Stock Code: 4142

ADIMMUNE CORPORATION

2021 Annual Report

Printed on May 31, 2022

The Annual Report is available at: http://mops.twse.com.tw

Please visit the company website at http://www.adimmune.com.tw/

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Company Website: http://www.adimmune.com.tw/

Adimmune Corporation

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I. Letter to Shareholders

Dear Shareholders,

First of all, we would like to welcome you to this year's shareholders' meeting. On behalf of the company, we would like to express our deepest gratitude to all shareholders for your support and encouragement. The report on the Company's 2021 operation and future prospects are as follows:

I. Business Operation in 2021

- **Implementation of the Business Plan in 2021**

Sales:

The Company's revenue in 2021 has reached a record high and its operations remained profitable, mainly for: (1) the sales of quadrivalent influenza vaccine (QIV). We provided over 60% of the QIV domestic market to both public and private sectors and have been exploring our overseas markets for the sales in 2022. (2) Our fill and finish service for Sanofi's QIV to provide the US and UK markets. (3) The progress of the CDMO services with Korean clients. (4) Others such as the import and sale of tetanus vaccine and tuberculin.

Strategic collaboration:

1. Our aseptic fill and finish service for Sanofi and Shenzhen Techdow Pharmaceutical Co., Ltd is under a long-term contract. The revenue will be driven by the expansion of the European and US markets.
2. A contract has been signed with SCD of Korea which led Adimmune to the field of biosimilar.
3. For Adimmune's new step in the overseas market, the Company signed an MOU with Innovalues Pte. Ltd. of Singapore for clinical trials, market authorizations as well as sales of influenza vaccine, tetanus vaccine, EV71 vaccine, and other new products in the Southeast Asia.
4. The Company has licensed its exclusive use and distribution rights of Adimmune's COVID-19 candidate vaccine to Enimmune Biotech Pte. Ltd. of Singapore, a joint venture between Innovalues's subsidiary company and Enimmune Corp., a subsidiary of Adimmune. The licensed territory includes 11 countries in Southeast Asia.
5. The contract with an important distributor is renewed for the sales of QIV in China. After obtaining the market authorization in 2022, Adimmune will provide a long and steady QIV supply and expand the sales year by year.

- **Income and Expenditure Status and Profitability Analysis**

The company's annual revenue in 2021 was NTD 1,641,061 thousand. The major income derived from influenza vaccine. In 2021, we provided QIV for around 60% of domestic markets of public and private sectors. As overseas market authorization application is delayed by the COVID-19 pandemic, the sales will be substantially boosted after obtaining the authorizations in 2022.

The second main income is aseptic fill and finish service. For Sanofi's QIV, compared to the previous year, the US market maintained a certain level of demand, while the Europe market has increased. With the considerable demand from Techdow and the biosimilar CDMO service, the Company, in addition to Line 1, will significantly expand its capacity by contract after obtaining the certification from international competent authority for the second aseptic fill and finish line in 2022.

In summary, with the capacity utilization of the influenza vaccine antigen plant has raised year by year, and the increase of manufacture capacity and market demand, plus the performance of fill and finish line and non operating income, the 2021 income after tax is NTD 43,066 thousand (equity attributable to owners of the parent).

- **Research and Development**

The Company invested in the development of the COVID-19 vaccine, which applied high-efficient baculovirus expression system for the production of recombinant protein vaccine. The clinical trials, designed to develop the next generation vaccine, is been conducted in Indonesia, to ensure Adimmune's COVID-19 vaccine can provide broader protection against ever-mutating SARS-CoV-2.

At Adimmune, we utilize the embryo egg platform for manufacturing quadrivalent influenza vaccine, the mainstream in the market. In addition to the current domestic and international markets, we are currently applying for the market authorizations in Southeast Asia, Latin America, Mid East, and East Europe for the prefilled syringe (PFS). The antigen is also exported to meet the global market demand. We are working with the competent authority of other countries for GMP certificate for the exported active pharmaceutical ingredients. Meanwhile, the R&D is vigorously developing vaccines against emerging infectious disease based on our existing cell culture technology.

Enterovirus 71 vaccine, led by Enimmune Corp., our subsidiary, is expected to obtain the market authorization in 2022 and is currently under clinical efficacy testing in Vietnam.

The construction of PICS/GMP-standard tetanus vaccine plant is completed. With the current market authorization, the PFS is under stability testing and process inspection, and is expected to be available in 2023.

The construction of BSL-2 cell culture plant is also completed. It is in accordance with the PICS/GMP standard, and is ready for commercial production through the Company's existing cell culture manufacture process. In 2022, it will be available for manufacturing cell-culture based vaccine, recombinant protein vaccine or protein drug.
Line 1 of the fill and finish plant is responsible for the fill & finish of the current product line and CDMO services. Whereas the formulation, fill and finish as well as packaging equipment of Line 2 has been inspected and received PICS/GMP certificate. It was ready for commercial production in 2021. With the increasing demand of fill and

finish service, the construction of Line 3 has been planned for meeting the fill and finish demand of clinical trial and smaller batches. The GDP-certified cold chain storage is also planned to meet the increasing demands in the future.

The COVID-19 antigen rapid test kit of Enimmune, the subsidiary, has obtained the EUA from EU and Taiwan's Ministry of Health and Welfare (MOHW). Whereas the self-test kit has been approved by MOHW and demonstrated high specificity against SARS-CoV-2 variants, including Omicron, Delta, Gamma, Beta, Epslion, Alpha etc. With 90% sensitivity and 100% specificity, it is an effective tool to contain the pandemic.

II. Summary of the 2022 Annual Business Plan

According to the Company's short-, medium- and long-term goals, the major work items are as follows:

(1). International market expansion of influenza vaccine.

(2). The completion of the integrated biotech campus in Tanzi.

(3). The planning of the second manufacture site.

(4). New product R&D and new collaborative partnership.

(5) Expanding the animal vaccine business of Animmune Corporation, a subsidiary of Adimmune.

III. Future Development Strategy

The Company will continue to develop and supply high-quality biomedical products and vigorously exploring the international markets with our advanced R&D technology, commercial production know-how as well as international GMP experience, to become a one of the world's major suppliers of high-quality biomedical products with the purpose of serve the best interests of stakeholders and mankind.

In terms of business strategy and positioning, we are aiming to enter the global market with the Adimmune brand by means of strategic partnership with major pharma companies and our advanced R&D technology.

IV. The Influence of External Competition Environment, Regulatory Environment and Overall Business Environment

External competition environment—The rising awareness of epidemic prevention within governments and the public creates opportunities for the vaccine industry. Yet the global vaccine market is mostly monopolized by the major pharmaceutical companies from US and Europe, which are our external competitors. The competition has become more obvious after the outbreak of COVID-19; pharmaceuticals are working tirelessly for pandemic prevention.

Vaccine is the focus of our product line. We started from Taiwan, expanding to the globe. Yet, the vaccine industry is regarded as part of the national defense in all countries. Therefore, the Company needs to invest in professionals and resources for cross-border collaboration. By means of establishing new technology platforms through

cooperative production, and raise the technology threshold, the objective is to achieve technology diversification, market globalization as well as product variety.

Regulatory environment—The global pharmaceutical GMP regulations are more stringent than before. Taiwan's competent authorities also adopt PIC/S GMP to regulate the industry. Adimmune has received GMP certifications of from Taiwan's FDA, EU EMA, US FDA, and Brazil ANVISA, meeting the standard of an international manufacturer. As the Company moves towards the international market, the first challenge is various regulatory requirements of clinical trials, quality control analysis, transportation, etc. We will have to prepare for the cost of quality control which may burden the business operation.

Overall business environment—While the domestic vaccine market remains small, the vaccine industry in Taiwan is bound to move towards international market. Various GMP quality standards at the manufacturing site, new market protection policies that must be overcome, and the straight impact of global manufacturers are considerations that must be taken into account by the management team. We, although with limited resource, shall step by step achieve the goals of obtaining marketing authorizations, strategic collaboration, and high-quality and high-efficiency production, for the best interests of the shareholders and sustaining operation.

Last but not least, we would like to thank our shareholders and the Adimmune team again for the tremendous support and encouragement. Our utmost respect to you all.

And wish you good health and all the best.

Chairman: Steve Chan
General Manager: Chung-Cheng Liu
Accounting Supervisor: Yin-Teng Chang

I. Date of Incorporation

: December 22, 1965

II. Company History

Year	Item
1965	"Kuo Kwang Serum and Vaccine Manufacture Co., Ltd." was founded in Shulin Township, Taipei County with an initial capital of NTS3 million.
1967	Signed official technical support and import/export agreement with Kitasato Institute, with advisory support for the establishment of serum vaccine manufacturing technology
1970	Technology transfer for vaccine manufacturing technologies from Kitasato Institute
1991	Completion of Tanzi compus construction. Production in Shulin compus transferred to the new GMP grade facility, continuing manufacturing and sales of human and animal vaccines
1998	Received the Ministry of Economic Affair's "Industrial Technology Development Plan for Production of Japanese Encephalitis Vaccine by Cell Culture Process" grant
	Received "the 8th Annual Award for Biotechnology Industry Development" by Taiwan Bio Industry Organization
2001	Changed company's English name to "Adimmune Corporation"
	Imported Kitasato's influenza vaccine for aseptic filling.
	New equity investments from National Development Fund, Yaohua Glass Corporation, Bank of Communications and Nanho Development Co., Ltd.
2002	Completion of Phase I influenza vaccine technology transfer from Katasato Institute.
	Introduction of Adimmune/Kitasato influenza vaccine in Taiwan market, received government purchasing contract for 358,000 doses.
	Signed licensing contract for human biological agent manufacturing technology with Taiwan CDC.
2003	Passed 3-stage Danish SSI GMP validation process inspection, received PPD import certification.
2004	Technology transfer for Diphtheria vaccine from BDC.
	Initiated SARS vaccine development project (SVAC09).
2005	Signed technology transfer agreement with Kitasato Institute.
	Received the "Sullivan & Frost Award for Growth Strategy."
	Received the Ministry of Economic Affair's "Industrial Technology Development Plan for Cell Culture Process Platform of Japanese Encephalitis Vaccine" grant.
	First domestic non-serum cell cultured SARS prototype vaccine developed.
2006	First export of influenza vaccine to Macau.
2007	Sign strategic alliance agreement with Crucell B.V., Netherland, obtain authorization for Virosome adjuvant technology.
	Sign strategic alliance agreement with Crucell B.V., Netherland, obtain authorization for Virosome adjuvant technology.
	Crucell B.V. became a new strategic shareholder, investing NT$384 million.
2008	Acquired Taiwan patent for Japanese Encephalitis DNA vaccine (no. I 302166).
	New equity investments from China Steel Corporation, Taiyen Biotech Co.,Ltd, Fubon Venture Capital, Boston Venture Capital, Shengyang Venture Capital, Japan BHP Venture Capital, totaling NT$1.316 billion.
2009	Completion of EU GMP standard flu vaccine plant
	Produced H1N1 novel influenza vaccine and provided 10 million doses to the Taiwan government for vaccination purposes.
	Received Ministry of Economy certification as bio-technnology company in accordance with the New Biotechnology Ordinance
2010	The Financial Supervisory Commission approved the public offering of shares of the Company.
	Received Merit Medal Award from Executive Yuan for work on pandemic control of H1N1 flu

	IPO listing on Taiwan’s emerging stock market
	Received Deloitte Asia-Pacific High-Tech High-Growth Evaluation, ranked 8th in Taiwan, 64th in the Asia-Pacific region
2011	Received National Biotech-Medical Quality Gold Award
	Influenza vaccine factory passed EU GMP inspection.
2012	IPO listing on the main board of the Taiwan Stock Exchange
	New aseptic pre-filled syringe line received cGMP certification from TFDA
2013	The Virosome flu antigen is produced with Swiss drug certification.
	Signed Cooperating contract for sterile filling service with Techdow Pharm Co., Ltd.
	Signed cooperation contract with the Natioal Health Research Institute for “Licensing of the results for the Phase I clinical trial of enterovirus 71 vaccines”
	Received approval for trivalent influenza vaccine Phase III clinical trial from CFDA in China
	Signed cooperation agreement with UMN, a global leader in recombinant protein vaccine manufacturing
2014	Enimmune Corporation established as a subsidiary of Adimmune to engage in the development of enterovirus vaccines.
	Completed trivalent influenza flu vaccineenrollment of 1200 human subjects for Phase III clinical trial in Guanxi, China
	Signed fill and finish services contract with Protein Sciences Corp. to provide professional aseptic filling and finishing services for the new tetravalantinfluenza vaccine
2015	Signed Cooperation Framework Agreement with Kitasato Daiichi Sankyo Co., Ltd. Adimmune will be responsible for the production of the new seasonal influenza vaccine stock solution for export to Japan for supply to Kitasato Daiichi Sankyo Co. Ltd. and Kitasato Daiichi Sankyo Co., Ltd. produces the finished vaccine for the Japanese market.
	The Company's trivalent cracked seasonal influenza vaccine has received a drug certificate from the China Food and Drug Administration (CFDA).
	Obtained the drug certificate for Japanese encephalitis vaccine with imported foreign cell culture technology.
2016	The U.S. FDA came to Taiwan to inspect the factory, and the Company received GMP certification from the U.S. FDA, initiating a milestone in the filling business.
	The European influenza business was expanded with the establishment of Adimmune B.V. in the Netherlands, and a multi-center clinical phase III trial of Adimmune's own brand quadrivalent influenza vaccine, AdimFlu-S (QIS), was conducted in Belgium in conjunction with CLINIPACE, a leading international clinical trial company.
	Techdow cooperated with the Company to obtain the Polish drug certificate and the European drug certificate, and to formally provide commercial batch filling service.
2017	Obtained a quadrivalent influenza vaccine drug certificate approved by the Ministry of Health and Welfare.
	Obtained the Japanese encephalitis vaccine drug certificate approved by the Ministry of Health and Welfare.
2019	The Company settled the arbitration litigation with Crucell and its parent company Johnson&Johnson.
2020	Enimmune Corporation (stock code: 6564), a subsidiary of the Company, has completed the first clinical phase III interim analysis of the enterovirus 71 vaccine (EnVAX-A71) in Taiwan.
	The Company received approval from the Ministry of Health and Welfare for the Phase I human clinical trial of the COVID-19 vaccine.
2021	The Company was approved by The National Agency of Drug and Food Control of Indonesia (also known as “Badan Pengawas Obat dan Makanan,” BPOM) to proceed with Phase I/II human clinical trials for COVID-19 vaccine.
	The Company had an exclusive licensing contract for AdimrSC-2f vaccine signed with Enimmune Biotech Pte Ltd., which was based in Singapore.
2022	The Company’s quadrivalent influenza vaccine is approved by the National Medical Products Administration of China.

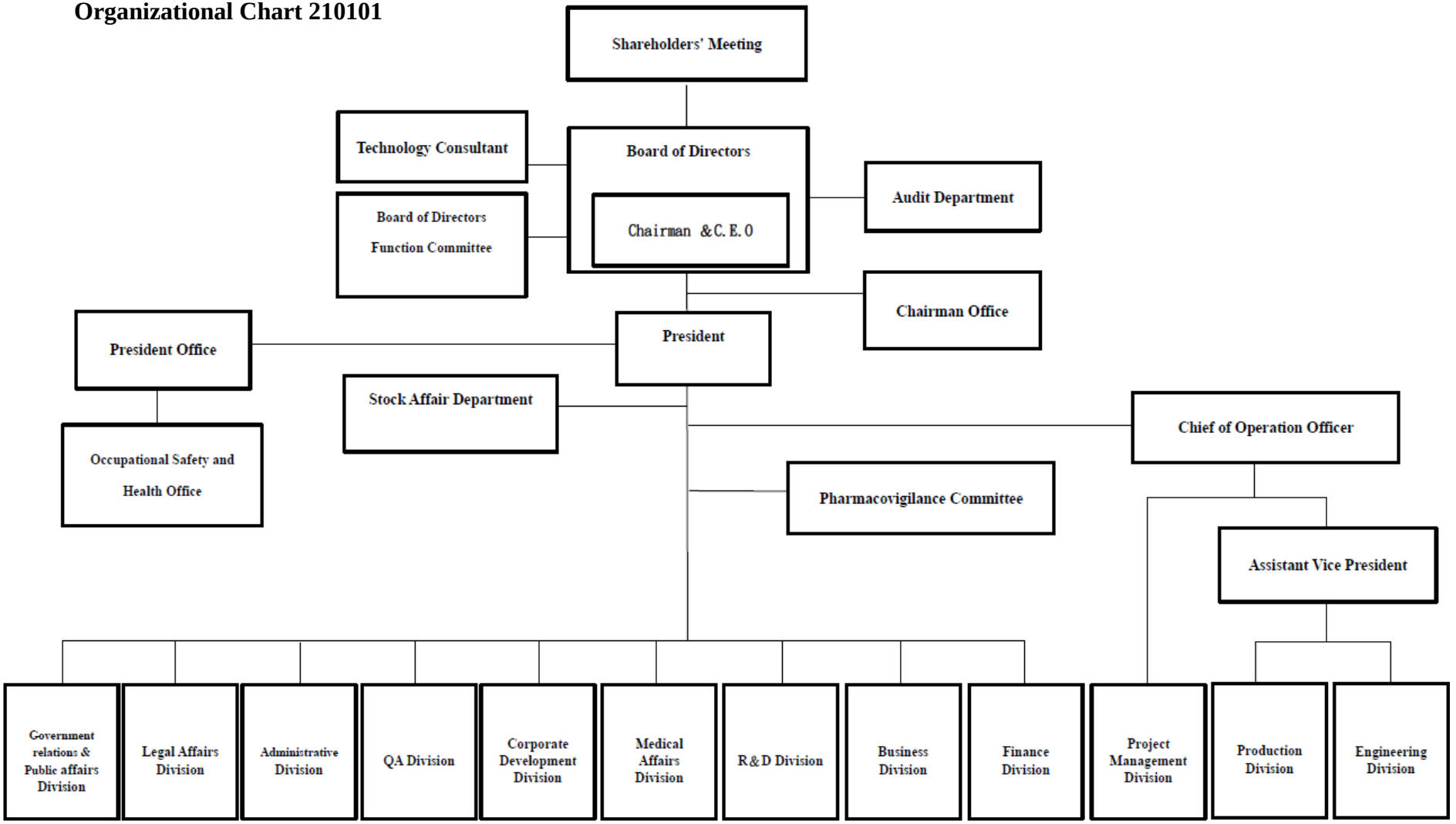
II. Corporate Governance Report

I. Organization

(I) Organizational Chart

Adimmune Corporation

Organizational Chart 210101



(II) Department Functions:

Department	Function
Audit Department	Coordinate the auditing and control environment, risk assessment, control operations, information and communication, and supervision regarding the Company's internal control system.
Chairman's Office	Coordinate the executive management of the Company's operational affairs and decisions.
Occupational Safety Group	Coordinate matters related to labor safety and health, environmental management, etc.
Drug Control Committee	Handle adverse drug reaction events, assess whether the event has a potential impact on quality and participate in the investigation and creation of reports to government units.
Government Relations and Public Affairs Department	Group's external press releases, media relations operations, public relations event coordination planning, and government relations establishment and maintenance operations.
Legal Department	Responsible for corporate affairs.
Administrative Department	1. Coordinate the planning, establishment and management of the Company's organization and human resources database.
	2. Coordinate the planning and implementation of information electronic and communication, network and system management.
	3. General affairs, general affairs, and asset management.
	4. Procurement of raw materials, equipment, project contracting and supplier management.
	5. Management of raw materials and supplies and the storage of finished products in accordance with CGMP (Current Good Manufacturing Practice).
Quality Assurance Department	1. Manage the management of experimental system and inspection and analysis.
	2. CGMP (Current Good Manufacturing Practice) quality assurance system and other matters.
	3. Coordinate the management of drug laws and regulations, the establishment of annual product reports, and other matters, and act as the representative of the drug administration.
Corporate Development Department	Cost analysis and resource integration of new planning projects, evaluation of the effectiveness of new investment projects, evaluation of business cooperation projects, negotiation, management, evaluation and promotion of operation improvement cases, and planning matters assigned by the senior management.
Medical Department	Domestic and foreign drug license application, change registration, planning and management of outsourced trials (preclinical animal trials and human clinical trials), implementation of drug safety monitoring system, application for import and export of drugs and related test materials, and government-related business orders.
Research and Development Department	Application development of basic research and the development and transfer of product manufacturing technology.
Business Department	1. Government procurement, marketing services, business analysis, and market development.
	2. New products, new business planning and development, and market intelligence.
Finance Department	Manage the financial and budgetary affairs, accounting and cashiering.
Project Management Department	1. Undertake the planning of the Planning Division, coordinate the comprehensive control of various product development projects and the application and execution of various government grants.
	2. Integrated control and execution of various plant construction projects and process improvement projects.

Department	Function
	3. IFPMA IVS member business hosting.
	4. Confirmation and acquisition of influenza vaccine strains and standard products.
Production Department	1. Manage the planning and execution of production chain management and the integration of production and sales communication.
	2. Manage the construction, maintenance and repair of facilities, utility systems and equipment, as well as the operation and management of utility systems.
	3. Production and filling and packaging of products that comply with the CGMP (Current Good Manufacturing Practice) standards.
Construction Department	1. Production-related process equipment maintenance and repair work execution.
	2. Power, utility system and process equipment power requirement confirmation, control system, control components, specification confirmation and circuit diagram review.
	3. New plant building interior, fire protection, and all utility systems specifications and building code clarification, engineering drawings and document review, and construction quality supervision.

II. Information on the Company's Directors, Supervisors, President, Vice Presidents, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors and Supervisors

1. Information on directors

April 30, 2022

Position	Nationality/Place of Registration	Name	Gender Age	Date First Elected	Date Elected (Note 1)	Term	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Minor Children		Shares Held in Names of Other Persons		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage			Position	Name	Relationship
Chairman	Taiwan	Chan, Chi-Hsien (Note 1)	Male (71~80)	2008.07.01	2019.06.20	3 years	3,402,941	1.30%	3,707,941	0.86%	–	–	–	–	◦ Honorary Doctorate, National Defense Medical Center ◦ Department of Medicine, Chung Shan Medical University ◦ Business Management Studies, Pomona College, USA ◦ Head of Department of Surgery, Pomona Medical Center, USA ◦ Director of Pomona Health Insurance Company ◦ President of Chi Mei Hospital ◦ Chairman of Taiwan Non-govenmental Hospitals & Clincis Association ◦ Minister of Department of Health, Executive Yuan ◦ Chairman of National Health Research Institutes	◦ Chairman of Hematech Biotherapeutics Inc.	-	-	-
Director	Taiwan	Chi, Wei-Kuang (Note 1, 2)	Male (61~70)	2001.06.08	2019.06.20	3 years	-	-	–	–	–	–	–	–	◦ Ph.D., Chemical Engineering, University of Pennsylvania, USA ◦ Graduate of the Department of Agricultural Chemistry, National Taiwan University ◦ Special Expert of Development Center for Biotechnology	-	-	-	-
	Representative Corporate Shareholder: Management Committee of Yao Hua Glass Co., Ltd.			2001.06.08	2019.06.20	3 years	16,878,048	7.10%	16,878,048	3.93%		–	–	–	-	-	-	-	-
Director	Taiwan	Lin, Chi-Heng (Note 1, 3)	Male (51~60)	2008.10.30	2019.06.20	3 years	-	-	–	–	5,000	0.00%	–	–	◦ Ph.D., Institute of Law, National Chengchi University ◦ LL.B., Department of Law, National Taiwan University ◦ Independent Director, Member of Audit Committee, Convenor of Remuneration Committee of Mega Financial Holding Co., Ltd. ◦ Director of Sheng Yang Venture Capital Inc. ◦ Director ◦ Senior Attorney of Lee and Li, Attorneys-at-Law ◦ Attorney of Baker and McKenzie	◦ Chief Attorneys-at-law, Lin & Partners ◦ Chairman of Heng Ye Management Consultants Co., Ltd.	-	-	-

Position	Nationality/Place of Registration	Name	Gender Age	Date First Elected	Date Elected (Note 1)	Term	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Minor Children		Shares Held in Names of Other Persons		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage			Position	Name	Relationship
	Representative Corporate Shareholder: Jing Mao Investment Co., Ltd.			2008.10.30	2019.06.20	3 years	4,195,850	1.76%	3,000,850	0.70%		—	—	—	-	-	-	-	-
Director	Taiwan	Lin, Jung-Chin (Note 1, 4)	Male (61~70)	2019.06.20	2019.06.20	3 years					—	—	—	—	◦ Honorary Doctorate, Taipei Medical University ◦ School of Pharmacy, Taipei Medical University ◦ Chairman of Medeon Biodesign, Inc. ◦ Chairman of PharmaEngine Inc. ◦ Chairman of Tot Biopharm Co., Ltd. ◦ Chairman of Center Laboratories, Inc.	◦ Chairman of Center Laboratories, Inc. ◦ Chairman of Mycenax Biotech Inc. ◦ Director/ President/ Chief Executive Officer of Lumosa Therapeutics Co., Ltd. ◦ Chairman of glacbiotech Co., Ltd. ◦ Chairman of Bioengine Capital Inc. ◦ Chairman of Bioengine Technology Development Inc. ◦ Director of BRIM Biotechnology, Inc. ◦ Chairman of Royal Foods Co., Ltd. ◦ Chairman of Ausnutria Dairy (Taiwan) Nutrition & Health Corporation ◦ Chairman of Youluck International Inc. ◦ Chairman of OmniPro biotech Co., Ltd. ◦ Director of Xiang Yong Biotechnology Management Co., Ltd. ◦ Director of Beijing Shundu Pharmaceutical Research Institute Co., Ltd.	-	-	-
	Representative Corporate Shareholder: Wen Teng Investment Co., Ltd.			2019.06.20	2019.06.20	3 years	609,000	0.26%	870,580	0.20%		—	—	—	-	-	-	-	-
Director	Taiwan	Chen, Chien-Fu (Note 1, 5)	Male (41~50)	2017.06.29	2019.06.20	3 years	92,385	0.02%	92,385	0.02%	—	—	—	—	◦ EMBA, Guanghua School of Management, Peking University ◦ Department of Mechanical Engineering, University of California, Berkeley, USA ◦ Researcher, Harvard Business School, USA	◦ Chairman of Chuan Pu Investment Co., Ltd. ◦ Director of Nan He Xing Chan Co., Ltd. ◦ Director of Tien Pu Co., Ltd. ◦ Director of Hang Teng Investment Co., Ltd. ◦ Director of Han-Hsien Co., Ltd. ◦ Director of Adimmune Corporation ◦ Director of Senhwa Biosciences Inc. ◦ Director of Taiwan Styrene Monomer Corporation ◦ Director of Paradigm Asset Management Co., Ltd.	-	-	-
	Representative Corporate Shareholder: Tien Pu Co., Ltd.			2017.06.29	2019.06.20	3 years	1,469,215	0.62%	2,088,215	0.49%		—	—	—	-	-	-	-	-
Director	Taiwan	Tseng, Mei-Hsing (Note 1, 6)	Female (51~60)	2017.06.29	2019.06.20	3 years	-	-	—	—	—	—	—	—	◦ Institute of Business Management, University of Texas at Arlington ◦ Business Team Leader of National Development Fund, Executive Yuan	◦ Business Team Leader of National Development Fund, Executive Yuan	-	-	-

