execute the pre-clinical and clinical phase I, II, and III trials under the most outstanding management team and high efficient management model, and further apply for medicament license to promote the launch of new drug. OBI hopes to create international Taiwan brand through such operation model, and to base in Taiwan and expand the horizon worldwide.

OBI Pharma adopts the operation model of research and development and marketing add value to create the industrial economy at home and abroad, relevance of upstream, midstream and downstream of the industry is as shown in the following photo:



4. Taiwan industrial competitiveness analysis:

The pharmaceutical industry of our country includes bulk drug, preparations of western medicine and traditional Chinese medicine. The bulk drug manufacturers mainly product bulk drugs of effective components, the products are of less categories but of large quantity, most of them are mainly exported. Preparations manufacturers process bulk drugs to product preparations, there are 143 of them in total, and about 50 of them are the manufacturers of preparations of western medicine passing the PIC/S GMP evaluation, and have certain productivity. But Taiwan pharmaceutical industry mainly produces generic drugs with expired patent, because the domestic market is small, products are of small quantity, large categories and high homogeneity, the drug prices are low, and the competition is fierce. Taiwan pharmaceutical industry already has new drug development capacity, the analysis on competitiveness and industry trend are as follows:

Advantage - The capacity of Taiwan in new drug clinical trial is strong, taking an advantage in Asia. Apart from excellent medical environment and rich experience of clinician involving in new drug clinical trial, there are plenty of patients which can represent the east Asian race in Taiwan, therefore, Taiwan possesses the conditions of becoming the development base for early clinical trial, developing phase I/II clinical trials, and attracting international cooperation with such achievements. Besides, Taiwan has high education level and has cultivated many biotechnology and pharmaceutical related talents both at home and abroad, further consolidating Taiwan industry capacity.

Weakness - Lack of experience is the difficult problem in Taiwan biotechnology industry. How to enrich the industrial experience of Taiwan biotechnology talents and establish the confidence of capital market for long-term support of biotechnology and pharmaceutical industry is the challenge of Taiwan currently.

Development trend - Since biotechnological industry is an industry of high risk, high investment, long term and high profit, for the investment to

biotechnological new drug development in Taiwan, we need to introduce R&D talents and management team with international view within a short term, and jointly bear the development risk through strategic alliance with foreign companies, which is good for entering into international market. In medium and long term, we are in need of cooperation among Industry, Official and University, and talents cultivation to base on Taiwan and look around the world. In the course of growth, we are in need of continuous fund-raising, strategic alliance or going through corporate combination to compete with world first class pharmaceutical factories.

5. OBI product competitiveness analysis:

OBI Pharma takes new drug research and development in self-orientation, challenging the fields of disease still lack of effective treatment currently, hoping to make up the unsatisfied medical demand with innovative drugs, so as to improve people's health and life quality. The Company takes cancer and infectious disease as the core therapeutic field, taking the carbohydrate antigen "Globo Series" on cell surface having high effect on multiple cancers as the target, and actively developing a series of innovative cancer therapy new products, so as to develop into the first-class biotechnology industry in Taiwan. At the early stage of development, the Company refers to the market demand and future competitiveness as the basis for subject selection, analysis on the competitiveness of each product is as follows:

(1) OBI-822, OBI-833, OBI-866 active immuno-oncology drugs:

As far as safety is concerned, OBI-822, OBI-833 and OBI-866 are the new medicaments for active immunotherapy, fighting against cancer through training the immune system of human body, the dosage needed is very low, and they only occur on the surface of cancer cells at the cancer target, hence they have no harm to normal cell tissue. The active immunotherapy has the advantage of relatively durable effect and low side effect, people from all walks of life are eagerly hoping that it can improve and change the cancer therapy, bringing the therapy safer and more effective than the current chemical therapy and target therapy to the cancer patients. OBI-822 is absorbed through subcutaneous injection, and outpatient treatment will be fine. According to the clinical data currently collected, when patients are accepting OBI-822 treatment, the side effect is mostly limited to the red and swollen and pain phenomenon occurred at the injection part, obviously far lower than the side effect in general cancer chemical therapy and target therapy, effectively improving the life quality of patients and their families.

Evaluate Pharma’s analysis on breast cancer market trend - in 2017, the sales amount reached to USD17.2 billion, and it is expected to reach to USD3.4 billion in 2024 with annual growth rate of 9.9%. In 2017, the market share of the largest category of drugs for HER2 targeted therapy was 58%, the market share of rising star CDK4/6 inhibitor was about 19%, it is expected that its market share will grow up to 39% in 2024, on the contrary, the market share of drugs for HER2 targeted therapy

will decline from 58% to 39%.

Competitive advantage of OBI-822 - since currently there is no drug for active cancer immunotherapy of breast cancer worldwide, hence OBI-822 has no similar competitor in the market. All patients with positive Globo series carbohydrate antigen can accept the OBI-822 therapy, approximately accounting for over 60~80% of breast cancer groups; these include all kinds of groups of breast cancer patients, including ER/PR positive/negative patients, HER2 positive/negative patients, and intractable triple negative breast cancer patients having very few choice of drugs. Besides, since such target immunotherapy is not in conflict with other therapies, so regardless of accepting hormonal therapy or other therapy not affecting the immunity of patients, OBI-822 is available for possible combined therapy.

By comparing OBI-822 with other competitive drugs under development and in the market, the differentiation of enzyme CDK 4/6 inhibitor has become the standard therapeutic drug for advanced metastatic breast cancer with positive hormone receptor and negative HER2 receptor (HR+/HER2-) after menopause, the first line therapy needs to combine with aromatase inhibitor, including the Ibrance® (palbociclib) launched in 2015 and the Kisqali® (ribociclib) and Verzenio® (abemaciclib) approved in 2017; the CDK4/6 inhibitor used for the second line therapy needs to combine with fulvestrant, including Ibrance® and Verzenio®. What is noteworthy is that the side effect of CDK4/6 will cause the reduction of white blood cell count.

The market of drugs for breast cancer is quite large, it also attracts other new drug categories:

- Afinitor® (everolimus): launched to the market in 2009, it is the inhibitor for mTOR (mammalia rapamycin target), and major side effects include stomatitis and non-infectious pneumonia.
- Immune checkpoint inhibitors: such drugs launched to the market in 2014, but among the advanced metastatic breast cancer patients with HR+/HER2- after menopause, only 6% of them with over-expression are the target population, currently it is still at the stage of human clinical trial.
- PI3K (phosphatidylinositol 3- kinase) inhibitor: Among the advanced metastatic breast cancer patients with HR+/HER2- after menopause, only 26% of them with over-expression are the target population, currently the it is still at the stage of human clinical trial, major side effects include colitis, hyperglycemia and pneumonia.

- PARP (poly ADP-ribose polymerase) inhibitors: such drugs launched to the market in 2015, but among the advanced metastatic breast cancer patients with HR+/HER2- after menopause, only 8% of them with over-expression are the target population, in 2018, Lynparza® has been

approved to be used for HER 2 receptor negative metastatic breast cancer of gBRCA mutation, and major side effect is the blood toxicity.

For the population of breast cancer patients, apart from those with HR+/HER2- and HER2+, there is triple-negative breast cancer, and currently no standard therapy is available for it, apart from that a few patients with BRCA1/2 mutation (about 8.5%) may receive PARP inhibitor therapy, chemotherapy is the main therapy for others. By comparison, the OBI-822 of OBI Pharma targeting Globo H has effects in 60%~80% breast cancer patients, together with the excellent safety of OBI-822, it will have great development potential in the field of breast cancer therapy in the future.

Both OBI-822 and OBI-833 are the active immuno-oncology drugs targeting the Globo H antigen on the surface of cancer cells, and OBI-866 targets at the SSEA-4 antigen on the surface of cancer cells; the Company will continue to assess OBI-822, OBI-833 and OBI-866 on their feasibility of application to the clinical trial of breast cancer or other cancers by exclusive use or combined use in other therapies, so as to differentiate the potential market.

(2) Passive immune monoclonal antibody OBI-888 and passive immune monoclonal antibody OBI-898:

OBI-888 and OBI-898 are passive immunotherapy monoclonal antibodies designed with Globo H and SSEA-4 as targets respectively.

According to the data of Evaluate Pharma, the turnover of monoclonal antibody drugs curing cancer was USD42.1 billion in 2017, and it is expected to reach to USD86.6 billion in 2024 with annual growth rate of 10.9%.

The two major leading brands for curing solid tumors are Herceptin® and Avastin®, the turnover of Herceptin® that curing HER2 positive breast cancer and gastric cancer was USD7.1 billion in 2017, and the turnover of Avastin® that curing colorectal cancer and various cancers was also USD6.8 billion in 2017, it is expected that both of them will reach to a sales peak in 2016 and 2017, but their performance will decline year by year due to the mature patent in 2019.

The growth momentum of the market of monoclonal antibody drugs curing cancers mainly comes from the immune checkpoint inhibitors (anti-PD-1/PD-L1 monoclonal antibody), there are two major leading brands, namely Opdivo® and Keytruda®, the turnover of Opdivo® that curing melanoma and non-small cell lung cancer and other cancers was USD4.9 billion in 2017, other indications will be developed successively in 2017, and it is expected to reach to USD9.6 billion in 2024; the turnover of Keytruda® that curing melanoma and non-small cell lung cancer and other cancers was USD3.8 billion in 2017, other indications will be developed successively in 2017, and it is expected to reach to USD13.6 billion in 2023.

The carbohydrate antigen molecules identified by OBI-888 and OBI-898 antibodies are not the same as the drugs mentioned above, their targeted

Globo Series carbohydrate has high performance in lung cancer, breast cancer, colorectal cancer, gastric cancer and liver cancer, obviously higher than the target population of Herceptin® (HER2 positive patients: 25%), in the future, they have great development potential in the fields of cancer therapy.

(3) OBI-999 Globo H and OBI-998 SSEA4 micromolecule Antibody Drug Conjugate:

According to the GlobalData report, only two products (Adcetris® and Kadcyla®) have been listed in the world by 2016, with a market of about 1.4 billion dollars. In 2017, the market was about US$ 1.6 billion, and the US Food and Drug Administration (FDA) approved the listing of two products, inotuzumab ozogamicin (BESPONSA) and gemtuzumab ozogamicin (Mylotarg). Up to April 2021, ten ADC products have been approved for marketing.

(4) OBI-3424 AKR1C3 Enzyme Prodrug

The target market of OBI-3424 is to treat tumors with high expression of AKR1C3 enzyme (≥50%), such as liver cancer, prostate cancer with drug or surgical castration resistance; CRPC), pancreatic cancer, kidney cancer, gastric cancer, bladder cancer, etc., and acute T-cell acute lymphoblastic leukemia (T ALL), which is urgently needed in clinic, also showed good safety in preclinical toxicity test, so OBI-3424 has great market potential. According to the data of pre-clinical animal experiment, OBI-3424 also shows excellent anti-neoplastic effect in T Acute Lymphoblastic Leukemia; besides, OBI-3424 also has obtained the sponsor from US National Cancer Institute (NCI), jointly carrying out the research plan on T Acute Lymphoblastic Leukemia, the research results indicate that, OBI-3424 has profound effect on the Patient-Derived Xenograft (PDX) model of T-Acute Lymphocytic Leukemia (T-ALL) expressing AKR1C3 enzyme.

According to the data of Evaluate Pharma, in 2017, the business volume of drugs for treatment of liver cancer in global market was USD865 million, and it is expected to grow to USD4.4 billion in 2024. According to the statistics, the survival rate of liver cancer patients is only 17.6%, hence many liver cancer patients are urgently in need of new therapeutic drugs to prolong life-span. In liver cancer market, the Standard of Care is Nexavar® (sorafenib), whose patent will lose effect in 2020, in 2017, its turnover worldwide was USD772 million, and it is expected to be USD241 million (along with generic drugs) in 2024. According to the data of pre-clinical animal experiment, OBI-3424 shows excellent anti-neoplastic effect in the model of hepatoma cell lines, even in the cell lines resistance to sorafenib, it will make the tumor disappear in two weeks, it has excellent efficacy superior to Sorafenib.

(5) OBI-858 Botulinum toxin:

Currently the medical cosmetology market takes micro-plastic as the mainstream, among mainstream products in the market, botulinum toxin, hyaluronic acid, collagen protein, chemical peel (such as tartaric acid, vegetable acid) and laser cosmetology are of large quantity; among

them, for the botulinum toxin products, according to the report of GlobalData, the performance of market leading brand Botox® in medical cosmetology and therapeutic field reached to USD3.2 billion in 2017.

According to the forecast of GlobalData, the global market of Botox® will reach to USD5.2 billion in 2024, the compound annual growth rate from 2017~2024 will be 7.4%, which is quite impressive. Due to the great market potential, 5~6 biosimilar drugs will enter into the market successively. OBI-858 is a new type of botulinum toxin with good stability and safety. The Company has mastered high-quality manufacturing technology. It is expected that after the completion of clinical trials, its efficacy and safety will be comparable to that of Botox®, the leading brand in the market, and then enter the high-growth botulinum toxin market at competitive prices. OBI-858 has authorized its subsidiary Obigen Pharma, Inc. to have global intellectual property rights in cosmetic medicine.

(3) Technology and research and development overview:

1. Innovative drug mechanism and exclusive production technology of the Company:

(1) Globo series carbohydrate cancer immunotherapy:

Globo series carbohydrate is the new anti-cancer object, its performance characteristics of almost only found in cancer cells instead of normal cells, together with the role it plays upon the spreading of cancer cells, making it become an ideal anti-cancer object. OBI Pharma, Inc. introduced the research results of American Memorial Sloan-Kettering Cancer Center (MSKCC) and Academia Sinica, and developed active immune anticancer drugs OBI-822 and OBI-833, which have entered the clinical stage. Phase II clinical trials of the monoclonal antibody OBI-888 with Globo H as the target and the antibody small molecule drug complex OBI-999 based on OBI-888 are being actively planned. In addition to Globo H, the Company has also started to develop drugs such as OBI-866, an active immune anticancer drug with sugar antigen SSEA-4 as its target, in order to provide cancer patients with safe, effective and diversified choices.

(2) OBI Special carbohydrate production technology, large-scale chemo-enzymatic process:

The method of traditional chemical synthesis of carbohydrate molecules needs to go through several protecting groups and de-protecting groups before getting the carbohydrate molecules compound needed. Such chemical synthesis method needs to consume a lot of time and operation steps, and multiple operational steps will finally cause extremely low productivity, it is lack of possibility for commercial production, and thereby restricts the development of active immunity anti-cancer drugs, and cannot be pushed forward to clinical research.

Large-scale chemo-enzymatic process produces hexaose in several reaction steps of carbohydrate through enzymes, it breaks through the concepts that the protection of functional group must be carried out for the carbohydrate molecules upon the chemical synthesis of carbohydrate molecule. Such new technology directly utilizes the specificity of enzyme inside bacteria, assisted by all kinds of appropriate reagents for synthesis, synthesizing monosaccharides into polysaccharides one by one under the status without protecting carbohydrate molecules, drastically simplifies the synthesis steps of Globo H carbohydrate molecules.

(3) Synthesis technology for bulk drugs of carbohydrate antigen active immuno-oncology drug:
After crosslinking carbohydrate antigen Globo H with carrier protein KLH, the bulk drug of anti-cancer vaccine OBI-822 can be obtained; after crosslinking carbohydrate antigen SSEA-4 with carrier protein KLH, the bulk drug of anti-cancer vaccine OBI-866 can be obtained. Such chemical synthesis technology is the achievement of OBI Pharma team by gradual adjustment and optimization of the aforesaid carbohydrate immunotherapy and carbohydrate synthesis technology; OBI Pharma takes full control of relevant technologies such as key production steps and control parameters etc., hoping to provide what are needed for commercial production with optimized conditions and under good quality control environment after the launch of anti-cancer vaccine into the market.

(4) Antibody drug conjugate technology:
After the chemical crosslinking of the monoclonal antibody and the chemotherapy molecular capable of killing cancer cells, the Antibody-Drug Conjugate (ADC for short) against cancer cells will be obtained. The principle of such new generation drug utilizes the specific functional group at antibody amino acids, after appropriate chemical activation, effectively crosslinks the chemotherapy molecular capable of killing cancer cells to the antibody. After the drug has been injected into human body, through the specificity of antibody, it can ensure that the toxic compounds can only be released in the areas of human body generating cancer cells, so as to kill the cancer cells effectively, meanwhile, it will not affect the growth of other normal cells in human body. OBI-999 is the leading drug of OBI in such research and development field.

2. R&D overview:
Progress of new drug research and development projects of OBI Pharma is as follows:

(1) OBI-822 breast cancer Globo H active immuno-oncology drug:
The Company has convened the End of Phase 2 Meeting with US Food and Drug Administration (FDA) in January 2017, and has

received the written reply from Europe EMA regarding the questions related to the Company's design of global phase III clinical trial for OBI-822; in February 2018, the Company has held consulting meeting with China CFDA to discuss the design of global phase III clinical trial. By referring to the conclusions of the consulting meetings with US Food and Drug Administration (FDA), Europe EMA and China CFDA, OBI Pharma has launched the global phase III clinical trial of OBI-822, which takes patients of Triple-Negative Breast Cancer (TNBC) as the test object. At present, human trials have been approved by the United States, Taiwan Province, Australia, Hong Kong, Ukraine, Russia, South Korea and China, and are being accepted one after another.

(2) OBI-833 Globo H-DT active immune – oncology therapy:
The safety assessment of OBI-833 Phase I Dose Incremental Trial has been completed, and the cohort expansion study, which aims at lung cancer patients, has also completed the safety assessment, immune antibody response and tumor response, and has started planning the second phase clinical trial.

(3) OBI-866 SSEA-4 active immuno-oncology drug:
In the animal experiment stage, it has been proved that it can trigger the production of specific antibodies in mice. The first phase of dose increment test was approved by the Food and Drug Administration of the Ministry of Health and Welfare of Taiwan Province in August, 2020, and the case was received in October, 2020.

(4) OBI-888 Globo H Passive Immune – oncology therapy:
OBI-888 is the passive immunity monoclonal antibody designed taking Globo H as the target, international patent applications have been submitted, and approval of patent has been obtained in USA, Taiwan and South Africa. It has completed the single dose toxicity test in primates and the pathologic analysis on repeated-dose toxicity test, and no major adverse reaction is found. And it has been approved by US Food and Drug Administration (FDA) in January 2018 to carry out the phase I clinical trial. The dose escalation phase of the phase I clinical trial has completed at the world-renowned MD Anderson Cancer Center, and it has entered into cohort expansion trial in December 2019.
The medical device clinical research application (IDE) of OBI-888 has also passed FDA examination and approved for the herd expansion phase of OBI-888 human clinical trial. Meanwhile, FDA also has examined and agreed to grant the orphan drug qualification to OBI-888 to be used for treatment of pancreatic cancer. FDA will assist in the clinical development process of orphan drug, and orphan drug will be granted longer right of monopoly after it is launched to the market.

(5) OBI-999 Globo H Antibody-Drug Conjugate (ADC):
This product will utilize Globo H antibody to identify the cancer

cells of high Globo H performance, by means of releasing micromolecule chemicals through the specificity of antibody, and the therapy of direct cells killing will be carried out targeting the cancer cells of high Globo H performance. Animal pharmacological tests have been completed, related patent applications and layout have been put forward, Chemistry Manufacturing Control (CMC) plan and preclinical GLP toxicology tests have been completed, the first phase of human clinical trials has been completed, and the second phase of clinical trials has been planned.

(6) OBI-898 SSEA-4 passive immunity monoclonal antibody:
OBI-898 is the passive immunotherapy monoclonal antibody designed taking SSEA-4 as the target. And it has applied for patent and Patent Cooperation Treaty (PCT) has been disclosed. Tests on biochemical characteristics and stability of antibodies, evaluation of pharmacodynamic mechanism and stability in vivo and in vitro, study on pharmacokinetics and drug organ distribution and metabolism, development of process cells, screening of cell strains and multi-dose toxicity tests of rats have been completed, and optimization of antibodies is ongoing at present.

(7) OBI-998 SSEA4 Antibody Drug Conjugate (ADC)
OBI-998 is the conjugate conjugating with SSEA4 antibody by linkers through chemical bonding, it is the micromolecule drug of cytotoxicity characteristic. It utilizes the SSEA4 antibody of high specificity to make cytotoxic drugs aim at malignant tumor, it can not only enhance drug efficacy but also avoid the damage to normal tissues caused by traditional chemotherapy. Currently it has completed the verification of pharmaceutical effect concept in animal model, and has completed the linkers stability assessment as well as the assessment on pharmacokinetics and distribution of released micromolecule drugs in tissues. At present, the proof of concept of efficacy of animal model has been completed, and the stability evaluation of linkers, pharmacokinetics and distribution evaluation of released small molecule drugs in tissues have been completed. The toxicological evaluation of single-dose and multi-dose monkeys has also been completed, and its antibodies and small molecule drugs are being optimized at present.