Position	Nationality/Place of Registration	Name	Gender Age	Date First Elected	Date Elected (Note 1)	Term	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Minor Children		Shares Held in Names of Other Persons		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage			Position	Name	Relationship
	Representative Corporate Shareholder: National Development Fund, Executive Yuan			2017.06.29	2019.06.20	3 years	31,747,438	13.35%	48,584,162	11.31%		–	–	–	-	-	-	-	-
Director	Taiwan	Lin, Ching-Che (Note 1, 6)	Male (61~70)	2017.06.29	2019.06.20	3 years	-	-	–	–	–	–	–	–	° Ph.D., Department of Biochemistry and Biophysics, University of North Carolina at Chapel Hill, USA ° M.S., Institute of Biochemistry, Yang Ming Medical College ° B.S. in Chemistry, National Taiwan University ° Professor, Institute of Biochemistry and Molecular Biology, National Taiwan University School of Medicine	° Professor, Institute of Biochemistry and Molecular Biology, National Taiwan University School of Medicine	-	-	-
	Representative Corporate Shareholder: National Development Fund, Executive Yuan			2017.06.29	2019.06.20	3 years	31,747,438	13.35%	48,584,162	11.31%		–	–	–	-	-	-	-	-
Director	Taiwan	Liu, Chung-Cheng (Note 1)	Male (71~80)	2019.06.20	2019.06.20	3 years	260,000	0.11%	500,000	0.12%	–	–	–	–	° Ph.D. in Biochemistry, Princeton University, USA ° Graduate. Department of Zoology, National Taiwan University ° Senior Researcher, Genentech Inc. ° Molecular Biotechnology Team Leader, Genencor International, USA ° Deputy Director, Institute of Biomedical Sciences, Industrial Technology Research Institute ° Director, Institute of Biomedical Sciences, Industrial Technology Research Institute	° Adjunct Professor, Institute of Systems Biology, National Central University ° Adjunct Professor, Institute of Biochemistry, National Cheng Kung University ° Chairman of Enimmune Corporation ° Chairman of EGGS Corporation ° Chairman of Wei Mu Biological Technology Co., Ltd.	-	-	-
Independent Director	Taiwan	Hsu, Hsiao-Po (Note 1)	Male (81~90)	2011.08.15	2019.06.20	3 years	-	-	–	–	–	–	–	–	° LL.M., New York University School of Law, USA ° Master of Arts in Diplomacy, Frye School of Law and Diplomacy, Tufts University, USA ° Professor, Department of Law, National Taiwan University ° Chief Attorneys-at-law, Lee and Li, Attorneys-at-Law ° Member of the Executive Yuan "Organizational Transformation Promotion Group ° Member of Asia Executive Committee, MIT Sloan School of Management, USA	° Chairman and Chief Executive Officer of PHYCOS International Co., Ltd. ° Director of PHYCOS Intellectual Property Offices ° Chairman of Epoch Foundation, ° Director of ProMOS Technologies Inc. ° Legal Director of Longchen Paper & Packaging Co., Ltd. ° Director of Franz Collection Inc.	-	-	-

Position	Nationality/Place of Registration	Name	Gender Age	Date First Elected	Date Elected (Note 1)	Term	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Minor Children		Shares Held in Names of Other Persons		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage	Number of Shares (Shares)	Shareholding Percentage			Position	Name	Relationship
Independent Director	Taiwan	He, Mei-Hsiang (Note 1)	Female (71~80)	2017.06.29	2019.06.20	3 years	77,425	0.02%	77,425	0.02%	–	–	–	–	° MD, Indiana State University ° MPH, Harvard University ° Researcher of Institute of Biomedical Sciences, Academia Sinica ° Director of Research and Development of Adimmune Corporation ° CDC, USA		-	-	-
Independent Director	Taiwan	Hsu, Yung-Sheng (Note 1, 7)	Male (51~60)	2020.06.22	2020.06.22	3 years	-	-	-	-	-	-	-	-	° . Ph.D., Graduate Institute of Accounting, National Taiwan University ° . Professor, Department of Accounting, National Chung Hsing University ° . Head of Accounting Department, National Chung Hsing University	° . (9934) Globe Union Industrial Corp./ Independent Director, Convenor of the Audit Committee, Member of the Remuneration Committee ° . (6618) UHT Unitech Co., Ltd./ Independent Director, Convenor of the Audit Committee, Convenor of the Remuneration Committee ° . Review Committee Member of TWSE ° . Review Committee Member of Taipei Exchange ° . (8933) Ideal Bike Corp. Legal Director ° . Accounting and Auditing Consultant, Taichung City Accounting Association	-	-	-

Note 1: Directors were elected at the Shareholders Meeting on June 20, 2019.

Note 2: Management Committee of Yao Hua Glass Co., Ltd. has appointed Chi, Wei-Kuang as its representative to be elected as a director.

Note 3: Jing Mao Investment Co., Ltd. appointed Lin, Chi-Heng as its representative to be elected as a director.

Note 4: Wen Teng Investment Co., Ltd.is elected as a corporate entity and currently appointed Lin, Jung-Chin as its representative.

Note 5: Tien Pu Co., Ltd. appointed Chen, Chien-Fu as its representative to be the elected director.

Note 6: National Development Fund, Executive Yuan appointed Tseng, Mei-Hsing and Lin, Ching-Che its representatives to be the elected directors.

Note 7: The Company elected Hsu, Yung-Sheng as an independent director on June 22, 2020.

2. Major shareholders of corporate shareholders

April 30, 2022

Name of Institutional Shareholder	Major shareholders of corporate shareholders
National Development Fund, Executive Yuan	Government Agencies
Management Committee of Yao Hua Glass Co., Ltd.	Management Committee of Yao Hua Glass Co., Ltd. is a management committee administered by the Ministry of Economic Affairs and currently consists of two to six representatives of private shares and eight representatives of government shares.
Tien Pu Co., Ltd.	Li Jun Co., Ltd. (69.92%)
	Tien Jun Co., Ltd. (16.00%)
	Jun Cheng Co., Ltd. (8.67%)
	Wen Teng Investment Co., Ltd. (3.33%)
	Chuan Pu Investment Holdings Corporation (1.13%)
	Hsiang Mao Investment Co., Ltd. (0.72%)
	Chen, Chien-Fu (0.2%)
	Chen, Tien-Pu (0.01%)
	Chen, Chien-Jun (0.01%)
Wen Teng Investment Co., Ltd.	Chen, Chien-Jun (19.38%)
	Yu Chuan Culture Investment Co. Ltd. (19.19%)
	Chuan Pu Investment Holdings Corporation (19.19%)
	Hsiang Ching Investment Co., Ltd. (15.50%)
	Hsiang Mao Investment Co., Ltd. (13.08%)
	Chen, Chien-Fu (9.58%)
	Tseng, Shui-Hui (2.04%)
	Chen, Tien-Pu (2.04%)
Jing Mao Investment Co., Ltd.	Sheng Mou Ho Co., Ltd. (78.66%)
	Lin, Yu-Shu (2.00%)
	Wu, Hui (5.00%)
	Wu, Chun-Liang (2.50%)
	Yeh, Shu-Ching (2.50%)
	Han, Heng-Cheng (2.50%)
	Wu, Chun-I (4.42%)
	Chiu, Chien-Chi (0.42%)
	Wu, Yin (2.00%)

3. Major Shareholders of Major Corporate Shareholder

April 30, 2022

Name of Institutional Shareholder	Major Shareholder
Li Jun Co., Ltd.	Wen Teng Investment Co., Ltd. (82.00%)
	Chuan Pu Investment Holdings Corporation (15.60%)
	Tseng, Shui-Hui (0.40%)
	Chen, Chien-Fu (0.40%)
	Chen, Chien-Jun (0.40%)
	Chen, Tien-Pu (0.40%)
	Tien Jun Co., Ltd. (0.40%)
	Jun Cheng Co., Ltd. (0.40%)
Tien Jun Co., Ltd.	Tien Pu Co., Ltd. (67.70%)
	Hsiang Mao Investment Co., Ltd. (16.40%)
	Chen, Chien-Fu (12.68%)
	Li Jun Co., Ltd. (1.30%)
	Jun Cheng Co., Ltd. (1.28%)
	Chen, Tien-Pu (0.25%)
	Chen, Chien-Jun (0.25%)
	Tseng, Shui-Hui (0.13%)
	Wen Teng Investment Co., Ltd. (0.03%)
Jun Cheng Co., Ltd.	Tien Pu Co., Ltd. (85.96%)
	Li Jun Co., Ltd. (4.00%)
	Chuan Pu Investment Holdings Corporation (3.55%)
	Tien Jun Co., Ltd. (2.00%)
	Wen Teng Investment Co., Ltd. (2.00%)
	Hsiang Mao Investment Co., Ltd. (1.96%)
	Chen, Chien-Fu (0.45%)
	Chen, Tien-Pu (0.04%)
	Chen, Chien-Jun (0.04%)
Chuan Pu Investment Holdings Corporation	Chen, Chien-Fu (99.67%)
	Lin, Yeh-Chun (0.33%)
Hsiang Mao Investment Co., Ltd.	Chen, Chien-Jun (94.36%)
	Chou, Pei-Ying (4.02%)
	Chen, Tien-Pu (0.81%)
	Tseng, Shui-Hui (0.81%)
Yu Chuan Culture Investment Co. Ltd.	Chen, Chien-Fu (99.95%)
	Chen, Tien-Pu (0.05%)

Name of Institutional Shareholder	Major Shareholder
Hsiang Ching Investment Co., Ltd.	Chen, Chien-Jun (60.00%)
	Chen, Chien-Fu (40.00%)
Sheng Mou Ho Co., Ltd.	Lin, Yu-Shu (9.17%)
	Wu, Yin (9.71%)
	Chu, Wen-Lung (0.08%)
	Wu, Shu-Fen (23.42%)
	Wu, Chun-I (16.75%)
	Wang, Cheng-Lung (0.08%)
	Wu, Shu-Ting (23.33%)
	Chu, Chia-Chen (18.00%)

4. Disclosure of information on the professional qualification of directors and independence of independent Directors:

April 30, 2022

Criteria / Name	Professional Qualification and Experience (Note 1)	Requirement for Independence (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chan, Chi-Hsien	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company The Chairman and CEO of the Company currently Served as the Minister of the Department of Health, Executive Yuan, Chairman of the National Health Research Institutes, and President of Chi Mei Medical Center Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	
Lin, Ching-Che Representative Corporate Shareholder: National Development Fund, Executive Yuan	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent professor of the Department of Biochemistry and Molecular Biology, National Taiwan University currently Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	-
Tseng, Mei-Hsing Representative Corporate Shareholder: National Development Fund, Executive Yuan	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent Business Team Leader of National Development Fund, Executive Yuan Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	-
Chi, Wei-Kuang Representative Corporate Shareholder: Management Committee of Yao Hua Glass Co., Ltd.	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent expert contracted by the Development Center for Biotechnology Served as Deputy Chief Executive Officer of the Development Center for Biotechnology Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	-
Lin, Jung-Chin Representative Corporate Shareholder: Wen Teng Investment Co., Ltd.	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent Chairman of Center Ventures Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	-
Chen, Chien-Fu Representative Corporate Shareholder: Tien Pu Co., Ltd.	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent Chairman of Chuan Pu Investment Holdings Corporation Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	-

Lin, Chi-Hung Representative Corporate Shareholder: Jing Mao Investment Co., Ltd.	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent Presiding Attorney of Lin & Partners Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	-
Liu, Chung-Cheng	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent President of the Company Served as the Director of ITRI Institute of Biomedical Sciences Not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	
Hsu, Hsiao-Po	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent Chairman of Paul Hsu & Partners Served as the Presiding Attorney of Lee & Li Attorney at Law Not been a person of any conditions defined in Article 30 of the Company Act.	The independent directors of the Company meet the requirements of independence. The independent director and his/her spouse, and relatives within the second degree of kinship are not a director, supervisor, or employee of the Company or its affiliates; do not hold shares of the Company; and are not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company. Did not provide commerce, law, finance, accounting, or other services to the Company or its affiliates in exchange for remuneration in the last two years.	1

He, Mei-Hsiang	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent adjunct researcher of the Institute of Biomedical Sciences, Academia Sinica Served as the R&D Director of the Company Not been a person of any conditions defined in Article 30 of the Company Act.	The independent directors of the Company meet the requirements of independence. The independent director and his/her spouse, and relatives within the second degree of kinship are not a director, supervisor, or employee of the Company or its affiliates; hold the Company's shares but do not directly hold more than 5% of the Company's total issued shares or on the top-five shareholding list; and are not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company. Did not provide commerce, law, finance, accounting, or other services to the Company or its affiliates in exchange for remuneration in the last two years.	-
Hsu, Yung-Sheng	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent Professor of the Department of Accounting of National Chung Hsing University Served as the Dean of the Department of Accounting of National Chung Hsing University Not been a person of any conditions defined in Article 30 of the Company Act.	The independent directors of the Company meet the requirements of independence. The independent director and his/her spouse, and relatives within the second degree of kinship are not a director, supervisor, or employee of the Company or its affiliates; do not hold shares of the Company; and are not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company. Did not provide commerce, law, finance, accounting, or other services to the Company or its affiliates in exchange for remuneration in the last two years.	2

Note 1: Professional qualification and experience: Describe the professional qualification and experience of each director and supervisor. For those who are members of the Audit Committee with accounting or financial expertise, describe their accounting or financial background and work experience; in addition, describe whether they are subject to any of the matters stated in Article 30 of the Company Act.

Note 2: Describe independent directors' fulfilling the requirement of independence, including but not limited to whether the independent directors, their spouse, or relatives within the second degree of kinship are serving as directors, supervisors, or employees of the Company or the Company's affiliates; the shareholding and shareholding ratio held by the independent directors, their spouse, or relatives within the second degree of

kinship (or held in the name of others); whether they are serving as directors, supervisors, or employees of a company that has a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5–8 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"); and the amount of remuneration received for providing commerce, law, financial, and accounting services to the Company or the Company's affiliates in the last two years.

5. Board diversity and independence:

(1) Board diversity

A. Female directors accounted for 18% and male directors accounted for 82% of the Board of Directors.

B. Independent directors accounted for 27% of the Board of Directors.

C. There is 1 director falls in the age group of over 80 years old; 3 directors in the age group of 70–79 years old; 4 directors in the age group of 60–69 years old; 2 directors in the age group of 50–59 years old; and 1 director in the age group of 40–49 years old.

D. There are 3 directors who served for more than 10 years of tenure and 2 directors served for 3–9 years.

The diversified core items of directors are as follows:

Item / Name		Gender	Business management	Leadership and decision-making	Industry knowledge	Financial accounting	Law
director	Chan, Chi-Hsien	Male	○	○	○		
director	Lin, Ching-Che	Male	○		○		
director	Tseng, Mei-Hsing	Female	○	○		○	
director	Chi, Wei-Kuang	Male	○	○	○		
director	Lin, Jung-Chin	Male	○	○	○		
director	Chen, Chien-Fu	Male	○	○			
director	Chi-Hung Lin	Male	○	○			○
director	Liu, Chung-Cheng	Male	○	○	○		
Independent Director	Hsu, Hsiao-Po	Male	○	○		○	○
Independent Director	He, Mei-Hsiang	Female	○		○		
Independent Director	Hsu, Yung-Sheng	Male	○			○	

(2) Independence of Board of Directors:

The Company's directors are selected and appointed in an open and fair manner, and in compliance with the Company's "Articles of Incorporation," "Guidelines Governing Election of Directors," "Corporate Governance Best Principles," "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and "Article 14-2 of the Securities and Exchange Act." The current Board of Directors includes three independent directors (27%) and eight non-independent directors (73%).

The Company's Board of Directors guides the Company's business strategy, supervises the management, and is responsible to the shareholders. In terms of corporate governance, the Board of Directors has exercised power in compliance with the relevant laws and regulations, the Company's Articles of Incorporation, or the resolutions of the shareholders' meeting. The Company's Board of Directors values the importance of independence and transparent operation. Directors and independent directors are independent entities and exercise their powers independently. The three independent directors also cooperate with the Audit Committee in accordance with the relevant laws and regulations, review the management and control of the Company's existing or potential risks in order to supervise the effective implementation of the

Company's internal control, the selection (dismissal) and independence of the independent auditors, and the appropriate preparation of financial statements. In addition, the methods for the selection and election of directors and independent directors are stipulated in accordance with the Company's "Guidelines Governing Election of Directors," which includes the cumulative voting system and the candidate nomination system. Shareholders are encouraged to participate. Shareholders with a certain number of shares may propose a list of candidates. The qualification review of the candidates, the confirmation of any violations as listed in Article 30 of the Company Act, and the relevant processes are performed and announced lawfully to protect the rights and interests of shareholders, prevent nomination rights from being monopolized or abused, and maintain the independence of directors.

The Company has a board performance evaluation system established since the year of 2020. The internal self-evaluation of the Board of Directors (including functional committees) and board directors is performed annually; also, an external evaluation is performed at least once every three years by a professional independent organization or by a team of external experts and scholars. The evaluation results are reported to the Board of Directors in accordance with the laws and regulations and then disclosed lawfully.

(II) Information on the President, Vice Presidents, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

April 30, 2021

Position	Nationality	Name	Gender	Date Elected	Shareholding		Shares held by spouse and minor children		Shares Held in Names of Other Persons		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares (Shares)	%	Number of Shares (Shares)	%	Number of Shares (Shares)	%			Position	Name	Relationship
Chief Executive Officer	Taiwan	Chan, Chi-Hsien	Male	2008.07.01	3,707,941	0.86%	–	–	–	-	◦ Honorary Doctorate, National Defense Medical Center ◦ Department of Medicine, Chung Shan Medical University ◦ Business Management Studies, Pomona College, USA ◦ Head of Department of Surgery, Pomona Medical Center, USA ◦ Director of Pomona Health Insurance Company ◦ President of Chi Mei Hospital ◦ Chairman of Taiwan Non-govenmental Hospitals & Clincis Association ◦ Minister of Department of Health, Executive Yuan ◦ Chairman of National Health Research Institutes	◦ Chairman of Hematech Biotherapeutics Inc.	-	-	-
President	Taiwan	Liu, Chung-Cheng	Male	2012.12.01	500,000	0.12%	–	–	–	-	◦ Ph.D. in Biochemistry, Princeton University, USA ◦ Graduate. Department of Zoology, National Taiwan University ◦ Senior Researcher, Genentech Inc. ◦ Molecular Biotechnology Team Leader, Genencor International, USA ◦ Deputy Director, Institute of Biomedical Sciences, Industrial Technology Research Institute ◦ Director, Institute of Biomedical Sciences, Industrial Technology Research Institute	◦ Adjunct Professor, Institute of Systems Biology, National Central University ◦ Adjunct Professor, Institute of Biochemistry, National Cheng Kung University ◦ Chairman of Enimmune Corporation ◦ Chairman of EGGS Corporation ◦ Chairman of Wei Mu Biological Technology Co., Ltd.	-	-	-
Chief Operating Officer	Taiwan	Chang, Chin-Chuan	Male	2014.11.01	17,357	0.00%	–	–	–	-	◦ Ph.D. in Chemical Engineering and Materials Science, University of California, Davis (UC Davis), USA ◦ Researcher of Development Center for Biotechnology	◦ None	-	-	-
Vice President of Quality Assurance Department	Taiwan	Chiu, Chin-I	Male	2013.12.07	–	–	–	–	–	-	◦ Ph.D. in Cellular Molecular Biology, University of Massachusetts, USA ◦ Adjunct Associate Professor, Fu Jen Catholic University ◦ Adjunct Associate Professor, Providence University ◦ Team Leader of Bureau of Controlled Substances Administration, Department of Health ◦ Senior Technical Specialist of Drug and Food Inspection Bureau, Department of Health ◦ Director of Taiwan Parental Drug Association	◦ Supervisor of Enimmune Corporation	-	-	-
Vice President of Chief Legal Officer	Taiwan	Pan, Fei	Male	2012.03.01	121,539	0.03%	–	–	–	-	◦ LL.M., University of Pennsylvania, USA ◦ California Attorney ◦ Adjunct Lecturer, National Tsing Hua University ◦ Corporate Investment Department of Lee and Li, Attorneys-at-Law ◦ Chief Legal Officer of Vanguard International Semiconductor Corporation	◦ Director of Lee Jen International Capital Limited ◦ Lee Jen United Co., Ltd. ◦ Director of Lee Jen Development Co., Ltd. ◦ Supervisor of Enimmune Corporation ◦ Supervisor of Eggs Corporation	-	-	-
Chief Medical Officer	Taiwan	Chen, Chun-Cheng	Male	2021.01.01	–	–	–	–	–	–	◦ MBA, International Business Strategy Institute, University of South Australia, Australia ◦ Master of Pharmacy, Hibernia College, Ireland ◦ PhD in Psychiatric Studies, King's College, University of London, UK ◦ Department of Medicine, China Medical University ◦ Chief Medical officer, OBI ◦ Phizer Inc. Clinical Head ◦ Associate Professor and Director of Psychiatry, National Cheng Kung University ◦ Member & Executive Secretary, Ethical Committee for Human Research ◦ Founder, JN Biopharma Consulting ◦ Senior Consultant, Adimmune Corporation ◦ Visiting Professor, Institute of Biotechnology and Pharmaceutical Sciences, National Health Research Institutes	◦ None	–	–	–
Director of Production Department	Taiwan	Yen, Yuan-Hou	Male	2007.12.07	23,193	0.01%	–	–	–	–	◦ Institute of Botany, National Taiwan University ◦ Research Specialist of Chen Ho Pharmaceuticals Co., Ltd. ◦ Quality Control Researcher, Quality Control Manager, Animal Vaccine Manager, Quality Assurance Manager, Manufacturing Manager of Adimmune Corporation	◦ None	-	-	-

Position	Nationality	Name	Gender	Date Elected	Shareholding		Shares held by spouse and minor children		Shares Held in Names of Other Persons		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares (Shares)	%	Number of Shares (Shares)	%	Number of Shares (Shares)	%			Position	Name	Relationship
Director of Administration Center	Taiwan	Tang, Li-Ya	Female	2015.08.01	5,000	0.00%	–	–	–	–	◦ Department of Medical Administration, Chang Jung Christian University ◦ Healthcare Executive of Taiwan College of Healthcare Executives ◦ Supervisor, Taiwan Nurses Association ◦ Director of Material Department, Chi Mei Medical Center General Hospital ◦ Advisor to the President's Office of Chi Mei Medical Center General Hospital	◦ None	-	-	-
Director, Planning & Medical Regulation Division	Taiwan	Hung, Yueh-Peng	Male	2019.04.01	–	–	–	–	–	–	◦ Institute of Veterinary Medicine, National Taiwan University ◦ Manager of Planning and Technology Department, Bestar Corporation ◦ Director of International Business, Reber Genetics Co., Ltd. ◦ Director of New Development Division of Adimmune Corporation	◦ President of Wei Mu Biological Technology Co., Ltd.	-	-	-
Head of R&D Division (Note.1)	Taiwan	Leng, Chih-Hsiang	Taiwan	2019.04.01	–	–	–	–	–	–	◦ Ph.D., Institute of Life Sciences, National Defense Medical Center ◦ Researcher and Associate Director, Institute of Infectious Diseases and Vaccines, National Health Research Institutes ◦ Associate Professor, Graduate Institute of Medicine, Kaohsiung Medical University ◦ Associate Professor, Institute of Immunology, China Medical University ◦ Ph.D. graduate, Quality Control Manager, Animal Core Laboratory Manager, Institute of Genomics and Proteomics, Academia Sinica	◦ Consultant of Enimmune Corporation	-	-	-
Director of Project Management	Taiwan	Hsu, Cheng-Mei	Male	2019.07.01	1,727	0.00%	-	-	-	-	◦ Ph.D. program (Dropped out), Institute of Technology Management, National Chung Hsing University ◦ M.S., Institute of Logistics Management, National Defense University ◦ Executive Vice President of Wilwin Global Corporation ◦ Senior Director of Project Coordination of J. Corp. (Tianjin) Limited ◦ Naval Engineering Reserve Colonel	◦ None	-	-	-
Director of Government Relations and Public Affairs	Taiwan	Wu, Pei-Jung	Female	2020.02.10	-	-	-	-	-	-	◦ B.A., Department of Journalism, National Culture University ◦ M.A., Institute of Public Policy, National Chi Nan University ◦ Editor-in-Chief of Health Section of United Daily News ◦ Director, Content Center, Health Division, United Daily News ◦ Deputy Spokesperson of PhytoHealth Corp. ◦ Director of Public Affairs of PhytoHealth Corp. ◦ Senior Researcher of Health and Welfare Foundation ◦ Medical Group Reporter of Min Sheng Bao	◦ None	-	-	-
Chief Financial Officer	Taiwan	Chang, Yin-Teng	Male	2021.01.01	2,727	0.00%	-	-	-	-	◦ University of Central Oklahoma/Accountio/MBA ◦ Senior Staff, Ernst & Young ◦ Senior Audit Manager, Hurco Manufacturing Limited ◦ Managing Director, Rexchip Electronics Corporation ◦ Senior Audit Manager, Johnson Health Tech ◦ Audit Supervisor, Sipix Technology Inc. ◦ Audit Manager, Adimmune Corporation	• None	-	-	-
Deputy Director of Quality Assurance Division	Taiwan	Chen, Ying-Tung	Female	2012.12.07	138,500	0.03%	-	-	-	-	◦ Department of Pharmacy, Taipei Medical University ◦ Pharmacist of higher examination ◦ Quality Control Engineer of Adimmune Corporation Drug Compliance Officer Special Assistant to President Quality Assurance Manager	◦ None	-	-	-
Deputy Director of Quality Assurance Division	Taiwan	Chien, Cheng-Hsin	Male	2015.07.01	28,445	0.01%	-	-	-	-	◦ Institute of Microbiology, Soochow University ◦ Analyst of Chia Mei Environmental Technology ◦ Engineer of Quality Assurance Department, Associate Manager of Quality Control Department, Manager of Quality Control Department of Adimmune Corporation	◦ None	-	-	-
Deputy Director of Planning and Medical Regulation Division	Taiwan	Chen, Wei-Chih	Male	2012.10.01	3,000	0.00%	-	-	-	-	◦ Doctor of Clinical Medicine, Peking University ◦ Refresher Practitioner of Moorfields Eye Hospital, London, UK ◦ Practitioner of Peking University People's Hospital ◦ LL.B., National Taipei University ◦ Research Assistant of Bridge Across the Strait Foundation ◦ Research Assistant to Member of the Legislative Yuan	◦ None	-	-	-
Deputy Director of Engineering Department	Taiwan	Yu, Chia-Jui	Male	2019.09.01	1,727	0.00%	-	-	-	-	◦ M.S., Institute of Marine Environment and Engineering, Sun Yat-sen University ◦ Project Manager of United Purification Technology Co., Ltd. ◦ Team Leader, Assistant Manager, Manager of Plant Department of Adimmune Corporation	◦ None	-	-	-
Deputy Director of Production Department	Taiwan	Huang, Cheng-Chia	Male	2020.07.01	-	-	-	-	-	-	◦ Department of Food Engineering, Dayeh University ◦ Engineer of Manufacturing Department, Deputy Team Leader, Team Leader, Assistant Manager of Manufacturing Department I, Assistant Manager and Manager of Manufacturing Department II, Adimmune Corporation	◦ None	-	-	-

Position	Nationality	Name	Gender	Date Elected	Shareholding		Shares held by spouse and minor children		Shares Held in Names of Other Persons		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares (Shares)	%	Number of Shares (Shares)	%	Number of Shares (Shares)	%			Position	Name	Relationship
Science and Technology Research Division	Taiwan	Wu, Suh-chin	Male	2021.09.01	-	-	-	-	-		• PhD in Chemical Engineering, Texas A&M University • Professor of the Department of Medical Sciences and Institute of Biotechnology, National Tsing Hua University • Adjunct researcher of the Institute of Infectious Diseases and Vaccines, National Health Research Institutes • Director, Institute of Biotechnology, National Tsing Hua University • Chairman of the Taiwan Branch of the Regulatory Affairs Professionals Society of the USA (RAPS)	None	-	-	-
Head of R&D Division Product Development Division	Taiwan	Lee, Zheng-Dow	Male	2022.01.26	-	-	-	-	-		• Master's Degree in the Institute of Microbiology and Immunology, National Taiwan University • Chief of Quality Control Section, Serum Vaccine Development Center, Taiwan Center for Disease Control (CDC) • Pharmacist of Taiwan Center for Disease Control (CDC) • Biosafety Officer of the Institutional Biosafety Committee, Taiwan Center for Disease Control (CDC)	• Director of Technology Development Department of Enimmune Corp.	-	-	-

Note 1. **Leng, Chih-Hsiang resigned the commission in 2022/1/26.**

(III) Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents

1. Remuneration of Directors and Independent Directors (2021)

Unit: NT$ thousands

Position	Name	Remuneration Paid to Directors								The sum of A, B, C and D in proportion to Earnings After Tax (%)		Relevant Remuneration Received by Directors who Are Also Employees								The sum of A, B, C, D, E, F and G in proportion to Earnings After Tax (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay and Pension (B)		Directors (C)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
																The Company		All Companies in Consolidated Financial Statements				
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	Cash	Stock	Cash	Stock	The Company	All Companies in Consolidated Financial Statements	
Chairman	Chan, Chi-Hsien	-	-	-	-	-	-	35	35	0.1%	0.2%	67,276 (Note 1)	67,276 (Note 1)	-	-	-	-	9	9	156.3%	471.3%	-
Independent Director	Hsu, Hsiao-Po	2,960	2,960	-	-	-	-	35	35	7%	21%	-	-	-	-	-	-	-	-	7%	21%	-
Independent Director	He, Mei-Hsiang	960	960	-	-	-	-	35	35	2.3%	7%	-	-	-	-	-	-	-	-	2.3%	7%	-
Independent Director	Hsu, Yung-Sheng	840	840	-	-	-	-	35	35	2.0%	6.1%	-	-	-	-	-	-	-	-	2.0%	6.1%	-
Director	Yaohua Glass Co., Ltd. Representative: Chi, Wei-Kuang	-	-	-	-	-	-	35	35	0.1%	0.2%	-	-	-	-	-	-	-	-	010%	0.2%	-
Director	Jing Mao Investment Co., Ltd. Representative: Lin, Chi-Heng	-	-	-	-	-	-	35	35	0.1%	0.2%	-	-	-	-	-	-	-	-	0.1%	0.2%	-
Director	National Development Fund, Executive Yuan Representative: Lin, Ching-Che	-	-	-	-	-	-	35	35	0.1%	0.2%	-	-	-	-	-	-	-	-	0.1%	0.2%	-
Director	National Development Fund, Executive Yuan	-	-	-	-	-	-	35	35	0.1%	0.2%	-	-	-	-	-	-	-	-	0.1%	0.2%	-

Position	Name	Remuneration Paid to Directors								The sum of A, B, C and D in proportion to Earnings After Tax (%)		Relevant Remuneration Received by Directors who Are Also Employees								The sum of A, B, C, D, E, F and G in proportion to Earnings After Tax (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay and Pension (B)		Directors (C)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
	Representative: Tseng, Mei-Hsing																					
Director	Wen Teng Investment Co., Ltd.	-	-	-	-	-	-	35	35	0.1%	0.2%	-	-	-	-	-	-	-	-	0.1%	0.2%	-
Director	Tien Pu Co., Ltd. Representative: Chen, Chien-Fu	-	-	-	-	-	-	35	35	0.0%	0.0%	-	-	-	-	-	-	-	-	0.1%	0.2%	-
Director	Liu, Chung-Cheng							30	60	0.1%	0.4%	4,500	6,205	108	108			9	9	10.8%	44.7%	
Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance between the amount of remuneration and the factors including responsibilities, risks, the time spent by the individual, etc.: The remuneration of the Company's independent directors is determined by the Compensation Committee with reference to the performance evaluation of the industry or related industries and the directors' participation in and contribution to the Company's operations, and the Company pays a fixed amount of compensation regardless of profit or loss. Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.																					

Note 1: It includes stock shares and salaries given by the Remuneration Committee and the Board of Directors, of which the share amount of NT$25,169 thousand distributed in 2021 has not yet been executed.

2. Remuneration of the President and Vice Presidents (2021)

Unit: NT$ thousands

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonus, and Allowance (C)		Employee Compensation (D)				The sum of A, B, C and D in proportion to Earnings After Tax (%) (Note 8)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	Chan, Chi-Hsien	20,646	21,851	684	684	66,034 (Note 1)	66,034 (Note 1)	44	-	44	-	203.0%	623.8%	-
President	Liu, Chung-Cheng													
Chief Operating Officer	Chang, Chin-Chuan													
Vice President, Quality Assurance Department	Chiu, Chin-I													
Vice President of Chief Legal Officer	Pan, Fei													

Note 1: It includes stock shares and salaries given by the Remuneration Committee and the Board of Directors, of which the share amount of NT$25,169 thousand distributed in 2021 has not yet been executed.

Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents	Name of President and Vice President	
	The Company	All Companies in Consolidated Financial Statements
Less than NT$1,000,000		
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	Liu, Chung-Cheng, Chiu, Chin-I	Chiu, Chin-I
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Chang, Chin-Chuan, Pan, Fei	Liu, Chung-Cheng, Chang, Chin-Chuan, Pan Fei
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	Chan, Chi-Hsien (Note 1)	Chan, Chi-Hsien (Note 1)
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)		
Over NT$100,000,000		
Total		

Note 1: It includes stock shares and salaries given by the Remuneration Committee and the Board of Directors, of which the share amount of NT$25,169 thousand distributed in 2021 has not yet been executed.

3. Remuneration Paid to the Five Highest Ranking Officers of the Company (2021)

Unit: NT$ thousands

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonus, and Allowance (C)		Employee Compensation (D)		Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	
Chief Executive Officer	Chan, Chi-Hsien	6,800	6,800	-	-	60,476 (Note)	60,476 (Note)	9	9	156.2%	471.0%	-
President	Liu, Chung-Cheng	3,857	5,062	108	108	643	1,143	9	9	10.7%	44.3%	-
Chief Operating Officer	Chang, Chin-Chuan	3,649	3,649	360	360	1,723	1,723	9	9	13.3%	40.2%	-
Chief Legal Officer	Pan, Fei	2,670	2,670	108	108	2,460	2,460	9	9	12.2%	36.7%	-
Chief Medical Officer	Chen, Chun-Cheng	4,219	4,219	108	108	531	531	9	9	11.3%	34.1%	-

Note: It includes stock shares and salaries given by the Remuneration Committee and the Board of Directors, of which the share amount of NT$25,169 thousand distributed in 2021 has not yet been executed.

4. Employee bonus amount paid to managerial officers:

Unit: NT$ thousands

	Position (Note 1)	Name (Note 1)	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	Chief Executive Officer	Chan, Chi-Hsien	-	161	161	0.4%
	President	Liu, Chung-Cheng				
	Chief Operating Officer	Chang, Chin-Chuan				
	Vice President, Quality Assurance Department	Chiu, Chin-I				
	Vice President, Chief Legal Officer	Pan, Fei				
	Director of Production Department	Yen, Yuan-Hou				
	Director, Planning & Medical Regulation Division	Hung, Yueh-Peng				
	Chief Medical Officer	Chen, Chun-Cheng				
	Assistant Manager, Medical Department	Chen, Wei-Chih				
	Deputy Director, Quality Assurance Department	Chen, Ying-Tung				
	Deputy Director, Quality Assurance Department	Chien, Cheng-Hsin				
	Director, Administrative Department	Tang, Li-Ya				
	Chief Financial Officer	Chang, Yin-Teng				
	Deputy Director of Production Department	Huang, Cheng-Chia				
	Director of Project Management	Hsu, Cheng-Mei				
	Deputy Director of Engineering Department	Yu, Chia-Jui				

	Position (Note 1)	Name (Note 1)	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
	Director of Government Relations and Public Affairs	Wu, Pei-Jung				
	Corporate Governance Officer	Lin, Jing-Yao				
	Science and Technology Research Division	Wu, Suh-Chin				

Note 1: Please disclose the name and job title individually, while the allocation of earnings may be summarized and then disclosed.

Note 2: Please specify the employee bonus (including stock and cash) to be allocated to the managerial officers as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year. The earnings after tax refers to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 3: The scope of managerial officers shall be defined in the following manner, as per the Board's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003:

(1) President and equivalents;

(2) Vice president and equivalents;

(3) Assistant vice president and equivalents;

(4) Chief of Financial Dept.;

(5) Chief of Accounting Dept.;

(6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

Note 4: If any director, president or vice president has received employee bonus (including stock dividend and cash dividend), please complete table 1-2 and also this table.

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link

(1) Analysis of total remuneration, as a percentage of net income stated in the parent company only financial statements, paid to the directors, supervisors, president, and vice presidents during thepast two years

Unit: NT$; %

Position	2020				2021			
	Remuneration		Proportion to Earnings After Tax (%)		Remuneration		Proportion to Earnings After Tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	2,619	2,654	0.21%	0.22%	5,145	5,170	11.95%	36.19%
Supervisors	-	-	-	-	-	-	-	-
President and Vice Presidents	50,718	52,118	4.1%	4.4%	57,407 (Note)	89,112 (Note)	203.0%	623.8%

Note: It includes stock shares and salaries given by the Remuneration Committee and the Board of Directors, of which the share amount of NT$25,169 thousand distributed in 2021 has not yet been executed.

(2) In accordance with the Company's Articles of Incorporation, the Board of Directors shall prepare a proposal for the distribution of the remuneration of the directors and supervisors and submit it to the shareholders' meeting for approval. The remuneration policy for the president and vice president is based on the salary level of the position in the industry market, the scope of authority and responsibility within the Company and the degree of contribution to the Company's operation, as well as the overall operational performance of the Company. Therefore, no significant risk exists in the future.

IV. Implementation of Corporate Governance

(I) Operations of the Board

A total of 6 (A) Board meetings were held in 2020. The attendance of the Directors was as follows:

Position	Name (Note)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Note
Director (Note 1)	Chan, Chi-Hsien	8	0	100.00%	Re-elected on June 20, 2019
Director (Note 1, 2)	Management Committee of Yao Hua Glass Co., Ltd. Representative: Chi, Wei-Kuang	7	0	100.00%	Re-elected on June 20, 2019
Director (Note 1, 3)	Jing Mao Investment Co., Ltd. Representative: Lin, Chi-Heng	7	1	87.50%	Re-elected on June 20, 2019
Director (Note 1, 4)	Tien Pu Co., Ltd. Representative: Chen, Chien-Fu	8	1	87.50%	Re-elected on June 20, 2019
Director (Note 1, 5)	National Development Fund, Executive Yuan Representative: Tseng, Mei-Hsing	8	0	100.00%	Re-elected on June 20, 2019
Director (Note 1, 5)	National Development Fund, Executive Yuan Representative: Lin, Ching-Che	8	0	100.00%	Re-elected on June 20, 2019
Director (Note 1, 6)	Wen Teng Investment Co., Ltd. Representative: Lin, Jung-Chin	8	0	100.00%	Re-elected on June 20, 2019
Director (Note 1)	Liu, Chung-Cheng	8	0	100.00%	Re-elected on June 20, 2019
Independent Director (Note 1)	Hsu, Hsiao-Po	8	0	100.00%	Re-elected on June 20, 2019
Independent Director (Note 1)	He, Mei-Hsiang	8	0	100.00%	Re-elected on June 20, 2019
Independent Director (Note 1, 7)	Hsu, Yung-Sheng	7	1	87.50%	Newly elected on June 22, 2020 (Held 3 meetings from June 22, 2020 to December 31, 2020)

Other matters to be recorded:

I. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Meeting Date	Motion complied with the circumstances referred to in Article 14-3 of the Securities and Exchange Act	Independent Directors' opinions or objections/reservations	Resolution of the Board of Directors	Implementation of the Company
2021.03.26 (11th Meeting of the 20th)	Appointment of the Company's Chief Finance Officer, Chief Accounting Officer, and Chief Audit Officer	None	Approved by all directors presented	N/A
	Planned issuance of the common stock shares through cash capital increase so to participate in the issuance of oversea depository receipts	None	Approved by all directors presented	N/A
	The Company's 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" related matters	None	Approved by all directors presented	N/A
2021.09.17 (16th Meeting of the 20th)	Authorized the Chairman and/or the person designated by the Chairman to approve and sign all the documents related to the issuance of common stock shares through cash capital increase in order to participate in the issuance of overseas depositary receipts on behalf of the Company; also, to handle all the matters related to the participation in the issuance of overseas depositary receipts.	None	Approved by all directors presented	N/A

2021.11.10 (17th Meeting of the 20th)	Proposal 3: Proposal of Evaluation of Directors' Performance and Salary Compensation and Allowances for 2021	無None	Approved by all directors presented	N/A

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:

May 12, 2021 (13th meeting of the 20th) Discussion of Proposal No. 4 "Crucell Arbitration and Litigation Incentive." Since Chan, Chi-Hsien, the Chairman, and Hsu, Hsiao-Po, the independent director, were members of the team, they had themselves recused from the discussion and voting on this proposal due to a conflict of interests.

III. The evaluation cycles, evaluation periods, scope and method of evaluation, and contents of evaluation for evaluating the performance of the board members (on themselves or peers). The implementation was presented on Schedule II(2) Evaluation for the Board of Directors.

Frequency	Period	Scope	Method	Content
Once a year	**January 1, 2021 to December 31, 2021**	1. Board of Directors 2. Individual Director 3. Functional Committee	Each evaluation item of the internal self-evaluation of the board and self-evaluation by the board members of themselves was rated on a five-point scale of "excellent (5), excellent (4), good (3), fair (2), and to be enhanced (1).	1. The self-evaluation of the Board of Directors covers five aspects of assessment as follows: A. Involvement in Company's business activities B. Improvement in the Board's decision making quality C. Composition and structure of the Board D. Selection and continuing education of the directors E. Internal Control 2. The self-evaluation of the Board members covers six aspects of assessment as follows: A. Alignment of the Company's goals and tasks B. Understanding of the director's roles and responsibilities C. Participation of the Company's operation D. Management and communication of the internal relations E. Professionalism and continuing education of Directors F. Internal control. 3. The self-evaluation of the performance of functional committees covers five aspects of assessment as follows: A. Involvement in Company's business activities B. Awareness of the duties of the functional committee. C. Functional committee decision making quality D. Composition of functional committee, and election and appointment of committee members E. Internal Control

The Company has completed the 2021 performance evaluation for the Board of Directors, the individual director members, and the functional committees (including the Audit Committee and the Remuneration Committee) in accordance with the "Regulations for the Evaluation of the Performance of the Board." The evaluation results are:

(1) Self-evaluation of the performance of the Board of Directors: The Board's performance self-evaluation has 45 parameters ranging over five dimensions. The evaluation shows that on 14 parameters it scored "Excellent (5)" and 31 at "Good (4)," reflecting good performance by the Board of Directors in guiding and supervising business strategies, major business activities, and risk management, for establishing an appropriate internal control system. The overall operation of the Board of Directors is considered excellent and is in line with corporate governance practices

(2) Self-evaluation of Board Members' Performance: The Board Member's performance self-evaluation has 23 parameters ranging over six dimensions. The evaluation shows that on 23 parameters is scored "Good (4)" showing that all directors have a positive effect on the efficiency and effectiveness of the Board

(3) Self-evaluation of Functional Committee's Performance: The performance of the Functional Committee is evaluated on 26 parameters ranging over five dimensions. The evaluation rates as "Excellent (5)" on 26 parameters and "Good (4)" on 16, reflecting its overall excellence in operation and in line with corporate governance of the Audit Committee and Remuneration Committee, which has resulted in improved Board operations. The results of the self-evaluation have been submitted to the Board of Directors on March 29, 2022.

IV. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation.

(I) Improve the functions of board of directors:

To implement corporate governance and enhance the functions of the board of directors as well as to establish performance targets so as to enhance the operational efficiency of the board of directors, the Corporation has established the "Regulations Governing the Evaluation of the Performance of the Board of Directors" in 2020 and implemented internal evaluation.

(II) Improving information transparency:

To enhance information transparency, the Company prepares the following financial documents in English: financial statements, shareholders' meeting agenda handbooks, and annual report.

(III) The Company has established the Audit Committee on June 29, 2017.

Note 1: Directors were elected at the Shareholders Meeting on June 20, 2019.

Note 2: Management Committee of Yao Hua Glass Co., Ltd. has appointed Chi, Wei-Kuang as its representative to be elected as a director.

Note 3: Jing Mao Investment Co., Ltd. appointed Lin, Chi-Heng as its representative to be elected as a director.

Note 4: Tien Pu Co., Ltd. appointed Chen, Chien-Fu as its representative to be the elected director.

Note 5: National Development Fund, Executive Yuan appointed Tseng, Mei-Hsing and Lin, Ching-Che its representatives to be the elected directors.

Note 6: Wen Teng Investment Co., Ltd.is elected as a corporate entity and currently appointed Lin, Jung-Chin as its representative.

Note 7: The Company elected Hsu, Yung-Sheng as an independent director on June 22, 2020.

(II) Audit Committee or Attendance of Supervisors at Board Meetings

Operations of the Audit Committee:

The Audit Committee was established on June 29, 2017 to replace the function of the supervisors. In 2021, the Audit Committee held 5 meetings (A). The attendance records of independent directors are as follows:

Position	Name (Note)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Note
Independent Director (Note 1)	Hsu, Hsiao-Po	5	0	100.00%	Re-elected on June 20, 2019
Independent Director (Note 1)	He, Mei-Hsiang	5	0	100.00%	Re-elected on June 20, 2019
Independent Director (Note 1, 2)	Hsu, Yung-Sheng	3	2	60.00%	Re-elected on June 22, 2020 (Held 2 meetings from June 22, 2020 to December 31, 2020)

Other matters to be recorded:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and Aurora's handling of such resolutions shall be specified: None.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act

Meeting Date	Comply with the matters listed in Article 14-5 of the Securities and Exchange Act Major Resolutions	Independent Directors' opinions or objections/reservations	Resolution of the Board of Directors	Implementation of the Company
2021.03.24 (8th Meeting of the 2nd)	Proposal 1: Appointment of the Company's Chief Finance Officer, Chief Accounting officer, and Chief Audit Officer	None	Approved by all members presented	N/A
	Proposal 4: Planned issuance of the common stock shares through cash capital increase to participate in the issuance of oversea depository receipts	None	Approved by all members presented	N/A
	Proposal 5: The Company's 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" related matters	None	Approved by all members presented	N/A

(II) Except for the aforementioned matters, other resolutions which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors: None.

II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communications between the Independent Directors, the Company's chief internal auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.).

(I) Communication policy between the independent director and internal Chief Audit Officer.

The Head of Internal Audit regularly holds at least one Audit Committee meeting every quarter with the independent directors, and submits the audit report and deficiency tracking report for the previous month at the end of the current month to report on the implementation of the Company's audit plan and track improvements on internal control deficiencies. Meeting may be convened at any time in the event of a major irregularity.

(II) Communication between independent directors and CPA:

1. In addition to the regular annual corporate governance meetings, the Audit Committee's independent directors and CPAs also communicate and discuss in writing when necessary. The scope of these meetings includes the review of the independence of the Group's consolidated financial statements and related responsibilities, the review of planning-related matters, the review of significant findings (including adjustments to the record and significant deficiencies in internal control), and the review of the contents of the reports and the results of the interim consolidated

financial statements.

2. The Audit Committee completes the review report by referring to the financial statements audited by CPAs and audit opinion reports.

Note 1: Directors were elected at the Shareholders Meeting on June 20, 2019.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?		V	The Company has not formulated the Corporate Governance Best-Practice Principle	Will be implemented in regards to the Company's operational conditions and scale.
II. Shareholding structure & shareholders' rights				
(I) Does the Company establish internal operating procedures or policies to handle shareholder suggestions, doubts disputes and lawsuits and implemented such procedures or policies?		V	(I) The Company has not established internal operating procedures to deal with shareholders' suggestions, queries, disputes and litigation matters. However, the Company has engaged spokespersons, deputy spokespersons and stock affairs unit to handle shareholders' proposals and disputes immediately.	
(II) Does the Company possess a list of major shareholders and list of ultimate owners of these major shareholders?	V		(II) The Company keeps track of the shareholdings of its directors and managers and reports changes in insider ownership on a regular basis.	No material difference
(III) Has the Company established and enforced risk control and firewall systems with its affiliate companies?	V		(III) Any business transactions between the Company and its affiliates are conducted in accordance with relevant laws and regulations and internal administrative rules.	
(IV) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	V		(IV) The Company has established "Procedures for Handling Material Inside Information" for compliance.	
III. Composition and responsibilities of the Board of Directors				
(I) Is the composition of the Board of Directors determined by taking appropriate policy based on diversity and ensure the actual implementation?		V V	(I) The Company has 11 directors (including 3 independent directors) appointed according to the scale of operation and development needs, of which 2 female directors are in service. The background of the board members covers biotechnology industry, accounting, law, operation and other fields, which fulfills the board diversity policy. The specific management goal is to help board members gradually improve their concepts and backgrounds in corporate governance, environmental sustainability, and corporate social responsibility in order to effectively respond to international development trends.	There should be other functional committees created depending on practical needs in the future, otherwise no major deviations in other aspects.
(II) In addition to the Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?			(II) The Company currently does not have other functional committees in place due to business needs.	No material difference.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each Director's remuneration and nomination of term renewal?	V		(III) The performance evaluation method of the Board of Directors was approved by the Board of Directors and announced to be implemented on December 18, 2020, and the performance evaluation will be conducted regularly every year.	No material difference.
(IV) Does the Company regularly assess on the independence of CPAs?		V	(IV) The PricewaterhouseCoopers Taiwan and its CPA appointed by the Company have no conflicts of interest with the Company and strictly maintain their independence.	No material difference.
IV. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?		V	1. The Board of Directors will consult with each unit before the Board of Directors meeting to plan and prepare the agenda. In addition, the Board of Directors will give prior warning to the interested parties if the content of the agenda is related to them and should be avoided as appropriate. 2. The board of directors will notify all directors to attend the meeting at least 7 days in priority to attend the meeting and providing sufficient meeting data to facilitate the directors to understand the contents of relevant proposals. 3. Stock Affairs registers the date of the shareholders annually as required by the law, prepare and files meeting notice, handbook and minutes within the prescribed period, and files for change of information when the Articles of Incorporation is amended or after a re-election of directors.	No material difference.
V. Does the company establish communication channels and a dedicated section on the company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate sustainable development and deviations issues in a proper manner?	V		The Company has set up a stakeholders' section on the Company's website and disclosed its contact phone number and email address to establish a communication channel with stakeholders.	No material difference.
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed CTBC Bank Co., Ltd. as the Company's shareholder service agent.	No material difference

VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status? (II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)? (III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?	V V	 V	(I) The Company's website (http://www.adimmune.com.tw) discloses information on financial operations and corporate governance. (II) All other information disclosed by the Company is disclosed on the MOPS in accordance with the regulations of the competent authorities. The Company has appointed specific personnel to take charge of the collection and disclosure of company information and has implemented a spokesperson system. (III) The Company only announces and reports the annual financial report, the first, second and third quarter financial report and the monthly operation within the period stipulated by the Law.	Except that the financial statement has not yet been announced, no material deviation occurs in other aspects.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?	V		1. Employee Rights and Employee Care: The Company treats the employees with honesty and builds positive relationships with employees through all kinds of benefits and education and training. 2. Investor Relations: In addition to announcing the relevant information on the website of the Public Information Observation Post System designated by the competent authorities in accordance with the relevant regulations, the Company has set up an "Investor Section" on its website, through which investors can fully understand the relevant information of the Company. In addition, the Company has spokesperson and deputy spokesperson to serve as a channel of communication between the Company and its investors. 3. Supplier Relations: The Company has established a "Purchasing Operation Management System" and signed a basic purchasing contract to ensure that the purchased materials meet the required requirements. The Company has established a "Purchasing Operation Management System" and signed a basic purchasing contract to ensure that the purchased materials meet the required requirements. 4. Rights of Stakeholders: The Company maintains a smooth communication channel for the stakeholders' rights, and respects and maintains their legitimate rights. If there is any dispute about the legitimate rights of the stakeholders, the Company shall abide by the principle of sincerity and settle the disputes properly. 5. Directors' Continuing Education: From time to time, the Company will arrange appropriate continuing education courses for our directors,	No material difference

			including courses on corporate governance and corporate risk management and directors' duties and responsibilities. 6. Implementation of Risk Management Policies and Risk Measurement Standards: The directors attend the Board of Directors' meetings to assess and evaluate the risks of the Company, and to understand and analyze each significant business. 7. Implementation of Customer Policy: The Company adheres to the relevant CGMP regulations and aims to provide safe and high quality products. 8. Insurance purchased by the Company on behalf of Directors: The Company has included the purchase of directors' liability insurance in its Articles of Incorporation and has purchased liability insurance for its directors.	

IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (unnecessary for the excluded companies)

The Corporate Governance Center of TWSE released its Corporate Governance Evaluation results in April 2021. The Company ranked at the top in score. The priority improvement measures are as follows:

Indicator	Improvement
1.7 Does the Company upload an English version of the handbook and supplementing materials 30 days prior to the convention date of the Annual General Meeting?	The Company intends to upload the Shareholders' Meeting Agenda Handbook and supplementary information of the meeting early.
1.8 Does the Company upload the annual report 16 days prior to Annual General Meeting?	The Company intends to upload the annual report early.

Note 1: Reasons for checks of "Yes" or "No" of status should be specified in "Summary Description" column.