(8) OBI-3424 AKR1C3 Enzyme Prodrug:
In May 2017, the Company has acquired the rights to research and development and commercialization of OBI-3424 in major global markets (except Asia) from US Threshold Pharmaceuticals. OBI-3424 is a micromolecule chemotherapy prodrug, under the AKR1C3 enzyme catalysis inside tumor cells, it will be transformed into the metabolin with cytotoxicity to achieve the anti-neoplastic effect; AKR1C3 enzyme has high performance in multiple types of tumors, its main function is to participate in hormone synthesis and toxin removal. The company has acquired approval from US Food

and Drug Administration (FDA) on April 18, 2007 to carry out the OBI-3424 clinical trial. OBI-3424 has completed the first clinical dose escalation trial, and plans to enter the second cohort expansion trial.

(9) OBI-858 Botulinum toxin:

The development strategy of OBI-858 will first carry out early clinical development in Taiwan. Since botulinum toxin is highly toxic, the specification of manufacturing factory is extremely strict, only a few companies are capable of production in the world. At the beginning of development of this project, the Company reported to the Center for Disease Control (CDC) immediately, and absolutely followed relevant regulations to carry out small volume production under the condition of meeting biological safety specification. The initial result has verified that, the botulinum toxin products produced by the Company completely meet European pharmacopoeia specifications, and communication meeting with Food and Drug Administration, Ministry of Health and Welfare has been held. The preliminary results confirmed that the botulinum toxin products completely met the specifications of European Pharmacopoeia. In August, 2020, she obtained the first-phase clinical trial license from the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare, and conducted the trial in Tri-Service General Hospital and Kaohsiung Chang Gung Hospital, and successfully received the case. It is expected that the safety and efficacy evaluation of the subjects will be completed in the third quarter of 2021. It has authorized its subsidiary Obigen Pharma, Inc. to have global intellectual property rights in cosmetic medicine.

3. R&D personnel and their education background & experience:

Full-time personnel	Title	Education background	Relevant experience
Michael N. Chang	Chairman & Chief Executive Officer	Senior Research Doctor, Massachusetts Institute of Technology Doctor of Organic Chemistry, Brandeis University	With over 30 years of R&D and management experience in pharmaceutical companies such as Merck, Aventis, ArQule, Pharmanex and Optimer Pharmaceuticals etc., responsible for supervising and assisting in the development of various new western medicine, among them three of them were approved by US FDA to launch on the market, personally owns 35 product patents, and has published over 60 research articles in famous scientific journals worldwide.
Ming Lai	Chief Scientific Officer	PhD in Bio-organic Chemistry, University of Minnesota	With over 23 years of new drugs research and development and management experience in big international pharmaceutical companies, once was the senior chief scientist of Merck Sharp & Dohme, and also the core team member in early drug development and product development, during his term of office, he once led the team to develop more than 10

Full-time personnel	Title	Education background	Relevant experience
			drug candidates, and most of them successfully were proceeded to the phase of clinical trial. Once won various awards of Merck Sharp & Dohme, including District Staff Award in 2007, Special Achievement Award in 2009 and New Drug Development Award in 2018 etc. The antiviral drug developed by his leading obtained the medicament license from US FDA IN 2018.
Tsai, Cheng-En	Vice President of Medical Division	PhD in Molecular Genetics and Biology, University of Cambridge	Graduated from College of Medicine, National Taiwan University; PhD in Molecular Genetics and Biology, University of Cambridge. Have received complete clinical training and with rich experience in clinical diagnosis and treatment. Before joining OBI, once served in TaiGen Biotechnology and TWi Biotechnology, supervising phase 1 to phase 4 clinical trial, and completed the phase 3 pivotal trial for new ingredient drug of TaiGen Biotechnology, obtaining the marketing authorization in both Taiwan and mainland and health insurance payment in Taiwan. Previously, once served as the examiner of Clinical Group and Senior Research Fellow of Medical Technology Evaluation Group in Center for Drug Evaluation, Taiwan; Medical Advisor of Bristol-Myers Squibb (Taiwan and Hong Kong); with comprehensive and rich experience in drug research and development, design and implementation of clinical trial, and evaluation of test results.
Jiann-Shiun Lai	Vice President of Biological Agents, R&D Department	Doctor of Inheritance Institute, State University of New York at Stony Brook	Postdoctoral Research of Massachusetts Institute of Technology, Genetics Doctor of Cold Spring Harbor Laboratory, Stony Brook University, and Master in Microbiology and Immunology, National Yang-Ming University; with over 20 years of experience in monoclonal antibody new drug research and development and management, including leading candidate drugs screening, optimization, mass production cell line development, pre-clinical pharmacological, pharmacokinetic and toxicity test design. Once served as the Consultant in the fields of biotechnology, medicine and living materials chemistry in Technology Division of Ministry of Economic Affairs; Group Leader of Protein engineering Group, Biopharmaceutical Institute, Development Center for Biotechnology (DCB), Assistant Researcher of Biomedical Institute, Academia Sinica.
Edward Hsieh	Director in Chemical Pharmacy, R&D Division	Doctor of Chemistry Institute, Simon Fraser University	Specialized in organic synthesis, physical organic chemistry and theoretical chemistry. Over ten years' experience in drug design research and development, production management, analytical method development and quality management, familiar with application requirements in GMP related laws and regulations and international CMC laws and regulations. Once served as Deputy Director of Pharmaceutical Chemistry Research Department in OBI Pharma, Examiner and Researcher of Center for Drug Evaluation and responsible for CMC related drug counseling work, Chemical Pharmaceutical Deputy General Manager of Ningbo Smart Pharmaceutical Co., Ltd., Adjunct Professor of Ningbo Institute of Technology, Zhejiang University, Researcher of Industrial Technology Research Institute.

4. Research and development costs input every year and the technologies or products successfully developed in the last five years:

A. Research and development costs input every year in the last five years:

Unit: NT$thousand

Item \ Year	2020	2019	2018	2017	2016
Research and development costs	1,309,881	1,257,392	1,127,083	848,729	859,480

Item \ Year	2020	2019	2018	2017	2016
Ending paid-up capital	1,992,794	1,881,287	1,739,907	1,721,657	1,716,119
Proportion of research and development costs in paid-up capital (%)	65.73	66.84	64.78	49.30	50.08

B. Technologies or products successfully developed in the last five years:

Product	Development progress	R&D achievements
DIFICID™	Has acquired medicament license and health insurance payment	Has acquired medicament license from Department of Health on September 7, 2012, and approved to launch in Taiwan. In August 2014, it has completed health insurance payment agreement with Department of National Health Insurance. In October 2015, through Optimer Pharmaceuticals, the subsidiary of Merck Sharp & Dohme, the product development and sales right of DIFICID™ in Taiwan was transferred to Merck Sharp & Dohme. OBI has gained signing bonus of USD three million only and will gain the milestone payment and product sales royalty in the future.
Adagloxad Simolenin (OBI-822) Globo H active immunity vaccine	Phase III clinical trials are underway	Has completed clinical phase II/III trial in Taiwan, conducting trials in 45 clinical medical centers worldwide, including 15 in Taiwan, 1 in Hong Kong, 13 in USA, 11 in Korea and 2 in India; has received 349 targets in July 2014, and unblinding was conducted in February 2016.Up to April, 2021, it has been approved to launch the third phase of human clinical trials in Taiwan Province, Australia, the United States, Hong Kong, Ukraine, Russia, South Korea and China.
OBI-833 Globo H-DT active immune – oncology therapy	Phase I clinical trial has been completed and phase II clinical trial is planned	The safety assessment of OBI-833 Phase I Dose Incremental Trial has been completed, and the cohort expansion study, which aims at lung cancer patients, has also completed the safety assessment, immune antibody response and tumor response, and has started planning the second phase clinical trial.
OBI-888 Globo H Passive Immune – oncology therapy	Phase II clinical trials are underway	The first phase of the clinical trial has been completed in the world-famous MD Anderson Cancer Center, and subsequent cohort expansion trials are being actively carried out in many medical centers in the United States and Taiwan.
OBI-3424 AKR1C3 Enzyme Prodrug	Phase I clinical trial has been completed and phase II clinical trial is planned	In June 2017, signed contract with Threshold Pharmaceuticals from California, purchased the micromolecule first-in-class new drug TH-3424, and renamed it into OBI-3424, it will be developed into the potential therapy treating cancers of high AKR1C3 enzyme performance. In 2018, the US Food and Drug Administration (FDA) approved the qualification of orphan drugs for hepatocellular carcinoma (HCC) and acute lymphoblastic leukemia (ALL). The first phase of clinical dose increment trial has been completed, and the second phase of clinical herd expansion trial is being

Product	Development progress	R&D achievements
		planned.
OBI-999 Globo H Antibody Drug Conjugate (ADC)	Phase I clinical trial has been completed and phase II clinical trial is planned	Animal pharmacological tests have been completed, related patent applications and layout have been put forward, Chemistry Manufacturing Control (CMC) plan and preclinical GLP toxicology tests have been completed, the first phase of human clinical trials has been completed, and the second phase of clinical trials has been planned.
OBI-866 SSEA-4 active immune anticancer drug	Phase I clinical trials are underway	In the animal experiment stage, it has been proved that it can trigger the production of specific antibodies in mice.The first phase of dose increment test was approved by the Food and Drug Administration of the Ministry of Health and Welfare of Taiwan Province in August, 2020, and the case was received in October, 2020.
OBI-858 Botulinum toxin	Phase I clinical trials are underway	In August, 2020, she obtained the first-phase clinical trial license from the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare, and conducted the trial in Tri-Service General Hospital and Kaohsiung Chang Gung Hospital, and successfully received the case. It is expected that the safety and efficacy evaluation of the subjects will be completed in the third quarter of 2021.

(4) Long-term and short-term business development plan:

The Company is mainly engaged in developing new anti-cancer drugs for Unmet Medical Needs in the world. The short-term development plan of the Company is to continue to promote the global phase III clinical trial of OBI-822 active immune anticancer drug, and accelerate the development of phase II human clinical trial of OBI-833 active immune anticancer drug, OBI-888 monoclonal antibody, OBI-3424 small molecule chemotherapy precursor and OBI-999 antibody small molecule drug complex.

The Company's long-term goal is to continuously expand its product portfolio through product diversification strategies, such as strengthening the development of OBI-866 active immune anticancer drug, supplemented by product life cycle management, and finally become a world-class cancer pharmaceutical company. The company will give back to Taiwan to increase the employment opportunities, lead the biotechnology industry to internationalization, create a world-class Taiwan brand, and use capital investment and new research and development plans to further invest and contribute to Taiwan; and hope to create value to the shareholders and the company.

II Market and production and marketing overview

(i) Market analysis:

1. Sales territory of main commodities:

Based on the market in Taiwan and with layout worldwide, the Company takes

developing into international first-class brand in biotechnology as the objective, strategically, the Company will seek for international pharmaceutical factory as strategic alliance for mutual complements of resources and expertise, so as to accelerate the schedule of commercialization of products under research and development through joint development or licensing etc.

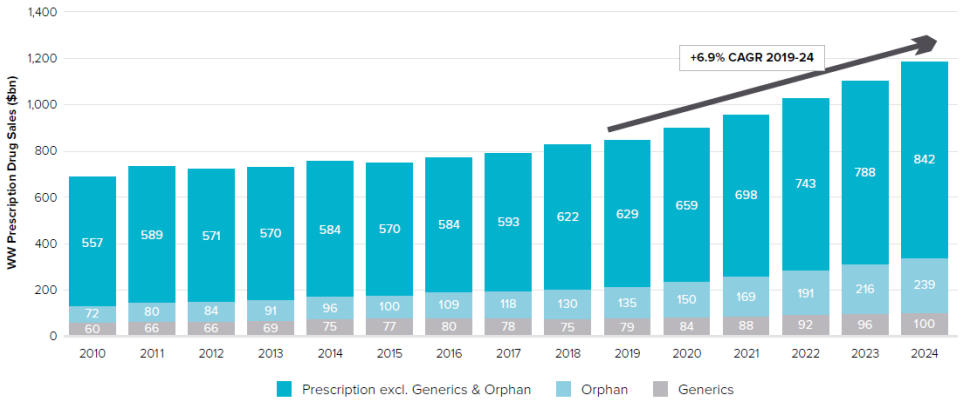
2. Market share:

OBI-822 and other products are the new drugs under development, hence it is not applicable.

3. Future market supply and demand condition, growth:

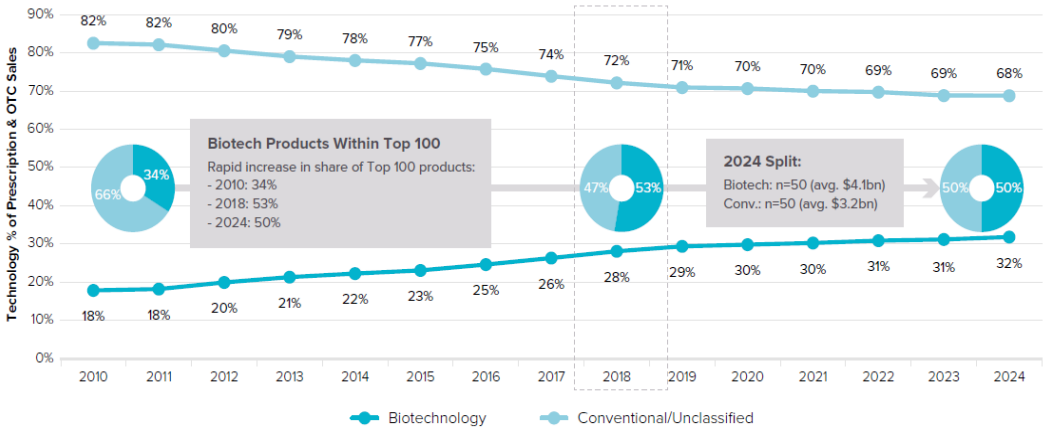
In recent years, the global pharmaceutical industry has been developing towards an active and positive direction, including the improvement of research and development productivity, historic new high in the number of brand new drugs approved to launch on the market, and drugs of breakthrough treatment, such as the launch of Sovaldi used for hepatitis from Gilead Science company, it is predicted that the global pharmaceutical industry will maintain stable growth up to 2020. According to the sales statistics forecast of Evaluate Pharma for top 500 companies in global pharmaceutical industry, from 2019 to 2024, it is estimated that the Compound Annual Growth Rate (CAGR) of global prescription drugs market will be three times of that from 2010 to 2018, and the market scale of orphan drugs will be doubled.

Market scale of global prescription drugs from 2010~2024



The important trend in current global drug market is the fast growth of biotechnology products, the sales volume thereof have surpassed the traditional preparations for the first time in global top 100 drugs ranking list. In the market of global prescription drugs and over-the-counter drugs, it is estimated that the proportion of sales volume of biological preparations will grow continuously from 28% in 2018 to 32% in204. Among the top 100 drugs sold worldwide, it is estimated that half of them will be biological preparations.

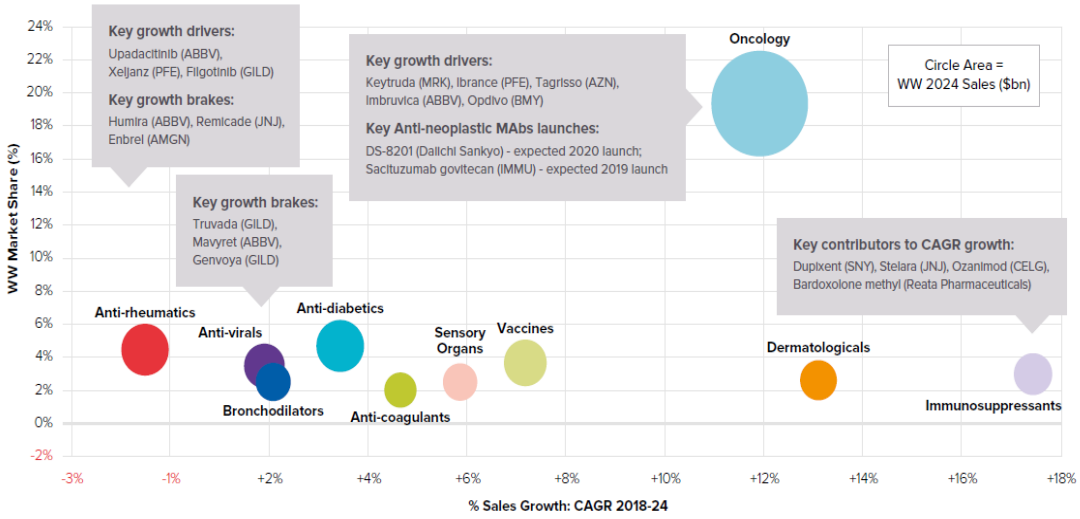
Market scale of global prescription drugs: biotechnology and traditional pharmaceutical technology



When making a comprehensive survey on the development of global drug market in the future, the drug market scale will grow continuously. However, what is noteworthy in the future is the global drug market pricing and market access issue, despite currently innovative drugs of "cured" meaning have been developed gradually, the use of such innovative drugs still needs to pay quite high price; from the perspective of government and private medical treatment, it is very obvious that the payers care about the price, and more and more unwilling to provide fund payment or be recommended to use extremely expensive drug therapeutic scheme. As forming the trend of curtail expenditures, in the future, pharmaceutical industry will have to accept the reduction of product price, or actively prove that the product itself can actually cure patients and further reduce the medical expenditure of the country, or the use effect of drug itself is higher than the use cost.

According to the ranking of efficacy categories in drug market as estimated by Evaluate Pharamm in 2019, antineoplastic drugs will dominate the market in 2024, accounting for 19.4% of sales volume in global prescription drugs market, reaching to USD237 billion, and its main growth comes from PD-1 inhibitor Keytruda and Opdivo, as well as Ibrance and Tagrisso. Both the occurrence rate of chronic disease and use of immunotherapy are increasing year by year, hence the market of immunosuppressant will maintain high growth, with compound annual growth rate of 16.9% from 2019 to 2024, the top of all drug categories. Besides, biosimilars will expand the market share, hence the market of anti-rheumatic drugs will start to shrink in 2024.

Top 10 drugs of efficacy category in market share and sales growth rate worldwide in 2024



In respond to the preceding extensive medical market demand, the pharmaceutical industry has been developing innovative anti-cancer drugs continuously, apart from that targeting therapy drugs will continue to develop to replace the traditional chemical and radiation therapy, the latest development trend is cancer immunotherapy, in which drugs will directly or indirectly effect in patient's immune system, so as to improve patient's immunity, or block the capability of disease in suppressing immune system, and then achieve the anti-cancer effect. Such brand new immune immuno-oncology therapy has attracted great attention in medical industry recently; American and Japanese scholars winning Tang Prize and Biomedical Prize are the pioneers in developing such therapy. The breakthrough of the Company in carbohydrate synthesis technology opens a new gate for drug development. In recent years, several researches point out that specific carbohydrate molecule only effect on cancer cell surface, making carbohydrate molecule as the new anti-cancer object. The development of carbohydrate drugs has been deemed as one of the key directions in drug development in 21st century.

Ever since the beginning of establishment, the Company has been aiming at the global market, developing strategy according to international industry trend, and focusing on the market of cancer drugs which are of huge market demand and expected to grow strongly in the next ten years. In 2017, OBI Pharma has completed the important transformation from a company of single product line into a company of diversified cancer drugs; not only stepping into the fields of Monoclonal Antibody (mAb) and Antibody Drug Conjugate (ADC) based on the original anti-cancer vaccine in the research and development of new anti-cancer drugs taking Globo H as the target, but also carrying out multiple pre-clinical researches on another tumor carbohydrate molecules SSEA-A, continuously maintaining a leading position in the field of research and development of new anti-cancer drugs taking Globo Series carbohydrate molecules as the target. Apart from that, OBI Pharma has

obtained the micromolecule chemotherapy prodrug OBI-3424 taking AKR1C3 enzyme inside the tumor as the effect target, and taken merger and acquisition of AP Biosciences, Inc. that possessing multiple immune checkpoint inhibitors, making the R&D projects of OBI on new anti-cancer drugs more diversified, and laying a solid foundation for the development of combined therapy or Bi-Specific Antibody in the future.

4. Competition niche:

OBI-822, OBI-833, OBI-866 and OBI-888, Globo series carbohydrate cancer immunotherapy, their anti-cancer mechanisms take the Globo series carbohydrate antigen only effecting on cancer cells and without effecting on normal cells as the target, hoping to provide patients a safe, effective anti-cancer new choice with low side effect, so as to improve treatment result and life quality.

OBI-999 utilizes Globo H antibody to identify the cancer of high Globo H performance, and carries out direct cytotoxicity therapy by releasing micromolecule chemotherapeutic drugs through the specificity of antibody, it is expected that the market scale of such micromolecule antibody drug conjugate will grow to USD18.1 billion in 2022, it has huge market potential in the future.

Under the AKR1C3 enzyme catalysis inside tumor cells, OBI-3424 will be transformed into the metabolin with cytotoxicity to achieve the anti-neoplastic effect, AKR1C3 enzyme has high performance in over 15 types of tumors, and OBI-3424 is the drug of high potential under research and development in this mechanism.

OBI-858 is the new botulinum toxin of good stability and safety, the Company masters high quality manufacturing technology, it is expected to enter into the high growing botulinum toxin market with competitive price after completing the clinical trial.

5. Favorable and unfavorable factors in development prospect and solutions:

(1) Favorable factor:

- He core technology of the Company breaks through the traditional bottleneck in carbohydrate synthesis, it can resolve the difficulty that currently carbohydrate cannot be applied extensively in new drug research and development and commercial mass production.
- The exclusive production technology of OBI can break through product life cycle, making it not easy to be imitated by other competitors, so as to protect the exclusive composition of product.