(IV) Operations of the Remuneration Committee:

1. Information on the Remuneration Committee Members

Qualifications / ID (Note 1)	Name	Professional Qualification and Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual Is Concurrently Serving as a Remuneration Committee Member
Independent Director	Hsu, Hsiao-Po	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent Chairman of Paul Hsu & Partners Not been a person of any conditions defined in Article 30 of the Company Act.	The independent director and his/her spouse, and relatives within the second degree of kinship are not a director, supervisor, or employee of the Company or its affiliates; do not hold shares of the Company; and are not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company. Did not provide commerce, law, finance, accounting, or other services to the Company or its affiliates in exchange for remuneration in the last two years.	-

Qualifications / ID (Note 1)	Name	Professional Qualification and Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual Is Concurrently Serving as a Remuneration Committee Member
Independent Director	Hsu, Hsiao-Po	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent adjunct researcher of the Institute of Biomedical Sciences, Academia Sinica Served as the R&D Director of the Company Not been a person of any conditions defined in Article 30 of the Company Act.	The independent director and his/her spouse, and relatives within the second degree of kinship are not a director, supervisor, or employee of the Company or its affiliates; hold the Company's shares but do not directly hold more than 5% of the Company's total issued shares or on the top-five shareholding list; and are not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company. Did not provide commerce, law, finance, accounting, or other services to the Company or its affiliates in exchange for remuneration in the last two years.	-

Qualifications / ID (Note 1)	Name	Professional Qualification and Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual Is Concurrently Serving as a Remuneration Committee Member
Independent Director	Hsu, Yung-Sheng	With work experience in the areas of commerce, law, finance, accounting, or others needed for the business operation of the Company Incumbent Professor of the Department of Accounting of National Chung Hsing University Served as the Dean of the Department of Accounting of National Chung Hsing University Not been a person of any conditions defined in Article 30 of the Company Act.	The independent director and his/her spouse, and relatives within the second degree of kinship are not a director, supervisor, or employee of the Company or its affiliates; do not hold shares of the Company; and are not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company. Did not provide commerce, law, finance, accounting, or other services to the Company or its affiliates in exchange for remuneration in the last two years.	-

2. Operational status of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 4 members.

(2) Term: August 12, 2019 to June 19, 2022. A total of 2(A) Remuneration Committee meetings were held in 2021. The information and attendance of the members was as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Note
Convener Independent Director	Hsu, Hsiao-Po	2	0	100%	Re-elected on August 12, 2019
Independent Director	He, Mei-Hsiang	2	0	100%	Re-elected on August 12, 2019
Independent Director	Hsu, Yung-Sheng	2	0	100%	Newly elected on August 11, 2020 (2 meetings were held from August 11, 2020 to December 31, 2020)
Committee Member	Kuo, Kuan-Chun	0	2	-	resigned on November 30, 2021

Other matters to be recorded:

I. If the board of directors declines to adopt or modify a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors and the Company's response to the Remuneration Committee's opinion: None.

II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, and opinions of all members and the Company's handling of said opinions: None.

Note 1: The Company fully re-elected its directors on June 20, 2019. The Board of Directors appointed Hsu, Hsiao-Po, He, Mei-Hsiang. and Chuang, Yin-Ching as the members of the 4th Remuneration Committee; among which Chuang, Yin-Ching resigned on October 22, 2019 and the Board of Directors newly appointed Kuo, Kuan-Chun as the member of the 4th Remuneration Committee on December 17, 2019. On June 22, 2020, the Company elected Hsu, Yung-Sheng as an independent director, and the Board of Directors appointed Hsu, Yung-Sheng as the member of the Remuneration Committee on August 11, 2020. Kuo, Kuan-Chun resigned on November 30, 2021.

(V) Promoting the Implementation of Sustainable Development and Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Promoted items	Implementation status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary (Note 2)	
I. Has the Company established a governance structure for promoting sustainable development and a specific (or ad hoc) unit to promote for sustainability, and have the management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		1. The Company's pay attention to corporate social responsibility and committed to sustainable development, and will started to prepare a sustainability report on 2023. 2. The Company's plan to established Sustainability Committee, it's promotions by president office about ISO certification, such as ISO 14001, ISO 14064 , ISO 5001, CNS45001.	The future will depend on the operating conditions and scale.
II. Has the Company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality? (Note 2)		V	(I) The Company has established a "Business Continuity Plan", "a code of ethical business practices,", " a code of ethical conduct", "nvironmental protection policy", and achieve the goal of sustainable development through continuous improvement and progress, the task forces analyze material issues for the stakeholders, and discuss the economic, environmental, and social issues, etc. The risk control policies for material issues are as follows: (1) Environment issue The Company promotes various energy management and continues to carry out domestic and industrial waste separation, recycling and reduction activities in line with government policies. There are also environmental protection and industrial safety units, which are responsible for environmental protection and industrial safety and health. (2) Society issue A. The Company provides professional education training and promotions of Information and communication security. B. In order to prevent and reduce the risk of	No material difference.

Promoted items	Implementation status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary (Note 2)	
			malicious intrusion attacks, it upgrades in internal and external firewall. C. The Company respects employees' freedom of assembly and association, also held regular Employee Welfare Committee labor-management meetings. D. The Company has set the relevant operation standards for labor safety and health management, and doctors visit the factory regularly and conduct annual health checks. The Company has also set up a first-class labor safety and health management unit to be responsible for the regulation and supervision of labor safety and health management related operations. (3) Corporate governance issue A. The Company has established internal rules for the management of integrity and conduct, and a complete internal control system and internal audit system to implement the operation and promotion of corporate governance. B. The Company has established internal control systems that are regularly audited by the internal audit unit on their compliance. C. The Company has disclosed the Principles on its website. D. Taking labor-management relations importantly, the Company endeavors to create a mutual-benefit environment and establish a streamlined communication channel, and has implemented a spokesperson system.	
III. Environmental issues (I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	V		(I) The Company promotes ISO 14001environmental management and plan t complete Sustainable Development on December 2022.	No material difference.

Promoted items	Implementation status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary (Note 2)	
(II) Does the Company endeavor to upgrade the efficient use of energy and make use of environmental-friendly recycled materials? (III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt related countermeasures? (IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of the waste in the past 2 years and establish policies for reduction of greenhouse gas emission and water consumption or other waste management?			(II) The Company retrofit frequency converter on chilling machine and brine cooler for endeavor to upgrade the efficient use of energy. (III) The Company has evaluated the potential risks and opportunities of climate change to the business now and in the future and has incorporated them into its operational risk management. (IV) 1. Amount of greenhouse gas emission: A. Amount of greenhouse gas is 9,610.85 metric tons in 2020. B. Amount of greenhouse gas is 11,641.05 metric tons in 2021. C. CO_2e (it's counting by Bureau of Energy, Ministry of Economic Affairs) 2. Waters: Amount of water consumption in a year: 112,131 metric tons in 2020 and 149,308 metric tons in 2021. 3. Wastes: Amount of wastes consumption in a year: 386,534 metric tons in 2020 and 637,823 metric tons in 2021. 4. A. The Company retrofit frequency converter on chilling machine, brine cooler and use led light for endeavor to upgrade the efficient use of energy. B. The Company retrofit reclamation of waste water for decrease water. 5. (IV) In addition to actively developing and improving the manufacturing process, shortening the manufacturing process to reduce the amount of energy used, and effectively increasing production	

Promoted items	Implementation status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary (Note 2)	
			capacity, the Company is currently implementing energy-saving and carbon-reduction policies, such as managing the temperature of air-conditioning in the premises, turning off lights during lunch break in the office, and replacing the program with electronic forms for communication.	
IV. Social issues (1) Does the Company develop management policies and procedures in accordance with relevant regulations and international human rights conventions? (2) Does the Company establish and implement proper employee welfare measures (including the salary, holidays and other welfare) and reflect the corporate business performance or achievements in the employee remuneration?	V		(I) The Company follows"Universal Declaration of Human Rights," "The UN Global Compact," "United Nations Guiding Principles on Business and Human Rights," and International Labour Organization's "Declaration of Fundamental Principles and Rights at Work" aim to put an end to any infringement and violations of human rights, so that all employees of the Company can be treated reasonably, equally and with dignity. (II) Employee welfare measures and Workplace diversity and equality (1) Employee remuneration policies Each year, depending on the current year's business status and personal performance, we will give out festive bonuses at the Dragon Boat Festival and Mid-Autumn Festival, and hold year-end dinner parties and give out year-end bonuses. (2) Employee welfare measures The Company has established the Employee Welfare Committee to be responsible for planning and handling employee welfare matters. The Welfare Committee organizes trips, dinners and other activities from time to time to stimulate the mind and body of the employees and to promote the relationship of the staff, and also provides birthday cakes, annual festival gift certificates and subsidies	No material difference.

Promoted items	Implementation status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary (Note 2)	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?			for weddings and funerals. Implemented the 5-day workweek system. Each employee participates in health insurance, labor insurance and group insurance. Provide free uniforms and work clothes. Wedding or funeral gift, a memorial service, a maternity benefit, and a condolence payment for injury or illness. (3) Workplace diversity and equality A. The Company aims to realize the goal that men and women earn equal pay for equal work and are given equal opportunities for promotion, and maintains the average level of male and female executive positions, and promotes sustainable and inclusive economic growth. B. Employ physically challenged colleagues and have reached 100% of the goal of employing disadvantaged persons and tailor-made suitable job positions and environmental facilities for them. C. Implement the empowerment of women in a friendly workplace so that colleagues of all genders can work with peace of mind. (III) 1.The Company follows the CNS 45001 system of Occupational safety and health, and implementation of such policies to provide a safe and hygienic working environment for employees. 2.(1) occupational accidents happening to employees have 7, average ratio to all staff is 0.12%. (2) about remedies: The Company complies with safety and health regulations, regularly inspects employees' health and safety protection measures, and aims to establish a working	

Promoted items	Implementation status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary (Note 2)	
			environment which is healthy, safe, and tidy.	
(4) Does the Company have an effective career capacity development training program established for the employees?			(IV) 1. The Company has planned complete functional training for supervisors and colleagues at all levels . The Company has set the relevant operation standards for labor safety and health management, and doctors visit the factory regularly and conduct annual health checks. The Company has also set up a first-class labor safety and health management unit to be responsible for the regulation and supervision of labor safety and health management related operations. The Company arranges various kinds of safety education and training for the service personnel of each operation site, and trains them to deal with emergency situations that may cause significant losses at the operation site, and rehearses them on a daily basis in order to be prepared for emergencies.	
(5) Does the Company follow relevant laws and international standards, and formulate relevant policies and complaint procedures for the protection of consumer or customer rights and interests regarding issues such as customer health and safety, customer privacy, marketing and labeling of products and services?			(V) The Company implements strict quality control policies for all products in accordance with PIC/S GMP regulations and sets up strict quality control in our internal control system and follow it. The Company has a dedicated consumer consultation and advice line to receive customer feedback and provide good service and solutions to continue to serve as the company's product service and quality improvement, in order to achieve the protection of consumer rights.	
(6) Does the Company establish supplier management policies and ask them to follow relevant regulations on the issues of environmental protection, occupational safety and health, or labor rights? How is the implementation status?			(VI) The Company has a supplier management policy, and before dealing with suppliers, we ask them to follow the provisions of the relevant laws and regulations for suppliers, and we are concerned about whether they have any records of significant	

Promoted items	Implementation status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary (Note 2)	
			violations of environmental protection, occupational safety and health, or labor human rights issues. The Company regularly checks the quality of our suppliers' products and the legality of their internal management system. All suppliers shall comply with the Company's integrity policy in order to obtain the most reasonable quotation, the best quality and the best service. In the future, the Company will invite upstream and downstream supply chain manufacturers to cooperate and work together to enhance corporate sustainable development and deviations.	
V. Does the company refer to the internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information of the company, such as sustainability reports? Do any third-party assurance or verification opinion is acquired for the above-mentioned reports?		V	The Company fulfills its CSR in accordance with the competent authorities and relevant laws and regulations. The Company has disclosed the relevant information in the Company's annual report and will disclose the implementation of CSR in the "CSR" section of the Company's corporate website in the future.	The future will depend on the operating conditions and scale.
VI. If a Company has its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the differences between its operation and the established principles: The Company does not currently have sustainable Development Best Practice Principles				
VII. Other important information to help understand the implementation of promoting sustainable development: 1. We comply with information security and related laws and regulations, and respect the protection of personal information provided by consumers. 2. In order to provide a safe and healthy workplace where employees are free from harassment and unlawful discrimination, the Company has established the "Sexual Harassment Prevention and Disciplinary Measures" to protect the rights of employees.				

(VI) Implementation of integrity management situation:

Evaluation Item	Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				No material difference.
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		(I) The Company has established a "Code of Conduct on Integrity" and posted it on the website to express its policy on integrity management. The members of the Board of Directors and the management of the Company exercise a high degree of prudence in the execution of their duties and responsibilities.	
(II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) The Company has established internal rules for the management of integrity and conduct, which stipulate that employees shall not use the power, opportunity or means of their duties to request for a contract, accept bribes or other improper acts and the consequences of violating such acts, so as to regulate the standards of corporate conduct and provide relevant education and training to employees in accordance with these rules.	
(III) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for violation as well as appeals system and put into practice, and review and revise on a regular basis the aforesaid solutions?	V		(III) In order to prevent dishonest behavior and to ensure the implementation of honest management, the Company has established relevant management rules and an effective internal control system, specifying the standards to be followed by employees in any business activities and having auditors regularly audit the compliance.	
II. Fulfillment of ethical corporate management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?		V	(I) Before engaging in business activities with business partners, the Company conducts evaluations with ethical records included, and asks the partners to sign a plea stating their compliance with the ethics-related clauses of the Company.	Except that clauses related to ethical corporate management behaviors have not been clearly stipulated in the Company's transaction contracts, no material deviation occurs in other aspects.
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate		V	(II) The Company does not have a dedicated unit; however, the Company has established internal	

Evaluation Item	Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		rules for managing integrity practices and operating procedures for Board of Directors meetings, and the auditing unit reports regularly to the Board of Directors on the status of implementation.	
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) The Company has a preventive policy and provides various channels of presentation so that employees can provide information at any time and report the operation status regularly after compilation.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) To ensure the implementation of ethical management, the Company has established effective accounting and internal control systems that are regularly audited by the internal audit unit on their compliance. The financial statements have been audited (examined) and posted by an accountant in accordance with the regulations of the competent authority.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?			(V) The Company regularly conducts internal and external education and training on integrity management.	
III. Operation of the whistle-blowing system				
(I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(I)(II)(III) The Company has a suggestion box and can receive reports by phone or email on violations of integrity and protects whistleblowers from improper treatment as a result of such reports.	No material difference.
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V			
(III) Does the company provide proper whistleblower protection?	V			
IV. Enhanced disclosure of ethical corporate management information Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?		V	The Company discloses its Code of Conduct on Integrity on the Market Observation Post System.	No material difference.

Evaluation Item	Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: None.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies) The Company has established a code of ethical conduct, a code of ethical business practices, rules and regulations for shareholders' meetings, rules for board of directors' meetings, rules for the scope of duties of independent directors, and a complete internal control system and internal audit system to implement the operation and promotion of corporate governance.				

(VII) Please disclose access to the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any:
Please refer to the Corporate Governance section of the Market Observation Post System (http://mops.twse.com.tw) for the Company's corporate governance rules and regulations.

(VIII) Other important information that may be disclosed to enhance understanding of the operation of corporate governance may include: The latest version of relevant regulations on insiders' equity of public companies and guidelines compiled by the Taiwan Stock Exchange (TWSE) is distributed to the Company's newly appointed Directors, managerial officers, and other insiders so as to facilitate insiders' compliance.

(IX) Status of Internal Control System

1. Statement of Internal Control System

Adimmune Corporation
Statement on Internal Control

Date: March 29, 2022

The Company hereby states the results of the self-evaluation of the internal control system for 2021 as follows:

I. The Company's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2020, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been unanimously approved by the Board of Directors on March 29, 2022, with 11 directors present at the meeting.

Adimmune Corporation

Chairman: Chan, Chi-Hsien

President: Liu, Chung-Cheng

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(X) Penalties Imposed upon Aurora and Aurora's Employees According to Law, Penalties Imposed by Aurora upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

(XI) Important information of the shareholders' meeting and the board of directors for the latest year and up to the printing date of the annual report

1. Major Resolutions of Shareholders' Meeting and Implementation Status

Date of the Shareholders' Meeting: August 20, 2021

Venue: No. 328, Junfu 18th Rd., Beitun Dist., Taichung City (Wagor international conference Center)

Major Resolutions and Implementation	
Ratifications	(1) The Company's 2020 Business Report and Financial Statement. Implementation: The proposal is adopted and has been implemented according to the resolution of the shareholders' meeting. (2) The Company's 2020 Appropriation of earnings Implementation: The 2020 earnings distribution was for cash dividend of NT$214,753,875, i.e. EPS NT$0.5, which was distributed on 10.13.2021.
Discussions	(1) Amendment to the Company's "Rules of Procedure for Shareholders' Meetings." Implementation: The proposal is adopted and has been implemented according to the resolution.

2. Important Resolutions of the Board of Directors for the year 2021 and up to the date of printing of the Annual Report

Meeting Date	Important Resolutions
2021.03.26	Discussions and Ratifications (1) Approval for the appointment of the Company's Chief Finance Officer, Chief Accounting officer, and Chief Audit Officer (2) Approval for the Company's 2020 Business Report. (3) Approval for the Company's 2020 employee remuneration distribution. (4) Approval for the Company's 2020 Financial Statements. (5) Approval for the Company's 2020 Earnings Distribution. (6) Approval for the planned issuance of the common stock shares through cash capital increase to participate in the issuance of oversea depository receipts. (7) Approval for the Company's 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" related matters. (8) Approval for the amendment to the Company's "Rules of Procedure for Shareholders' Meetings." (9) Approval for the Company's 2021 general shareholders' meeting related matters.
2021.04.13	Discussions and Ratifications (1) Approval for the construction of a research and development center.
2021.05.12	Discussions and Ratifications (1) Approval for the Company's 2020 Managerial Officer Salary Distribution. (2) Approval for the appointment of the Chief Medical Officer of the Company's Medical Department (3) Approval for the appointment of the Company's first corporate governance officer (4) Approval for the "Crucell Arbitration and Litigation Incentive" proposal.
2021.07.30	Discussions and Ratifications (1) Approval for the date and place of the Company's 2021 general shareholders' meeting.
2021.08.11	Discussions and Ratifications None
2021.09.07	Discussions and Ratifications (1) Approval for the Chairman and/or the person designated by the Chairman to approve and sign all the documents related to the issuance of common stock shares through cash capital increase in order to participate in the issuance of overseas depositary receipts on behalf of the Company, and to handle all the matters related to the participation in the issuance of overseas depositary receipts.
2021.11.10	Discussions and Ratifications (1) Approval for the exclusive licensing contract of AdimrSC-2f vaccine for COVID-19 in the Southeastern Asia area. (2) Approval for the Company's 2022 managerial officers' performance evaluation and salary, remuneration, and allowance standards. (3) Approval for the Company's 2022 Directors' and Supervisors' performance evaluation and salary, remuneration, and allowance standards. (4) Approval for the Company's managerial officers' salary adjustment. (5) Approval for the Company's 2022 auditing plan.
2021.12.15	Discussions and Ratifications (1) Approval for the Company's 2022 business operation plan. (2) Approval for the Company's 2022 budget proposal.
2022.03.29	Discussions and Ratifications (1) Approval for the Company's 2021 Business Report Review. (2) Approval for the Company's 2021 employee remuneration distribution. (3) Approval for the Company's 2021 financial statements. (4) Approval for the Company's 2021 earnings appropriation. (5) Approval for the Company's participation in the 2022 cash capital increase of its

Meeting Date	Important Resolutions
	subsidiary, Enimmune Corp. (6) Approval for the Company's employee seniority incentive plan. (7) Approval for the Company's 2021 managerial officers' remuneration distribution plan. (8) Approval for the Company's 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" related matters. (9) Approval for the election of the Company's board directors (including independent directors) for the 21st term. (10) Approval for the Company's 2022 general shareholders' meeting related matters.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None

(XIII) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:

Position	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Termination
Head of R&D Division	**Leng, Chih-Hsiang**	2019.04.01	2022.01.26	Personal career plan

V. Information on CPA Professional Fees

Name of CPA Firm	Name of CPA	Audit Period	Audit professional fees	Non-audit Professional Fees	Total	Remarks
Pricewaterhouse Coopers, Taiwan	Liu, Mei-Lan	January 1, 2021 to December 31, 2021	1,520	1,014	2,534	Non-audit fee includes translation of financial statements, GDR fees, and advances on behalf of others
	Hsu, Chien-Yeh	January 1, 2021 to December 31, 2021				

(I) If the audit fees paid during the year when the accounting firm is replaced are less than the previous year, the amount of the audit fees before and after the replacement, and the reasons for reduction shall be disclosed: None.

(II) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction in the audit fees shall be disclosed: None.

VI. Information on Replacement of CPAs: None.

VII. Company Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

(I) Share changes by directors, supervisors, managers, and major shareholders

Unit: Share

Position	Name	2021		As pf April 30, 2022	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman & Chief Executive Officer	Chan, Chi-Hsien	0	0	0	0
Director	Management Committee of Yao Hua Glass Co., Ltd.	0	0	0	0
	Representative: Chi, Wei-Kuang	0	0	0	0
Director	Jing Mao Investment Co., Ltd.	0	0	0	0
	Representative: Lin, Chi-Heng	0	0	0	0
Director and Major Shareholder	National Development Fund, Executive Yuan	0	0	0	0
	Representative: Tseng, Mei-Hsing	0	0	0	0
	Representative: Lin, Ching-Che	0	0	0	0
Director	Tien Pu Co., Ltd.	0	0	0	0
	Representative: Chen, Chien-Fu	0	0	0	0
Director	Hang Teng Investment Co., Ltd.	0	0	5,000	0
	Representative: Lin, Jung-Chin	0	0	0	0
Director and President	Liu, Chung-Cheng	0	0	0	0
Independent Director	Hsu, Hsiao-Po	0	0	0	0
Independent Director	He, Mei-Hsiang	0	0	0	0
Independent Director	Hsu, Yung-Sheng	17,269	0	0	0
Chief Operating Officer	Chang, Chin-Chuan	0	0	0	0
Vice President of Quality Assurance Department	Chiu, Chin-I	0	0	0	0
Chief Legal Officer	Pan, Fei	34,539	0	0	0
Director of Administration Center	Tang, Li-Ya	0	0	0	0
Director of Production Department	Yen, Yuan-Hou	(7,000)	0	0	0
Director, Planning & Medical Regulation Division	Hung, Yueh-Peng	0	0	0	0

Position	Name	2021		As pf April 30, 2022	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
	Wu, Suh-Chin (Note 1)	Not applicable	Not applicable		
Head of R&D Division	Lee, Zheng-Dow (Note2)	Not applicable	Not applicable	Not applicable	Not applicable
Director of Project Management	Hsu, Cheng-Mei	1,727	0	0	0
Director of Government Relations and Public Affairs	Wu, Pei-Jung	0	0	0	0
Chief Medical Officer	Chen, Chun-Cheng (Note 3)	0	0	0	0
Director of Finance Department	Chang, Yin-Teng (Note 4)	1,727	0	0	0
Corporate Governance Officer	Liu, Chung-Yao	Not applicable	Not applicable		
Deputy Director of Quality Assurance Division	Chen, Ying-Tung	0	0	0	0
Deputy Director of Quality Assurance Division	Chien, Cheng-Hsin	0	0	0	0
Deputy Director of Planning and Medical Regulation Division	Chen, Wei-Chih	0	0	0	0
Deputy Director of Engineering Department	Yu, Chia-Jui	1,727	0	0	0
Deputy Director of Production Department	Tsao, Yu-Chang	0	0	0	0
Deputy Director of Production Department	Huang, Cheng-Chia (Note 6)	0	0	Not applicable	Not applicable
Head of R&D Division	Leng, Shih-Hsiang	0	0	0	0

Note 1: Wu, Suh-Chin as appointed as the Director of Technical R&D Division on September 1, 2021.
Note 2: Lee, Zheng-Dow as the Director of Head of R&D Division on January 26, 2022.
Note 3: Chen, Chun-Cheng was appointed as Chief Medical Officer on January 1, 2021.
Note 4: Chang, Yin-Teng was appointed as Chief Finance Officer on January 1, 2021.
Note 5: Liu, Chung-Yao was appointed as Corporate Governance Officer on May 12, 2021.
Note 6: Leng, Shih-Hsiang was dismissed on January 26, 2022.

(II) Information on a counterparty of the equity transfer from Directors, Supervisors, managerial officers and any shareholder holding over 10% of shares that is also a related party: None**.**

(III) Information on a counterparty of the equity pledge from Directors, Supervisors, managerial officers and any shareholder holding over 10% of shares that is also a related party: None.

IX. Relationships among the company's ten largest shareholders

April 30, 2021

Name	Current Shareholding		Shares held by spouse and minor children		Shareholding by nominees		Among ten largest shareholders, name and relationship with any one who is a related party or a relative within the second degree of kinship		Note
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Designation (or Name)	Relationship	
1. National Development Fund, Executive Yuan	48,584,162	11.31%					Management Committee of Yao Hua Glass Co., Ltd.	The Ministry of the Executive Yuan has the largest shareholding	
Director Representative: Lin, Ching-Che									
Director Representative: Tseng, Mei-Hsing									
2. BioEngine Technology Development Inc	37,100,000	8.64%							
3. Yao Hua Glass Co., Ltd. Administration Committee	16,878,048	3.93%					National Development Fund, Executive Yuan	The Ministry of the Executive Yuan has the largest shareholding	
Director Representative: Chi, Wei-Kuang	-	-							
4. JPMorgan Chase International Index Fund	4,704,575	1.10%							
5. Vanguard Emerging Markets Fund	4,581,825	1.07%							
6. Lin, Jian-Hong	4,198,160	0.98%							
7. Yu Chuan Culture Investment Co. Ltd.	3,741,027	0.87%							
8. Chan, Chi-Hsien	3,707,941	0.86%							
9. Lan, A-Wen	3,500,000	0.81%							
10. Lin, Min-Hsiung	3,500,000	0.81%							

X. Share Ownership in Affiliated Companies A summary of share ownership by the Company and its directors, supervisors, managers, as well as entities controlled directly and indirectly by the Company is as follows: None.

IV. Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Historical Information of Capitalization

Unit: thousand shares; NT$ thousands

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (in thousands)	Amount (in NT$ thousands)	Number of Shares (in thousands)	Amount (in NT$ thousands)	Source of Capital	Capital Increase by Assets Other than Cash	Others
2014.12	30.2	300,000	3,000,000	237,483	2,374,832	Employee Stock Options of NT$4,590 thousand	-	Note 1
2015.05	20.5	300,000	3,000,000	237,613	2,376,132	Employee Stock Options of NT$1,300 thousand	-	Note 2
2017.05	22.54	300,000	3,000,000	237,684	2,376,842	Corporate bonds converting shares of NT$710 thousand	-	Note 3
2018.05	10	300,000	3,000,000	235,684	2,356,842	Treasury stock cancellation of NT$20,000 thousand	-	Note 4
2019.04	10 22.54	300,000	3,000,000	237,352	2,373,527	Treasury stock cancellation of NT$3,900 thousand Corporate bonds converting shares of NT$20,585 thousand	-	Note 5
2019.06	18.2	500,000	5,000,000	362,352	3,623,527	Cash capital increase of NT$1,250,000 thousand	-	Note 6
2019.12	21.62	500,000	5,000,000	362,810	3,628,106	Corporate bonds converting shares of NT$4,579 thousand	-	Note 7
2020.04	21.62	500,000	5,000,000	386,057	3,860,574	Corporate bonds converting shares of NT$232,468 thousand	-	Note 8
2020.06	21.62	500,000	5,000,000	408,952	4,089,528	Corporate bonds converting shares of NT$228,953 thousand	-	Note 9
2020.09	21.62	700,000	7,000,000	429,507	4,295,077	Corporate bonds converting shares of NT$205,549 thousand	-	Note 10

Note 01: Approved No. Jing Shou Shang Zi 10301249000 on December 15, 2014
Note 02: Approved No. Jing Shou Shang Zi 10401081400 on May 28, 2015
Note 03: Approved No. Jing Shou Shang Zi 10601060260 on May 10, 2017
Note 04: Approved No. Jing Shou Shang Zi 10701048870 on May 7, 2018
Note 05: Approved No. Jing Shou Shang Zi 10801044240 on April 26, 2019
Note 06: Approved No. Jing Shou Shang Zi 10801064770 on June 10, 2019
Note 07: Approved No. Jing Shou Shang Zi 10801181660 on December 30, 2019
Note 08: Approved No. Jing Shou Shang Zi 10901062230 on April 27, 2020
Note 09: Approved No. Jing Shou Shang Zi 10901092450 on June 29, 2020
Note 10: Approved No. Jing Shou Shang Zi 10901166300 on September 14, 2020

2. Type of shares issued

April 30, 2021; Unit: shares

Share Type	Authorized Capital			Note
	Issued Shares	Unissued Shares	Total	
Registered Common stock (Listed stocks)	429,507,750	270,492,250	700,000,000	The unissued shares may be issued in installments at the discretion of the Board of Directors. Of these shares, 15 million shares at NT$10 per share are reserved for employee stock warrants or new shares with restricted employee rights.

3. Information for Shelf Registration: None.

(II) Shareholder Structure

April 30, 2021; Unit: person; shares; %

Shareholder Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Foreign Institutions and Natural Persons	Domestic Natural Persons	Total
Number of shareholders	1	4	209	14	65,634	65,973
Shares Held	48,584,162	2,510,763	73,114,126	30,898,495	274,400,204	429,507,750
Shareholding Ratio %	11.31%	0.58%	17.02%	7.19%	63.90%	100.00%

(III) Distribution of Shares

April 30, 2021, face value of NT$10 per share

Range of Shares	Number of Shareholders	Shares Held	Shareholding Ratio %
1-999	16,642	600,252	0.14%
1,000-5,000	40,540	80,058,422	18.64%
5,001-10,000	4,775	38,851,640	9.05%
10,001-15,000	1,321	17,185,891	4.00%
15,001-20,000	890	16,747,357	3.90%
20,001-30,000	696	18,129,830	4.22%
30,001-40,000	329	11,946,429	2.78%
40,001-50,000	190	8,876,048	2.07%
50,001-100,000	324	23,076,351	5.37%
100,001-200,000	147	20,441,437	4.76%
200,001-400,000	63	17,664,533	4.11%
400,001-600,000	20	9,608,955	2.24%
600,001-800,000	7	4,671,847	1.09%
800,001-1,000,000	3	2,645,473	0.62%
More than 1,000,001 shares	26	159,003,285	37.01%
Total	65,973	429,507,750	100.00%

(IV) List of Major Shareholders

Name, amount and percentage of shareholders holding 5% or more of the shares or the top ten shareholders

April 30, 2021

Shareholding / Name of Major Shareholders	Shares Held (share)	Shareholding Ratio %
National Development Fund, Executive Yuan	48,584,162	11.31%
BioEngine Technology Development Inc.	37,100,000	8.64%
Management Committee of Yao Hua Glass Co., Ltd.	16,878,048	3.93%
JPMorgan Chase International Index Fund	4,704,575	1.10%
Vanguard Emerging Markets Fund	4,581,825	1.07%
Lin, Jian-Hong	4,198,160	0.98%
Yu Chuan Culture Investment Co. Ltd.	3,741,027	0.87%
Chan, Chi-Hsien	3,707,941	0.86%
Lan, A-Wen	3,500,000	0.81%
Lin, Min-Hsiung	3,500,000	0.81%

(V) Share prices for the past two fiscal years, with company net worth per share, earnings per share, dividends per share, and related information

Unit: NT$ thousands; thousand shares

Item	Year		2020	2021	As of March 31, 2022
Market value per share (Note 1)	Highest		79.8	-	-
	Lowest		24.05	-	-
	Average		52.78	-	-
Net value per share (Note 2)	Before distribution		15.43	14.98	14.38
	After distribution		14.93	14.8	14.38
Earnings per Share	Weighted Average Shares		408,985	429,508	429,508
	Earnings per Share (Note 3)		3.03	0.1	(0.55)
Dividends Per Share	Cash dividends		0.5	-	-
	Stock dividends	Stock dividends appropriated from earnings	-	-	-
		Stock dividends appropriated from capital surplus	-	-	-
	Retained dividend (Note 4)		-	-	-
Return on Investment	Price-Earnings Ratio (Note 5)		17.42-	17.42	-
	Dividend Yield (Note 6)		105.56	-	-
	Cash dividend yield (Note 7)		0.95%	-	-

* In the case of retained shares distribution or capital surplus shares distribution, please also disclose the information about the market value and cash dividend adjusted retroactively based on the quantity of shares as distributed.

Note 1: Please identify the highest market value and the lowest market value of the common stock in various years, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: Please apply the quantity of shares already issued at the end of the year and identify the status of distribution according to the resolution made by the shareholders' meeting held in the following year.

Note 3: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.

Note 4: If the terms and conditions under which the equity securities are issued provide that the stock dividend retained in the year may be accumulated until the year in which there are allocable earnings available, please disclose the retained stock dividend accumulated until the then year.

Note 5: Price-Earnings Ratio=Average Closing Price Per Share in current year/Earnings Per Share

Note 6: Dividend Yield=Average Closing Price Per Share in current year/Cash Dividend Per Share

Note 7: Cash Dividend Yields=Cash Dividend Per Share/Average Closing Price Per Share in current year

Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

Note 9: Including the amount of dividends for the fourth quarter of 2020 resolved by the board of directors on March 26, 2021.

(VI) Dividends policy and Implementation Status

1. Dividend policy in the Articles of Incorporation:

Article 24-1 of the Articles of Incorporation:

If the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends.

The Company may distribute bonus to shareholders in the form of cash or stocks, however, the cash bonus to shareholders cannot be lower than 10% of total share bonus.

The Company operates in the biotechnology business, which is cyclic period of the corporate life cycle. The policy of dividend distribution shall be based on the Company's current and future investment environment, capital needs, domestic and foreign competition, capital budget and other factors, taking into account the interests of shareholders, balance of dividends, and long-term financial planning of the Company. The Board of Directors shall prepare a distribution plan and report to the Shareholders' Meeting on a yearly basis according to laws.

2. Distribution of dividends proposed in the shareholders' meeting

The Company's 2021 earnings distribution has been resolved by the Board of Directors' Meeting on March 29, 2022 to none dividends, subject to the approval of the shareholders' meeting.

3. If there is material change in the dividend policy, it should be stated

There was no material change in the Company's dividend policy.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting: N/A.

(VIII) Compensation of employees, directors, and supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's Articles of Incorporation:

Article 24 of the Company's Articles of Incorporation:

The Company shall appropriate no less than 5% to 10% of current year profit as employee compensation by cash or shares upon approval of the Board of Directors. Employee compensation may be issued to employees in affiliate companies that meet certain criteria. The Company may appropriate no more than 5% of the above profit as Directors' compensation upon approval of the Board of Directors. The proposal for distribution of compensation to employees and remuneration to Directors shall be reported at the shareholders' meeting. However, if the Company still has accumulated losses, the amount of compensation shall be retained in advance, and the compensation to employees and directors shall be provided in proportion to the aforementioned amount.

2. Accounting Treatments when Differences Occur between Estimated and Actual Distributed Amount of Employee, Director, and Supervisor Compensation

(1) The distribution of the 2021 employee remuneration in cash resolved by the Company's Board of Directors on March 29, 2022 was for an amount equivalent to 5%–10% of the net income of 2021.

(2) If the actual amount of employee compensation differs from the estimated amount, the difference is treated as a change in estimate.

(3) The Company's 2021 employee remuneration was made without the distribution of stock dividend.

3. **Employee Compensation Distribution Proposals adopted in Board of Directors Meeting:**
   (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:
   Employees' compensation from cash distribution: NT$4,209,404.
   Amount of any employee compensation distributed in stocks: NT$ 0
   Amount of remunerations for Directors and Supervisors: NT$0.
   There is no difference with the recognized expenses in the year.
   (2) The proportion of employee shares weighing over the profit after tax and total employee cost for the current individual financial reports: The Company's Board of Directors resolved in the meeting on March 29, 2022 not to have employee remuneration distributed in stock; therefore, it is not applicable.

4. **The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:**
   (1) The actual distribution of the Company in 2020:
   Employees' compensation from cash distribution: NT$0.
   Amount of any employee compensation distributed in stocks: NT$ 0
   Amount of remunerations for Directors and Supervisors: NT$0.
   (2) There is no difference with the recognized expenses in the year.

(IX) Buyback of Treasury Stock: None.

II. Corporate Bond

: None.

III. Preferred Shares

: None.

IV. Global Depository Receipts

: None.

V. Employee Stock Options

: None.

VI. New Restricted Employee Shares

: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies

: None.

VIII. Implementation of the capital utilization plan

(I) 2014 Issuance of New Shares for Cash Capital Increase

1. Description of the original plan:

(1) Sources and Use of Capital

A. Total capital required for the plan: NT$2,000,000,000.

B. Source of Capital:

(a). Cash capital increase to issue 50,000,000 shares with a par value of NT$10 per share, at a premium of NT$30.2 per share, for a total amount of NT$1,510,000 thousand.

(b). If the actual issue price per share of the cash capital increase plan is adjusted due to changes in market prices, the shortfall will be financed by its own funds or bank loans.

C. Plan items and estimated progress of capital utilization plan

Unit: NT$ thousands

Description of the plan	Estimated Completion Date	Total Capital Required	Estimated Progress of Use									
			2014		2015				2016			
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Brand building and product promotion	Q4 2016	350,000	20,000	20,000	30,000	40,000	50,000	50,000	40,000	40,000	30,000	30,000
New Product Development	Q4 2016	467,950	58,100	106,000	49,750	106,750	42,000	74,150	30,000	0	1,200	0
Repayment of bank borrowings	Q3 2016	782,050	470,160	0	70,160	0	70,160	0	70,160	0	101,410	0
Strengthening the Operating Capital	Q3 2014	400,000	400,000	0	0	0	0	0	0	0	0	0
Total		2,000,000	948,260	126,000	149,910	146,750	162,160	124,150	140,160	40,000	132,610	30,000

D. Date of entering the Market Observation Post System (MOPS): August 01, 2014.

2. Change the content of the plan:

(1) Reason for change: A. First change on August 12, 2016

In consideration of the timing of obtaining the drug license, the overall operation planning and the efficiency of capital utilization, the original plan items of brand building and product promotion of NT$350,000 thousand and new product development of NT$467,950 thousand were reduced to NT$255,088 thousand and NT$277,051 thousand, respectively, for a total reduction of NT$285,811 thousand of our own capital.

B. Second change on September 14, 2018

In consideration of the actual implementation of the plan and the efficiency of capital utilization, the Company's Board of Directors resolved on September 14, 2018 to reduce the amount of some projects by a total of NT$154,424 thousand (NT$255,088 thousand - NT$100,664 thousand) of its own funds. The change amount of NT$154,424 thousand represents 10.23% of the previous increase in capital raised of NT$1,510,000 thousand.

(2) Plan items and progress of capital utilization plan after change

Unit: NT$ thousands

Description of the plan		Original funding requirement	2016.08.12 Funding requirements after the first change	2018.09.14 Funding requirements after the second change	As of Implemented in Q2 2018	To be implemented
Brand building and product promotion		350,000	255,088	100,664	100,664	-
1. Eurozone	Channel and Marketing	150,000	72,000	44,940	44,940	-
	Establishing European office	70,000	53,865	6,266	6,266	-
	Medical certificate consultant fee	30,000	21,571	19,469	19,469	-
	Subtotal	250,000	147,436	70,675	70,675	-
2. China Region	Channel and Marketing	100,000	107,652	29,989	29,989	-
	Subtotal	100,000	107,652	29,989	29,989	-
New Product Development		467,950	277,051	277,051	300,406	-
1. European flu vaccine		150,000	150,000	150,000 (Unchanged)	173,355 (Completed)	-
2. Quadrivalent influenza vaccine (domestic)		73,700	71,183	71,183 (Unchanged)	71,183 (Completed)	-
3. H7N9 avian influenza vaccine		62,750	38,734	38,734 (Unchanged)	38,734 (Completed)	-
4. Cell culture Japanese encephalitis vaccine		181,500	17,134	17,134 (Unchanged)	17,134 (Completed)	-
Repayment of bank borrowings		782,050	782,050 (Unchanged)	782,050 (Completed)	782,050 (Completed)	-
Strengthening the Operating Capital		400,000	400,000 (Unchanged)	400,000 (Completed)	400,000 (Completed)	-
Total		2,000,000	1,714,189	1,559,765	1,583,120	-

3. Implementation of the plan

(1). Plan items and estimated progress of capital utilization plan

A. Brand building and product promotion - progress of capital utilization plan

As of September 30 2018 Unit: NT$ thousands

Fund Used			
Estimated Fund Used	0	Accumulated Estimated Fund Used	100,664
Actual Fund Used	0	Accumulated Actual Fund Used	100,664
Work Progress			
Estimated Work Progress	0	Accumulated Estimated Work Progress	100%
Actual Work Progress	0	Accumulated Actual Work Progress	100%
Reasons and Improvement Plans for Leading or Behind the Project Schedule	Eurozone: Drug certificates have not yet been obtained; China: Due to the completion of the new filling line and the unavailability of the quadrivalent influenza vaccine, the deployment of the product in the export market has been delayed compared to the original plan. However, the Company's senior management team has been actively engaged in overseas operations and negotiations, and the relevant operations and drug certificates are expected to be obtained gradually. The plan was completed in Q2 2018.		

B. New product development - progress of capital utilization plan

As of September 30, 2018 Unit: NT$ thousands

Fund Used			
Estimated Fund Used	0	Accumulated Estimated Fund Used	277,051
Actual Fund Used	0	Accumulated Actual Fund Used	300,406
Work Progress			
Estimated Work Progress	0	Accumulated Estimated Work Progress	100%
Actual Work Progress	0	Accumulated Actual Work Progress	108.43%
Reasons and Improvement Plans for Leading or Behind the Project Schedule	The quadrivalent influenza vaccine will be available for sale in 2019 in line with the government procurement schedule, while the H7N9 avian influenza vaccine will be ready for use in the event of an outbreak. The Japanese encephalitis vaccine with cell culture technology is expected to be sold in line with the government procurement schedule. The plan was completed in Q3 2017.		

C. Repayment of bank borrowings - progress of capital utilization plan

As of September 30 2018Unit: NT$ thousands

Fund Used			
Estimated Fund Used	0	Accumulated Estimated Fund Used	782,050
Actual Fund Used	0	Accumulated Actual Fund Used	782,050
Work Progress			
Estimated Work Progress	0%	Accumulated Estimated Work Progress	100%
Actual Work Progress	0%	Accumulated Actual Work Progress	100%
Reasons and Improvement Plans for Leading or Behind the Project Schedule	The Company's ability to repay its debts has been enhanced after the cash capital increase was fully raised. In view of the increasing trend of interest rate increase in 2015, the Company made early repayment of bank loans in the fourth quarter of 2014, which not only helped to reduce the actual interest expense, but also increased the flexibility of bank credit line and capital utilization. The plan was completed in Q4 2014.		

D. Strengthening the Operating Capitall - progress of capital utilization plan

As of September 30, 2018 Unit: NT$ thousands

Fund Used			
Estimated Fund Used	0	Accumulated Estimated Fund Used	400,000
Actual Fund Used	0	Accumulated Actual Fund Used	400,000
Work Progress			
Estimated Work Progress	0%	Accumulated Estimated Work Progress	100%
Actual Work Progress	0%	Accumulated Actual Work Progress	100%
Reasons and Improvement Plans for Leading or Behind the Project Schedule	The Company's ability to repay its debts has been improved after the cash capital increase is raised. In addition, the Company does not need to borrow money from banks to finance its operations, which helps to reduce the actual interest expense. The plan was completed in Q4 2014.		

4. Benefit analysis

A. Brand building and product promotion

The total amount of capital required for brand building and product promotion is NT$100,664 thousand. It is expected that the European influenza vaccine will be available for sale after 2020 at the earliest; the trivalent influenza vaccine in China has been available for sale since 2017, which will help the Company grow its business and increase its capacity utilization.

B. New product development

The total amount of capital required for the development of new products is NT$277,051 thousand, and the expected benefits are described below:

(a) European influenza vaccine (proto-mimetic virus particle adjuvanted influenza vaccine)

The amount invested in the development of the European influenza vaccine is NT$173,355 thousand. The benefits of AdimFlu-S-Europe, which is expected to be achieved through brand building and product promotion, will contribute to the growth of the Company's business and increase capacity utilization after the drug license is obtained.®

(b) Quadrivalent influenza vaccine

The Company invested NT$71,183 thousand in the development of quadrivalent influenza vaccine and obtained the quadrivalent influenza vaccine certificate in 2017. Therefore, the Company's operating income and net income will grow in line with the government's procurement of quadrivalent influenza vaccine in 2019.

(c) H7N9 avian influenza vaccine

The amount invested in the development of H7N9 avian influenza vaccine is $38,734,000. In the event of an epidemic in the future, the Company will cooperate with the Phase III clinical trial, and although it is difficult to estimate the estimated benefit contribution at this time, the Company shoulders the responsibility of protecting the nation from the threat of the virus and stabilizing the social order from the panic of the epidemic while pursuing revenue and profit. In addition, the development of the H7N9 avian influenza vaccine will expand the scope of protection to include H5N1, H9N2, H10N8, etc. If the government purchases the vaccine on a large scale, it will contribute to the growth of the Company's operating income and net profit.

(d) Cell culture for Japanese encephalitis vaccine

The amount invested in the development of Cell culture for Japanese encephalitis vaccine is $17,134 thousand. In accordance with the resolution of the expert meeting held on February 5, 2013, the Ministry of Health and Welfare has replaced the current Japanese encephalitis vaccine made from rat brain with cell culture vaccine for public procurement starting in 2017. The Company cooperates with the government to import cell culture Japanese encephalitis vaccine for public procurement, which can contribute to the growth of the Company's operating income and net profit.

C. Repayment of bank loans and strengthening the operating capital:

Unit: NT$ thousands; %

Item \ Year		Q2 2014	2014
Current assets		1,575,852	1,669,034
Current liabilities		696,601	202,817
Total Liabilities		2,486,327	1,389,656
Interest Expense		22,508	40,637
Operating income		265,797	480,506
Earnings Per Share (NT$)		-0.73	-3.04
Financial structure	Debt ratio	42.3	23.73
	Ratio of long-term capital to property, plant, and equipment	155.62	175.9
Debt service ability	Current ratio	226.22	822.93
	Quick ratio	145.5	609.63

After the cash capital increase was used to repay bank loans and increase working capital, the financial information, financial structure and solvency have been improved, so the benefits of the two capital increases should be reasonable.

(II) 2018 Issuance of New Shares for Cash Capital Increase

1. Description of the plan

A. Total capital required for the plan: NT$2,000,000,000.

B. Source of Capital:

The Financial Supervisory Commission (FSC) approved the extension of the offering by letter Ching-Kuan-Cheng Yi-Tze No. 1080304741 dated February 23, 2019, and issued 125,000 thousand shares with a par value of NT$10 per share at a premium of NT$18.2 per share for a total amount of NT$2,275,000 thousand, which will be used to strengthen the operation capital.

C. Plan items and estimated progress of capital utilization plan

Unit: NT$ thousands

Plan	Estimated Completion Date	Total Capital Required	Estimated Progress of Use					
			2019				2020	
			Q1	Q2	Q3	Q4	Q1	Q2
Repayment of bank borrowings	Q2 2019	1,050,000	-	1,050,000	-	-	-	-
Purchase of machinery and equipment	Q2 2020	700,000	-	192,000	12,000	420,000	70,000	6,000
Strengthening the Operating Capital	Q2 2019	250,000	-	250,000	-	-	-	-
Total		2,000,000	-	1,492,000	12,000	420,000	70,000	6,000

2. Implementation status

Plan items and estimated progress of capital utilization plan

(1) Repayment of bank borrowings - progress of capital utilization plan

As of: Septemer 30, 2021 Unit: NT$ thousands

Fund Used			
Estimated Fund Used	0	Accumulated Estimated Fund Used	1,050,000
Actual Fund Used	0	Accumulated Actual Fund Used	1,050,000
Work Progress			
Estimated Work Progress	0%	Accumulated Estimated Work Progress	100%
Actual Work Progress	0%	Accumulated Actual Work Progress	100%
Reasons and Improvement Plans for Leading or Behind the Project Schedule	The actual amount of bank loans repaid was NT$1,050,000 thousand, and the actual execution progress was 100.00%, which was fully implemented.		

(2) Purchase of machinery and equipment - progress of capital utilization plan

As of: Septemer 30, 2021 Unit: NT$ thousands

Fund Used			
Estimated Fund Used	0	Accumulated Estimated Fund Used	700,000
Actual Fund Used	69,658	Accumulated Actual Fund Used	700,000
Work Progress			
Estimated Work Progress	0%	Accumulated Estimated Work Progress	100%
Actual Work Progress	9.96%	Accumulated Actual Work Progress	100%
Reasons and Improvement Plans for Leading or Behind the Project Schedule	The purchase of machinery equipment was completed 100% according to the plan.		

(3) Strengthening the operating capital - progress of capital utilization plan

As of: September 30, 2021 Unit: NT$ thousands

Fund Used			
Estimated Fund Used	0	Accumulated Estimated Fund Used	250,000
Actual Fund Used	0	Accumulated Actual Fund Used	250,000
Work Progress			
Estimated Work Progress	0%	Accumulated Estimated Work Progress	100%
Actual Work Progress	0%	Accumulated Actual Work Progress	100%
Reasons and Improvement Plans for Leading or Behind the Project Schedule	The financing was completed in May 2019 and the working capital of NT$250,000 thousand was replenished in May 2019, and the actual execution progress was 100%.		

3. Benefit analysis

(1) Repay bank loans

The proposed use of NT$1,050,000 thousand of the proceeds to repay bank loans will not only save interest expenses and improve financial structure, but also reduce dependence on banks, increase flexibility in capital deployment and reduce operational risks. Based on the estimated interest rate of 1.649% to 2.230% on bank loans to be repaid, the Company expects to save NT$11,178 thousand in interest expense in 2019 and NT$19,162 thousand annually from 2020.

(2) Purchase of machinery and equipment

Of the proceeds, NT$700,000 thousand will be used to purchase machinery and equipment, mainly to expand production capacity and improve overall profitability, which is expected to generate the following potential benefits.

Unit: thousands doses; NT$ thousand

Year	Item	Production volume	Sales volume	Operating income	Gross profit	Net operating income
2022	Domestic quadrivalent influenza vaccine	3,737	3,737	749,648	251,199	129,681
	TechDow enoxaparin sodium	15,000	15,000	323,910	69,117	11,611
	PSC quadrivalent influenza vaccine	10,000	10,000	610,000	329,028	233,083
2023	Domestic quadrivalent influenza vaccine	3,737	3,737	749,648	251,199	129,681
	TechDow enoxaparin sodium	15,000	15,000	323,910	69,117	11,611
	PSC quadrivalent influenza vaccine	10,000	10,000	610,000	329,028	233,083

(3) Strengthening the Operating Capital

The proposed use of NT$250,000 thousand of the proceeds to increase working capital will not only increase the stability of long-term capital sources and improve short-term solvency, but also reduce the interest burden caused by borrowing from financial institutions, which will further strengthen the Company's long-term competitiveness and enhance the flexibility of capital deployment. Based on the current average borrowing rate of 1.82%, the Company expects to save $2,654 thousand in interest expense in 2019 and $4,550 thousand in 2020.

V. Operational Highlights

I. Business Activities

(I) Scope of Business

1. The main contents of the Company's business

(1) Research and development, processing, manufacturing and trading of serums, vaccines, test reagents, biological preparations and their bacterial fluids, raw materials, etc.
(2) Processing and trading of western pharmaceuticals, animal drugs, chemicals and feed additives, etc.
(3) The import and export trade and agency of the former products.
(4) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weight of lines of business

Unit: NT$ thousands

Major products	2020		2021	
	Operating income	Weight of lines of business (%)	Operating income	Weight of lines of business (%)
Finished Influenza Vaccine	1,336,046	71.48%	1,062,837	64.77%
Non-Influenza Vaccine Series	533,101	28.52%	578,224	35.23%
Total Shares	1,869,147	100.00%	1,641,061	100%

Note: ① Influenza vaccine products refer to the finished products of trivalent and quadrivalent influenza vaccines and the related raw liquid semi-finished products, as well as the part of the vaccine contracted by customers.
② The non-influenza vaccine series refers to other self-made or distributed vaccine products and OEM and consignment services, etc.

3. Current Products and Services:

Main Products	Usage/functions
Japanese Encephalitis Vaccine	Preventing Japanese Encephalitis Virus
Tetanus Vaccine	Prevention of tetanus bacteria
Influenza vaccine	Preventing Seasonal Influenza Virus
- Trivalent split vaccine	
- Tetravalent split Vaccine	
Aseptic Filling Professional Services	Cooperate with customers to produce and market launch
Tubercle bacillus	For tuberculin testing (PPD TEST) to determine if a patient is infected with tuberculosis

4. Products (Service) Development:

(1) Influenza vaccine/cell culture technology platform
(2) Enterovirus Type 71 vaccine/cell culture technology platform
(3) Japanese encephalitis vaccine/cell culture technology platform
(4) COVID-19 vaccine/recombinant gene culture technology platform

(II) Industry overview

1. Current status and development

(1) Global Vaccine Market Estimates

According to forecast of MarketsandMarkets™ in January 2022, the global human vaccine market grew at a compound annual growth rate (CGAR) of 10.2% from US$41.4 billion in 2021 to US$67.2 billion in 2026. Added with the use of a COVID vaccine, the overall market will go up from US$139.4 billion in 2021 to $149.2 billion in 2026. In addition, according to the Roots Analysis report, from 2021 to 2030, the compound annual growth rate (CGAR) of global vaccines will reach 17%. The growth of the vaccine market output value mainly comes from the research and development needs of vaccine companies in combating the COVID-19 virus and the attention and use of the World Health Organization and governments of various countries.