- Active and passive immunotherapy (including ADC) with Globo series as its target has high specificity for cancer, which is not easy to affect normal cell function, high product benefit, wide application range and promising market.
  - The operating research and development team has abundant experience in international new drug development, clinical trial and operating management.
  - Has multiple core products protected by patent.

(2) Unfavorable factor and solutions:

- Most products of OBI are First-in-Class breakthrough new drugs, the research and development and clinical trial have high uncertainty.

  Solutions: the Company plans and executes all kinds of pre-clinical and clinical trials with prudent attitude, regularly consults with scholars and experts to ensure the quality of trial design, and amend the trial direction when appropriate to increase the success rate of trial.

- The clinical trial of breast cancer active immuno-oncology drug takes longer time and higher costs, once it is not completed within the expected time, it might need to introduce new capital investment.

  Solutions: the Company prudently assesses the costs input in the clinical trials of each stage and the risks thereof, appropriately utilizes company resources, maintains communication with shareholders, investors and potential international cooperative institutions, and prepares for fund-raising as early as possible to reduce the operating risk.

- It is late for OBI-858 to enter into botulinum toxin market.

  Solutions: plan to enter into the market through joint development and price advantage.

(3) Important use and production process of major products:

OBI-822 and OBI-833 and cancer immunotherapy drugs; for relevant production (development) processes, since the drugs used for clinical trial at current stage are the bulk drugs and medicines in outsourcing manufacturing, currently, the processing scale established by outsourced plant is sufficient to supply for clinical phase III trials carried out in several centers in various countries worldwide, as well as OBI-833 clinical phase II cohorts expansion test. At later stage of clinical trial, we will propose resolutions according to the clinical trial result and future market trend, and consider expanding production domestically, so as to achieve the maximum benefits in company operating strategy. OBI-888 is the drug targeting cancer antibody and OBI-999 is the micromolecule antibody drug conjugate, in respect of production (development) processes, including cell lines development and antibody mass production, they are at the stage of outsourcing manufacturing currently, regarding the current outsourcing manufacturing, the scale of process is sufficient to supply for clinical phase I and II trials. At later stage of clinical trial, we will propose resolutions according to the clinical trial result and future market trend, and consider expanding production domestically, so as to achieve the maximum benefits in company operating strategy, OBI-3424 is the drug of micromolecule, and it will be outsourced for production.

(4) Major raw materials' supply condition

Currently the product raw materials supply in each research and development is still stable, the Company also actively seeks for secondary supplier of high quality raw materials supply, so as to ensure certain supply in the future.

(5) Description on significant change of the gross profit margin of major product type or department type in the last two years:

The Company was established in April 2002, it is still at the stage of new drug research and development currently, and there is no significant change of the gross profit margin of major product type or department type.

1. Name of supplier once accounting for over ten percent of total purchase amount in any year of the last two years and its purchase amount and proportion, and describe the reason for increase or decrease change:

The Company was established in April 2002, it is still at the stage of new drug research and development currently, and there is no commodity purchase in 2019 and 2020.

2. Name of customer once accounting for over ten percent of total sales amount in any year of the last two years and its sales amount and proportion, and describe the reason for increase or decrease change:

The Company was established in April 2002, it is still at the stage of new drug research and development currently, and there is no commodity purchase in 2019 and 2020.

(6) Production quantity in the last two years: not applicable.

(7) Sales quantity in the last two years: not applicable

III Number of employees in the last two years

The works of legal affairs, research and development, toxicology and drug quality control of the Company are mostly outsourced for execution at early stage, in Taiwan and US, the Company has appointed professional consultant for assistance; in recent years, the product research and development has become mature gradually, and the Company has successively recruited professional talents and elites in the industry to join, not only strengthening the team, but also making the company function more complete. As at April 2021, the distribution of human resources of the Company (Including subsidiaries) is as follows:

April 30, 2021

Year		2019	2020	As at April 30 in current year
Number of employees	Personnel of director level	17	14	18
	General personnel	45	41	47
	R&D and technical personnel	123	126	147
	Total	185	181	212
Average age		39.38	39.23	39.69
Average length of service		3.75	4.00	3.99
Degree distribution ratio (%)	Doctor degree	19.46	20.99	20.75
	Master degree	49.73	51.93	52.83
	College degree	29.73	25.97	25.47
	Senior high school degree	1.08	1.1	0.94
	Total	100	100	100

IV Environmental protection expenditure information

(1) Pursuant to laws and decrees, if pollution facility setting license or pollutant discharge permit shall be applied for, or pollution prevention and control costs shall be paid, or environmental protection dedicated unit and personnel shall be set, description on the application, payment or setting circumstances thereof: Not applicable.

(2) Investment of the company regarding major equipment for preventing and controlling environmental pollution, and their use and benefits might be generated: NA.

(3) In the last two years and as at the publication date of annual report, in the course of the company's improvement of environmental pollution, if there is any pollution dispute, the handling process thereof: NA

(4) Losses and penalty amount suffered due to polluting the environment in the last two years: NA.

(5) In the last two years and as at the publication date of annual report, the losses (including compensation) and total penalty amount suffered by the company due to polluting the environment, and the disclosure of future solutions (including improvement measures) and possible expenditure (including estimated amount of possible losses, penalty and compensation due to the failure of adopting solutions, if it cannot be estimated reasonably, the facts of cannot be estimated reasonably shall be described): NA.

(6) The impact of current pollution status and its improvement on the company earnings, competitive status and capital expenditure, and the expected significant environmental protection capital expenditure in the coming two years: not applicable.

(7) Working environment and employee personal safety protection measure:

1. Air conditioner: conduct regular maintenance to air conditioner to improve the efficiency of machinery equipment and reduce the failure rate.
2. Improvement of environmental waste reduction: implement garbage classification and set resources classification recycling bin, conduct classification for treatment and recycling according to resources categories.
3. Wastewater treatment: for the biotechnology floor of the company located at Nangang Software Park Phase II, the wastewater produced must be discharged to biotechnology wastewater treatment tank for treatment, and then transferred into general wastewater treatment tank for treatment before discharge, building management unit conducts water quality testing regularly every month, the testing results thereof are conforming to the government laws and decrees and have passed the test conducted by Sanitary Sewer Engineering Division, Works Bureau of Taipei City Government, and it will not produce pollution to the environment.
4. Preparation, maintenance and use of protective equipment: in each laboratory, personal safety protective equipment are provided according to the possible hazard conditions and types in the nature of operation, and professional or special protective equipment shall be kept and maintained

by dedicated personnel.

5. Handling of mechanical equipment and instrument waste: if the mechanical equipment and analytical instruments in the laboratory cannot be used due to the expiry of service life, if the expiry of service life of such instruments have been confirmed, scrapping procedures can be gone through immediately.
6. Power utilization improvement: select and use fluorescent lighting fixtures of high power factor to improve power utilization efficiency and illuminating brightness, and employees form a good habit of turning off lights and the power when leaving, so as to save power utilization.
7. Noise improvement: select and use instrument and equipment of high efficiency and low noise to reduce the environmental noise. Set machine room to isolate the running noise of relevant equipment.
8. The Company implements regular inspection, repair and maintenance to each working equipment, so as to ensure work safety of employees. And holds labor safety and health education and disaster prevention training every year to let employees be familiar with and comply with relevant rules. Laboratories also set laboratory safety and health management organization members to implement the promotion of laboratory safety and health management of the company.

V Labor-capital relationship

(i) Employee benefit measures, further education, training and retirement system of the company and the implementation condition thereof, agreement between labor and capital and maintenance measures of all kinds of employees' rights and interests:

1. Employee benefit measures:

(1) Labor insurance: handle pursuant to labor insurance laws and decrees.

(2) National health insurance: handle pursuant to provisions of National Health Insurance Act.

(3) Group insurance: all employees can enjoy the life insurance, accident insurance, hospitalization medical insurance, cancer medical insurance etc. borne by the company in full amount.

(4) Festival bonus / recreation: issue birthday gift, marriage or funeral allowance, issue gifts etc. for three major festivals regularly every year, child care allowance etc., and hold employee tourism regularly.

(5) Employee bonus: when surplus is available upon annual settlement, taxes shall be withheld and losses in previous years shall be covered first, and then draft the distribution proportion of employee bonus in current year, after passed by Board of Directors, propose it to Shareholders' Meeting for acknowledgment.

(6) Employee subscription right: in order to attract professionals to join the work team of the Company and retain excellent employees of development potential in the future, and further take care of employees and improve their living standard to jointly create benefits for company and shareholders, after approved by Board of Directors, the employee stock option certificate will be issued pursuant to "Employee Stock Options Issuance and Exercise Provisions".

2. Further education and training measures:

(1) New employee: on the date when employee reports for duty, relevant personnel of the company will be responsible for describing personnel regulations, company profile, working rules, environment introduction, and introduction of supervisors and colleagues.
(2) In-service employee further education measures: in order to implement lifelong learning, facilitate professional knowledge, skill and improve humanistic quality, and further improve service quality and performance, after report and being approved, all in-service full-time employees will be encouraged to participate in all kinds of in-service education and advanced study and training courses.

3. Retirement system:

The Company implements retirement system pursuant to the provisions of Labor Standards Act, regularly allocate the reserve for employee retirement to deposit in the special account in Bank of Taiwan, and appoints actuary for actuarial practice to ensure sufficient preparation of retirement pension reserve.

4. Greement between labor and capital and maintenance measures of all kinds of employees' rights and interests:

Through mechanisms such as communication, incentive, service and education etc., the Company duly satisfies the demand of employees, allowing employees to established a good relationship with the company under a common goal and in the same boat, so as to improve employees' centripetal force to the company and work satisfaction, making them willing to spare more efforts to create greater contribution and value to the company, and the relationship between labor and capital is harmonious.

(ii) In the last two years and as at the date of annual report publication, the loss suffered by the company due to labor dispute, and disclosure of estimated amount occurred currently and likely to occur in the future and the solutions:

The Company always treats employees as the most valuable assets and attaches great importance to the future development of employees. Therefore, both labor and capital are always maintaining a harmonious relationship, and there is no loss caused by labor-capital dispute.

VI Important contracts

Agreement	Contracting Parties	Term	Major contents	Restrictions
Authorization contract	Optimer Pharmaceuticals, Inc. Sloan-Kettering Institution for Center Research	From May 7, 2009 for a period of twenty years, or until the expiration of patent, whichever is later.	Acquisition of patent licensing	NA
Authorization contract	Optimer Pharmaceuticals, Inc.	Effective from October 30, 2009	Acquisition of patent licensing	NA
Authorization contract	Optimer Pharmaceuticals, Inc.	From October 19, 2012 to July 30, 2022	Right to patent, manufacture and sell	NA
Authorization contract	Optimer Pharmaceuticals, Inc.	From June, 2011 to the expiration of the patent right of the product itself and its components in China, or within 10 years from the first sale date of the product in China, whichever is later	Obtain authorization to research, develop and sell products	NA
Authorization contract	Academia Sinica	From July, 2010, both parties to the contract may give a written notice to terminate the contract 30 days before (our company) or 60 days before (Academia Sinica)	Acquisition of technology licensing	NA
Authorization contract	Academia Sinica	From April 23, 2014 to the last patent expiration date	Acquisition of technology licensing	NA
Rights transfer contract	Optimer Pharmaceuticals, LLC	From May 2015 until the final patent expiration date	Transfer of rights	NA
Technical cooperation contract	Amaran Biotechnology, Inc.	January 25, 105-January 24, 115	Cooperatively developed products	NA
Supply and marketing contract	Amaran Biotechnology, Inc.	January 25, 105-January 24, 115	Entrust OEM to manufacture products	NA
Long-term Borrowing Contract	E.SUN BANK	Effective from September 26, 2016	Long-term secured borrowing for laboratory	NA
Authorization contract	PolyTherics Limited	Effective from July 11, 2017	Acquisition of technology licensing	NA
Authorization contract	OBI Pharma Australia Pty Ltd.	Effective from June 13, 2018	Authorize some patents to Australian subsidiaries for clinical trials	NA
Commissioned service contract	Company A	Effective from February 14, 2019	Development of GMP Product	NA

Agreement	Contracting Parties	Term	Major contents	Restrictions
Technical cooperation contract	EirGenix, Inc	Effective from August 27, 2015	Joint technical development	NA
Technical cooperation contract	AP Biosciences, Inc.	Effective from September 12, 2018	Joint development of antibody	NA
Commissioned service contract	Novotech (Australia) Pty Limited	Effective from December 16, 2019 to December 15, 2026	Commissioned to provide clinical trial services	NA
Technical cooperation contract	National Taiwan University	From January 01,2020 to December 30, 2021	Joint development of antibody	NA
Technical cooperation contract	AP Biosciences, Inc.	Effective from August 12, 2019	Joint development of antibody	NA
Commissioned service contract	PSI CRO AG	From January 06,2020 to January 15, 2027	Commissioned to provide clinical trial services	NA
Commissioned service contract	Fuh Hwa Securities Investment Trust Co., Ltd.	April 27, 2020-April 26, 2020	Commissioned to execute investment in securities and trading of securities-related commodities	Yes (according to the relevant provisions of the law)
Commissioned service contract	QPS-QUALITIX CLINICAL RESEARCH CO., LTD.	March 18, 2020-March 17, 2027	Commissioned to provide clinical trial services	NA
Share exchange and cooperation contract	TONY CHOW and its representative shareholder, Amaran Biotechnology, Inc.	October 15, 2020	Share exchange and product development and production cooperation	NA
Contract of project contracting	Formula Precisiom Engineering co., ltd.	November 13, 2020-January 31, 2020	Contract the construction of laboratory project	NA
Sale contract	OBIGEN PHARMA, INC.	February 23, 2021	Sales of equipment	NA
Authorization contract	OBIGEN PHARMA, INC.	February 23, 2021	Technology authorization	NA

VI. Financial Overview

I. Concise financial information in the last five years

(I) Concise balance sheet and consolidated profit and loss statement

1. Individual concise balance sheet - International Financial Reporting Standards

Unit: NT$thousand

Item \ Year		Financial information in the last five years					Financial information in current year as at March 31, 2021
		2016	2017	2018	2019	2020	
Current assets		3,846,379	4,667,464	3,678,055	4,577,337	2,986,360	Not applicable
Property, plant and equipment		226,251	234,441	234,296	241,259	211,646	
Intangible assets		46,462	127,266	105,950	87,967	69,010	
Other assets		2,221,468	170,315	491,916	973,000	1,281,246	
Total assets		6,340,560	5,199,486	4,510,217	5,879,563	4,548,262	
Current liabilities	Before distribution	109,940	78,110	111,138	193,607	227,961	
	After distribution	109,940	78,110	111,138	193,607	227,961	
Non-current liabilities		69,860	61,003	52,147	128,676	91,279	
Total liabilities	Before distribution	179,800	139,113	163,285	322,283	319,240	
	After distribution	179,800	139,113	163,285	322,283	319,240	
Equity attributable to owners of parent		6,160,760	5,060,373	4,346,932	5,557,280	4,229,022	
Share capital		1,716,119	1,721,657	1,739,907	1,881,287	1,992,794	
Capital surplus		8,743,211	9,037,381	9,530,118	11,504,987	3,684,782	
Retained earnings	Before distribution	(3,913,277)	(5,292,713)	(6,514,955)	(8,259,036)	(1,377,935)	
	After distribution	(3,913,277)	(5,292,713)	(6,514,955)	(8,259,036)	(1,377,935)	
Other equity interest		1,428	(19,231)	(21,417)	(22,392)	(16,788)	
Treasury share		(386,721)	(386,721)	(386,721)	-	(53,831)	
First-hand rights and interests under joint control		-	-	-	452,434	-	
Non-controlling interests		-	-	-	-	-	
Total equity	Before distribution	6,160,760	5,060,373	4,346,932	5,557,280	4,229,022	
	After distribution	6,160,760	5,060,373	4,346,932	5,557,280	4,229,022	

Notes: the above financial information have been audited and certified or checked and approved by the accountant.

2. Consolidated concise balance sheet - International Financial Reporting Standards

Unit: NT$thousand

Item \ Year		Financial information in the last five years					Financial information in current year as at March 31, 2021
		2016	2017	2018	2019	2020	
Current assets		3,879,550	4,713,520	3,793,229	5,025,007	3,894,812	4,141,582
Property, plant and equipment		226,648	234,645	235,442	646,566	731,193	744,283
Right-of-use assets		-	-	-	219,406	187,027	174,938
Intangible assets		46,462	127,266	574,075	515,792	453,881	439,606
Other assets		2,175,417	114,598	106,748	79,764	72,937	75,133
Total assets		6,328,077	5,190,029	4,709,494	6,486,535	5,339,850	5,575,542
Current liabilities	Before distribution	97,457	68,653	103,817	209,625	248,488	147,236
	After distribution	97,457	68,653	103,817	209,625	248,488	147,236
Non-current liabilities		69,860	61,003	132,211	354,654	253,603	244,718
Total liabilities	Before distribution	167,317	129,656	236,028	564,279	502,091	391,954
	After distribution	167,317	129,656	236,028	564,279	502,091	391,954
Equity attributable to owners of parent		6,160,760	5,060,373	4,473,466	5,104,846	4,229,022	4,036,867
Share capital		1,716,119	1,721,657	1,739,907	1,881,287	1,992,794	1,992,794
Capital surplus		8,743,211	9,037,381	9,530,118	11,504,987	3,684,782	3,713,686
Retained earnings	Before distribution	(3,913,277)	(5,292,713)	(6,514,955)	(8,259,036)	(1,377,935)	(1,609,232)
	After distribution	(3,913,277)	(5,292,713)	(6,514,955)	(8,259,036)	(1,377,935)	(1,609,232)
Other equity interest		1,428	(19,231)	(21,417)	(22,392)	(16,788)	(16,794)
Treasury share		(386,721)	(386,721)	(386,721)	-	(53,831)	(43,587)
First-hand rights and interests under joint control		-	-	-	452,434	-	-
Non-controlling interests		-	-	126,534	364,976	608,737	1,146,721
Total equity	Before distribution	6,160,760	5,060,373	4,473,466	5,922,256	4,837,759	5,183,588
	After distribution	6,160,760	5,060,373	4,473,466	5,922,256	4,837,759	5,183,588

Notes: the above financial information have been audited and certified or checked and approved by the accountant.

3. Notes: the above financial information have been audited and certified or checked and approved by the accountant.

Unit: NT$thousand

Item \ Year	Financial information in the last five years					Financial information in current year as at March 31, 2021
	2016	2017	2018	2019	2020	
Net revenue	92,422	376	5,162	872	1,489	Not applicable
Gross profit	92,422	376	5,162	872	1,489	
Income from operations (loss)	(1,110,256)	(1,188,216)	(1,300,667)	(1,321,659)	(1,219,334)	
Non-operating income and expenses	128	(191,220)	78,425	(269,723)	(238,206)	
Income before tax	(1,110,128)	(1,379,436)	(1,222,242)	(1,591,382)	(1,457,540)	
Continuing operating unit Net profit for the year	(1,110,128)	(1,379,436)	(1,222,242)	(1,591,382)	(1,457,540)	
Loss from discontinued operations	-	-	-	-	-	
Net profit (loss) for the year	(1,110,128)	(1,379,436)	(1,222,242)	(1,591,382)	(1,457,540)	
Other comprehensive profit and loss for the year (net of tax)	(1,128)	(20,659)	(2,186)	(975)	5,604	
Total comprehensive profit and loss for the year	(1,111,256)	(1,400,095)	(1,224,428)	(1,592,357)	(1,451,936)	
Net profit belongs to the owner of the parent company	-	-	-	(1,407,026)	(1,377,935)	
Net profit belongs to the first-hand equity under joint control	-	-	-	(184,356)	(79,605)	
Total consolidated profit and loss belongs to the owner of the parent company	-	-	-	(1,408,001)	(1,372,331)	
The total consolidated profit and loss is attributed to the first-hand equity under joint control	-	-	-	(184,356)	(79,605)	
Earnings per share	(6.51)	(8.06)	(7.06)	(8.30)	(7.34)	

4. Consolidated concise profit and loss statement - International Financial Reporting Standards

Unit: NT$thousand

Item \ Year	Financial information in the last five years					Financial information in current year as at March 31, 2021
	2016	2017	2018	2019	2020	
Net revenue	92,422	376	13,339	5,586	140,886	4,460
Gross profit	92,422	376	8,053	(6,838)	134,417	(7,068)
Income from operations (loss)	(1,112,470)	(1,189,642)	(1,427,683)	(1,576,866)	(1,465,881)	(282,890)
Non-operating income and expenses	4,846	(187,815)	171,881	(143,473)	(27,810)	22,059
Income before tax	(1,107,624)	(1,377,457)	(1,255,802)	(1,720,339)	(1,493,691)	(260,831)
Continuing operating unit Net profit for the year	(1,110,128)	(1,379,436)	(1,249,493)	(1,714,748)	(1,489,897)	(259,923)
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss) for the year	(1,110,128)	(1,379,436)	(1,249,493)	(1,714,748)	(1,489,897)	(259,923)
Other comprehensive profit and loss for the year (net of tax)	(1,128)	(20,659)	(2,287)	(975)	5,604	(6)
Total comprehensive profit and loss for the year	(1,111,256)	(1,400,095)	(1,251,780)	(1,715,723)	(1,484,293)	(259,929)
Net income attributable to shareholders of the parent	(1,110,128)	(1,379,436)	(1,222,242)	(1,407,026)	(1,377,935)	(231,297)
Net profit belongs to the first-hand equity under joint control	-	-	-	(184,356)	(79,605)	-
Net income attributable to non-controlling interests	-	-	(27,251)	(123,366)	(32,357)	(28,626)
Total comprehensive income (loss) attributable to shareholders of the parent	(1,111,256)	(1,400,095)	(1,224,428)	(1,408,001)	(1,372,331)	(231,303)
The total consolidated profit and loss is attributed to the first-hand equity under joint control	-	-	-	(184,356)	(79,605)	-
Total comprehensive income (loss) attributable to non-controlling interests	-	-	(27,352)	(123,366)	(32,357)	(28,626)
Earnings per share	(6.51)	(8.06)	(7.06)	(8.30)	(7.34)	(1.16)

Notes: the above financial information have been audited and certified or checked and approved by the accountant.