The transmission chain of the COVID virus is getting broader and faster along with the continuous increase of human population and the diversified and frequent cross-border travel, human contact with and improper consumption of wild animals, the terrorist attacks, and other factors. Over 40 infectious diseases have been found since the 1970s, such as Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), Ebola Hemorrhagic Fever, Chikungunya, Avian flu, H1N1 Swine flu, Zika virus, and the COVID-19 pandemic caused by the SARS-CoV-2 virus in 2019. These new infectious diseases have caused an urgent and rapid demand for vaccines to prevent infection worldwide, and inspired many vaccine companies to invest in the research and development of vaccines for the said infectious diseases. However, the research and development of new vaccines is a process that requires massive capital investment and time. In general, it takes 10–15 years and US$0.8–1 billion to have a new vaccine developed successfully starting from in vitro animal experiments, human trials, to being approved for mass production and marketing. The uncertainty of clinical trials during the research and development process, including sufficient funds needed for continuous investment, makes the probability of a vaccine being developed and marketed successfully extremely low. Even if the vaccine is successfully marketed, the subsequent warehousing and transportation support is crucial; therefore, these influential factors to the success of the investment in vaccine development must be considered carefully.

The preventive vaccines remain dominant in the global human vaccine market, which are divided into adult and pediatric vaccines. In terms of market size, vaccines that have been on the market for many years and are included in the vaccine administration plans of the World Health Organization and governments of various countries are dominant in the market, including vaccines for Influenza, human papilloma virus (HPV), Meningococcal, Pneumococcal, DTaP+HB+IPV, Rotavirus, Herpes Zoster, Measles-Mumps-Rubella (MMR), Varicella, Hepatitis, Diphtheria Tetanus Pertussis (DTP), Polio, etc. In terms of vaccine projects, the consumption of vaccine for pediatrics remains dominant globally; however, such market is saturating; also, it takes more safety-concerned data for the development and market launch of vaccines for pediatrics; therefore, the market growth relies on the development and use of adult vaccines in the future. The following three vaccines were developed and approved for adults in 2021.

1. Merck KGaA launched a new product, VAXELIS (Diphtheria and Tetanus Toxoids and Acellular Pertussis, Inactivated Poliovirus, Haemophilus b Conjugate and Hepatitis B Vaccine), in the United States in June 2021, which was jointly developed with Sanofi Pasteur.
2. GSK's Shingrix (Zoster Vaccine Recombinant, Adjuvanted) vaccine was officially approved by the US FDA for use by adults over 18 years old in July 2021. This vaccine aims to help patients who suffered from congenital immunodeficiency or immunodeficiency resulted from treatments for other diseases with better preventive protection.
3. Pfizer's Pfizer-BioNTech COVID-19 Vaccine COMIRNATY was officially approved by the

US FDA for use by adults over 16 years old in August 2021. This vaccine was also authorized by the US FDA for emergency use (Emergency Use Authorization, EUA) by children aged 5–11 years old in October 2021.

In terms of vaccine technologies development in recent years, such as VAXELIS as a conjugate vaccine, has become the mainstream of research and development invested by governments and vaccine companies worldwide in recent years. There are also other new technologies in development at the same time, including recombinant vaccines, inactivated & subunit vaccines, live attenuated vaccines, mRNA vaccines, DNA vaccines, viral vector vaccines, and other related technologies.

In terms of the clinical vaccination transmission technology, vaccination is mainly administered with intramuscular and subcutaneous injections since it is with the advantages of convenient use clinically and having the antigens absorbed by human body more quickly and effectively with active immune effects generated. However, due to the demand for pre-filled syringes for both intramuscular and subcutaneous injections, the lead time for delivery could be influential. Therefore, some vaccine companies are developing new forms of dosages, such as absorption through nasal mucosa or percutaneous absorption through patches; however, the mass production scale and market acceptance remain under observation.

In terms of market distribution, according to Bloomberg, North America and Europe account for 65% of the global vaccine market, of which North America accounts for 53% of the overall market, mainly due to the growing demand for vaccination by adults and children, the US government's dedication to promoting vaccinations, and the US FDA's approving most vaccines. However, the emerging markets, including China, India, and Southeast Asia with a total population of about 3.5 billion people, accounting for 44% of the global population, are growing rapidly along with the increasing healthcare spending and disposable income, large numbers of patients, implementation of policies, and the mass vaccination programs assisted by international organizations, such as Global Alliance for Vaccines and Immunization (GAVI). According to the WHO, 5.5 billion vaccine doses were purchased worldwide in 2019. The vaccines purchased were mainly distributed in Southeast Asia and Africa, accounted for 50% of the total vaccine doses purchased. India supplied 80% of the vaccines used in Southeast Asian in 2019. The WHO estimates that African countries will continue to purchase more recommended vaccines. In terms of procurement methods, middle-income countries will purchase the largest doses of vaccines voluntarily; also, more than half of the purchased doses of vaccines will be from China and India. Even if the vaccines supplied by China and India are excluded, the doses of vaccine purchased by the middle-income countries voluntarily remains accounted for 20% of the total doses of vaccines sold. In terms of vaccine types, the demand for bivalent oral polio vaccine (bOPV) is the highest, followed by diphtheria/tetanus vaccine and measles vaccine. The top five manufacturers of vaccine include Serum Institute of India (SII), GSK, Sanofi, BBIL and Haffkine, which accounted for 60% of the global vaccine supply. Most of the medium-sized vaccine factories are in Asia, and they are committed to expanding their product portfolios in order to compete in different regional markets and different new vaccines (such as HPV vaccines and pneumococcal vaccines), and to provide more diversified and affordable vaccines to people in various regions.

However, the lack of infrastructure for vaccine storage and cold chain logistics and delivery is the main reason hindering the development of vaccines in developing and underdeveloped countries; also, it hinders the prevalence of vaccine administration. At the same time, the improvement of education and medical standards deserves the continuous attention and construction of those countries.

The global vaccine market amounted to US$41.4 billion in 2021, excluding the sales revenue of COVID-19 vaccine, of which the top four vaccine factories ranked by sales revenue were Merck, GSK, Sanofi, and Pfizer for an amount of (excluding the sales revenue generated from COVID-19 vaccines) US$9.51 billion, US$9.32 billion, US$7.48 billion, and US$5.84 billion, respectively, and accounted for 78% of the global market jointly. Merck's revenue of US$9.51 billion includes US$5.67 billion (accounting for 59.6% of the vaccine sales) generated from human papilloma virus HPV), which was also ranked the 18th best-selling drug worldwide in 2021. In addition, MMRV vaccine was sold for an amount of US$2.14 billion (accounting for 22.5% of vaccine sales); there were also the sales of Pneumococcal vaccine, Rotavirus vaccine, etc. GSK, ranked in the second place, had a revenue of £6.78 billion (around US$9.32 billion) that was generated mainly from three products: £1.72 billion from Shingrix (Zoster Vaccine Recombinant, Adjuvanted) accounting for 25% of vaccine sales; streptococcus meningitidis vaccine for £961 million (accounting for 4% of vaccine sales) and influenza vaccine for £679 million (accounting for 10% of vaccine sales), including hepatitis vaccine, Rotarix vaccine, and Synflorix vaccine for a total of £2.97 billion (accounting for 44% of vaccine sales). Sanofi, ranked in the 3rd place, had a vaccine revenue of €6.32 billion (around US$7.48 billion) that was generated mainly from three products: Influenza vaccine for €2.63 billion (accounting for 42% of vaccine sales), pediatric DTaP-IPV and pentavalent vaccine for €2.16 billion (accounting for 34% of vaccine sales), and a meningitis/pneumonia vaccine for €658 million (accounting for 10% of vaccine sales). Pfizer, ranked in the 4th place, had a vaccine revenue of US$42.6 billion that includes Comirnaty vaccine for COVID-19 virus for US$36.8 billion (accounting for 86% of vaccine sales) and Pneumococcal vaccine for US$5.27 billion (accounting for 12% of vaccine sales); also, these two vaccines were ranked in the 1st place and 22nd place of the best-selling drugs worldwide in 2021, respectively.

(2) Current status and development of influenza vaccine

In terms of production technology, there are currently two types: the traditional process using embryonic eggs and the new cell culture process. Compared with the conventional process, the supply of qualified embryonic eggs is limited by the number of eggs available and the 6-9 month supply time, and the supply of embryonic eggs will be affected in the event of an avian epidemic, so the latter process has the advantage of rapid cell culture replication, which can be produced in large quantities and supplied in a short period of time.

Compared with the traditional process, the supply of embryonic eggs is limited by the quantity of qualified embryonic eggs and the 6-9 months supply time, and the supply of embryonic eggs will be affected in case of poultry epidemics. Therefore, the latter has the advantage of rapid cell culture replication and can be produced in large quantities in a short period of time, and there are data showing that cell-based influenza vaccines provide better protection than traditional vaccines.

However, according to the sales volume in the global market, around 80% of the volume is produced with the use of embryonated chicken egg process.

In terms of market demand, according to the Centers for Disease Control and Prevention (CDC), an average of 5-20% of the U.S. population gets the flu each year, and about 36,000 of them die from flu complications, so it is recommended that all six infants and toddlers should get the flu vaccine. Since the 2016-2019 influenza season, statistics show that the total number of approved influenza vaccines marketed in the U.S. has grown from 145 million doses to 174.5 million doses, an increase of 20%. Of the total number of influenza vaccines to be marketed in 2019, nearly 95% will be quadrivalent vaccines and approximately 30% will be supplied by cell-based manufacturing processes, and 77% will be produced locally in the United States. Therefore, the U.S. is still the largest single market for influenza vaccine demand and use in the world, and is expected to grow significantly from 2020-2026.

According to the reports of Allied Market Research and Fortune Business Insights, the global influenza vaccine market amounted to US$5.02 billion and US$6.59 billion in 2020 and 2021, respectively, an annual increase of 12%. Also, it is expected to reach US$10.73 billion in 2028,

and the CAGR of 2021–2028 is 7.2%, which is resulted from the prevalence of influenza and the support and monitoring of influenza vaccination of the government. The outbreak of 2019-nCoV pandemic has a positive effect on the increasing demand for influenza vaccines due to the reasons of: (1) 2019-nCoV infection is similar to influenza, and influenza vaccination helps reduce the number of influenza-like infected patients; and (2) evidenced by research, influenza vaccination helps reduce the immediate mortality rate of the COVID-19 patients. Influenza vaccination rates have reached the peak again during the COVID-19 pandemic. The demand for influenza vaccine in the European and American market remains the highest in the world, accounting for more than 75% of global usage. However, the demand of China and India in Asia and Mexico in America is growing rapidly. In general, there are 1/3 of the countries in the world not reaching the goal of having 1/10 population vaccinated and not meeting the goal of having 75% or more of the senior citizens in the world vaccinated with influenza vaccine by the year 2010 that was suggested by the World Health Organization (WHO). The importance of providing a free influenza vaccination to the citizens is gradually acknowledged by the developing countries (mainly in the Asia-Pacific region), or increasing the purchase of public-funded vaccine will help significantly increase the demand for influenza vaccines in developing countries. According to Market Data Forecast, the market size of influenza vaccines in the Asia-Pacific region is expected to grow from US$1.48 billion in 2022 to US$2.47 billion in 2025, with a CAGR of 10.7% from 2022 to 2025, which will exceed the growth rate of the global influenza vaccine market.

The distribution of global major manufacturers of influenza vaccines had changed significantly in 2015. GSK had obtained the global distribution rights of Novartis vaccines except for influenza vaccines at a price of US$5.25 billion. The influenza vaccine of Novartis was exclusively distributed by Australian CSL Company at a price of US$275 million originally, then CSL established Seqirus Company to sell influenza vaccines specially. Seqirus Corporation cooperates with the original four production plants of CSL Corporation in the United States, the United Kingdom, Germany, and Australia aiming to become the top influenza vaccine supplier in the world. Based on the global influenza vaccine market size of US$6.59 billion in 2021, the top four influenza vaccine manufacturers are Sanofi (47%), GSK (10%), AstraZeneca (4%), and Seqirus (3%). Sanofi is currently the world's largest supplier of influenza vaccines with the most diversified products offered. Sanofi sells Vaxigrip® , a trivalent influenza vaccine, and Vaxigrip Tetra® , a quadrivalent influenza vaccine, in many countries outside the United States. Also, in the United States, the largest market in the world, Sanofi sells Fluzone® Quadrivalent and FluQuadri® , a quadrivalent influenza vaccine produced locally. Sanofi also develops Fluzone® High-Dose and Fluzone® High-Dose Quadrivalent for the elderly over 65 years old. In addition, Sanofi acquired Protein Sciences, an American company, in 2018 to obtain Flublok® Quadrivalent, a quadrivalent influenza vaccine produced with the recombinant technology. The US market is the main market to Sanofi for the sale of influenza vaccines, accounting for 52% of Sanofi's total global influenza vaccine sales in 2021.

There are three types of anti-influenza virus drugs currently: (1) M2 protein inhibitor, such as Amantadine, that is only effective against Type-A influenza virus not Type-B influenza virus. Currently, almost all H3N2 and H1N1 influenza virus strains have developed resistance, therefore, such drug is no longer suitable for treating influenza. (2) Neuraminidase inhibitor is effective in treating or preventing Type-A and Type-B influenza at the same time. It should be used as soon as possible after the onset of the disease so to effectively inhibit the replication of influenza virus, to shorten the course of the disease, and to avoid complications. Such drugs include Zanamivir (Relenza® , Reloza) in inhalation form, Oseltamivir (Tamiflu® , Eraflu® , Ekemo) in oral form, and Peramivir (Rapiacta® , Rebetta) in intravenous form. (3) Endonuclease inhibitor by inhibiting the endonuclease function of the virus and destroying the virus replication mechanism in the

human body can treat or prevent Type-A and Type-B influenza, such as Baloxavir (Xofluza® , relieving effect) in oral form. When there is no appropriate vaccination during the occurrence of cluster influenza infection or the prevalence of new influenza viruses, evaluate a preventive administration of medicine to the high-risk groups that may be complicated by severe illness; also, the use of antiviral agents will not affect the efficacy of influenza vaccination. Although antiviral drugs have been used to treat influenza as stated in the preceding paragraph, experts believe that vaccine is the most effective means to prevent and combat influenza virus with the efficacy and cost taken into account. It is learned from research completed previously that senior citizens vaccinated with influenza vaccine in advance can help reduce the mortality rate by 50%; also, medical expenses can be reduced effectively through prevailing vaccination.

In addition to the general public, the largest potential market for future influenza vaccine production will be the reserve stockpile for government procurement, especially when new types of influenza are rampant, the major countries that produce vaccines often prohibit the export of vaccines as their own reserve stockpile, resulting in difficulties in procurement and low vaccine autonomy for countries that rely on foreign imports. For example, in February 2018, SK Chemicals from Korea signed a US$155 million technology contract with Sanofi Pasteur, licensing the latter to use its cell culture process technology to develop a universal influenza vaccine.

In Taiwan, Adimmune Corporation is now equipped with mass production skills for influenza vaccines after receiving technology transfer from Kitasato Institute (now Kitasato Daiichi Sankyo) and Crucell AG (formerly known as Berna Biotech AG, now a Johnson & Johnson Group company). Meanwhile, Adimmune Corporation has been collaborating with Protein Sciences to produce BEVS recombinant gene technology for influenza vaccine since 2014. This technology was endorsed by the President's Council on Science and Technology and recommended to the President of the United States for his support. BEVS technology has the following advantages:

1. The use of cGMP, FDA approved cells and viruses.
2. Rapid production of safer and more effective HA (Hemagglutinin) antigen protein and high quality purified antigens and antibodies
3. Compared with the current cell culture technology platform, the new vaccine can be developed in a shorter period of time, can be mass produced quickly, has a lower production cost, and has a wider range of technology applications. In the future, when the government is unable to procure vaccines from major international manufacturers, a new procurement channel will be added, which will not only help increase Taiwan's vaccine autonomy, but will also be less affected by price monopoly of major foreign vaccine manufacturers.

The company's quadrivalent influenza vaccine, Flublok® Quadrivalent, was fully acquired by Sanofi in August 2017 after receiving marketing approval from the U.S. FDA in October 2016 due to its rapid volume production characteristics and is sold primarily in the U.S. market. As a result, the Company has received 3.69 million doses in 2018, The demand was increased significantly to 7–8 million doses in 2019 and 2020. At the same time, Sanofi is actively deploying outside the US market. The drug permit license of this product was obtained for the European market in 2021; therefore, the Company had a new filling package prepared and shipped to the UK market in 2021. The Company has high hopes for the cooperation with Sanofi in the next five years.

(3) Current status and development of encephalitis vaccine in Japan

Japanese encephalitis (JE) is a zoonotic disease mediated by mosquitoes and pigs, and is a viral encephalitis widely prevalent in Asia. It is one of the most important endemic diseases in Taiwan every summer. Since this specific disease is limited to the Western Pacific region, the market segmentation is quite obvious, so advanced countries such as Europe and the United States are not very willing to enter this market. However, in recent years, due to the warming of the climate, the geographical distribution of this virus has expanded, and the Japanese encephalitis pandemic in India in 2006 brought the disease to the forefront again.

Although it is said that most of the targets of Japanese encephalitis attack are children, in recent years there are also cases of adults suffering from Japanese encephalitis. In Taiwan, the Japanese

encephalitis vaccination was only fully implemented in 1968, and most of the young adults in their thirties and forties have not received the vaccination, which naturally increases the risk of infection. As for the effectiveness of the Japanese encephalitis vaccine can reach more than 95%, Taiwan had done a large-scale vaccination survey in 1965 and found that the effectiveness was about 81%, while the results of the survey done in Japan a few years ago pointed out that if the basic vaccination is completed, the effectiveness of prevention can be almost 100%.

According to the World Health Organization (UNICEF/WHO) in 2014, there are currently about 70,000 cases of Japanese encephalitis worldwide each year, resulting in 20,400 deaths and a mortality rate of about 20-30%. Currently, there are 24 countries in Asia and the Western Pacific with a total population of about 3 billion that are still in potential infection and epidemic areas. There is no complete cure for the disease, so Japanese encephalitis vaccination is still the main form of prevention. At present, there are three main vaccine technologies, mouse brain inactivated vaccine, cell culture inactivated vaccine and active attenuated vaccine, and mouse brain tissue is the most commonly used substrate for the production of Japanese encephalitis vaccine. However, this production technology has caused ethical issues regarding the origin of animal bodies, so the major production countries have gradually stopped using this production technology and replaced it with cell culture products, for example, Korea has fully switched to this technology in 2015, and Taiwan has also switched to cell culture products since 2017.

Although there are cell culture products of Japanese encephalitis attenuated vaccine in mainland China, which still use primary cells and are used in large quantities in China, the mainstream consensus of the international vaccine industry has reservations about the production process, quality and safety of these products.

In view of the benefits of the establishment of the cell culture process technology platform and the improvement of the quality of Japanese encephalitis vaccine, in 1999, the Company was granted a grant from the Ministry of Economic Affairs for the "Cell Culture Japanese Encephalitis Vaccine Technology Development" project, and devoted itself to the development of the cell culture process and completed the development of serum-free culture medium. In 2005, we were awarded the "Development of a Technology Platform for Japanese Encephalitis Vaccine Cell Culture Process" by the Ministry of Economic Affairs, and introduced serum-free and animal-free culture media in the cell culture process to improve the quality of Japanese encephalitis vaccine. The future development strategy includes alliance with international research institutes to conduct clinical trials to meet national and Asian needs.

2. Relationship Amongst Upstream, Midstream, and Downstream of the Industry

The upstream, midstream and downstream of the vaccine industry are very closely linked. Usually, vaccine manufacturers adopt consistent control from the acquisition of raw materials in the upstream, manufacturing and processing in the midstream stage, and sales in the downstream part, so that the quality of vaccine products can be guaranteed and users can have no concerns about safety.

The upstream part, that is, the raw materials of vaccines, includes chemicals, embryonic eggs, virus strains, animal and plant cells, etc. For the production of vaccines, embryonic eggs or cell strains are used for influenza vaccines, live animals or cell strains are used for Japanese encephalitis, and bacterial strains are used as raw materials for tetanus vaccines. For the acquisition of upstream raw materials, we usually have fixed suppliers for long-term contracts to ensure the source of raw materials, and choose more than two suppliers to ensure the stability of the source of raw materials. In order to maintain the quality of these raw material suppliers, our company sets specifications and conducts regular audits.

The midstream part is mainly the vaccine manufacturing and processing stage. After the upstream raw materials are obtained, the main production processes include inoculation, harvesting, isolation, purification, attenuation or inactivation, conditioning and packaging, etc. The threshold of vaccine production is quite high and professional, especially in human vaccines, which need to be carried out in a clean area, and the process needs to include monitoring and inspection actions to ensure that each step is in line with the specifications in order to make high quality vaccine products. After the vaccine is manufactured, it is necessary to apply for a national silence test, so that the government unit (Drug and Food Inspection Bureau) can conduct a random inspection to further confirm the safety and efficacy of the vaccine, and only after the test is passed can the vaccine product be marketed.

The downstream part refers to the marketing of vaccines, where the manufactured vaccines are sold to consumers. The sale of vaccines is usually divided into two parts: public expense and self-funded. Public expense refers to government purchases, which are directly delivered to government-designated health units after government tenders. Self-funded refers to orders placed by a medical facility and sold directly to the facility by the distributor or the company.

3. Development trends of products

The outbreak of epidemic diseases will cause harm to many people, the maintenance of people's health and disease prevention is the most important issue for the government, take the influenza vaccine as an example, since the occurrence of H5N1 (avian influenza) in 2006, to the subsequent spread of H1N1 influenza in 2009, governments around the world to prevent and compete to purchase vaccines to prevent. Even in 2013, the new H7N9 virus (a type of avian influenza) caused panic, and all vaccine manufacturers put all their efforts into research and development and production in order to supply the market as soon as possible, but because the demand is greater than the number of production, resulting in a shortage of supply. Therefore, vaccine manufacturers are making every effort to expand their plants or merge with other small plants to introduce technology to increase production capacity.

The vaccine industry has a high threshold, and software technology and hardware equipment are difficult to enter, so the world's vaccines are mainly in the hands of a few manufacturers. In order to improve the speed or quality stability of vaccines produced in the traditional way, the vaccine technology has been changed from live culture to cell culture.

The development of new vaccines is also a trend for vaccine manufacturers. The occurrence of diseases usually causes irreversible impairment of body functions, so the development of new vaccines to prevent the occurrence of diseases is a priority for governments and vaccine manufacturers, who are willing to invest huge amounts of money in research and development each year in anticipation of the launch of new vaccines that will not only bring health to humans, but also bring profits to vaccine manufacturers.

4. Product competition

(1) Influenza vaccine

Currently, there are about 30 manufacturing plants in 19 countries around the world that have the ability to produce influenza vaccine. Most of the vaccine manufacturers still use embryonic eggs to produce influenza vaccine, among which Sanofi, CSL/Seqirus, and GlaxoSmithKline (GSK) are still the main suppliers, and the production and sales were close to balance before 2008, however, after 2009 due to the outbreak of H1N1 novel influenza virus, the global demand for either influenza vaccine or H1N1 novel influenza vaccine has increased greatly, causing the supply to fall short of demand. Most influenza vaccine manufacturers use mainly cracked inactivated vaccines, and one (Medlmmune) uses cold-adapted attenuated vaccine in nasal spray as its product. Other influenza vaccine types include the subunit vaccine, the adjuvanted MF59 vaccine and the Virosome adjuvanted (Virosome) vaccine.

Types of influenza vaccines currently available on the market (all embryonic egg production process)

Category	Unique properties	Manufacturer	Product Launch Date
Whole virus inactivated vaccine	The whole virus purified into a vaccine, side effects are strong	GSK, Baxter used in H5N1 avian influenza vaccine	1958
Split virus inactivated vaccine	Refined from virus lysis with few side effects	Kitasato Daiichi Sankyo, GSK, Novartis, Sanofi- Aventis and other major manufacturers	1968
Purified surface antigen (sub-unit) vaccine	Few side effects	Solvay Novartis, subsequently technically bought out by CSL in 2015	1976
Cold-adapted attenuated nasal spray vaccine	Expensive	MedImmune	2002
Vaccine with adjuvant MF59	Low dosage of antigen per dose	Novartis, subsequently technically bought out by CSL in 2015	1997
Virosome adjuvanted inactivated vaccine	High immune tolerance Few side effects Suitable for all age groups	Crucell Holland N.V subsidiary: Crucell Switzerland AG (formerly Berna Biotech AG), later acquired by J&J and renamed Janssen Vaccines AG in 2015, after which the product technology was discontinued	1997
Recombinant gene inactivated vaccine	Short production period, suitable for mass production of new pandemic influenza, but with a shorter validity period	Protein Sciences Co., subsequently acquired by Sanofi in 2018	2013

Source: US CDC 2015

The Ministry of Health and Welfare (MOHW), in order to protect the health of the nation's population from serious complications or death due to influenza, first launched the "Pioneer Influenza Vaccination Program for the Elderly Aged 65 and Older" in 1998, and has been expanding the target population year by year as recommended by the Advisory Committee on Infectious Disease Prevention and Control (ACIP) of the MOHW:

Public expense vaccination for all seniors over the age of 65 has been open since 2001.

In 2003, health care workers in medical institutions, epidemic prevention workers in health institutions, and livestock breeders were included as recipients of public expense for vaccination; in 2004, children aged 6 months or older and under 2 years were included.

In 2007, first and second graders in elementary school and health care volunteers were included.
In 2008, the number of patients with major injuries and illnesses, 2 to 3-year-old children and elementary school students in grades 3 and 4 were added.
In 2009, children aged 3 to elementary school enrolled in pre-school and the number of air ambulance service personnel were included.
In 2012, students in grades 5 and 6 of the National Primary School were included.
In 2013, 60 to 64 year old with high risk chronic disease were included.
In 2014, pregnant women and people aged 50-59 with high-risk chronic diseases were included.
In 2015, high-risk chronic disease and high BMI (≧30) individuals under the age of 50, women within 6 months of delivery, healthy adults aged 50-64 and junior high school students, high school/vocational and fifth-year college students in grades 1-3 were included
In 2017, parents of infants under 6 months of age (women within 6 months of delivery are included in this category), nursery school caregivers and professional staff of child care institutions were included.
In 2018, students of children and juvenile placement (correctional) institutions and students of overseas Taiwanese schools that are "halfway school - in school education" were included.
In 2019, self-study students were included.