(ii) Concise balance sheet and profit and loss statement - financial accounting standards of our country: The Company started to adopt International Financial Reporting Standards as of 2013, hence the financial information in the last five years are not applicable.

(iii) Name and audit opinion of certified public accountants in the last five years:

Year	Accounting firm	Name of accountant	Audit opinion	Reason for change
2016	PwC Taiwan	Audrey Tseng Chang, Ming-Hui	Clean opinion	NA
2017	PwC Taiwan	Audrey Tseng Chang, Ming-Hui	Clean opinion	NA
2018	PwC Taiwan	Lin Yukuan Audrey Tseng	Clean opinion	Due to internal business transfer of the firm
2019	PwC Taiwan	Lin Yukuan David Teng	Clean opinion	Due to internal business transfer of the firm
2020	PwC Taiwan	David Teng Liang, Hua-Ling	Clean opinion	Due to internal business transfer of the firm

II Financial analysis in the last five years

(i) Individual important financial ratio analysis in the last five years - International Financial Reporting Standards

Analysis item \ Year		Financial analysis in the last five years (Notes 1)					Financial information in current year as at March 31, 2021
		2016	2017	2018	2019	2020	
Financial structure (%)	Proportion of liabilities in assets	2.84	2.68	3.62	5.48	7.02	Not applicable
	Proportion of long-term funds in property, plant and equipment	2,753.85	2,184.51	1,877.57	2,356.79	2,041.29	
Debt paying ability (%)	Current ratio	3,498.62	5,975.50	3,309.45	2,364.24	1,310.03	
	Liquidity ratio	3,440.61	5,880.37	3,229.38	2,305.13	1,252.51	
	Interest coverage ratio (ratio)	(5,210.87)	(1,146.62)	(1,154.24)	(619.18)	(608.85)	
Operating capacity	Receivables turnover rate (time)	-	7.30	10.59	1.01	1.29	
	Average cash collection days	-	50.00	34.47	361.39	282.95	
	Inventory turnover rate (time)	-	-	-	-	-	
	Payables turnover rate (time)	-	-	-	-	-	
	Average sales days	-	-	-	-	-	
	Property, plant and equipment turnover rate (time)	-	-	-	0.00	0.01	
	Total assets turnover rate (time)	-	-	-	-	-	
Profitability	Return on assets (%)	(16.25)	(23.89)	(25.16)	(30.59)	(27.92)	
	Return on equity (%)	(16.64)	(24.59)	(25.98)	(32.14)	(29.79)	
	Proportion of net profit before tax in paid-up capital (%)	(64.69)	(80.12)	(70.25)	(84.59)	(73.14)	
	Net profit ratio (%)	(1,201.15)	(366,871.28)	(23,677.68)	(182,497.94)	(97,887.17)	
	Earnings per share (NT$) retroactive adjustment	(6.51)	(8.06)	(7.06)	(8.30)	(7.34)	
Cash flow (Notes 2)	Cash flow ratio (%)	-	-	-	-	-	
	Cash flow adequacy ratio (%)	-	-	-	-	-	
	Cash reinvestment ratio (%)	-	-	-	-	-	
Degree of leverage (Notes 3)	Degree of operating leverage	-	-	-	-	-	
	Degree of financial leverage	-	-	-	-	-	

Description on the reasons for change of all kinds of financial ratios in the last two years:

1. Financial structure: the increase in the ratio of liabilities to assets is mainly due to cash and equivalent cash used to meet R&D and operating expenses, resulting in a decrease in assets; The decrease in the ratio of long-term funds to real estate, plant and equipment is mainly due to the loss, resulting in the decrease in equity.
2. Solvency: the decrease in current ratio and quick ratio is mainly due to cash and equivalent cash used to meet R&D and operating expenses, resulting in a decrease in current assets; In addition, our products are still in the research and development stage, and there is no profit yet, so the interest guarantee multiple is negative.
3. Operating ability and profitability: the company's products are still in the research and development stage, and have not yet generated stable operating income. However, according to the industrial characteristics, it will generate authorized income, labor income and material sales income, etc., and the authorized income is recognized once according to the contract milestone, which may not occur on average every year.

Note1: The financial information have been audited and certified or checked and approved by the accountant.

Note2: The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio are negative, hence relevant cash flow proportions are not calculated.

Note3: Since the company is still at the stage of research and development, hence it is still under net operating loss, and the degree of leverage is not calculated because it is negative.

(ii) Consolidated important financial ratio analysis in the last five years - International Financial Reporting Standards

Analysis item \ Year		Financial analysis in the last five years (Notes 1)					Financial information in current year as at March 31, 2021
		2016	2017	2018	2019	2020	
Financial structure (%)	Proportion of liabilities in assets	2.64	2.50	5.01	8.70	9.40	7.77
	Proportion of long-term funds in property, plant and equipment	2,749.03	2,182.61	1,922.18	922.65	666.41	700.92
Debt paying ability (%)	Current ratio	3,980.78	6,865.72	3,653.76	2,397.14	1,567.40	2,177.83
	Liquidity ratio	3,914.01	6,756.39	3,566.55	2,338.17	1,505.45	2,706.31
	Interest coverage ratio (ratio)	(5,199.11)	(1,144.97)	(750.08)	(440.23)	(356.00)	(325.82)
Operating capacity	Receivables turnover rate (time)	-	7.30	27.36	4.34	94.78	10.54
	Average cash collection days	-	50.00	13.34	84.10	3.85	34.63
	Inventory turnover rate (time)	-	-	-	2.67	1.12	5.95
	Payables turnover rate (time)	-	-	-	-	-	-
	Average sales days	-	-	-	136.70	325.89	64.34
	Property, plant and equipment turnover rate (time)	-	-	0.06	0.01	0.20	0.02
	Total assets turnover rate (time)	-	-	-	-	-	
Profitability	Return on assets (%)	(16.28)	(23.94)	(25.22)	(27.88)	(25.14)	(4.75)
	Return on equity (%)	(16.64)	(24.59)	(26.21)	(29.89)	(27.69)	(5.19)
	Proportion of net profit before tax in paid-up capital (%)	(64.54)	(80.01)	(72.18)	(91.44)	(74.95)	(13.09)
	Net profit ratio (%)	(1,201.15)	(366,871.28)	(9,367.22)	(30,697.24)	(1,057.52)	(5,827.87)
	Earnings per share (NT$) retroactive adjustment	(6.51)	(8.06)	(7.06)	(8.30)	(7.34)	(1.16)
Cash flow (Notes 2)	Cash flow ratio (%)	-	-	-	-	-	-
	Cash flow adequacy ratio (%)	-	-	-	-	-	-
	Cash reinvestment ratio (%)	-	-	-	-	-	-
Degree of leverage (Notes 3)	Degree of operating leverage	-	-	-	-	-	-
	Degree of financial leverage	-	-	-	-	-	-

Description on the reasons for change of all kinds of financial ratios in the last two years:

1. Financial structure: the increase in the ratio of liabilities to assets is mainly due to cash and equivalent cash used to meet R&D and operating expenses, resulting in a decrease in assets; The decrease in the ratio of long-term funds to real estate, plant and equipment is mainly due to the loss, resulting in the decrease in equity.
2. Solvency: the decrease in current ratio and quick ratio is mainly due to cash and equivalent cash used to meet R&D and operating expenses, resulting in a decrease in current assets; In addition, our products are still in the research and development stage, and there is no profit yet, so the interest guarantee multiple is negative.
3. Operating ability and profitability: the company's products are still in the research and development stage, and have not yet generated stable operating income. However, according to the industrial characteristics, it will generate authorized income, labor income and material sales income, etc., and the authorized income is recognized once according to the contract

milestone, which may not occur on average every year.

Note1: The financial information have been audited and certified or checked and approved by the accountant.
Note2: The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio are negative, hence relevant cash flow proportions are not calculated.
Note3: Since the company is still at the stage of research and development, hence it is still under net operating loss, and the degree of leverage is not calculated because it is negative.

Calculation formulas of the above financial analysis data are as follows:

1. Financial structure
   (1) Proportion of liabilities in assets=total liabilities/total assets.
   (2) Proportion of long-term funds in property, plant and equipment=(total equity+non-current liabilities)/net amount of property, plant and equipment.

2. Debt paying ability
   (1) Current ratio=current assets/current liabilities
   (2) Liquidity ratio=(current assets-inventory-prepaid costs)/current liabilities
   (3) Interest coverage ratio=income tax and net profit before interest expense/current interest expenditure.

3. Operating capacity
   (1) Receivables (including accounts receivable and notes receivable arising from business) turnover rate=net sales/balance of average receivables in each period (including accounts receivable and notes receivable arising from business).
   (2) Average cash collection days=365/receivables turnover rate.
   (3) Inventory turnover rate=sales cost/average inventory.
   (4) Payables (including accounts payable and notes payable arising from business) turnover rate=net sales/balance of average payables in each period (including accounts payable and notes payable arising from business).
   (5) Average sales days=365/inventory turnover rate.
   (6) Property, plant and equipment turnover rate=net sales/average net amount of property, plant and equipment.
   (7) Total assets turnover rate=net sales/average total assets amount.

4. Profitability
   (1) Return on assets=[post-tax profit or loss+interest expense x (1-tax rate)]/average total assets amount.
   (2) Return on equity=post-tax profit or loss/average total equity amount.
   (3) Net profit ratio=post-tax profit or loss/net sales.
   (4) Earnings per share=(profit and loss attributable to parent company owner-special share dividend)/weighted average number of outstanding shares.

5. Cash flow
   (1) Cash flow ratio=net cash flow in operating activity/current liabilities.
   (2) Cash flow adequacy ratio=net cash flow in operating activities in the last five years/(capital expenditure+inventory increment+cash dividend) in the last five years.
   (3) Cash reinvestment ratio=(net cash flow in operating activity-cash dividend)/(gross amount of property, plant and equipment+long-term investment+other non-current assets+working capital).

6. Degree of leverage
   (1) Degree of operating leverage=(net operating income-changes in operating costs and expenses)/operating profit.
   (2) Degree of financial leverage=operating profit/(operating profit-interest expense).
   (3) Individual important financial ratio analysis in the last five years - financial accounting standards of our country: The Company started to adopt International Financial Reporting Standards as of 2013, hence the financial information in the last five years are not applicable.
   (4) Consolidated important financial ratio analysis in the last five years - financial accounting standards of our country: The Company started to adopt International Financial Reporting Standards as of 2013, hence the financial information in the last five years are not applicable.

III Supervisor of the financial report in the last year or Audit Committee's Review Report

The 2020 Audit Committee's Review Report as follows:

Audit Committee's Review Report

Board of Directors has prepared 2020 business report, financial statements and deficit compensation table proposals of the Company, among them, the financial statements have been audited by PwC Taiwan, and audit report has been issued. Proposals regarding the above business report, financial statements and deficit compensation table have been audited by Audit Committee, and those proposals are appropriate, it is hereby proposed for supervision pursuant to relevant provisions of Securities Exchange Act and Company Act.

Sincerely submitted to
2021 General Meeting of the Company

OBI Pharma, Inc.

Convener of Audit Committee: Jerry Fong
Member of Audit Committee: Taychang Wang

March 12, 2021

IV Financial statements and accountant's audit report in the last year: please see page **158** to page **235** this annual report for details.

V Company individual financial report audited and certified by accountant in the last year: please see page **236** to page **310** this annual report for details.

VI In the last year and as at the publication date of annual report, if the Company and affiliated enterprise have difficulty in financial turnover, its impact on the financial situation of the Company shall be listed: NA.

VII Financial situation and financial performance review analysis and risks

I Financial situation

In the last two years, the main reasons for significant changes of assets, liabilities and shareholders' equity and its impact, in case of significant impact, the future solutions shall be described:

Unit: NT$thousand

Item \ Year	2019	2020	Balance	
			Amount	Percentage (%)
Current assets	5,025,007	3,894,812	(1,130,195)	(22.49)
Available-for-sale financial assets - non-current	8,318	8,037	(281)	(3.38)
Property, plant and equipment	646,566	731,193	84,627	13.09
Right-of-use assets	219,406	187,027	(32,379)	(14.76)
Intangible assets	515,792	453,881	(61,911)	(12.00)
Other non-current assets	71,446	64,900	(6,546)	(9.16)
Total assets	6,486,535	5,339,850	(1,146,685)	(17.68)
Current liabilities	209,625	248,488	38,863	18.54
Non-current liabilities	354,654	253,603	(101,051)	(28.49)
Total liabilities	564,279	502,091	(62,188)	(11.02)
Share capital	1,881,287	1,992,794	111,507	5.93
Capital surplus	11,504,987	3,684,782	(7,820,205)	(67.97)
Accumulated deficit	(8,259,036)	(1,377,935)	6,881,101	(83.32)
Other equity interest	(22,392)	(16,788)	5,604	(25.03)
Treasury stock	-	(53,831)	(53,831)	-
First-hand rights and interests under joint control	452,434	-	(452,434)	-
Non-controlling interests	364,976	608,737	243,761	66.79
Total equity	5,922,256	4,837,759	(1,084,497)	(18.31)

If the changes in adjacent periods reach to over twenty percent and the changed amounts reach to over NT$10 million, descriptions on the main reasons and its impact analysis are as follows:

1. The decrease in current assets is mainly due to cash and equivalent cash used to meet R&D and operating expenses.
2. The decrease in non-current liabilities is mainly due to the decrease in rental payment applicable to IFRS 16.
3. The decrease of capital reserve and the increase of accumulated losses are mainly caused by using capital reserve to make up the accumulated losses before 2019.
4. The change of treasury stock is mainly due to the fact that Amaran Biotechnology Inc. holds OBI Pharma, Inc. stock as treasury stock.
5. The change of prior rights and interests under joint control is mainly the transaction of issuing new shares and exchanging shares with Runya shareholders, which belongs to

organizational restructuring under joint control.
6. The increase in non-controlling interests is mainly due to the increase in non-controlling interests of Amaran Biotechnology Inc.

II Financial performance

Main reasons for significant changes in operating income, operating net profit and net profit before tax in the last two years, and expected sales quantity and its basis, and possible impact on future financial affairs of the company and solutions:

Unit: NT$thousand

Item \ Year	2019	2020	Balance	
			Amount	Percentage (%)
Net revenue	5,586	140,886	135,300	2,422.13
Operating costs	(12,424)	(6,469)	5,955	(47.93)
Gross profit	(6,838)	134,417	141,255	(2,065.74)
Operating expenses	(1,570,028)	(1,600,298)	(30,270)	1.93
Operating loss	(1,576,866)	(1,465,881)	110,985	(7.04)
Non-operating income and expenses	(143,473)	(27,810)	115,663	(80.62)
Net loss	(1,714,748)	(1,489,897)	224,851	(13.11)
Total comprehensive loss for the year	(1,715,723)	(1,484,293)	231,430	(13.49)

Notes:
1. The increase in operating income was mainly due to Ap Biosciences Inc.'s recognition of authorized income of US$ 4.5 million from Tasly.
2. The increase in non-operating income and expenditure was mainly caused by the investment interest generated by entrusting Fuh Hwa Securities Investment Trust to invest in financial products in 2020 and the impact of foreign currency exchange gains and losses.
3. The Company's products are still in the development stage at present, and no major sales are expected in the coming year; However, after the clinical trial data of various products are analyzed, they will apply for new drug inspection and registration as soon as possible, with a view to the early listing of products.

III Cash flow

(i) Analytical statement of cash flow changes in the last year

Unit: NT$ thousand

Item \ Year	2019	2020	Balance	
			Amount	Percentage (%)
Cash flows from operating activities (outflow)	(1,117,260)	(1,609,441)	(492,181)	44.05
Cash flows from investing activities (outflow)	(78,710)	(195,903)	(117,193)	148.89

Cash flows from financing activities (outflow)	1,894,859	283,092	(1,611,767)	(85.06)

Notes:

1. The increase of cash outflow in operating activities is mainly due to the outsourcing production costs of OBI-888, outsourcing development costs of OBI-898/888, and the clinical trial service charge of OBI-822 are increased year-on-year.
2. The increase in cash outflow from investment activities was mainly due to the increase in acquisition of real estate, plant and equipment.
3. The decrease in cash inflow from fund-raising activities is mainly due to the cash increase of NT$ 2.025 billion in 2019.

(ii) Improvement plan for liquidity shortage: not applicable.

(iii) Cash liquidity analysis in the coming year:

Unit: NT$thousand

Opening cash balance (1)	Expected annual net cash flow from operating activity (2)	Expected annual net cash flow from other activity (3)	Number of residual (insufficient) cash (1)+(2)+(3)	Remedial measure for cash shortage	
				Investment plan	Financial plan
3,338,302	(1,800,000)	1,550,000	3,088,302	-	-

Analysis description:

1. Analysis on cash flow changes in the coming year:
   Operating activity:In 2021, the Company's main products were still in the research and development stage, so it was a net operating cash outflow.
   Other activities: The net cash flow from other activities in 2021 was mainly the cash inflow from cash capital increase and issuance of new shares, and the cash outflow from acquiring real estate, plant and equipment and intangible assets, repaying long-term loans of laboratories and leasing principal.
2. Expected remedial measure for cash shortage and liquidity analysis: not applicable.

IV. The impact of significant capital expenditure on financial affairs in the last year: NA.

V. Reinvestment policy in the last year, main reason for its profit or loss, improvement plan and investment plan in the coming year

(1) Reinvestment policy:

The Company complies with the “Regulations Governing the Acquisition and Disposal of Assets by Listed Company” and has formulated the “Regulations Governing the Acquisition and Disposal of Assets” as the basis for the Company’s reinvestment business, so as to master relevant business and financial conditions; and the Company has formulated the “Measures for Supervision and Management of Subsidiaries” to improve the supervision and management of reinvested company, and formulate relevant regulations for the management of its information disclosure, financial affairs, business, inventory and financing; besides, the Company otherwise carries out regular audit operation to establish relevant risk control mechanism to maximize the effectiveness of reinvestment business of the Company.

(2) Main reason for profit or loss, improvement plan and investment plan in the coming year:

1. In order to smoothly carry out the clinical trial in China Mainland and USA, in November, 2012, March and April 2013, the Company had completed the registration of

establishment of Hong Kong OBI Pharma Limited, OBI Pharma (Shanghai) Limited (reinvestment of OBI Pharma Limited) and OBI PHARMA USA, INC. respectively, up to now, it is still under accumulated loss status, in the future, with completion of each product clinical trial and smooth launch of product, it will bring revenue and profit to each reinvestment business.

2. In order to strengthen the ability in research and development of new antibody drugs, the Company carries out clinical trial in Australia and applies for R&D subsidy provided by Australian Government locally. In January and June of 2018, the Company reinvested AP Biosciences, Inc. and OBI PHARMA AUSTRALIA PTY LTD by issuing new shares for assignment of shares of other company and establishing wholly-owned subsidiaries respectively, despite it is unprofitable currently, with completion of product development and test in the future, it will bring revenue and profits to reinvestment businesses.

3. The Company's active immune anticancer drug products have all entered human clinical trials, and Amaran Biotechnology Inc. is the OEM manufacturer of active immune anticancer drug products of the company. In order to ensure the stable quality and safe supply of the drugs and products at this stage after going public in the future, and to prepare and strengthen the CMC production, manufacturing and development capabilities of the company according to the regulatory units before going public, it exchanges with Amaran Biotechnology Inc. shareholders by increasing capital and issuing new shares, so as to promote the sharing of technical resources such as R&D, manufacturing and marketing, and strengthen the comprehensive effect of cooperation between the two companies.

4. In order to focus the existing resources on the development of new anti-cancer drugs for immunotherapy, and to spread risks and avoid crowding out resources and affecting the existing R&D process, the company signed an agreement with Obigen Pharma, Inc. to authorize the global intellectual property rights of OBI-858 new botulinum toxin preparation, and Obigen Pharma, Inc. conducted the follow-up clinical research and development of OBI-858 cosmetic medicine indications.

VI Risk analysis and assessment

(i) In the last year and as at the publication date of annual report, the impact of interest rate, fluctuation in exchange rate, and inflation on company profit and loss and future solutions:

1. The impact of interest rate, fluctuation in exchange rate, and inflation in the last year on company profit and loss:

(1) Interest rate change:

The Company has real estate financing loan, but the impact of interest rate on liabilities is slight; despite the interest income is declining due to interest rate, its impact on the Company is not significant.

(2) Fluctuation in exchange rate:

In the operating activities of the Company, those priced in foreign currency and might be impacted by the exchange rate in the future include:

A. Technology licensing fee and royalty paid overseas due to acquiring technology licensing overseas.

B. Technology licensing fee and royalty collected overseas due to licensing technology overseas.
C. Relevant costs needed to be paid due to carrying out clinical trial overseas.

(3) Inflation:

In March 2021, the Consumer Price Index (CPI) is 103.63, dropped by 0.64% comparing with the last month, and dropped by 2.09% year-on-year; the Wholesale Price Index is 100.75, dropped by 0.59% comparing with the last month, and dropped by 9.62% year-on-year. In the future, the Company will pay close attention to the impact of inflation on all kinds of costs.

2. Future solutions of the Company in respond to the fluctuation in exchange rate and interest rate change:
   (1) Pay attention to the trend and change of each major currency in international foreign exchange market at any time, so as to master the trend of exchange rate and respond promptly, in consideration of the risk generated from fluctuation in exchange rate, adjust the foreign currency position in due time to safeguard the due profits.
   (2) The Company adopts natural hedging to control and reduce foreign currency position as far as possible.
   (3) Open foreign currency deposit account in the correspondent bank, keep certain part of foreign currency position in respond to the demand of foreign exchange fund.
   (4) Keep a good interactive relationship with the bank, strive for more extensive foreign exchange and interest rate information, and more favorable quotation.
   (5) Pay attention to the trend of interest rate at any time, utilize all kinds of financing tools in capital market in due time to reduce the cost of capital acquisition.
3. The impact of inflation on company profit and loss in the last year and future solutions:

The Company pays attention to market price fluctuation at any time, and keeps a good interaction with suppliers and customers, in recent years, there is no significant impact caused by inflation, and there is no inflation risk within a short term, hence it has no significant impact on the annual profit and loss of the Company.

(ii) Policy on engaging in high risk highly leveraged investment, granting of loans, endorsement and derivative securities transaction, main reason for profit or loss, and future solutions:

In 2020 and as at the publication date of annual report in 2021, the Company has not engaged in high risk highly leveraged investment, granting of loans, derivative securities transaction and endorsement. The Company has formulated the "Regulations Governing the Acquisition and Disposal of Assets", "Procedures of Making Endorsement and Guarantees" and "Procedures of Granting of Loans" and have been passed in the resolution of Shareholders' Meeting, in the future, if engaging in relevant business, the Company will handle according to relevant procedures and immediately and accurately announce all kinds of information pursuant to laws and decrees.

(iii)Future research and development plan and expected invested research and development costs:

Time	Research and development plan
Short or medium term	● OBI-822 global phase III clinical trial inclusion. ● Plan and implement the second phase clinical trial of the new generation active immune anticancer drug OBI-833. ● First-phase clinical trial of active immune anticancer drug OBI-866. ● Second-stage clinical trial of OBI-888 cancer carbohydrate monoclonal antibody. ● Plan and implement the II phase clinical trial of OBI-999 cancer therapeutic drug, Globo H antibody drug conjugate. ● Plan and implement the II phase clinical trial of OBI-3424 small molecule chemotherapy prodrugs.
Medium and long term	● Complete global phase III clinical trial for active immuno-oncology drug OBI-822. ● Continue to expand anti-cancer product lines, such as Bi-Specific Antibody and immune cell therapy. ● Continue to expand the research and development of Antibody-Drug Conjugate, such as SSEA-4 antibody-drug conjugate. ● Continuous clinical development of OBI-888, OBI-999 and OBI-3424.

The Company mainly invests in the clinical trial, product development and pre-clinical research and development of each new drug product, in the future, the research and development costs will be listed gradually according to the new product development progress, and it is expected to invest research and development costs of about NT$4 billion in total from 2021 to 2023.

(iv) The impact of changes in domestic and overseas important policies and laws on company financial affairs and solutions:

In recent years, the government attaches importance to the development of biotechnology industry, under the promotion by policies such as "Biotech and New Pharmaceutical Development Act", "Taiwan Biotechnology Take-off Diamond Action Plan" and "Economic Cooperation Framework Agreement" etc., including the compliance with Good Clinical Practice (GCP) standards, the government gives priority to promote the cross-strait clinical trial, drug research and development cooperation and "Drug Project Advisory Guidelines of Food and Drug Administration, Department of Health, Executive Yuan" in the way of pilot program and project, and has been leading the research and development energy of biotechnology industry.

In September 2010, OBI Pharma was approved as the "Biotechnology New Drug Development Company", apart from actively applying for relevant tax preference and budget subsidy to reduce capital outflow, OBI Pharma also observed the changes of relevant biotechnology policies and laws and regulations both at home and abroad at any time, so as to master the opportunity to respond to the change of market environment. Meanwhile, under the ECFA cooperation framework between

the governments across the strait, OBI-822 program of OBI Pharma and other four biotechnology companies in Taiwan had been elected as the first pilot program in cross-strait clinical trial.

Biotechnology industry is under high control by laws and regulations, from research and development stage of product, clinical trial execution, medicament license acquisition to production and launch for sales, every stage must conform to the operation specification of medical laws and regulations. Moreover, due to the territoriality characteristics of medical laws and regulations, if product needs to be exported to other countries, it needs to conform to the requirement of medical laws and regulations of every country. The change of medical laws and regulations in each country will directly impact the development schedule and research funding of biotechnology product. Therefore, the solutions of the Company include:

1. Actively recruit talents with experience in global laws and regulations, and set medical regulatory department.
2. The development of new drug chooses the USA and Taiwan which with the most mature, transparent and open medical laws and regulations as the prior bases for clinical trial execution.
3. Apart from keeping close attention to the changes of laws and regulations in each country, personnel of medical regulatory department will also actively participate in the medical laws and regulations seminar held by each public association in biotechnology industry, and hire experts familiar with local medical laws and regulations in the country of executing clinical trial as the consultant, so as to actually master the change of latest laws and regulations, and reduce the adverse impact caused by the changes of laws and regulations on the developing products of the Company.

(v) The impact of changes of technology and industry on company financial affairs and solutions:

The entry threshold of biotechnology industry is high, the product research and development period is long, and the added value is high but the risk is also high. Hence from research and development to the output of new drug, it might take over ten years, therefore, the Company will always pay attention to the technology development trend of biotechnology industry, commence on assessing possible impacts, and carry out necessary direction or strategy adjustment. In flexible respond to the change of technology or industry, and effectively avoid the possible impact, the Company takes the following solutions:

1. Has prepared adequate funding to complete the OBI-822 new drug clinical trial.

   The consolidated total assets value of the Company is NT$5.58 billion as at the end of March 2021, among them, the current assets are NT$4.14 billion, hence the Company has prepared sufficient fund to respond to the expenditures in the OBI-822 new drug development application and the clinical experiments in each phase.
2. Prudently assess the opportunity and benefit of the new drug under development

For products under research and development currently, all kinds of trials are carried out according to the new drug development process, and their success likelihood and market value are assessed gradually according to the trial result, once the product benefit of competitor is better or its development speed is ahead, all the result of each trial of the Company is not as well as expected etc., the Company will adjust or suspend the plan in due time to reduce unnecessary subsequent risks.

1. Implement saving and costs rationalization
   The Company strictly executes budget management system to reduce unnecessary expenditure.
2. Apply for research and development plan subsidy
   Actively strive for research and development plan subsidy from the government to reduce the costs expenditure of the Company.
3. Cooperate with major pharmaceutical company through technology licensing
   The Company possess sufficient financial resources and experience for independent research and development and developing global market, but not excluding the cooperative development with major pharmaceutical company to accelerate the extension of product research and development progress, and share the research and development risks through collecting early signing bonus and milestone payment.

(vi) The impact of change of corporate image on corporate crisis management and solutions:

Ever since the establishment, the Company has been adhering to the operating principles of sustainability and integrity and concentrating on new drug development, hoping to provide patients a new medical choice; meanwhile, the Company continuously strengthens company internal management, actively marches towards international market and improves quality management capability. In the last year and as at the publication date of annual report, the Company has no relevant corporate crisis derived from the change of corporate image; in the future, the Company will continuously implement corporate governance requirement and consult expert opinion in due time to reduce the impact of such risk on company operation.

(vii) Expected benefit and possible risk of merger and acquisition and solutions: Please refer to Item vii. Handling situation of acquiring or transferring shares of other company to issue new shares in the Item IV. Fundraising Situation of the annual report.

(viii) Expected benefit and possible risk of plant expansion and solutions: currently the Company has no plan of plant expansion.

(ix) Risk encountered in centralized purchasing or sales and solutions:

Apart from that DIFICID™ of the Company has acquired the new drug license issued by the Ministry of Health and Welfare, other products are still at the stage

of development and clinical experiment, and there is no launch and production of other new drug product yet. In October 2015, the Company had licensed DIFICID™ to American Merck Sharp & Dohme, in the future, Merck Sharp & Dohme will be responsible for product purchasing and sales, and the Company will not need to bear the purchasing or sales risks. The future sales of other products mainly target at hospitals, and there is no risk of centralized sales, and the Company may conduct self-production or outsource for manufacturing, the choice of outsourcing manufacturing is large, and there is no risk of centralized purchasing.

(x) The impact and risk of massive transfer or change of the stock rights of directors, supervisors or substantial shareholders with shareholding over ten percent and solutions:
There is no such circumstance.

(xi) The impact and risk of change of operation right and solutions:
Most of the operations of the Company are planned by the business unit and executed after approved by the management echelon, hence a sound and complete operation mode has been established; even if in case of change of operation right, its impact on sustainable operation is limited.

(xii) Litigation or non-litigation case:

1. In the last two years and as at the publication date of public prospectus, the litigation, non-litigation or administrative litigation case already concluded by the final and unappealable judgment or still under litigation, where the result thereof might have significant impact on the shareholders' equity or security price, the facts in dispute, amount of money at stake , the commencement date of litigation, major parties involved in litigation and current status of dispute shall be disclosed:
   (1) LIN, YU-HSIN(林雨新) intentionally intersperse O8I and OBLIE on November 13, 2015 and March 23, 2016 respectively, intending to affect the price of securities in centralized trading market, and published false statements at www.inspire.com to damage the reputation of the Company, on September 7, 2017, the Company lodged a complaint to the criminal investigation bureau of National Police Agency pursuant to law. On June 4, 2019, the Taipei District Prosecutor's Office of Taiwan Province sued the defendant for committing the crime of blatant insult and damaging credit. On April 6, 2021, the two parties reached a settlement in Taipei District Court of Taiwan Province.
   (2) Since April 7, 2016, Next Media Publishing Limited (that is, Next Weekly Magazine) and its related personnel have deliberately fabricated, published and distributed false reports in its next weekly magazine, with the intention of damaging our reputation, causing great damage to our reputation and affecting our stock price. On May 3, 2016, the Company filed a civil lawsuit to claim

damages.The Taipei District Court of Taiwan Province rejected our request on April 26, 2017, and the Company filed an appeal according to law. However, the Taiwan Province High Court ruled that our company lost the case on November 28, 2018, and our company filed an appeal with the Supreme Court on December 28, 2018. After the Supreme Court abandoned the original judgment on October 14, 2020, it sent this copy back to the Taiwan Province High Court for retrial. At present, the case is being tried by the Taiwan Province High Court.

(3) Because the Shilin District Prosecutor's Office of Taiwan Province sued Michael N. Chang, the chairman of the Company, on January 9, 2017 for violating the prohibition of insider trading in the Securities and Exchange Law, portfolio investor, a legal person of the consortium, and the Securities and Futures Investors Protection Center (hereinafter referred to as the Insurance Center) applied to the Shilin District Court of Taiwan Province on May 1, 2006 to dismiss Michael N. Chang as a director, and the Insurance Center requested to withdraw the lawsuit, which was confirmed to be withdrawn on March 22, 2021.

2. In the last two years and as at the publication date of this annual report, whether the director, supervisor, General Manager, any person with actual responsibility for the company and any major shareholders holding a stake of greater than ten percent of the Company are involved in any litigation, non-litigation or administrative litigation case already concluded by the final and unappealable judgment or still under litigation, where, the results thereof might have significant impact on company shareholders' equity or securities price:

(1) Since Michael N. Chang, Chairman of the Company, was suspected of violating Punishment of Corruption Act, Taiwan Shilin District Prosecutors Office prosecuted on January 9, 2017, after trial by Taiwan Shilin District Court, he was announced not guilty on December 28, 2018, and Taiwan Shilin District Prosecutors Office decided not to appeal on January 23, 2019, and this case was closed and confirmed.

(2) The Shilin District Prosecutor's Office of Taiwan Province sued Michael N. Chang, the chairman of the company, and Amy Huang, the general manager of the Company (resigned from December 1, 2019, the same below) for violating the prohibition of insider trading in the Securities and Exchange Law. The Shilin District Prosecutor's Office of Taiwan Province was acquitted on June 21, 2019, and the Shilin District Prosecutor's Office of Taiwan Province declared an appeal on July 11, 2019, which was rejected by the Taiwan Province High Court on January 26, 2021.

(3) Michael N. Chang, Chairman of the Board of Directors and Amy Huang, General Manager of the Company, filed an incidental civil lawsuit to claim damages in April 2018. The Shilin District Court

of Taiwan Province rejected the request of the Insurance Center on June 21, 2019, and the Insurance Center declared an appeal in July 2019. On January 26, 2021, the High Court of Taiwan Province rejected the appeal and upheld the original judgment. Because the prosecutor gave up the criminal appeal, the case was also confirmed.

(4) Michael N. Chang, Chairman of the Board of Directors of the Company, filed an application with the Shilin District Court of Taiwan Province on May 1, 2017 to dismiss Michael N. Chang as a director. The Insurance Center requested to withdraw the lawsuit. This document was definitely withdrawn on March 22, 2021.

3. In the last two years and as at the publication date of this annual report, whether the director, supervisor, manager and major shareholders holding a stake of greater than ten percent of the Company have any circumstance as prescribed in Article 157 of Securities Exchange Act and the current status of the company's disposition: NA.

(xiii) Other important risks and solutions:

Major operating items of the Company are the new drug development, despite the predictable profits are impressive after successful launch of products, but, relatively, the risk is also high. Overall operating risks of the Company and solutions are summarized as follows:

1. Risk of new drug development failure

If the new drug development and clinical trial results are not as well as expected, it will cause the risk that the new drug cannot launch on the market. Patients with triple negative breast cancer have more variables and currently there is no uniform treatment guideline worldwide, and it is more difficult in clinical trial, hence rigorous and thorough trial must be designed to verify that OBI-822 can indeed postpone the recurrence of triple negative breast cancer and increase survival rate.

Solutions:

(1) It is planned to select patients with early triple negative breast cancer as the test population for global phase III trial: previous phase II/III breast cancer trials found that conditions of patients with advanced breast cancer were relatively unstable, and the recurrence speed was fast, most patients had already suffered recurrence without finishing the course of treatment of 9 injections, in order to increase of the ratio of generating sufficient antibody to fight against cancer cells in the body of patients having received complete trial course of treatment, the global phase III trial case will take the patients with early triple negative breast cancer as the test population.

(2) Use OBI-822 as adjuvant treatment after operation: currently the

species diversity of neoadjuvant chemotherapy received by patients with early triple negative breast cancer before operation is great worldwide, not only there is no approved standard treatment worldwide, the selection of treatment course in each country is also different, in order to improve the homogeneity among test population, accelerate recruitment speed and expand sales market after the drug is approved to launch on the market in the future, the global phase III trial case will include triple negative breast cancer patients who have completed adjuvant chemotherapy and the residual tumor tissues have been cut off in the operation, patients may receive adjuvant chemotherapy or radiotherapy after operation according to the judgment of physician, and then start to receive OBI-822 therapy after the end of treatment course.

2. New drug product technical aspect - new drug manufacturing and raw materials supply risks
   The biological preparation and protein drug always encounter the challenge of consistency in supply source and quality, since OBI-822 belongs to carbohydrate protein drug, there is no exception.

   Solutions:
   (1) Apart from currently stable sources of raw materials supply, the Company also actively seeks for secondary supplier of high quality raw materials supply, so as to ensure the demand of clinical trial and the product supply upon launching on the market in the future.
   (2) The Company continuously recruits excellent talents to improve pharmaceutical process and research and development technology, and select cooperative manufacturers conforming to the highest specification of Good Manufacturing Practice (PIC/S GMP) to meet the requirements of laws and regulations upon new drug registration in each country in the future, so that product can launch on the market smoothly.

3. Risk of new drug development industry aspect - despite the profit of cancer new drug is expectable, the research and development schedule is long, and the spending is also considerable.

   Solutions:
   (1) The cash flow of the Company and experience of internal talents are sufficient to handle the current development demand, but in order to maintain strategic flexibility and accelerate new product and new indication development, the Company will not exclude the cooperation with major international pharmaceutical company to carry out clinical trial, through technology licensing signing bonus and milestone payment income, or the joint sharing of trial expenses, so as to reduce the research and development costs and accelerate the

speed of product development.

(2) The Company will continue to control the cost and make the best use of resources; and coordinate with product development schedule and assess all kinds of available fund-raising instruments to initiate the next stage of fund-raising plan in due time.

4. Information security risk management

In order to protect the valuable business secrets, research and development technologies, patents of intellectual property of the company, improve business and public image, and enhance the operating competitiveness, OBI always focuses on and promotes the new information security technologies and services, hoping to effectively prevent the complicated information security threat in advance, and reduce the operating risks. In recent years, specific measures taken by the company for the management of information security risk include:

(1) In 2017, the company started to establish A. Intrusion Prevention System (IPS), to protect all devices connected to the network, defend against zero time difference and other attacks, and suppress them; B. Advanced Malware Protection System (AMP), deeply monitor the threat activities in network level and network edge, and block the advanced malware; C. Access to website security protection (open DNS), to block the domain, url link, IP and file of all malware; and D. User-end security protection (Anti-Virus), hold up malicious ransomware, Trojan, virus and other malwares at user-end to protect terminal computer equipment.

(2) In 2018, we established remote host backup mechanism to ensure uninterrupted service. And carried out BCP recovery drill regularly every year to ensure the effectiveness of BCP plan and meet the goal of system recovery. Meanwhile, the company also started to introduce GDPR regulations, and comply with European standards to protect personal information and privacy.

(3) In 2019, all-round upgrade of the version of operating system in terminal computers to reinforce the security level of terminal computers. Meanwhile, we carried out information security testing services, respectively including A. Vulnerability scanning, to find out the vulnerability in system maintenance and website security, and complete vulnerability repair to avoid invasion attack through vulnerability; B. Carry out social engineering drill and educational training to improve employees' awareness of information security; C. Confidential information penetration testing service: find out the possible attack technique, invasion source and penetration process to establish precautionary mechanism; D. Inspection on the implementation of information security control measures, prepare long-term deployment plan for information security according to the level of risk assessment, so as to ensure the promoted information security service is capable of handling rapidly changing information

security attack, and reduce corporate risks and losses.

(4) At the beginning of 2020, the company introduced multifactor authentication, through dynamic authentication of the second device, we can login the account rapidly and safely, effectively preventing the risks of stolen account and password.

In order to implement the goal and plan of information security, OBI carries out information security propaganda and educational training to employees every year, so as to improve employees' awareness of information security, jointly safeguard information security, and ensure industrial competitiveness.

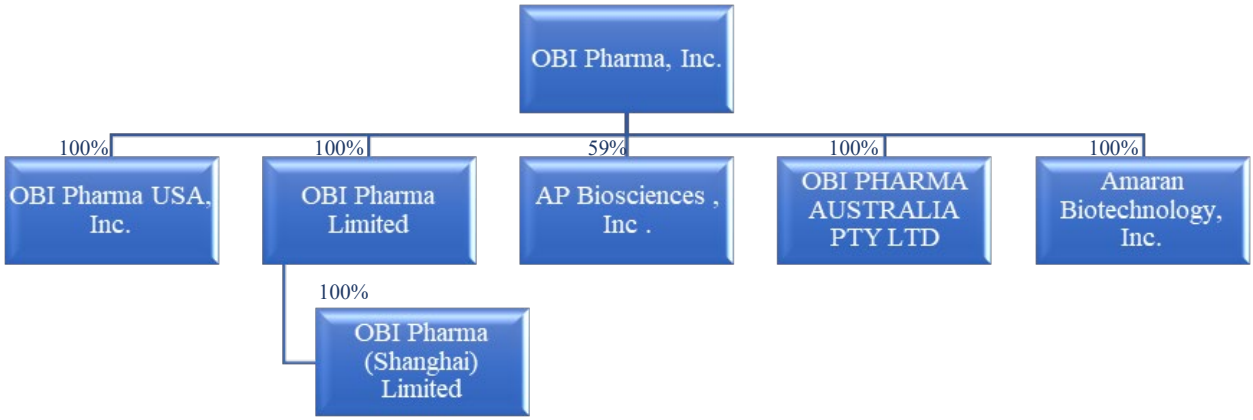
VII Other important matters: NA.