The Taiwan Centers for Disease Control originally procured the trivalent influenza vaccine (TIV) as the administered vaccine, and the brand names of the suppliers are listed below: Adimmune Corporation Valium Influenza Vaccine, Sanofi (sold by Sanofi Taiwan Branch), Novartis (sold by Novartis Taiwan Branch), and Seqirus (sold by TTY Biopharm Company Limited). Except for our products, which are manufactured domestically, all other products are imported and manufactured overseas. Initially, the Company imported the original Japanese vaccine and filled and dispensed it in Japan, but since 2010, we have switched to full production of influenza vaccine for the domestic market. Since 2013, GSK has marketed a new quadrivalent influenza vaccine (QIV) and started importing it for self-funded market demand. Since 2017, Sanofi and the Company have also started to supply quadrivalent influenza vaccine (QIV) to compete in the self-funded market. Based on the general public's awareness that quadrivalent influenza vaccine offers better protection than trivalent influenza vaccine (TIV), it is expected that demand in the self-funded market will shift to quadrivalent influenza vaccine in the future. In addition, in the international market, Novatis sold its influenza vaccine products to CSL Australia and then established Seqirus, a company specializing in the sale of influenza vaccines, so since 2017, the Novatis brand is no longer available in the market and Seqirus trivalent influenza vaccine products are distributed by TTY Biopharm Company Limited.
During the 2017 vaccination season, the prevalent strain of influenza virus was different from the strain recommended in the WHO announcement and caused an epidemic, so in response to public concern, the CDC considered advancing the original schedule of QIV from 2022 to 2018 to improve protection. Seqirus was unable to provide the quantity, so only two companies, Seqirus and Sanofi, participated in the CDC's bid and were awarded the supply contract in 2018, and in order to meet the quantity of vaccine available within the delivery schedule, the CDC postponed the start of public vaccination for the first time by two weeks to mid-October. In the self-funded segment, almost all of which is dominated by QIV, GSK, Sanofi and the Company are providing quantities and will continue to do so until the end of 2018 or even early 2019.
However, in terms of QIV production and supply, the only domestic licensed manufacturers in 2019 are Sanofi's Vaxigrip Tetra® , GSK's Fluarix® Tetra and our AdimFlu-S (QIS). However, due to the strong demand for QIV in the global market, the CDC only announced the full switch to quadrivalent influenza vaccine on April 8 of that year, making it more difficult for foreign companies to obtain sufficient supply than in other countries where public expense policies or self-funded market sales have been confirmed earlier. The Company's original production schedule was based on the trivalent influenza vaccine supplied in previous years, and the related raw material quantity preparation and production plan were also based on this schedule. After confirming the government's switch to quadrivalent vaccine, the Company

immediately adjusted and purchased additional raw material quantity, and since the production time for quadrivalent vaccine is already longer than that for trivalent vaccine, the available schedule was delayed compared to previous years. In contrast to previous years when there were three or more suppliers of trivalent vaccines, only two suppliers of quadrivalent vaccines, including the Company, are required to provide more than 6 million doses in 2019. As the only domestic manufacturer, the Company is responsible for obtaining approximately 70% of the public expense requirements, which is more than 1 million doses more than the originally planned production quantity, thus delaying the production and supply schedule. Originally, the public influenza vaccine was administered from October 1 of the year, but in 2018, it was postponed to October 15. However, due to the above reasons, the administration schedule for 2019 has been postponed for the first time until November 15 of the year, while the second phase of the vaccination for the elderly aged 65 and above and preschool children will start on December 8, and the third phase for other vaccine recipients will start on January 1, 2020, so the overall administration schedule has been postponed by one and a half months. TTY Biopharm Company Limited in Taiwan has obtained the QIV permit since the year of 2020; also, it is the distributor of Seqirus for “FLUCELVAX QUAD,” a “Cell Culture Process Product,” which has become one of the public-funded items since the year of 2020.

Number and proportion of quadrivalent influenza vaccines supplied by manufacturers in 2020 and 2021

Unit: 10,000 doses

Manufacturers	Domestic public expense market (Contract volume = Sales volume)		Domestic self-funded market Seal amount		Total (Total Production/Import Sealed Quantity)	Precentage
Adimmune Corporation	2020	387.99	2020	5.50	407.00*	53.13%
	2021	368.82	2021	11.85	380.67	50.16%
Sanofi	2020	190.00	2020	56.40	246.40	32.16%
	2021	175	2021	23.46	198.46	26.15%
Seqirus	2020	55.00	2020	7.20	62.20	8.12%
	2021	89.00	2021	26.39	115.39	15.21%
GSK	2020	--	2020	50.50	50.50	6.59%
	2021	--	2021	64.34	64.34	8.48%

Source: The company compiles TFDA data internally (*The figures listed in our table are the number of other countries that are exported but still require TFDA inspection)

(2) Japanese Encephalitis Vaccine

The high prevalence of encephalitis in Japan is mostly in East Asian countries, and the annual market demand is as follows, and because of the global warming factor, the Japanese encephalitis virus is spreading to West Asia and even Europe, and the global demand is expected to grow.

Countries	Estimated annual demand for dose (unit: thousand doses)
China	50,000
India	50,000
Japan	5,000
Thailand	4,000
Vietnam	4,000
Korea	3,000
Taiwan	650
U.S. Travel	100
U.S. Garrison	100

Note: Estimated based on 5% of population

Source: Internal documents of the Company

The domestic Japanese encephalitis vaccine was originally supplied exclusively by our company, and the domestic market demand is about 600,000~650,000 doses per year. Our inactivated mouse brain process technology comes from the Kitasato Institute in Japan, and the product has been supplied to the whole Taiwan market for more than 30 years and has been proven to be reliable and safe. According to overseas market experience, the use of cell culture products can reduce the dosage but the market price is about 5-10 times higher than that of mouse brain products. However, because neighboring countries Japan and Korea have gradually switched to cell culture products, the new process products have been accepted by the international market and formed the future trend of use. The Taiwan Centers for Disease Control also introduced cell culture products in early 2017 to gradually replace the original mouse brain products.

Because Japanese encephalitis is a regionally transmitted disease, most Japanese encephalitis vaccine manufacturers are concentrated in Asian countries, and only a few European vaccine manufacturers are developing a new generation of Japanese encephalitis vaccine. The following table shows the global human encephalitis vaccine products and manufacturers.

Category	Features	Manufacturer
Inactivated rmoue brain culture process vaccine	The mouse brain vaccine is widely used in Japan, Korea, Taiwan, Vietnam, Thailand, India and other countries, and the vaccine effect can still exceed 80% within 10 years after receiving 3~4 doses of vaccination and additional immunization. This is the main form of Japanese encephalitis vaccine used worldwide.	India: Central Research Institute. Japan: Biken, Chiba, Denka, Katetsu-Ken, Kitasato, Saika-Ken Tekeda. Korea: GreenCross. Taiwan: Adimmune Corporation Thailand: Government Pharmaceutical Organization. Vietname: National Institute of Hygiene
Inactivated dead virus cell culture process vaccine	Cell culture-derived inactivated vaccine is the main development direction in the future. The Japanese encephalitis vaccine made by cell culture-derived inactivated vaccine has higher purity, better effect and lower side effects. The Company will also develop in this direction in the future.	China: Pharmaceutical research institutes in Beijing, Shanghai, Wuhan, Changchun, etc. France: Sanofi Japan: BIKEN, Kaketsuken Austria: Valneva (formerly Intercell AG merged with Vivalis SA and renamed in May 2013)
Attenuated vaccine	In 1988, a live attenuated vaccine was produced from primary mouse kidney cells cultured with the SA14-14-2 strain at the Chengdu Institute of Biological Preparations in Sichuan, China, and was 97.5% effective after the second dose. The protection period is at least 5 years. This active vaccine has been administered to more than 100 million children in mainland China. Although the technology of this product is derived from yellow fever backbone, yellow fever is only prevalent in certain regions, so there were international reservations about the safety of this product, but since 2015, WHO/UNICEF has listed the vaccine produced by this technology platform as one of the qualified suppliers of Japanese encephalitis vaccine.	China: Chengdu Institute of Biological Preparations France: Sanofi

Source: Internal information from Adimmune Corporation (Refer to WHO/UNICEF website for public information)

(III) Overview on Technology, Research and Development

1. Research and development expenses for the last five years and up to the printing date of the annual report

Unit: NT$ thousands

Year	R&D Expense	Net Sales	As a percentage of net operating revenues (%)
2017	222,325	562,743	39.51
2018	205,913	822,366	25.04
2019	235,639	1,299,689	18.13
2020	337,684	1,869,147	18.07
2021	321,284	1,641,061	19.58

2. Technology and Products Successfully Developed

Year	Technology and Product Descriptions
2015	1. Completed GMP production of three consecutive batches of enterovirus 71 type vaccine and applied for clinical phase II human trials 2. Analysis of the main immunogenicity of enterovirus 71 type vaccine antigens 3. Virus 71 type vaccine induced cross-protection antibodies potency analysis
2016	1. Performed Phase II human clinical trial of EV71 vaccine for enterovirus 2. Human trial serum for antibodies titer assessment
2017	1. Completed Phase II human clinical trial of EV71 vaccine 2. Adult quadrivalent influenza vaccine obtained Taiwan drug certificate. 3. Apply for EV71 vaccine human clinical phase III human trial.
2018	1. The quadrivalent influenza vaccine for ages 3-17 was approved in Taiwan. 2. Obtain the license of EV71 vaccine human clinical phase III human trial. 3. Signed a co-development and technology licensing agreement with the Institute of Agricultural Science and Technology (IAST), a consortium, for a pilot animal-level mass production trial of a bivalent vaccine against porcine circovirus (PCV2) mixed with a dead porcine pneumoniae vaccine (SEP).
2019	1. Completed the EV71 vaccine human clinical phase III human trial receipt.
2020	1. EV71 completed the deployment of Vietnam clinical trial. 2. Completed COVID-19 vaccine development and animal testing to produce high potency neutralizing antibodies.
2021	1. Initiated Phase I clinical trial of COVID-19 vaccine.

(IV) Long-term and Short-term Business Development Plan:

The main mode of operation of the Company is:

(1) Supply contracts for the domestic public expense market through participation in annual government tenders
(2) Exclusive sales contracts with distributors in the domestic self-funded market on a buy-sell basis
(3) In overseas markets, we seek local experienced pharmaceutical distributors or manufacturing plants to cooperate in the supply of finished vaccines or supply contracts for us to provide vaccine stock solutions for local drug registration and follow-up sales.
(4) The foreign market also offers a contract development and manufacturing organization (CDMO) model, which covers blending, filling or participation in the process development process.

The future business development model is:

(1) In terms of business operation strategy, with the launch of the new filling production line in the second half of 2021, the Company's existing production line will be fully reserved for the exclusive production of existing filling foundry customers through the professional filling foundry service model, and the production capacity will be maximized according to the increasing demand of U.S. customers year by year. The new filling line will be used for domestic market demand and reserved for new overseas filling foundry project customers to establish a biotech filling foundry model. The overall goal is to increase the capacity utilization of the production plant, reduce production costs through economies of scale, increase market competitiveness, and increase the proportion of export revenue.

(2) In terms of new market expansion and revenue growth, the Company will continue to maintain maximum supply and increase the proportion of revenue from export sales each year as the domestic government's influenza vaccine bid is nearing saturation and in anticipation of future competition. In the current markets of China, Southeast Asia and Central and Eastern Europe, in addition to actively developing local distribution cooperation models, we are developing sales channels for influenza vaccines by applying for drug licenses.

(3) In addition, in anticipation of the Company's plan to expand the production capacity of raw liquid semi-finished products in the next three years, the Company will also provide upstream raw liquid semi-finished products of influenza vaccines for local filling and packaging under a technology licensing model in accordance with the characteristics of foreign markets. The purpose of this strategy is to provide a longer life cycle for locally produced products, and at the same time, the Company can receive royalties instead of directly exporting finished products to face direct competition in product prices.

(4) Our production plant has passed several PIC/S GMP inspections by the domestic health authority, TFDA, and has become a benchmark vaccine manufacturer in Taiwan. In addition, because we provide filling services to foreign customers, our company has also passed several inspections by the European Union's main regulatory agency, EMA, and the U.S. FDA, and even the approval records of Korea's KFDA and Brazil's ANVISA. This advantage represents that our quality system is in line with international regulations, and increases our chances of gaining customers' confidence when expanding into the international market.

(5) With new products in development, such as the Enterovirus 71 vaccine, cell-culture influenza vaccine and COVID-19 vaccine using a recombinant gene-culture technology platform, the Company will continue to monitor international market competition and changes in demand.

II. Analysis of the Market as well as Production and Marketing Situation

(I) Market Analysis

1. Major merchandise and service sales regions

Unit: NT$ thousands

Region \ Year		2020		2020	
		Amount	Proportion	Amount	Proportion
Foreign Sales	America	496,211	26.55%	456,184	27.80%
	Europe	37,123	1.99%	10,795	0.66%
	Asia	43,763	2.34%	212,578	12.95%
Domestic Sales		1,292,050	69.12%	961,504	69.12%
Total		1,869,147	100.00%	1,641,061	**100%**

2. Market Share

(1) Sales of quadrivalent influenza vaccine in the market

Sales in Taiwan

Unit: 10,000 doses

Company \ Year	2019		2020		2021	
	Amount	Market Share	Amount	Market Share	Amount	Market Share
Adimmune Corporation	415.83	61.62%	387.99	51.93%	380.67	50.16%
Sanofi	238.96	35.41%	246.40	32.98%	198.46	26.15%
GSK	20.04	2.97%	50.50	6.76%	64.34	8.48%
TTY Biopharm Company Limited	-	-	62.20	8.33%	115.39	15.21%
Total	674.83	100%	747.09	100%	758.86	100%

Source: Internal information of the Company

Before 2017, only three brands of trivalent influenza vaccine were available in the domestic market, namely Adimmune Corporation, Sanofi and Norvatis. In the international market, Novatis sold its influenza vaccine products to CSL Australia and then established Seqirus to sell influenza vaccines. Since 2017, the Novatis brand has been removed from the market and the Seqirus trivalent influenza vaccine products are now distributed by TTY Biopharm Company Limited. Therefore, only our company produces its own embryonic egg flu vaccine in Taiwan, while all other brands are imported. GSK has been marketing quadrivalent influenza vaccine since 2013, and only imported a small amount of about 50,000 doses to supply the self-financed market in that year. However, in 2014, the company imported about 200,000 doses, which severely impacted the self-financed market and affected the market share of various brands. In 2015, the number of quadrivalent vaccine imports declined, probably due to the gradual switch to quadrivalent vaccine in the global market and limited production capacity. In the past, the government-funded demand for influenza vaccine in the domestic market was about 3 million doses per year, and the self-funded market was estimated to be 350,000 to 500,000 doses per year, with the total vaccine coverage rate accounting for 15% of the population at 3.5 million doses. However, this situation has changed significantly since 2016.

In early 2016, in response to the intensification of the domestic influenza epidemic, the Department of Disease Control, with the support of the second reserve from the Executive Yuan, decided to double the amount of public procurement to 6.5 million doses in 2016. In this situation, as the quantity supplied by other foreign companies could not meet the demand, the Company made full efforts to produce and supply more than 3.85 million doses to meet the shortage of epidemic prevention in accordance with the government's policy adjustment. Therefore, the market share in 2016 was nearly 60%. In view of the fact that the expanded quantity in 2016 and the new policy of administering the vaccine to the affected population have achieved good results, the Taiwan Centers for Disease Control will continue to procure the quantity under this policy in 2017 and 2018, and the Company will continue to supply the domestic market with 50% of the maximum quantity. In addition, since 2017, Sanofi and the Company have also

started supplying quadrivalent influenza vaccine (QIV) to compete in the self-funded market. Based on the general public's perception that quadrivalent influenza vaccines offer better protection than trivalent influenza vaccines, demand in the self-funded market has shifted to quadrivalent influenza vaccines since 2018. In late 2018 and early 2019, due to a large increase in the number of influenza patients, the CDC decided to switch to QIV instead of TIV and procure more than 6 million doses for public administration in 2019 and to expand the number of applicable administration targets, mainly in nine categories:

1. 6 months of age or older to preschool
2. Elementary, junior high, high school, senior high school, and fifth-year college students in grades 1 to 3
3. Adults over 50 years of age
4. Patients with potentially high-risk chronic diseases, such as diabetes, chronic liver disease, cardiovascular disease, chronic lung disease, kidney disease and immunocompromised HIV infection, BMI≧30; patients with rare diseases and major injuries.
5. Pregnant women and parents of infants under 6 months of age
6. Nursery care staff and professional staff of child care institutions
7. The care recipient and the staff of the institution of hospice, nursing care, long-term care, etc.
8. Epidemic prevention related personnel of medical and health units.
9. Livestock breeding and other related industry workers, zoo workers and animal epidemic prevention personnel.

A September 2010 study by the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) noted that global influenza vaccination coverage remains low, despite the fact that over the past six years, influenza vaccine sales have doubled. Although sales of influenza vaccine have doubled over the past six years, less than one-third of countries are found to have adequate vaccine for 10% of the population; in terms of volume, the demand for seasonal influenza vaccine has grown from 262 million doses to 427 million doses worldwide between 2004 and 2011, an increase of 63%.
The influenza vaccine market has doubled in the past 10 years, and various studies have reported that demand is expected to expand further in the future. Therefore, major influenza vaccine manufacturers are expanding their production capacity one after another, and it is expected that the annual production capacity of global influenza vaccine manufacturers will reach 400 to 500 million doses in the next few years.

Currently, there are about 19 countries producing influenza vaccines worldwide, but major manufacturers Sanofi and GSK are actively expanding or acquiring influenza vaccine plants in response to the demand in the influenza market, such as the aforementioned Protein Sciences, which was fully acquired by Sanofi in August 2017.

In view of the fact that almost all other vaccines in the domestic market are mainly imported brands, since 2011, the Company has adopted a strategic mindset of "domestic production and priority supply", and with cost-controlled pricing, we have successfully achieved an annual supply of influenza vaccines in the domestic market accounting for more than 50% of the total government procurement volume in that year. Over the past 9 years, we have accumulated a record of approximately 30 million doses without any serious adverse reactions or public concern. The brand recognition and quality trust of our influenza vaccine products have been greatly enhanced among domestic authorities, medical institutions and the general public, and our products are the preferred choice of medical institutions when other imported brands of influenza vaccines are found to have adverse reactions. At the same time, government procurement units have also made our company an important supply partner and give priority to our company when foreign brands cannot meet the supply quantity. At the same time, our annual procurement plan also takes into account our production delivery schedule.

In the domestic market segment in 2020, the Company's main competitors in the public expense market are two foreign brands: Sanofi (Taiwan) and Seqirus (represented by TTY Biopharm Company Limited), while GSK only supplies mainly to the self-funded market. The quadrivalent influenza vaccine product distributed by Toyo is a new cell culture process. Unlike the embryonic egg process used by Toyo and the other two companies, the price of the product in the public market is similar to that of Toyo and Sanofi, ranging from NTD 220-245 per dose, but the price of the embryonic egg process product in the self-financed market is about NTD 350-450, which is 60-80% higher than the public price. However, the price difference is nearly 6 times of the public price for cell culture products, which are priced at NTD1,450-1,700 in the private market. After the spread of the COVID-19 epidemic in 2020, the demand

for influenza vaccines in the domestic and international markets suddenly surged, with an increase of approximately 11% over 700,000 doses compared to the previous total supply in the domestic market due to the same respiratory diseases and symptoms as influenza. However, it had taken a sharp turn in 2021. The Taiwan Center for Disease Control (CDC) had adopted Level 2 Alert after May 2021 due to the severity of the COVID-19 pandemic. The mandatory mask wearing has caused the influenza vaccination population at the medical institutions and pediatrics, Otorhinolaryngology Department/Division (ENT), and family medical clinics to go down, resulting in a supply surplus in the self-pay market.

According to the market demand in the past, the public-funded market is about 5–9 times that of the self-pay market; therefore, the Company had been focusing on the public-funded market in the past to obtain the largest market share and exposure. The Company, in addition to maintaining the domestic public-funded tender price, will try to expand the product acceptance and popularity in the self-pay market with the price adjusted for the foreign market in order to compete against foreign branding companies.

Foreign branding companies have stopped competing against the Company for largest volume supply for years. However, there remain two potential risks faced by the Company in the future. First of all, the price of influenza vaccine is declining globally due to the expansion of production capacity by major factories. For example, the price offered by Sanofi for a tender in Thailand is more than 25% lower than that of in Taiwan. Therefore, the CDC is expected to have the bottom price of the annual tenders adjusted accordingly. Secondly, there is a domestic company intended to import products from Korea to participate in the annual tender competition; however, the said Korean product has not yet registered in Taiwan so far, its selling price in the Southeast Asian market is almost half-price compared to other offers in Taiwan market. Therefore, a severe price competition in Taiwan market is expected when it is imported from Korea successfully.

According to the past market demand, public funding is about 5-9 times of self-funding, so the Company mainly focused on supplying to the public market in order to gain the largest market share and exposure. In addition to maintaining the price of domestic public bids, the Company will also try to expand the acceptance of the self-funded market and appropriately adjust the price quoted to foreign markets in order to have competitive opportunities with other foreign companies.

Over the years, foreign investors have stopped competing with the Company for the largest volume of supply, but two potential risks to the Company are expected to remain in the future. The first is that the international price of influenza vaccine has been declining with the increase in production capacity of major manufacturers. For example, the price of Sanofi's bid in Thailand is more than 25% lower than that in Taiwan. Therefore, the CDC expects to adjust the bid price when setting the annual base price. The second is that another domestic operator will import a Korean brand to participate in the annual bid competition. Although the brand has not yet completed its drug registration due to domestic regulations, its price in the neighboring Southeast Asian markets is almost half of the domestic price, and it is expected that if the brand is introduced into the country, there should be a price competition impact.

In the future, the Company will continue to expand its strategic direction. Upon the completion of the second filling line in 2021 and its entry into the production schedule, the Company will move towards a more timely and substantial delivery mode for the domestic market to strengthen the government's confidence in the Company, and at the same time, it will suggest that the government should consider reserving a fixed percentage of the annual supply priority for the Company in order to support the domestic industry. In order to diversify the risk, the Company has been actively developing international sales and contracting filling service projects to reduce the dependence on domestic sales.

(2) Sales of tetanus vaccine in Taiwan

Unit: Bottle (1 dose per bottle in 2019)

Year / Company	2020		2021	
	Sales volume	Market Share	Sales volume	Market Share
Adimmune Corporation	998,619	92.7%	--	0.0%
Healmed Bioscience Co., Ltd.	78,430	7.3%	538,740	100.0%
Total	1,077,049	100.0%	538,740	100.0%

Source: The Company's internal data compilation and TFDA silence record

There were originally two sources of supply for tetanus vaccine in Taiwan, the Department of Disease Control of the Ministry of Health and Welfare and the Company, with an average annual sales volume of about 1.6 to 2 million doses in the past few years. The market share of each of them is about 50% on average. In 2009, we stopped selling the large 20mL dose of tetanus vaccine and only sold the small 1mL

dose of tetanus vaccine, which not only made the vaccine safer to use but also increased revenue. In 2010, because the Company had invested nearly 100% of its production capacity in the previous year to supply the new H1N1 influenza vaccine in line with the national epidemic prevention policy and interrupted the production of tetanus vaccine, the Company was only able to supply the market demand with a limited amount of stock in that year. Since 2011, all of the vaccines have been produced and supplied by the Department of Disease Control, and this phenomenon continued until the end of 2012. The Company has resumed supply since 2013. In addition, Taiwan Centers for Disease Control has officially stopped the production of this vaccine since 2013, and we have become the only domestic supplier. In order to reflect the increase in production costs due to the increase in raw materials and outsourced filling production, the Company applied to the National Health Insurance Administration of the Ministry of Health and Welfare for a health insurance price increase and received a positive response. Since 2014, the Company has increased the market price and exclusively supplied to the Taiwan market. However, due to the Company's policy resolution not to invest in the renewal of the production plant in compliance with PIC/S GMP, it has not been possible to continue production since 2015, and all quantities produced from stock were sold out at the end of 2018 in response to the mass production of stock before the end of 2014. In order to ensure the availability of this irreplaceable drug in the market, the Company has received special approval from the Food and Drug Administration to import a product made in Poland. One dose per bottle can reduce consumption and will be available at the end of 2018. In order to continue the supply of this product, the Company will apply for a drug certificate instead of a project import application in the future. However, in 2019, since the product is an open application for project import, another competitor applied for the same product from Serum Institute of India (SII) for import supply. However, the packaging method of the company is 50 bottles in a box, so we still have the advantage of using 10 bottles in a box for our imported Poland products. However, due to the significant price increase of the Polish-made products since the year of 2020 and the interruption of supply for months arising from a production issue, the original distributors of the Company refused to cooperate continuously due to the uncertainty, and the Company and the original suppliers could not reach a consensus on the future supply price and quantity; therefore, the Company cannot help but have the imported inventory transferred to the Company's subsidiary, Enimmune Corp., for further process since the mid-year of 2020. Enimmune Corp. will also look for other sources of supply from other countries in the future.

As for the tetanus vaccine, we are still the only licensed supplier in Taiwan, but since 2015, we have stopped producing and supplying the vaccine and replaced it with a project-only approach. Although the health insurance approval price is 2.5 times higher than the original production, the domestic market demand remaining stable at 1.7 million doses per year, more and more distributors are importing competing products from other countries through the same project application method to share the market. Therefore, in 2020, the Company decided to maintain the original drug license and restart the production line. It is expected that the supply will be resumed in 2023. Meanwhile, the future dose packaging style will be the same as the influenza vaccine in a single dose, and we will apply to the Health Insurance Agency for a higher approved price, and we will be able to stop the import of non-licensed competing products in the market.

(3) Sales of Japanese Encephalitis Vaccine

Unit: thousand doses

Year / Company	2019	2020	2021
Adimmune Corporation	0.14	0.14	--
Sanofi	468.50	355.65	375.66

Source: TFDA sealing information

The demand for Japanese encephalitis vaccine is mainly for the vaccination program of the Agency for Disease Control, and the Company was the only domestic supplier of local production as of the end of 2012. Our inactivated mouse brain manufacturing process technology comes from the Kitasato Institute in Japan, and our products have been supplied to the Taiwan market for over 30 years and have been proven to be reliable and safe. Regularly provided annually to the Department of Disease Control for procurement by bargaining. Sales of this vaccine depend on the birth rate of children in Taiwan, which has dropped to less than 200,000 births per year, so sales are decreasing every year. It is estimated that the birth rate in Taiwan will remain at this level in the future, and the annual procurement by the CDC will remain between 600,000 and 650,000 doses.

However, according to overseas market experience, although the market price of cell culture products is about 5-10 times higher than that of mouse brain products, it can reduce the dose for human use and deal with the environmental pollution of animal waste after production, and our neighboring countries, Japan and Korea, have already switched to cell culture products, so the new process products have been accepted by the international market and have formed a future trend of use. As a result, Taiwan CDC is planning to switch to cell culture products in 2017, so the Company decided to phase out the production and supply of mouse brain products in 2012. As a result, the Company decided to phase out the production and supply of mouse brain products in 2012, and this termination directly affected the supply sales in 2013. All of the Company's original stock of stock products were supplied to Taiwan CDC by the end of 2016.