VIII. Special Recorded Matters

I. Relevant information of affiliated enterprise:

(i) Consolidated business report of affiliated enterprise

1. Consolidated business report of affiliated enterprise



2. Basic information of affiliated enterprises

Date: December 31,2020

Name of enterprise	Establishment date	Address	Paid-up capital	Main business or production item
OBI Pharma USA,Inc.	2013.04.30	Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801.	USD 2,700,001	Biotechnology research and development
OBI Pharma Limited	2012.11.29	Rm. 2401, 24/F., 101 King's Road, Fortress Hill, Hong Kong	USD 2,150,000	Investment and trading business
OBI Pharma (Shanghai) Limited	2013.03.29	K, Room 1006, No. 376, Zhaojiabang Road, Shanghai	USD 2,000,000	Biotechnology research and development
AP Biosciences , Inc .	2013.05.27	17F., No.3, Yuancyu St., Nangang Dist., Taipei City 11503, Taiwan (R.O.C.)	NTD 225,656,350	Biotechnology research and development
OBI PHARMA AUSTRALIA PTY LTD	2018.05.25	58 Gipps Street, Collingwood VIC 3066	AUD 10,650,000	Biotechnology research and development
Amaran Biotechnology, Inc.	2010.04.28	No.19, Shengyi 5th Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	NTD 797,965,060	Wholesale of Western Manufacture and Pharmaceutical, Biotechnology research and development

3. Same shareholder information of those presumed with control and subordinate relationship: NA.

4. Industries covered by the operating business of overall affiliated enterprises.
   (1) Industries covered by the operating business of overall affiliated enterprises and divisions are as follows:
      A. Investment and trading: OBI Pharma Limited
      B. Biotechnology research and development: OBI Pharma USA, Inc.、OBI Pharma (Shanghai) Limited, AP Biosciences , Inc ., OBI PHARMA AUSTRALIA PTY LTD, Amaran Biotechnology, Inc.
   (2) For details of main business or production item of each affiliated enterprise, please see the preceding Item 2. Basic information of affiliated enterprise.
5. Information of directors, supervisors and General Manager of each affiliated enterprise

Date: December 31,2020, Unit: NT$thousand; share; %

Name of enterprise	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
OBI Pharma USA,Inc.	Director	OBI Pharma, Inc. (legal representative: Michael N. Chang)	2,701,000	100%
	Director	OBI Pharma, Inc. (legal representative: Tessie M Che)		
	Director	OBI Pharma, Inc. (legal representative: Kevin Poulos)		
OBI Pharma Limited	Director	OBI Pharma, Inc. (legal representative: Amy Huang)	2,150,000	100%
OBI Pharma (Shanghai) Limited	Director	OBI Pharma Limited (legal representative: Amy Huang)	-	100%
AP BIOSCIENCES INC.	Chairman	OBI Pharma, Inc. (legal representative: Lin, Hung-Ta)	13,312,000	58.99%
	Director	OBI Pharma, Inc. (legal representative: Tony Yu)		
	Director	OBI Pharma, Inc. (legal representative: Ming Lai)		
	Director & General Manager	British Cayman Islands merchant ABPROTIX INC. (legal representative: He Zhenghong)	3,300,000	14.62%
	Director	British Cayman Islands merchant ANTIPAROS (legal representative: Chen Linzheng)	560,000	2.48%
	Supervisor	Frank Chen	0	0%
OBI PHARMA AUSTRALIA PTY LTD	Director	OBI Pharma, Inc. (legal representative: Michael N. Chang)	10,650,000	100%
	Director	OBI Pharma, Inc. (legal representative: Ming Lai)		
	Director	OBI Pharma, Inc. (legal representative: Julian William Edward Caples)		

Name of enterprise	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Amaran Biotechnology, Inc.	Chairman	Tessie Che	2,301,517	2.88%
	Director	Michael N. Chang	2,788,753	3.49%
	Director	Hui Hong Investment Co., Ltd.(legal representative:Tony Chow)	16,570,391	20.77%
	Director	Hui Hong Investment Co., Ltd.(legal representative: Tamon Tseng)		
	Director	Hui Hong Investment Co., Ltd.(legal representative: Frank Chen)		
	Supervisor	Willie Ma	0	0%

(ii) Operation profile of each affiliated enterprise

Date: December 31, 2020; Unit: NT$thousand; and NT$ for earnings per share

Name of enterprise	Capital amount	Total assets	Total liabilities	Net value	Net revenue	Income from operations	Current profit and loss (after tax)	Earnings per share (after tax)
OBI Pharma USA,Inc.	76,896	59,100	7,999	51,101	152,571	8,801	(10,572)	(3.91)
OBI Pharma Limited	61,232	21,194	12,598	8,596	0	(20,594)	(20,241)	(9.41)
OBI Pharma (Shanghai) Limited	56,960	20,134	12,598	7,536	0	(20,515)	(20,162)	-
AP BIOSCIENCES INC.	225,656	652,024	9,162	642,862	137,560	45,017	41,745	3.04
OBI PHARMA AUSTRALIA PTY LTD	233,768	124,374	6,735	117,639	0	(104,449)	(103,247)	(9.69)
Amaran Biotechnology, Inc.	797,965	839,661	127,999	711,662	27,161	(127,940)	(118,813)	(1.49)

(iii) Affiliated enterprise consolidated financial statement

Pursuant to the provisions of "Affiliated Enterprise Consolidated Business Report, Affiliated Enterprise Consolidated Financial Statement and Relationship Report Preparation Standards", in 2020 [from January 1, 2020 to December 31, 2020], the Company shall be included in the company preparing affiliated enterprise consolidated financial statement, and it is the same pursuant to the provisions of Securities Issuer Financial Statement Preparation Standards and No. 10 "Related Party Disclosures" of International Accounting Standards, the Company shall be included in the company preparing parent company and subsidiary consolidated financial report, and relevant information shall be disclosed in affiliated enterprise consolidated financial statement have been disclosed in the preceding parent company and subsidiary consolidated financial report.

(iv) Relationship report: NA.

II In the last year and as at the publication date of annual report, handling situation of private placement of securities: NA.

III In the last year and as at the publication date of annual report, subsidiary's holding or disposal of shares of the Company: NA.

IV Other necessary supplementary explanations:

The Company became public listing on March 23, 2015, the execution situation of commitments for listing so far:

Commitments for listing	Handling situation of commitments
(i) Commits that Taipei Exchange may ask OBI to appoint the accountant or institution designated by Taipei Exchange when necessary, so as to carry out external professional review according to the audit scope designated by it and submit the examination result to the Center, and OBI shall bear relevant costs thereof.	There is no such circumstance yet.
(ii) Commits to additionally stipulate that "The Company shall not give up the capital increase to OBI Pharmaceutical Biotechnology Co., Ltd. and OBI Pharma USA Inc. in the coming years; the OBI Pharmaceutical Biotechnology Co., Ltd. shall not give up the capital increase to OBI Bio-pharmaceutical Technology (Shanghai) Co., Ltd. in the coming years; in the future, if the Company needs to give up capital increase to or dispose the said companies due to strategic alliance consideration or other reasons as agreed by Taipei Exchange, special resolution needs to be passed by Board of Directors of the Company." in the "Handling Procedures for Acquisition or Disposal of Assets". And in case of amendment to such handling procedures subsequently, significant information disclosure shall be input at mops.twse.com.tw and reported to Taipei Exchange for future reference.	1 The commitments on the left have been passed in General Meeting held on June 27, 2016. 2 According to the letter of commitment submitted upon the first application for OTC, the Company commits not to waive the capital increase to subsidiary.

V The first listing (foreign public) company shall include the description on significant difference from the shareholders' equity protection regulations of our country: Not applicable

VI In the last year and as at the publication date of annual report, the occurrence of matter having significant impact on the shareholders' equity or security price as prescribed in Subparagraph 2, Paragraph 3, Article 36 of Securities Exchange Act: NA.

OBI PHARMA, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements* section of our report. We are independent of the Group 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 (please refer to the *Other matter* section), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Key audit matter – Impairment assessment of intangible assets

Description

Refer to Note 4(16) 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(6) for account details of intangible assets.

As of December 31, 2020, the balance of the Group's intangible assets amounted to NT$453,881 thousand. The intangible assets consist of related technologies acquired from other companies for new drug development as well as patents, patented technologies and goodwill arising from equity investments in AP Biosciences, Inc. Since the drug is still under development, no cash inflow can be generated. As of the balance sheet date, the Group determines whether the patents and patented technologies are impaired based on external and internal information. The Group 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 test. 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 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 Group management for impairment assessment of intangible assets (excluding goodwill) 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 prepared by external experts:

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

(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 – Accuracy of the subsidiaries' licensing revenue recognition

Description

The Company's subsidiary has a new licensing revenue, primarily from patent licensing, in the current year. The licensing revenue amounted to NT$137,560 thousand for the year ended December 31, 2020. Refer to Note 4(24) for accounting policies on licensing revenue recognition and Note 6(14) for account details of licensing revenue. As the Group recognises revenue in accordance with the terms and conditions specified in each license contract, and the amount of revenue is material to the Group's consolidated operating revenue, we considered the accuracy of licensing revenue recognition a key audit matter.

How our audit addressed the matter

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 whether the rights and obligations have been transferred.

Key audit matter – Reorganisation of entities under common control

Description

As described in Note 6(22), the Group 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 Group retrospectively restated the 2019 consolidated financial statements when preparing the Group's 2020 comparative consolidated financial statements.

Since the transaction was considered as a material transaction occurring during the reporting period, we considered 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 Company's 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.

Other matter – Reference to the audits of other auditors

We did not audit the financial statement of certain subsidiary which was audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the reports of the other auditors. Total assets of this subsidiary amounted to NT$924,821 thousand, constituting 14% of the consolidated total assets as at December 31, 2019,

and the net operating revenue amounted to NT$4,714 thousand, constituting 84% of the consolidated total operating revenue for the year then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion (with *Other matter* section) on the parent company only financial statements of OBI PHARMA, INC. as at and for the years ended December 31, 2020 and 2019.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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　　Liang, Hua-Ling

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED 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)	$ 3,338,302	63	$ 4,860,015	75
1110	Financial assets at fair value through profit or loss - current	6(2)	383,531	7	1,394	-
1170	Accounts receivable, net		1,451	-	1,522	-
1200	Other receivables		17,567	-	38,451	-
130X	Inventories		7,358	-	4,200	-
1410	Prepayments		146,603	3	119,425	2
11XX	**Total current assets**		3,894,812	73	5,025,007	77
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	8,037	-	8,318	-
1600	Property, plant and equipment, net	6(4) and 7	731,193	14	646,566	10
1755	Right-of-use assets	6(5)	187,027	3	219,406	4
1780	Intangible assets, net	6(6)	453,881	9	515,792	8
1900	Other non-current assets	8	64,900	1	71,446	1
15XX	**Total non-current assets**		1,445,038	27	1,461,528	23
1XXX	**Total assets**		$ 5,339,850	100	$ 6,486,535	100

(Continued)

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED 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					
2100	Current borrowings	6(7)	$ 9,468	-	$ -	-
2130	Current contract liabilities	6(14)	-	-	19,410	-
2150	Notes payable		-	-	193	-
2170	Accounts payable		157	-	177	-
2200	Other payables		189,775	3	135,650	2
2230	Current income tax liabilities		1,112	-	858	-
2280	Current lease liabilities		37,078	1	41,718	1
2320	Long-term liabilities, current portion	6(8)	9,000	-	9,711	-
2399	Other current liabilities		1,898	-	1,908	-
21XX	**Total current liabilities**		248,488	4	209,625	3
	Non-current liabilities					
2527	Non-current contract liabilities	6(14)	-	-	58,230	1
2540	Long-term borrowings	6(8)	35,000	1	43,289	1
2570	Deferred income tax liabilities		63,196	1	71,629	1
2580	Non-current lease liabilities		155,407	3	181,506	3
25XX	**Total non-current liabilities**		253,603	5	354,654	6
2XXX	**Total liabilities**		502,091	9	564,279	9
	Equity attributable to owners of parent					
	Share capital	6(11)				
3110	Common stock		1,992,794	37	1,881,287	29
	Capital surplus	6(10)(12)				
3200	Capital surplus		3,684,782	69	11,504,987	177
	Retained earnings	6(13)				
3350	Accumulated deficit		(1,377,935)	(26)	(8,259,036)	(127)
3400	Other equity interest	6(3)	(16,788)	-	(22,392)	-
3500	Treasury shares		(53,831)	(1)	-	-
31XX	**Equity attributable to owners of the parent**		4,229,022	79	5,104,846	79
35XX	**Equity attributable to former owner of business combination under common control**		-	-	452,434	7
36XX	Non-controlling interest	4(3)	608,737	12	364,976	5
3XXX	**Total equity**		4,837,759	91	5,922,256	91
	Significant Contingent Liabilities and Unrecognised Contract Commitments	6(6) and 9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 5,339,850	100	$ 6,486,535	100

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

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

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)	$ 140,886	9	$ 5,586	-
5000	Operating costs		(6,469)	-	(12,424)	(1)
5900	Gross profit		134,417	9	(6,838)	(1)
	Operating expenses	6(4)(5)(6)(9)(10)(18)(19) and 7				
6200	Administrative expenses		(290,417)	(19)	(312,636)	(18)
6300	Research and development expenses		(1,309,881)	(88)	(1,257,392)	(73)
6000	Total operating expenses		(1,600,298)	(107)	(1,570,028)	(91)
6900	Operating loss		(1,465,881)	(98)	(1,576,866)	(92)
	Non-operating income and expenses					
7100	Interest income	6(15)	43,418	3	93,388	6
7010	Other income		8,348	-	2,035	-
7020	Other gains and losses	6(16)	(75,392)	(5)	(234,997)	(14)
7050	Finance costs	6(17)	(4,184)	-	(3,899)	-
7000	Total non-operating income and expenses		(27,810)	(2)	(143,473)	(8)
7900	**Loss before tax**		(1,493,691)	(100)	(1,720,339)	(100)
7950	Income tax benefit	6(20)	3,794	-	5,591	-
8200	**Loss for the year**		($ 1,489,897)	(100)	($ 1,714,748)	(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	(1,839)	-
8300	**Other comprehensive income (loss) for the year, net**		$ 5,604	1	($ 975)	-
8500	**Total comprehensive loss for the year**		($ 1,484,293)	(99)	($ 1,715,723)	(100)
	Loss attributable to:					
8610	Owners of the parent		($ 1,377,935)	(92)	($ 1,407,026)	(82)
8615	Former owner of business combination under common control		(79,605)	(6)	(184,356)	(11)
8620	Non-controlling interest		(32,357)	(2)	(123,366)	(7)
	Total		($ 1,489,897)	(100)	($ 1,714,748)	(100)
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 1,372,331)	(92)	($ 1,408,001)	(82)
8715	Former owner of business combination under common control		(79,605)	(5)	(184,356)	(11)
8720	Non-controlling interest		(32,357)	(2)	(123,366)	(7)
	Total		($ 1,484,293)	(99)	($ 1,715,723)	(100)
	Loss per share (in dollars)					
9750	Basic and diluted loss per share		($ 7.34)		($ 8.30)	

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

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

		Equity attributable to owners of the parent											
			Capital Surplus				Other Equity Interest						
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Employee stock options	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Equity attributable to former owner of business combination under common control	Non-controlling interest	Total equity
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)	$ 4,346,932	$ 699,530	$ 505,420	$ 5,551,882
Net loss for the year		-	-	-	-	(1,407,026)	-	-	-	(1,407,026)	(184,356)	(123,366)	(1,714,748)
Other comprehensive income (loss) for the year		-	-	-	-	-	(1,839)	864	-	(975)	-	-	(975)
Total comprehensive income (loss) for the year		-	-	-	-	(1,407,026)	(1,839)	864	-	(1,408,001)	(184,356)	(123,366)	(1,715,723)
Capital increase by cash	6(11)	150,000	1,875,000	-	-	-	-	-	-	2,025,000	-	-	2,025,000
Tresaury stock retired	6(11)(12)	(8,620)	(41,046)	-	-	(337,055)	-	-	386,721	-	-	-	-
Share-based payment transactions	6(10)(12)(19)	-	8,351	59,730	72,834	-	-	-	-	140,915	-	13,638	154,553
Shares of the parent company held by subsidiaries treated as treasury shares		-	-	-	-	-	-	-	-	-	(62,740)	(30,716)	(93,456)
Balance at December 31, 2019		$ 1,881,287	$ 10,127,077	$ 1,159,405	$ 218,505	($ 8,259,036)	($ 3,529)	($ 18,863)	$ -	$ 5,104,846	$ 452,434	$ 364,976	$ 5,922,256
2020													
Balance at January 1, 2020		$ 1,881,287	$ 10,127,077	$ 1,159,405	$ 218,505	($ 8,259,036)	($ 3,529)	($ 18,863)	$ -	$ 5,104,846	$ 452,434	$ 364,976	$ 5,922,256
Net loss for the year		-	-	-	-	(1,377,935)	-	-	-	(1,377,935)	(79,605)	(32,357)	(1,489,897)
Other comprehensive income (loss) for the year		-	-	-	-	-	5,885	(281)	-	5,604	-	-	5,604
Total comprehensive income (loss) for the year		-	-	-	-	(1,377,935)	5,885	(281)	-	(1,372,331)	(79,605)	(32,357)	(1,484,293)
Effect of reorganisation	6(12)(22)	106,932	336,764	-	-	-	-	-	-	443,696	(372,829)	22,588	93,455
Capital surplus used to cover accumulated deficit	6(12)(13)	-	(8,259,036)	-	-	8,259,036	-	-	-	-	-	-	-
Share-based payment transactions	6(10)(12)(19)	4,575	1,468	37,023	17,517	-	-	-	-	60,583	-	20,813	81,396
Changes in non-controlling interest - effect of subsidiary's issuance of common stock for cash (Note)		-	-	-	31,922	-	-	-	-	31,922	-	(31,922)	-
Disgorgement exercise	6(12)	-	-	-	14,137	-	-	-	-	14,137	-	-	14,137
Shares of the parent company held by subsidiaries treated as treasury shares		-	-	-	-	-	-	-	(53,831)	(53,831)	-	(26,511)	(80,342)
Subsidiary increases capital and issues new shares		-	-	-	-	-	-	-	-	-	-	291,150	291,150
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	$ -	$ 608,737	$ 4,837,759

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 consolidated financial statements.

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2020	2019(Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 1,493,691)	($ 1,720,339)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(4)(5)	166,964	148,931
Amortisation	6(6)	64,875	64,972
Interest expense	6(17)	4,184	3,899
Interest income	6(15)	(43,418)	(93,388)
Dividend income		(2,096)	-
Gains on financial assets at fair value through profit or loss	6(2)	(53,996)	148,356
Compensation cost for share-based payment transactions	6(10)	76,821	153,928
Prepaid equipment transferred to expense		229	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	6(2)	(328,141)	-
Accounts receivable, net		71	(468)
Inventories		(3,158)	907
Other receivables		(1,000)	(1,461)
Prepayments		(27,178)	(24,007)
Changes in operating liabilities			
Notes payable		(193)	193
Accounts payable		(20)	114
Contract liabilities	6(14)	(77,640)	77,640
Other payables		49,127	35,901
Other current liabilities-others		(10)	(94)
Cash outflow generated from operations		(1,668,270)	(1,204,916)
Interest received		65,302	94,039
Dividends received		2,096	-
Income tax paid		(4,385)	(2,484)
Interest paid		(4,184)	(3,899)
Net cash flows used in operating activities		(1,609,441)	(1,117,260)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(23)	(167,160)	(58,490)
Acquisition of intangible assets	6(6)	(2,964)	(4,949)
Increase in prepayments for business facilities		(15,521)	(11,051)
Increase in refundable deposits		(10,258)	(4,220)
Net cash flows used in investing activities		(195,903)	(78,710)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of employee stock options	6(10)	4,575	-
Subsidiary employees execute stock options to pay shares		-	625
Repayment of lease principal	6(5)(24)	(45,598)	(28,311)
Short-term borrowing	6(7)	9,468	-
Repayment of long-term debt	6(8)(24)	(9,000)	(8,999)
Proceeds from cash capital increase	6(11)	-	2,025,000
Increase in capital and issuance of new shares by the subsidiary		291,150	-
Subsidiary holding shares of the parent company are regarded as treasury shares		-	(93,456)
Disposal of the shares of parent company held by the subsidiary		18,360	-
Disgorgement exercise	6(12)	14,137	-
Net cash flows from financing activities		283,092	1,894,859
Effects due to changes in exchange rate		539	(1,841)
Net (decrease) increase in cash and cash equivalents		(1,521,713)	697,048
Cash and cash equivalents at beginning of year		4,860,015	4,162,967
Cash and cash equivalents at end of year		$ 3,338,302	$ 4,860,015

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

OBI PHARMA, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Amounts presented as of and for the year ended December 31, 2019 are adjusted amounts)

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 and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in new drugs research.

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

These consolidated 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 Group's financial condition and financial performance based on the Group's assessment.

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

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 Group's financial condition and financial performance based on the Group'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 Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

(c) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(d) Shares of the Company held by subsidiaries are treated as treasury shares.

B. Subsidiaries included in the consolidated financial statements and movements for the year are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
The Company	OBI Pharma Limited	Investing and trading	100.00	100.00	
The Company	OBI Pharma USA, Inc.	Biotechnology development	100.00	100.00	
The Company	AP Biosciences, Inc.	Biotechnology development	58.99	67.00	Note 1
The Company	OBI Pharma Australia Pty Ltd.	Biotechnology development	100.00	100.00	
The Company	Amaran Biotechnology Inc.	Manufacture and wholesale of western pharmaceuticals as well as research and development of biotechnology	67.00	-	Note 2
OBI Pharma Limited	OBI Pharma (Shanghai) Limited	Biotechnology development	100.00	100.00	

Note 1: The subsidiary, AP Biosciences, Inc., increased its capital by issuing 10,566 thousand new shares and set the effective date on November 2, 2020 as resolved by the Board of Directors during its meeting on October 23, 2020. However, as the Company did not acquire shares proportionally to its interest, the Company's shareholding ratio decreased to 58.99%.

Note 2: On December 31, 2020, the Company increased its capital by issuing new shares to acquire 67% equity interest in Amaran Biotechnology Inc. As the transaction pertains to the reorganisation, the Group restated the prior year financial statements. Refer to Note 6(22) for details.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

On December 31, 2020, the Company increased its capital by issuing new shares to acquire 67% equity interest in Amaran Biotechnology Inc. As the transaction pertains to the reorganisation, the Company restated the prior year financial statements. As of December 31, 2020 and 2019, the non-controlling interest amounted to $608,737 and $364,976, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2020		December 31, 2019		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
AP Biosciences, Inc.	Taiwan	$ 367,284	41.01%	$ 99,175	33.00%	
Amaran Biotechnology Inc.	Taiwan	241,453	33.00%	265,801	33.00%	Note

Note: Shares of the Company held by subsidiaries are treated as treasury shares. Thus, the non-controlling interest as of December 31, 2020 and 2019 decreased by $26,511 and $30,716, respectively.

Summarised financial information of the subsidiaries:

Balance sheet

	AP Biosciences, Inc.	
	December 31, 2020	December 31, 2019
Current assets	$ 632,254	$ 74,762
Non-current assets	335,750	379,107
Current liabilities	(9,162)	(23,481)
Non-current liabilities	(63,196)	(129,860)
Total net assets	$ 895,646	$ 300,528

	Amaran Biotechnology Inc.	
	December 31, 2020	December 31, 2019
Current assets	$ 214,267	$ 420,484
Non-current assets	625,395	504,337
Current liabilities	(34,940)	(17,618)
Non-current liabilities	(93,060)	(95,512)
Total net assets	$ 711,662	$ 811,691

Statement of comprehensive income

	AP Biosciences, Inc.	
	Years ended December 31,	
	2020	2019
Revenue	$ 137,560	$ -
Loss before tax	(424)	(107,110)
Income tax benefit	8,434	8,434
Profit (loss) for the year	8,010	(98,676)
Other comprehensive loss	-	-
Total comprehensive income (loss) for the year	$ 8,010	($ 98,676)
Comprehensive income (loss) attributable to non-controlling interest	$ 6,851	($ 32,564)

	Amaran Biotechnology Inc.	
	Years ended December 31,	
	2020	2019
Revenue	$ 1,837	$ 4,714
Loss before tax	(118,813)	(275,158)
Income tax benefit	-	-
Loss for the year	(118,813)	(275,158)
Other comprehensive loss	-	-
Total comprehensive loss for the year	($ 118,813)	($ 275,158)
Comprehensive loss attributable to non-controlling interest	($ 39,208)	($ 90,802)

Statements of cash flows

	AP Biosciences, Inc.	
	Years ended December 31,	
	2020	2019
Net cash (used in) provided by operating activities	($ 17,045)	$ 31,336
Net cash used in investing activities	(7,304)	(13,315)
Net cash provided by financing activities	581,110	-
Net increase in cash and cash equivalents	556,761	18,021
Cash and cash equivalents at beginning of year	73,963	55,942
Cash and cash equivalents at end of year	$ 630,724	$ 73,963

	Amaran Biotechnology Inc.	
	Years ended December 31,	
	2020	2019
Net cash used in operating activities	($ 60,905)	($ 71,999)
Net cash used in investing activities	(142,546)	(118,099)
Net cash provided by financing activities	9,468	625
Net decrease in cash and cash equivalents	(193,983)	(189,473)
Cash and cash equivalents at beginning of year	308,901	498,374
Cash and cash equivalents at end of year	$ 114,918	$ 308,901

(4) Foreign currency translation

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

(5) Classification of current and non-current items

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.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. 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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

(8) Accounts receivable

Accounts receivable are loans that are created by the entity by selling goods or providing services to customers and are initially recognised at fair value. Accounts receivable are subsequently measured at amortised cost using the effective interest method, less impairment loss. Interest amortised using the effective interest method is recognised in profit or loss. However, short-term accounts receivable without bearing interest are measured at transaction amount as the effect of discounting is immaterial.

(9) 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 Group 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 Group 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 Group and the amount of the dividend can be measured reliably.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows

from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

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	10~50 years
Machinery and equipment	5~20 years
Lab equipment	3~5 years
Office equipment	3~5 years
Leasehold improvements	3~5 years

(14) 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 Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the

commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

(15) Intangible assets

A. Trademark right

Trademark right is stated at cost and are amortised on a straight-line basis over the estimated useful life of 10 years.

B. 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; if acquired through business combination, it is recorded at fair value as measured at the acquisition date. The estimated useful life is 2 to 10 years, and it is amortised on a straight-line basis.

C. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

D. Goodwill

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

(16) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no

longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable 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.

(17) 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.

(18) Accounts payables

Accounts payable from purchasing raw materials, goods or services on credit are initially recognised at fair value less any transaction costs directly attributable to the issuance and subsequently measured at amortised cost using the effective interest method. Interest amortised using the effective interest method is recognised in profit or loss. However, short-term accounts payable without bearing interest are subsequently measured at transaction amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

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

(20) 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 are recognised as pension expenses when they

are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' 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.

(21) 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.

(22) Income tax

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

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

(23) 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.

(24) Revenue recognition

A. Revenue from licensing intellectual property

(a) The Group entered into a contract with a customer to grant a license of patents to the customer. Given the license is distinct from other promised goods or services in the contract, the Group recognises the revenue from licensing when the license is transferred to a customer either at a point in time or over time based on the nature of the license granted. The customer pays a non-refundable upfront fee upon signing of the contract, and makes milestone payments once each milestone is achieved. Revenue is recognised based on the transaction price. The nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good

or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a license is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when transferring the license to a customer at a point in time

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

B. Sales of goods

The Group researches, designs, develops, manufactures and sells protein new drugs and adjuvants. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

C. Service revenue

The Group provides services including analytical method development, method validation and sample stability testing. Revenue from delivering services is recognised when the outcome of services provided can be estimated reliably.

(25) 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.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Critical judgements adopted in the accounting policies are as follows:

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

In accordance with IAS 36, the Group determines whether an intangible asset (excluding goodwill) may be impaired requiring significant judgements. The Group 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 Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 162	$ 162
Checking accounts and demand deposits	1,289,589	1,015,210
Time deposits	2,048,551	3,844,643
	$ 3,338,302	$ 4,860,015

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

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

Items	December 31, 2020	December 31, 2019
Current item:		
Financial assets mandatorily measured at fair value		
Domestic listed and over-the-counter stocks	$ 106,320	$ -
Domestic open-end fund	264,287	-
Foreign listed stocks	1,394	1,394
	372,001	1,394
Valuation adjustment	11,530	-
	$ 383,531	$ 1,394

A. The Group 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 Group 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 Group 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 Group 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) Property, plant and equipment

The Group's property, plant and equipment are mainly for its own use. Details are as follows:

	Land	Buildings and structures	Machinery and equipment	Lab equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1, 2020									
Cost	$ 87,514	$ 292,936	$ 288,922	$ 329,926	$ 30,409	$ 664	$ 62,203	$ 7,417	$ 1,099,991
Accumulated depreciation	-	(63,366)	(123,054)	(201,511)	(26,232)	(594)	(38,668)	-	(453,425)
	$ 87,514	$ 229,570	$ 165,868	$ 128,415	$ 4,177	$ 70	$ 23,535	$ 7,417	$ 646,566
2020									
At January 1	$ 87,514	$ 229,570	$ 165,868	$ 128,415	$ 4,177	$ 70	$ 23,535	$ 7,417	$ 646,566
Additions	-	35,622	4,278	16,363	4,716	-	7,192	103,987	172,158
Reclassifications (Note 1)	-	99	-	21,795	-	-	4,240	5,962	32,096
Depreciation	-	(15,420)	(30,423)	(58,270)	(3,016)	(70)	(12,526)	-	(119,725)
Net exchange differences	-	-	-	(1)	4	-	95	-	98
At December 31	$ 87,514	$ 249,871	$ 139,723	$ 108,302	$ 5,881	$ -	$ 22,536	$ 117,366	$ 731,193
At December 31, 2020									
Cost	$ 87,514	$ 328,657	$ 291,907	$ 368,061	$ 34,721	$ 664	$ 73,737	$ 117,366	$ 1,302,627
Accumulated depreciation	-	(78,786)	(152,184)	(259,759)	(28,840)	(664)	(51,201)	-	(571,434)
	$ 87,514	$ 249,871	$ 139,723	$ 108,302	$ 5,881	$ -	$ 22,536	$ 117,366	$ 731,193

	Land	Buildings and structures	Machinery and equipment	Lab equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1, 2019									
Cost	$ 87,514	$ 292,936	$ 276,573	$ 254,782	$ 28,329	$ 664	$ 36,939	$ -	$ 977,737
Accumulated depreciation	-	(46,973)	(93,992)	(142,185)	(21,628)	(499)	(26,563)	-	(331,840)
	$ 87,514	$ 245,963	$ 182,581	$ 112,597	$ 6,701	$ 165	$ 10,376	$ -	$ 645,897
2019									
At January 1	$ 87,514	$ 245,963	$ 182,581	$ 112,597	$ 6,701	$ 165	$ 10,376	$ -	$ 645,897
Additions	-	-	12,349	40,974	2,216	-	3,261	6,041	64,841
Reclassifications (Note 1)	-	-	-	30,146	-	-	21,106	1,376	52,628
Depreciation	-	(16,393)	(29,062)	(55,302)	(4,740)	(95)	(11,208)	-	(116,800)
At December 31	$ 87,514	$ 229,570	$ 165,868	$ 128,415	$ 4,177	$ 70	$ 23,535	$ 7,417	$ 646,566
At December 31, 2019									
Cost	$ 87,514	$ 292,936	$ 288,922	$ 329,926	$ 30,409	$ 664	$ 62,203	$ 7,417	$ 1,099,991
Accumulated depreciation	-	(63,366)	(123,054)	(201,511)	(26,232)	(594)	(38,668)	-	(453,425)
	$ 87,514	$ 229,570	$ 165,868	$ 128,415	$ 4,177	$ 70	$ 23,535	$ 7,417	$ 646,566

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: Please refer to Note 6(23).

(5) Leasing arrangements - lessee

A. The Group leases various assets including land, 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 $5,460 and $15,537, respectively.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land use right	$ 95,512	$ 97,942
Buildings	91,515	120,892
Transportation equipment (Business vehicles)	-	572
	$ 187,027	$ 219,406

	Years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Land use right	$ 2,430	$ 2,401
Buildings	44,237	29,105
Transportation equipment (Business vehicles)	572	625
	$ 47,239	$ 32,131

D. For the years ended December 31, 2020 and 2019, the Group increased 'right-of-use assets' by $14,686 and $53,553, respectively.

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	$ 3,404	$ 2,984
Expense on short-term lease contracts	5,460	15,537
Expense on leases of low-value assets	458	497

F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases arising from right-of-use assets were $54,920 (of which $45,598 represents principal of lease liabilities) and $47,329 (of which $28,311 represents principal of lease liabilities), respectively.

(6) Intangible assets

	Patent						Patented technology				
	OBI-822	OBI-858	OBI-833	OBI-3424							
	Therapeutically metastatic vaccines	Product development project of botulinum	Next-generation cancer vaccine	AKR1C3 enzyme prodrug	Bifunctional fusion protein for age-related mascular degeneration	Bispecific monoclonal antibody	Antibody-drug development platform	Trademarks	Software	Goodwill	Total
At January 1, 2020											
Cost	$ 87,577	$ 42,858	$ 1,500	$ 90,693	$ 81,037	$ 271,933	$ 96,644	$ 1,808	$ 14,133	$ 61,148	$ 749,331
Accumulated amortisation	(82,426)	(33,572)	(1,038)	(21,162)	(11,646)	(54,386)	(19,328)	(50)	(9,931)	-	(233,539)
	$ 5,151	$ 9,286	$ 462	$ 69,531	$ 69,391	$ 217,547	$ 77,316	$ 1,758	$ 4,202	$ 61,148	$ 515,792
2020											
At January 1	$ 5,151	$ 9,286	$ 462	$ 69,531	$ 69,391	$ 217,547	$ 77,316	$ 1,758	$ 4,202	$ 61,148	$ 515,792
Additions	-	-	-	-	-	-	-	7	2,957	-	2,964
Amortisation	(5,151)	(4,286)	(150)	(9,069)	(5,824)	(27,193)	(9,665)	(181)	(3,356)	-	(64,875)
At December 31	$ -	$ 5,000	$ 312	$ 60,462	$ 63,567	$ 190,354	$ 67,651	$ 1,584	$ 3,803	$ 61,148	$ 453,881
At December 31, 2020											
Cost	$ 87,577	$ 42,858	$ 1,500	$ 90,693	$ 81,037	$ 271,933	$ 96,644	$ 1,815	$ 11,403	$ 61,148	$ 746,608
Accumulated amortisation	(87,577)	(37,858)	(1,188)	(30,231)	(17,470)	(81,579)	(28,993)	(231)	(7,600)	-	(292,727)
	$ -	$ 5,000	$ 312	$ 60,462	$ 63,567	$ 190,354	$ 67,651	$ 1,584	$ 3,803	$ 61,148	$ 453,881

	Patent							Patented technology				
	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	Bifunctional fusion protein for age-related mascular degeneration	Bispecific monoclonal antibody	Antibody-drug development platform	Trademarks	Software	Goodwill	Total
At January 1,												
Cost	$ 87,577	$ 42,858	$ 1,500	$ 90,693	$ 1,945	$ 81,037	$ 271,933	$ 96,644	$ 149	$ 10,089	$ 61,148	$ 745,573
Accumulated amortisation	(77,275)	(29,287)	(887)	(12,092)	(1,216)	(5,823)	(27,193)	(9,664)	(36)	(7,632)	-	(171,105)
	$ 10,302	$ 13,571	$ 613	$ 78,601	$ 729	$ 75,214	$ 244,740	$ 86,980	$ 113	$ 2,457	$ 61,148	$ 574,468
2019												
At January 1	$ 10,302	$ 13,571	$ 613	$ 78,601	$ 729	$ 75,214	$ 244,740	$ 86,980	$ 113	$ 2,457	$ 61,148	$ 574,468
Additions	-	-	-	-	-	-	-	-	312	4,637	-	4,949
Reclassifications									1,347	-		1,347
Amortisation	(5,151)	(4,285)	(151)	(9,070)	(729)	(5,823)	(27,193)	(9,664)	(14)	(2,892)	-	(64,972)
At December 31	$ 5,151	$ 9,286	$ 462	$ 69,531	$ -	$ 69,391	$ 217,547	$ 77,316	$ 1,758	$ 4,202	$ 61,148	$ 515,792
At December 31, 2019												
Cost	$ 87,577	$ 42,858	$ 1,500	$ 90,693	$ 1,945	$ 81,037	$ 271,933	$ 96,644	$ 1,808	$ 14,133	$ 61,148	$ 751,276
Accumulated amortisation	(82,426)	(33,572)	(1,038)	(21,162)	(1,945)	(11,646)	(54,386)	(19,328)	(50)	(9,931)	-	(235,484)
	$ 5,151	$ 9,286	$ 462	$ 69,531	$ -	$ 69,391	$ 217,547	$ 77,316	$ 1,758	$ 4,202	$ 61,148	$ 515,792

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

	Years ended December 31,	
	2020	2019
Administrative expenses	$ 2,582	$ 2,852
Research and development expenses	62,293	62,120
	$ 64,875	$ 64,972

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

	December 31, 2020	December 31, 2019
AP Biosciences, Inc.	$ 61,148	$ 61,148

C. 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(6)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 achieved milestones. As of December 31, 2020, the

remaining unpaid amount was 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.

D. 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.

E. 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.

F. 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.

G. 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.

H. On July 11, 2017, the Company entered into a licensing agreement with PolyTherics Limited (Abzena) to introduce the ThioBridge^{TM} 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^{TM} 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^{TM} technology.

I. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on

financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	AP Biosciences, Inc.	
	Years ended December 31,	
	2020	2019
Gross margin	87.5%~100%	75%~100%
Growth rate	5%	5%
Discount rate	16%	16%

J. The Group has no intangible assets pledged to others.

(7) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 9,468	1.20%	Buildings located at No. 01410-000 and 01410-001, Shixing Section, Zhubei City

The Group had no short-term borrowings as of December 31, 2019.

(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 Group 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

A. The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 plans of the Group for the years ended December 31, 2020 and 2019 were $11,316 and $11,132, respectively.

B. OBI Pharma Australia Pty Ltd. and OBI Pharma Limited were not required to set up a policy for employee pension plans. For the pension plan based on local government regulations, OBI Pharma USA, Inc. and OBI Pharma (Shanghai) Limited recognised pension costs of $4,844 and $4,330 for the years ended December 31, 2020 and 2019, respectively.

(10) Share-based payment

A. Information on share-based payments made by the Company and a subsidiary, Amaran Biotechnology Inc., is as follows:

(a) The options were granted to qualified employees of the Company and the subsidiaries which the Company holds over 50% equity interest by issuing new shares of the Company 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 (Note)	2010.03.08	2,360,000	1	One year after services, 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

Type of agreement	Grant date	No. of units	Subscription share per unit	Vesting conditions	Weighted-average remaining contract period (years)
Employee stock option plan (Note)	2013.11.27	1,821,000	1	Two years after services, 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
Cash capital increase reserved for employee preemption (Note)	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) The options were granted to qualified employees of the subsidiary, Amaran Biotechnology Inc., issuing new shares of the subsidiary 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 (Note)	2014.01.15	920	1,000	One year after services, employees can exercise options monthly at a certain percentage based on the schedule	3.04
〃	2014.05.02	310	1,000	〃	3.33
〃	2014.09.03	270	1,000	〃	3.67
〃	2015.02.12	255	1,000	〃	4.11
〃	2015.05.27	300	1,000	〃	4.40
〃	2015.09.09	70	1,000	〃	4.68

Type of agreement	Grant date	No. of units	Subscription share per unit	Vesting conditions	Weighted-average remaining contract period (years)
Employee stock option plan (Note)	2015.12.15	235	1,000	One year after services, employees can exercise options monthly at a certain percentage based on the schedule	4.95
〃	2016.03.02	2,382	1,000	〃	5.16
〃	2016.09.02	45	1,000	〃	5.67
〃	2017.01.01	179	1,000	〃	6.00
〃	2017.04.01	34	1,000	〃	6.25
〃	2017.07.01	60	1,000	〃	6.41
〃	2018.03.23	1,090	1,000	〃	7.22
〃	2018.09.18	60	1,000	〃	7.71
〃	2019.01.01	65	1,000	〃	8.00
〃	2019.03.01	65	1,000	〃	8.16
〃	2019.10.01	210	1,000	〃	8.75
〃	2020.04.01	250	1,000	〃	9.25
〃	2020.05.01	120	1,000	〃	9.33
Cash capital increase reserved for employee preemption (Note)	2018.05.29	1,000	1,000	Vested immediately	-

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

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

(a) The Company's employee stock option plan:

	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	-		-	

(b) The employee stock option plan of subsidiary, Amaran Biotechnology Inc.:

	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	3,828	$ 41.55	3,912	$ 42.83
Options granted	370	25.00	340	25.00
Options exercised	-	-	(35)	17.86
Options forfeited or expired	(968)	33.76	(389)	42.10
Options outstanding at end of the year	3,230	41.78	3,828	41.55
Options exercisable at end of the year	2,554		2,319	
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. The range of exercise prices of the subsidiary's, Amaran Biotechnology Inc., stock options outstanding was $15~$70 (in dollars).

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:

(a) The Company's employee stock option plan:

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

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	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	120.0	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.

(b) The employee stock option plan of subsidiary, Amaran Biotechnology Inc.:

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	2014.01.15	$ 27.5	15.0	48.22%	10 years	0%	1.09%	$ 18.20
〃	2014.05.02	27.5	15.0	48.22%	10 years	0%	1.09%	18.20
〃	2014.09.03	31.5	50.0	48.22%	10 years	0%	1.02%	10.79
〃	2015.02.12	31.5	50.0	48.22%	10 years	0%	1.02%	10.79
〃	2015.05.27	31.5	50.0	48.22%	10 years	0%	1.02%	10.79
〃	2015.09.09	31.5~35.6	50.0	42.31%~42.87%	10 years	0%	0.78%~0.93%	12.80
〃	2015.12.15	31.5~35.6	50.0	42.31%~42.87%	10 years	0%	0.78%~0.93%	12.80
〃	2016.03.02	31.5	50.0	42.87%	10 years	0%	0.93%	12.80
〃	2016.09.02	35.6	50.0	42.31%	10 years	0%	0.78%	15.33
〃	2017.01.01	31.5~35.6	70.0	42.31%~42.87%	10 years	0%	0.78%~0.93%	15.33
〃	2017.04.01	31.5~35.6	70.0	42.31%~42.87%	10 years	0%	0.78%~0.93%	15.33
〃	2017.07.01	31.5~35.6	70.0	42.31%~42.87%	10 years	0%	0.78%~0.93%	15.33
〃	2018.03.23	20.9~29.0	25.0	20.75%~34.14%	10 years	0%	0.69%~0.86%	4.04
〃	2018.09.18	20.9~29.0	25.0	20.75%~34.14%	10 years	0%	0.69%~0.86%	4.04
〃	2019.01.01	24.8	25.0	33.59%~34.14%	10 years	0%	0.74%~0.79%	8.46
〃	2019.03.01	21.9	25.0	33.36%~33.92%	10 years	0%	0.69%~0.77%	6.44
〃	2019.10.01	20.9	25.0	32.15%~32.78%	10 years	0%	0.63%~0.67%	5.59
〃	2020.04.01	24.4	25.0	38.00%~38.12%	10 years	0%	0.42%~0.44%	8.94
〃	2020.05.01	20.4	25.0	38.59%~38.75%	10 years	0%	0.41%~0.47%	6.47
Cash capital increase reserved for employee preemption	2018.05.29	25.0	25.0	32.06%	0.11 years	0%	0.34%	1.06

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 Group recognised employee stock option plan compensation expense of $76,821 and $153,928, 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:

(Unit: shares in thousands)

	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 parent company held by subsidiaries treated as treasury shares (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 of the parent company held by subsidiaries treated as treasury shares (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 share but are entitled to the shareholders' rights. The number of shares was calculated by multiplying the number of shares of the Company held by the subsidiaries by the shareholding ratio.

(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 deficits	(8,259,036)	-	-
Employee stock options compensation cost	1,468	(1,468)	-
Employee stock options exercised	-	38,491	17,517
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, 2019
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 against 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: This excludes 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) Operating revenue

	Years ended December 31,	
	2020	2019
Revenue from contracts with customers	$ 140,886	$ 5,586

A. Disaggregation of revenue from contracts with customers is as follows:

Year ended December 31, 2020	Sale of materials	Service provision	Patent licensing	Total
Revenue from external customer contracts				
Contract revenue	$ 1,169	$ 668	$ 139,049	$ 140,886
Timing of revenue recognition				
At a point in time	$ 1,169	$ 668	$ 139,049	$ 140,886

Year ended December 31, 2019	Sale of materials	Service provision	Patent licensing	Total
Revenue from external customer contracts				
Contract revenue	$ 670	$ 4,044	$ 872	$ 5,586
Timing of revenue recognition				
At a point in time	$ 670	$ 4,044	$ 872	$ 5,586

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2019
Contract liabilities:	
Contract liabilities - royalty agreements	$ 77,640

The Group's subsidiary, AP Biosciences, Inc., entered into a co-development and licensing agreement for new antibody drugs with Company T in July 2019. AP Biosciences, Inc. offered Company T professional knowledge on three developed antibody products and data on eight targets selected out of the targets in the early stage of research and development for the following co-development to proceed. Company T is responsible for all the subsequent clinical development when the transfer of professional expertise from AP Biosciences, Inc. is completed. Company T will obtain the exclusive manufacture and sale rights in China, Hong Kong and Macao after the successful development of the new drugs. In accordance with the agreement, AP Biosciences, Inc. will receive upfront payments, milestone payments and royalties on future sales based on a percentage stipulated in the agreement.

However, AP Biosciences, Inc. entered into a supplemental agreement with Company T in September 2020 in order to extend the scope of authority on the aforementioned four targets selected in the early stage of research and development which are not only applicable in China, Hong Kong and Macao but also applicable in the world.

As of December 31, 2020, AP Biosciences, Inc. received the upfront payments amounting to USD2,000 thousand and USD2,500 thousand for the three developed antibody products and the four targets selected in the early stage of research and development, respectively. The payments

for the three developed antibody products and the four targets selected in the early stage of research and development were recognised as licensing revenue when the professional expertise and data were transferred in April 2020 and November 2020, respectively, as agreed.

(15) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	$ 43,418	$ 93,388

(16) Other gains and losses

	Years ended December 31,	
	2020	2019
Net currency exchange loss	($ 124,118)	($ 87,389)
Gains (loss) on financial assets at fair value through profit or loss	48,751	(148,356)
Others	(25)	748
	($ 75,392)	($ 234,997)

The subsidiary, Amaran Biotechnology Inc., invested US$5 million in Stellar Biotechnologies, Inc. (Stellar) through a private placement in August 2013. In 2018, Stellar Biotechnologies, Inc. conducted a share consolidation, every seven shares was combined into one common share, and subsequently increased capital by issuing shares. Amaran Biotechnology Inc. did not acquire shares proportionally to its interest. As a result, Amaran Biotechnology Inc. decreased its share interest from 4.53% to 1.28% as of the end of December 2018. On March 8, 2019, Stellar announced that it entered into a share exchange agreement with Edesa Biotech Inc. (Edesa) to conduct a reverse merger with Edesa by exchanging six shares of Stellar for one share of Edesa, with Edesa being the surviving company. As a result, Amaran Biotechnology Inc. decreased its share interest from 1.28% to 0.15% as of the end of December 2019, and recognised loss on financial assets at fair value through profit or loss in the amount of $148,356 for the year ended December 31, 2019.

(17) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense	$ 4,184	$ 3,899

(18) Expenses by nature

	Years ended December 31,	
	2020	2019
Employee benefit expenses	$ 432,999	$ 467,757
Clinical material expenses	211,246	331,096
Consulting and service fees	245,934	226,008
Clinical trials cost	414,114	246,794
Rental expenses	5,360	15,961
Depreciation charges	166,964	148,931
Amortisation charges	64,875	64,972
Other expenses	65,275	80,933
Operating expenses	$ 1,606,767	$ 1,582,452

(19) Employee benefit expense

	Years ended December 31,	
	2020	2019
Wages and salaries (including directors' remuneration)	$ 305,082	$ 268,725
Employee stock options	76,821	153,928
Labor and health insurance fees	17,217	17,120
Pension costs	16,160	15,462
Other personnel expenses	17,719	12,522
	$ 432,999	$ 467,757

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' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' 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.

(20) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2020	2019
Total current tax	($ 4,639)	($ 2,844)
Total deferred tax	8,433	8,435
Income tax benefit	$ 3,794	$ 5,591

B. The reconciliation between accounting income and income tax benefit:

	Years ended December 31,	
	2020	2019
Tax calculated based on loss before tax and statutory tax rate	($ 279,380)	($ 286,997)
Expenses disallowed by tax regulation	235	350
Withholding income tax	4,639	2,844
Tax effects of unrecognised deferred tax assets	270,712	278,212
Income tax benefit	($ 3,794)	($ 5,591)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2020			
	January 1	Recognised in profit or loss	Business combination	December 31
－Deferred tax liabilities:				
Book-tax differences on business combinations	$ 71,629	($ 8,433)	$ -	$ 63,196

	Year ended December 31, 2019			
	January 1	Recognised in profit or loss	Business combination	December 31
－Deferred tax liabilities:				
Book-tax differences on business combinations	$ 80,064	($ 8,435)	$ -	$ 71,629

D. Details of the amount the Company and its subsidiary, AP Biosciences, Inc., are 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:

(a) Amounts of investment tax credits and unrecognised deferred tax assets that the Company is entitled to are as follows:

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

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

(b) Amounts of investment tax credits and unrecognised deferred tax assets that the subsidiary, AP Biosciences, Inc., is entitled to are as follows:

	2020		
Qualifying items	Amount field/ assessed	Unused tax credits	Unrecognised deferred tax assets
Research and development expense	$ 346,264	$ -	$ -

The unused tax credits can be offset against 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.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets for the Company, the subsidiary, AP Biosciences, Inc. and the subsidiary, Amaran Biotechnology Inc., are as follows:

(a) Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company are as follows:

December 31, 2020				
Year incurred	Amount field/ 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 field/ 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

(b) Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the subsidiary, AP Biosciences, Inc., are as follows:

December 31, 2020				
Year incurred	Amount field/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 8,309	$ -	$ -	2023
2014	22,773	-	-	2024
2015	18,959	9,786	9,786	2025
2016	27,321	27,321	27,321	2026
2017	17,032	17,032	17,032	2027
2018	25,038	25,038	25,038	2028
2019	62,699	62,699	62,699	2029

December 31, 2019				
Year incurred	Amount field/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 8,309	$ 8,309	$ 8,309	2023
2014	22,773	22,773	22,773	2024
2015	18,959	18,959	18,959	2025
2016	27,321	27,321	27,321	2026
2017	17,032	17,032	17,032	2027
2018	25,038	25,038	25,038	2028
2019	62,699	62,699	62,699	2029

(c) Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the subsidiary, Amaran Biotechnology Inc., are as follows:

December 31, 2020				
Year incurred	Amount field/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 20,042	$ 20,042	$ 20,042	2023
2014	47,575	47,575	47,575	2024
2015	70,767	70,767	70,767	2025
2016	82,758	82,758	82,758	2026
2017	119,168	119,168	119,168	2027
2018	143,583	143,583	143,583	2028
2019	125,177	125,177	125,177	2029
2020	126,550	126,550	126,550	2030

	December 31, 2019			
Year incurred	Amount field/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 20,042	$ 20,042	$ 20,042	2023
2014	47,575	47,575	47,575	2024
2015	70,767	70,767	70,767	2025
2016	82,758	82,758	82,758	2026
2017	119,168	119,168	119,168	2027
2018	143,583	143,583	143,583	2028
2019	124,094	124,094	124,094	2029

F. The Company's and the subsidiary's, Amaran Biotechnology Inc., income tax returns through 2018 have been assessed and approved by the Tax Authority. The subsidiary's, AP Biosciences, Inc., income tax returns through 2019 have been assessed and approved by the Tax Authority.

(21) Loss per share

	Years 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 attributable to ordinary shareholders of the parent (Note 2)	($ 1,457,540)	198,591	($ 7.34)

	Years 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 attributable to ordinary shareholders of the parent (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 the calculation of diluted loss per share is the same as the calculation of basic loss per share.

Note 2: The Company's merger transaction in 2020 was treated as if it had always been consolidated 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.

(22) Reorganisation of entities under common control

A. The Company's product, 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 consolidated 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 consolidated 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'.

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2020	2019
Acquisition of property, plant and equipment	$ 172,158	$ 64,841
Add: Opening balance of payable	8,024	1,673
Less: Ending balance of payable	(13,022)	(8,024)
Cash paid during the year	$ 167,160	$ 58,490

(24) Changes in liabilities from financing activities

	Lease liabilities	Long-term borrowings	Liabilities from financing activities - gross
At January 1, 2020	$ 223,224	$ 53,000	$ 276,224
Changes in cash flow from financing activities	(45,598)	(9,000)	(54,598)
Impact of changes in foreign exchange rate	173	-	173
Changes in other non-cash items	14,686	-	14,686
At December 31, 2020	$ 192,485	$ 44,000	$ 236,485

	Lease liabilities	Long-term borrowings	Liabilities from financing activities - gross
At January 1, 2019	$ 197,984	$ 62,000	$ 259,984
Changes in cash flow from financing activities	(28,311)	(9,000)	(37,311)
Impact of changes in foreign exchange rate	(2)	-	(2)
Changes in other non-cash items	53,553	-	53,553
At December 31, 2019	$ 223,224	$ 53,000	$ 276,224

7. RELATED PARTY TRANSACTIONS

(1) Name of related party and relationship

Name of related party	Relationship with the Group
RUENTEX ENGINEERING & CONSTRUCTION CO., LTD.	Other related party
Shareholder of Amaran Biotechnology Inc.	Other related party

(2) Significant related party transactions

A. The subsidiary, Amaran Biotechnology Inc., commissioned RUENTEX ENGINEERING & CONSTRUCTION CO., LTD. to undertake an additional construction for a total contract price of $50,620 (tax included) in January 2020. However, the final completed price was $38,484. The construction was completed, and the payment was made in August 2020.

B. The Company increased its capital by issuing 10,693 thousand shares in exchange for 53,466 thousand common shares of Amaran Biotechnology Inc. to acquire a 67% equity interest in Amaran Biotechnology Inc. The transaction pertains to a reorganization. Refer to Note 6(22) for details.

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 124,077	$ 105,479
Share-based payments	30,860	36,700
	$ 154,937	$ 142,179

8. PLEDGED ASSETS

The Group'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 1)
Buildings and structures	13,720	14,021	Long-term borrowings (Note 1)
Buildings and structures	236,151	-	Short-term borrowings (Note 2)
Other non-current assets (refundable deposits and time deposits)	48,534	38,108	Duty paid after customer release, deposits for clinical trial agreement, rental deposit and letters of credit, etc.
	$ 385,919	$ 139,643	

Note 1: 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.

Note 2: The subsidiary, Amaran Biotechnology Inc., entered into a loan agreement with Mega International Commercial Bank in 2020 for a total credit facility of $100 million, and pledged properties as collateral with line of credit guaranty to Mega International Commercial Bank.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for the promised payments described in Note 6(6) 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.

(3) On November 17, 2020, the subsidiary, Amaran Biotechnology Inc., entered into a construction agreement with Xuan Tong System Integration Co. Ltd. to build an aseptic plant with a total contract price of $113,400 (tax included)

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 of global aesthetic medicine for OBI-858, Novel Botulinum Toxin with OBIGEN PHARMA, INC. (OBIGEN PHARMA, INC.) The future clinical research and development of indication for OBI-858 aesthetic medicine will be proceeded by OBIGEN PHARMA, INC.. 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 Group's objectives when managing capital are to safeguard the Group'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 Group 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 Group 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 Group'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	$ 502,091	$ 564,279
Less: Cash and cash equivalents	(3,338,302)	(4,860,015)
Net debt	($ 2,836,211)	($ 4,295,736)
Total equity	$ 4,837,759	$ 5,922,256

(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	$ 383,531	$ 1,394
Financial assets at fair value through other comprehensive income	8,037	8,318
Financial assets at amortised cost/loans and receivables		
Cash and cash equivalents	3,338,302	4,860,015
Accounts receivable	1,451	1,522
Other receivables	17,567	38,451
Other financial assets (refundable deposits)	48,534	38,276
	$ 3,797,422	$ 4,947,976
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 9,468	$ -
Notes payable	-	193
Accounts payable	157	177
Other payables (including related parties)	189,775	135,650
Long-term borrowings (including current portion)	44,000	53,000
	$ 243,400	$ 189,020
Lease liabilities	$ 192,485	$ 223,224

B. Financial risk management policies

(a) The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close 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 Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries 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 Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

	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	$ 72,284	28.480	$ 2,058,648	1%	$ 20,586	$ -
RMB:NTD	1,165	4.377	5,099	1%	51	-
Financial assets						
Non-monetary items						
USD:NTD	2,096	28.480	59,697	-	-	-
RMB:USD	1,722	0.154	7,537	-	-	-
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: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 106,043	29.980	$ 3,179,169	1%	$ 31,792	$ -
RMB:NTD	45,878	4.305	197,505	1%	1,975	-
Financial assets						
Non-monetary items						
USD:NTD	2,155	29.980	64,594	-	-	-
RMB:USD	3,216	0.144	13,845	-	-	-
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 Group for the years ended December 31, 2020 and 2019 amounted to $124,118 and $87,389, respectively.

Price risk

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

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 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 Group's interest rate risk arises from long-term and short-term borrowings.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. The Group'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 Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with stable credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

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

v. The Group classifies customer's accounts receivable, contract assets and rent receivable in accordance with customer types. The Group 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 Group 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 Group's accounts receivable that are not past due is immaterial.

(c) Liquidity risk

i. Cash flow forecasting is performed by Group treasury to monitor rolling forecasts of the Group'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. Group treasury invests surplus cash in interest bearing current deposits, time deposits, and foreign currency deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date 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:					
Short-term borrowings	$ 9,468	$ -	$ -	$ -	$ -
Accounts payable	157	-	-	-	-
Other payables	189,775	-	-	-	-
Long-term borrowings (including current portion)	9,520	7,415	7,322	14,365	7,043
Lease liabilities (including current portion)	39,658	22,519	20,610	35,436	96,992

	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)	$ 135,650	$ -	$ -	$ -	$ -
Long-term borrowings (including current portion)	9,770	9,626	7,499	14,663	14,214
Lease liabilities (including current portion)	44,746	34,444	17,278	39,472	112,692

iv. The Group 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 Group'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 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				
Domestic listed and over-the-counter stocks	$ 105,726	$ -	$ -	$ 105,726
Domestic open-end fund	276,433	-	-	276,433
Foreign listed stocks	1,372	-	-	1,372
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	8,037	8,037
	$ 383,531	$ -	$ 8,037	$ 391,568

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Foreign listed stocks	$ 1,394	$ -	$ -	$ 1,394
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	8,318	8,318
	$ 1,394	$ -	$ 8,318	$ 9,712

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

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

	Listed stocks	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 Group 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
(Loss) profit 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 Group's assessment, the COVID-19 pandemic has no significant impact on the Group.

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

(1) General information

The Group operates business only in a single industry, new drug research. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

A. The Chief Operating Decision-Maker evaluates the performance of the operating segments based on income before tax. The significant accounting policies and estimates of the operating segment and the accounting policies, estimates and assumptions described in Notes 4 and 5 of the consolidated financial statements are the same.

B. The financial information reported to the Chief Operating Decision-Maker and the financial information on the consolidated statements of comprehensive income are the same.

(3) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Years ended December 31,			
	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 3,326	$ 1,372,564	$ 5,586	$ 1,411,888
Others	137,560	15,903	-	3,046
	$ 140,886	$ 1,388,467	$ 5,586	$ 1,414,934

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets (excluding guarantee deposits paid), and are classified based on their geographic location.

(4) Important customer information

In 2020 and 2019, the Group's revenues to a single customer accounting for more than 10% of consolidated operating income is as follows:

	2020		2019	
	Revenue	Division	Revenue	Division
Company A	$ 137,560	Taiwan	$ -	-
Company B	1,489	Taiwan	872	Taiwan

OBI Pharma, Inc. and Subsidiaries

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)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
				Number of shares	Book value	Ownership	Fair value	
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	"
Amaran Biotechnology Inc.	Edesa Biotech, Inc./private placement common stocks	"	"	11,338	1,372	-	1,372	"

OBI Pharma, Inc. and Subsidiaries

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)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
				Number of shares	Book value	Ownership	Fair value	
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	"
Amaran Biotechnology Inc.	Edesa Biotech, Inc./private placement common stocks	"	"	11,338	1,372	-	1,372	"

OBI Pharma, Inc. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 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 account	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 using the equity method	Stockholders of Amaran Biotechnology Inc.	Subsidiary	-	$ -	53,466,000	$ 389,865	-	$ -	$ -	$ -	53,466,000	$ 389,865	Note 1

Note 1: Amaran Biotechnology Inc. became a subsidiary of the Company since December 31, 2020.

OBI Pharma, Inc. and Subsidiaries

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.	"	"	CMO 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 since 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. and Subsidiaries

Information on investees

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			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
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
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 2
"	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.

Note 2: Inter-company transactions between companies within the Group are eliminated.

OBI Pharma, Inc. and Subsidiaries

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	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 (Note 2)	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. and Subsidiaries

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).

OBI PHARMA, INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

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

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:

   (2) 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

Description

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.

How our audit addressed the matter

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:

7. 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.

8. 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.

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

10. 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.

11. 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.

12. 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

(Continued)

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)

			Capital Surplus				Other Equity Interest				
	Notes	Share capital - common stock	Additional paid-in capital	Employee stock options	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Equity attributable to former owner of business combination under common control	Total equity
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.

(Expressed in thousands of New Taiwan dollars,
except as otherwise indicated)

15. 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.

16. 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.

17. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(4) 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.

(5) 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.

(6) 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.

18. 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.

(7) Compliance statement

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

(8) 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.

(9) 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.

(10) Classification of current and non-current items

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.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) Derecognition of financial assets

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

(17) 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.

(18) 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

(19) 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.

(20) 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.

(21) 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.

(22) 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.

(23) 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.

(24) 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.

(25) 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.

(26) 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.

(27) 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.

(28) 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.

(29) 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.

19. 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.

20. DETAILS OF SIGNIFICANT ACCOUNTS

(30) 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.

(31) 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).

(32) 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).

(33) 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.

(34) 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.

(35) 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.

(36) 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.

(37) 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.

(38) 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.

(39) 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.

(40) 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.

(41) 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

(42) 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.

(43) 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'.

(44) Operating revenue

	Years ended December 31,	
	2020	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

(45) Interest income

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

(46) 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)

(47) Finance costs

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

(48) 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

(49) 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.

(50) 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.

(51) 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.

(52) 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.

(53) Supplemental cash flow information

Investing activities with partial cash payments

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

(54) 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

21. 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

				Year ended December 31, 2020
	Accounts	No. of shares (shares in thousands)	Objects	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

22. 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.

23. 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.

24. SIGNIFICANT DISASTER LOSS

None.

25. 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.

26. OTHERS

(5) 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

(6) 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.

(7) 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.

(8) Impact of COVID-19

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

27. SUPPLEMENTARY DISCLOSURES

(9) 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.

(10) Information on investees

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

(11) 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.

(12) Major shareholders information

Please refer to table 7.

28. 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)	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)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
				Number of shares	Book value	Ownership	Fair value	
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)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				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)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			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
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
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

	Shares	
Name of major shareholders	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).