However, due to the differences in the approved age, dosage, inoculation dose, long-term protection effect and composition between the two brands (Kuo Guang and Sanofi) of cell culture Japanese encephalitis vaccine, it is difficult for the Department of Disease Control to set the procurement specifications for both brands and to conduct the procurement process with the lowest bid. However, due to the differences in the approved age, dosage, inoculation dose, long-term protection effect and composition of the two brands of Japanese encephalitis vaccine, Taiwan CDC has difficulty in setting the procurement specifications for both of them and in the lowest bid method. Considering the practical support measures for the subsequent bridging doses, Taiwan CDC has adopted the most favorable bid procedure since 2017 to select the most suitable products for young children's vaccination to avoid the mix of multiple vaccine brands, making it impossible for young children to bridging with the same vaccine type to ensure complete basic and additional immunity, and increasing the operational burden of medical institutions and causing confusion to parents. On this basis, because the Valneva brand that we represent cannot provide the most favorable supply schedule and price, we have not continued to supply the products in line with the regular administration policy of the Taiwan CDC for the past two years, and have only provided small quantities to facilitate the necessary use for young children with congenital immune deficiencies. In 2019, the Company entered into a 3-year contract with the CDC to continue to serve young children with congenital immunodeficiency until 2022. For the supply of such small quantity, Valneva, a foreign company, could not have shipments made directly from Europe to justify the cost; therefore, it had shipped the products to its distributor in Singapore and then shipped the quantity ordered by the Company to Taiwan. However, due to the substantial decline in quantity of purchase by the distributor in Singapore starting from the year of 2021, Valneva had also stopped supplying products to the distributor in Singapore. Under the circumstance, the Company could no longer supply the said product to the CDC. Therefore, the Company had explained the situation to the CDC with the original contract terminated officially in 2021.

3. Future Market Supply, Demand, and Growth Potential

According to Aventis research, influenza vaccines have been a major driver of growth in the vaccine market over the past 10 years and are one of the key products with a promising outlook for growth in the vaccine market over the next 10 years.

The global influenza vaccination rate is low, and the influenza vaccine market is expected to continue to expand in the future, with great potential in China and India. Therefore, major influenza vaccine manufacturers are expanding their production capacity, and it is expected that the production capacity of the world's top 3 manufacturers will reach 200 million doses of influenza vaccine. However, as the new influenza epidemics such as H5N1, H7N9 avian influenza and H1N1 have not continued to occur, major companies have acquired or expanded their production capacity to focus on producing influenza vaccines and other types of vaccines to increase market share and enhance market demand. For example, GSK, which has 12 vaccine production plants in 9 countries around the world, has the capacity to produce about 2 million doses of various vaccines per day. However, in order to meet the future market demand for more vaccines under development, capacity expansion plans are expected to continue until 2024.

4. Competitive Niche

The company began production of the new H1N1 influenza vaccine in 2009 and began mass production of the influenza vaccine in 2010, using the Japanese Kitasato Institute split process and the Dutch CRUCELL HOLLAND B.V. imitation virus pellet Virosome production process, and obtained the domestic CGMP/PICS (Pharmaceutical Inspection Cooperation Scheme, international standard factory inspection specification). In 2010, we received the certification from the European Union's EMA for our influenza vaccine manufacturing plant. Therefore, with the dual advantages of cost reduction and quality assurance, the Company has changed its market development strategy since 2011, and has obtained more than 50% of the

maximum supply for the domestic CDC tender for nine consecutive years. And in 2016, we expanded the original 3 million doses to more than 6 million doses in line with the government procurement policy. In 2019, the Company again supported the smooth transition from trivalent to quadrivalent vaccine supply and administration, and maintained the maximum supply and domestic market share in order to continue to accumulate and enhance the confidence of Taiwan people in the quality of domestic products. Benefiting from the cooperation with overseas customers in OEM production, the Company has passed the EMA routine inspection for three consecutive times in 2013, 2015 and 2017; obtained the KFDA inspection in Korea in 2014; passed the US FDA routine inspection for two consecutive times in 2016 and 2018; and passed the ANVISA inspection in Brazil in 2017. We will continue to maintain good relationship with our OEM customers in the future.

In addition, the Company has noticed the growth potential of the Chinese market. The lot release of influenza vaccines in China fell by 16–31 million doses during the period of 2016–2019, of which the decline occurred in 2018 was mainly due to the suspended production of Chang Sheng Biotechnology Corp., Sinovac Biotech, and Shanghai Institute of Biological Products Co., Ltd. Compared with the mainstream use of the trivalent influenza vaccine in that year, the quadrivalent influenza vaccine had a more comprehensive protective effect that was strongly recommended by the WHO. Therefore, Hualan Bio launched the first quadrivalent influenza vaccine in China in 2018. Then, GDK Biotechnology, Changsheng Bio, Chang Sheng Biotechnology Corp., Shanghai Institute of Biological Products Co., Ltd., Wuhan Institute of Biological Products Co., Ltd., and Sinovac Biotech successively obtained certificates. The lot release of the quadrivalent vaccine was increased rapidly to 33.58 million doses in 2020, accounted for 58% of the total lot release of influenza vaccines in China, becoming the mainstream of the market. However, the total lot release of influenza vaccine was 57.65 million doses in 2020, accounted for only 4.1% of the total population of China. Compared with the influenza vaccination rate of 13–26% in Taiwan in the last five years, there remains room for growth. It is expected to have the penetration rate of influenza vaccine in China increased from the current 4–5% to 10%, which is equivalent to an increase in demand from 60–70 million doses to 140 million doses a year.

In terms of market competition, Hualan Bio remains the largest supplier (accounting for 37% of the total lot release in 2020), followed by Sinovac Biotech and Sanofi. China imports the influenza vaccine only from the Company (Sanofi has a subsidiary set up in China). Due to insufficient filling capacity before the year of 2020, there were only 300,000–500,000 doses of trivalent influenza vaccine exported to China annually. The Company after having the second filling assembly line put into operation in Q3 2021 had shipped 1.59 million doses in 2021, an increase by 4.2 times, mainly due to the Company's high market recognition as the only imported brand in China. At the same time, we are optimistic about the sales potential of the Chinese market; therefore, the Company has applied to the Chinese government for the IND of the quadrivalent influenza vaccine since September 2018 with the clinical trials initiated locally thereafter. An application was filed for NDA officially in January 2021 and the drug permit license was obtained at the end of February 2022. We have high hopes in the ordering quantity for our quadrivalent influenza vaccines from the Chinese customers in 2022; also, we are aiming to corner 10% market share in the future.

5. Positive and Negative Factors Relating to Future Development

(1) Favorable Factors

A. Experienced management team

List of team members	Qualifications	Industry Experience
Chairman and Chief Executive Officer Chan, Chi-Hsien	Department of Medicine, Chung Shan Medical University Honorary Doctorate, National Defense Medical Center Business Management Studies, Pomona College, USA Head of Department of Surgery, Pomona Medical Center, USA Director of Pomona Health Insurance Company President of Chi Mei Hospital Chairman of Taiwan Non-govenmental Hospitals & Clincis Association Minister of Department of Health, Executive Yuan Chairman of National Health Research Institutes Senior Minister of President's Office	Public Health Policy Hygiene and Epidemic Prevention Professional Medical Business Administration
President Liu, Chung-Cheng	Ph.D. in Biochemistry, Princeton University, USA Graduate. Department of Zoology, National Taiwan University Senior Researcher, Genentech Inc. Molecular Biotechnology Team Leader, Genencor International, USA Deputy Director, Institute of Biomedical Sciences, Industrial Technology Research Institute Director, Institute of Biomedical Sciences, Industrial Technology Research Institute Adjunct Professor, Institute of Systems Biology, National Central University Adjunct Professor, Institute of Biochemistry, National Cheng Kung University	Biotechnology R&D Strategy and Management Biotechnology Industry Analysis Molecular Biology Synthetic Biology Protein Biochemistry
Chief Operating Officer Chang, Chin-Chuan	Ph.D. in Chemical Engineering and Materials Science, University of California, Davis (UC Davis), USA Researcher of Development Center for Biotechnology	High concentration cell/bacterial culture technology Protein drug/vaccine/test reagent development Antibiotic Production Technology Genetic drug/DNA vaccine/gene therapy process technology development 7.CGMP biopharmaceutical plant/BSL3 pilot plant design and construction, commissioning and validation operations
Vice President of Quality Assurance Department Chiu, Chin-I	Ph.D. in Cellular Molecular Biology, University of Massachusetts, USA Adjunct Associate Professor, Fu Jen Catholic University Adjunct Associate Professor, Providence University Team Leader of Bureau of Controlled Substances Administration, Department of Health Senior Technical Specialist of Drug and Food Inspection Bureau, Department of Health Director of Taiwan Parental Drug Association	Research and development of biological agent and vaccine testing technology GMP training and auditing for pharmaceutical companies Pharmacopoeia and biotechnology drug regulations Preparation of sterile preparations

List of team members	Qualifications	Industry Experience
Vice President and Chief Legal Officer Pan, Fei	LL.M., University of Pennsylvania, USA California Attorney Adjunct Lecturer, National Tsing Hua University Corporate Investment Department of Lee and Li, Attorneys-at-Law Chief Legal Officer of Vanguard International Semiconductor Corporation, Director of Lee Jen International Capital Limited Lee Jen United Co., Ltd. Director of Lee Jen Development Co., Ltd.	Corporate Affairs Intellectual Property Management Knowledge Management International Business and Contracts
Chief Medical Officer Chen, Chun-Cheng	MBA in International Business Strategy, University of South Australia, Australia Master of Pharmacy, Hibernia College, Ireland PhD in Psychiatry, King's College, University of London, UK Department of Medicine, China Medical University Chief Medical officer, OBI Phizer Inc. Clinical Head Associate Professor and Director of Psychiatry, National Cheng Kung University Member & Executive Secretary, Ethical Committee for Human Research Founder, JN Biopharma Consulting Senior Consultant, Adimmune Corporation Visiting Professor, Institute of Biotechnology and Pharmaceutical Sciences, National Health Research Institutes	Psychiatric Specialists Familiar with international regulations for new drug development and clinical trials Large-scale clinical trial planning and execution
Director of Administration Center Tang, Li-Ya	Department of Medical Administration, Chang Jung Christian University Healthcare Executive of Taiwan College of Healthcare Executives Supervisor, Taiwan Nurses Association Director of Material Department, Chi Mei Medical Center General Hospital Advisor to the President's Office of Chi Mei Medical Center General Hospital	Administration Medical Professional Management
Director of Technology Research Division Wu, Suh-chin	PhD in Chemical Engineering, Texas A&M University Professor of the Institute of Biotechnology and Department of Medical Sciences, National Tsing Hua University Adjunct researcher of the Institute of Infectious Diseases and Vaccines, National Health Research Institutes Chairman of the Taiwan Branch of the Regulatory Affairs Professionals Society of the USA (RAPS) Director, Institute of Biotechnology, National Tsing Hua University Vice Director of the College of Life Science, National Tsing Hua University	Development of vaccine for Japanese encephalitis and enterovirus Analysis, design, and research of Influenza Vaccine Surface Antigen Novel Glycan Masking and deglycosylation antigen design

List of team members	Qualifications	Industry Experience
Director of Product Development Division Lee, Zheng-Dow	The Institute of Microbiology and Immunology, National Taiwan University Chief of Quality Control Section, Serum Vaccine Development Center, Taiwan Center for Disease Control (CDC) Pharmacist of Taiwan Center for Disease Control (CDC) Biosafety Officer of the Institutional Biosafety Committee, Taiwan Center for Disease Control (CDC)	Establishment of vaccine development and quality control and inspection system Development of vaccine manufacturing process and inspection and testing technology Establishment of vaccine inspection and testing methods Design and planning GMP regulations-complied factory and GLP advanced laboratory construction GMP Quality Assurance and Quality Management

B. The only privately owned human vaccine manufacturer in Taiwan

Currently, the vaccine manufacturers in Taiwan that comply with the CGMP standard are the Serum Vaccine Research and Development Center (SVDC) of the Taiwan CDC, Ministry of Health and Welfare and the Company. The Serum Vaccine Research and Development Center has ended its operation in 2014 and has outsourced its manufacturing process, making the Company the only PIC/S GMP compliant human vaccine manufacturer in Taiwan. Compared with general western pharmaceutical CGMPs, PIC/S GMP for biologics has more biosafety considerations, such as ecological environment, air and effluent discharge standards, and operator safety and hygiene, and therefore has a high entry barrier.

C. The only human vaccine manufacturer in Asia that has obtained EMA certification from the European Union

EU EMA certification is a basic requirement for sales in Europe, and the Company is currently the only human vaccine manufacturer in Asia to have obtained EU EMA certification, making it possible for the Company to enter the European market earlier than other Asian countries.

Crucell AG's technology transfer includes its patented technology for the manufacture of influenza antigens and its adjuvant form of virus-like particles, as well as the transfer of its quality system.

This complete technology transfer, especially the transfer of the quality system, has enabled the Company to become one of the few vaccine manufacturers that can continue to produce vaccines that meet EU quality standards. This, coupled with the automated production system developed jointly with our Australian engineering team, has enabled us to achieve greater consistency and stability in the quality of our influenza vaccine production.

In general, the Company is confident in the future growth as follows:

(i) The Company has obtained the permit license for the quadrivalent influenza vaccine in China in 2022. The sales volume and amount of vaccine have both gone up in China; also, the Company expects to be benefited from the growth of the overall market and an increase in market share.

(ii) The second filling line will be ready for the filling OEM business in 2023 to solve the current problem of short supply and it will help achieve the goal of increasing the filling OEM revenue by 2.4 times in 2023.

(iii) The supply of influenza vaccine concentration to certain emerging markets will help fill up the production capacity of vaccine concentration and accelerate Adimmune Corporation’s entering the local market.

(2) Unfavorable factors and countermeasures

A. Orders are affected by seasonal factors

Vaccination is an effective way to prevent diseases, but it needs to be administered seasonally before the onset of the disease. For example, in Japan, the peak epidemic period for encephalitis is from May to October, so the vaccine needs to be administered from March to May, and manufacturers focus on shipping before March each year; in the northern hemisphere, the epidemic season for influenza is in winter, so the vaccine needs to be administered from October

to December, and manufacturers focus on shipping from September to October, resulting in the risk of orders being affected by the season.

Countermeasures

a. Sales

In addition to supplying influenza antigens from Crucell AG to the European market, the Company is planning to conduct its own clinical trials of quadrivalent vaccines in the market after Crucell AG announced in early 2014 that it was phasing out its virus-like pellet adjuvanted influenza vaccines due to unfavorable price competition from segmented production, and expects to start selling the vaccines under its own brand name AdimFlu-S (QIS) in the EU after obtaining the drug certificate in the future. In addition, the Company has obtained the Chinese Drug Certificate for Trivalent Cleaved Influenza Vaccine in November 2015 and started selling it in Mainland China in cooperation with local channel operators. Meanwhile, in 2019, the Company will start clinical trials of quadrivalent influenza vaccine in the PRC market and expects to launch the vaccine after obtaining the drug certificate in 2021. In addition, the Company is currently engaged in the development of new products for the enterovirus Type 71 vaccine and the COVID-19 novel pneumonia vaccine, which have both preventive and economic benefits, in order to increase its product diversification and revenue growth.

b. Production capacity

Starting from the second half of 2015, the Company has already obtained the Taiwan Drug Certificate for the virus-like granule adjuvanted influenza vaccine, and will soon obtain the China Drug Certificate for the cleaved influenza virus vaccine, the Taiwan Drug Certificate for quadrivalent influenza in 2016, the Taiwan Drug Certificate for imported finished products of cell culture for Japanese encephalitis, and the Taiwan Drug Certificate for imported semi-finished products of cell culture for Japanese encephalitis in 2018, which will enhance the utilization of the Company's production capacity. In addition, the Company has completed a new filling plant in 2012, which is capable of filling finished products for influenza vaccines in both the northern and southern hemispheres, as well as accepting orders for filling services during the non-influenza vaccine production season. For example, the Company has negotiated with customers in Russia and India to sign contracts for the long-term supply of semi-finished influenza vaccine concentration since the end of 2021. At the same time, in response to the increasing demand for southern hemisphere virus strain products in the Southeast Asian market, the Company has launched a vaccine concentration production improvement plan to expand the production capacity; also, the Company expects to start the production of southern hemisphere virus strain products for supply in 2024.

B. The international market has entered the development stage will face competition

Taiwan's domestic market is not large, and the international market must be the main focus for creating the greatest economic benefits. Vaccine certification is a basic requirement for entering the markets of various countries, but since vaccine products are often part of the national medical policy of some countries, or some of them receive technical support from WHO to set up factories, Taiwan is relatively weak in opening up the international market because it does not have formal trade cooperation with the Southeast Asian Association and is not a member of WHO.

Countermeasures

In the export market, the Company is gradually applying for drug licenses in countries with a low threshold for drug licenses or large market opportunities. Currently, we are focusing on Mainland China, and we are working with local national pharmaceutical companies, distributors or distributors to obtain drug licenses through their front-end applications, and then we will supply vaccines and sell them through distributors. In addition, when Crucell AG announced in early 2014 that it was phasing out its generic granular adjuvanted influenza vaccine due to unfavorable price competition in the production of segments, the Company has started to plan its own clinical trial of quadrivalent vaccine in this market and will sell it under its own brand AdimFlu-S after obtaining the drug certificate. In the medium to long term, we will enter the China, Southeast Asia and India markets with our own brands or co-branding with our customers as our main sales products. The first case is that the Company has already obtained a quadrivalent influenza vaccine license in Thailand in 2019 and expects to make its first shipment in 2020. We will continue to expand our market based on this success story in the future.® The Company is duplicating the successful business practice in other countries for market expansion currently with the application for drug permit license and registration initiated since the year of 2021 in many countries, such as Malaysia, Singapore, Pakistan, Jordan, UAE, Indonesia, and the Philippines.

C. Risk arising from concentration of sales

The cCompany's current sales are focused on the Taiwan CDC of the Ministry of Health and Welfare and filling OEMs for the U.S. customer. The Taiwan CDC purchases are conducted through open or restricted bidding, so there is a risk of unsuccessful bids for the vendors. The filling OEM for U.S. customers is dependent on the previous year's market launch and the next year's order quantity is determined at the end of that year, so the variability is quite significant.

Countermeasures

In order to reduce the risk of concentration of sales, the Company entered into distribution contracts with domestic distributors in Taiwan to provide demand in the domestic self-financing market and to increase its exposure in the self-funded market.

In the foreign market, the Company is actively expanding the influenza vaccine market in China and has completed the clinical trial and obtained the certificate for trivalent influenza vaccine, and has signed a contract with a distributor in China to enter from the coastal provinces. The Company will start importing and selling the vaccine from 2016, focusing on brand building and observing the market and distributors' capabilities first. By 2019, the Company has sold more than 1.3 million doses of the vaccine, and will switch to quadrivalent influenza vaccine in 2019. The Company expects to obtain the drug certificate in 2022 and launch the vaccine to join the competition and expects to ship more than 3 million doses in the next 3 to 5 years.

In addition, we are planning to replace Crucell AG in the supply of influenza vaccine in Europe with our own brand to replace the existing market of virus-like granular adjuvanted influenza vaccine, and have already established a subsidiary in the Netherlands for clinical trial planning and drug certification application.

The Company has also been actively exploring professional filling opportunities with international customers, originally using existing filling and packaging equipment to provide production services outside of the influenza vaccine production season, which resulted in the Company's filling plant receiving GMP certification from the European Union (EMA) in 2015. After the acquisition of Protein Sciences, Sanofi has been focusing on the US market. The Company's filling services were approved by the FDA in 2016 and by ANIVISA in Brazil in 2017. Following Sanofi's acquisition of Protein Sciences and its focus on the U.S. market, we have seen three consecutive years of multiplier growth in demand from 2017 to 2019. The percentage of sales from filling services is expected to grow steadily over the next five years.

D. Risk arising from concentration of purchase

As for the concentration of imports, the raw materials and materials used in the manufacture of vaccines are subject to strict CGMP levels or patent restrictions, and the number of vaccine companies worldwide is not universal, so they have a special industrial chain, unlike other industries that have more suppliers from which to purchase, which is the risk of concentration of purchase in the vaccine industry.

Countermeasures

The Company's current influenza vaccine is produced by using a large number of pathogens cultured in chicken embryo eggs, and then purified by inactivation and extraction of the antigenic proteins, so the chicken egg embryo is the main and important raw material. In order to reduce the risk of concentrated import, our procurement unit is in the global procurement mode, and we have more than two suppliers for the main raw materials. In order to avoid the risk of shortage of raw materials and to pursue stable supply sources, the Company has entered into medium and long-term supply contracts with suppliers to ensure the stability of raw materials required for production.

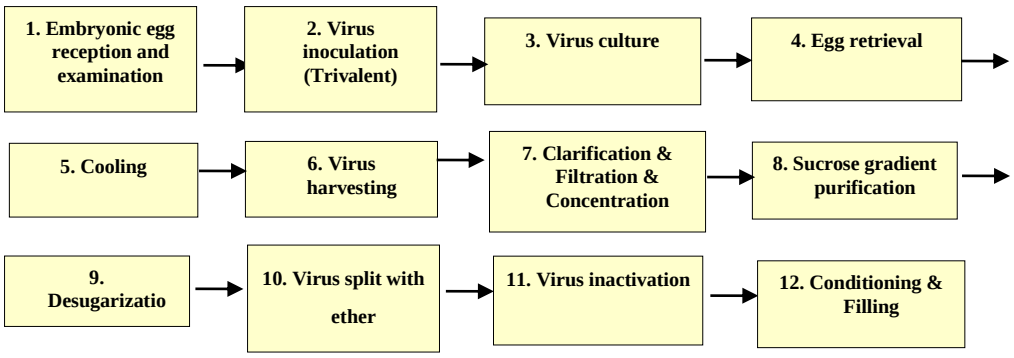
(II) Usage and Manufacturing Processes for Main Products

1. Key applications of the primary products

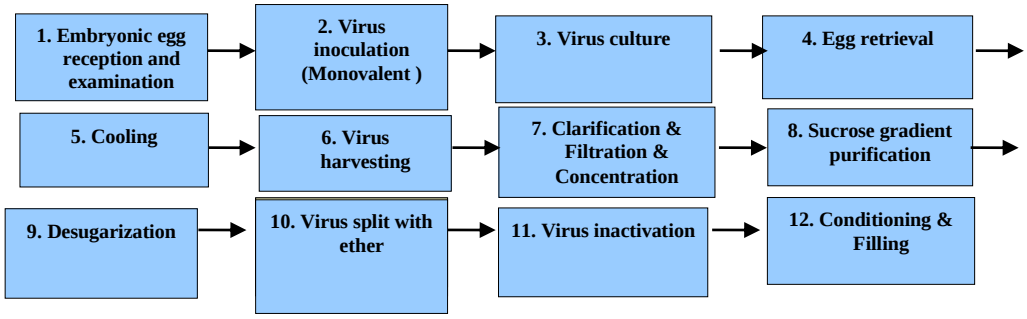
Major products	Applications
Influenza vaccine	Mainly used for prevention of seasonal influenza
H1N1 novel influenza vaccine	Mainly used for the prevention of H1N1 novel influenza
Japanese Encephalitis Vaccine	Mainly used for the prevention of Japanese encephalitis
Tetanus Vaccine	Mainly used the prevention of tetanus

2. Production Process of the Primary Products

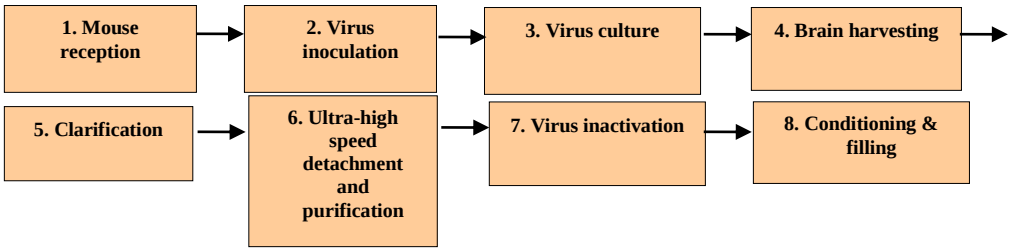
(1) Seasonal influenza vaccine



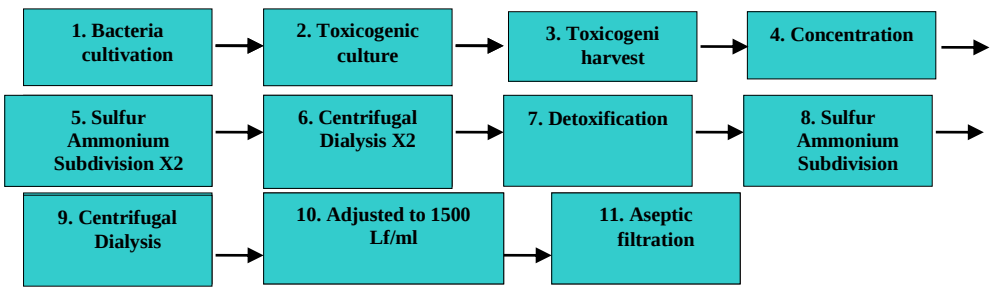
(2) H1N1 novel influenza vaccine



(3) Japanese Encephalitis Vaccine



(4) Tetanus vaccine



(III) Supply of key raw materials

Name of raw materials	Major suppliers	Supply Situation
Embryonic eggs	Chensan, Dunzheng	Good
Syringes	Singapore BD	Good

(IV) Major Vendors and Customers that Accounted for at Least 10% of the Annual Consolidated Net Revenue

1. List of suppliers who have accounted for more than 10% of total imports in any of the past two years and the reasons for the increase or decrease

Major suppliers in the past two years

UUnit: NT$ thousands

	2020				2021				As of March 31, 2022 (Note 2)			
Item	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer
1	Singapore BD	227,634	44.38	-	Singapore BD	297,731	44.04		Chensan Poultry Farm & Co., Ltd.	22,750	22.48	-
2	Dunzheng Poultry Farm	71,812	14.00	-	Chensan Poultry Farm & Co., Ltd.	111,423	16.48		Dunzheng Poultry Farm	22,507	22.24	-
3	Fu'an Ranch	71,351	13.91	-	Dunzheng Poultry Farm	99,174	14.67		BD	16,033	15.84	-
4				-					Bao Fu Jie Jing Livestock Farm	13,698	13.53	-
5									Singapore BD	11,448	11.31	
	Others	142,076	27.71	-	Others	167,771	24.81		Others	14,787	14.60	-
	Net purchase	512,873	100.00	-	Net purchase	676,099	100.00		Net purchase	101,223	100.00	-

Note 1: Name of the supplier with more than 10% of the total purchase amount in the past two years and the amount and proportion of the purchase. Due to the contractual agreement, the name of the supplier or the object of the transaction may not be disclosed as an individual and a non-relevant person.
Note 2: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

2. The names of customers who have accounted for more than 10% of the total sales in any of the past two years and the amount and percentage of sales, together with the reasons for the changes

Major customers in the past two years

Unit: NT$ thousands

	2020				2021				As of March 31, 2022 (Note 2)			
Item	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer
1	Taiwan Centers for Disease Control	1,199,420	64.17	-	Taiwan Centers for Disease Control	822,988	50.15	-	Techdow Pharma Co.	39,194	74.23	-
2	Protein Sciences Corporation	496,211	26.55	-	Protein Sciences Corporation	456,184	27.80	-	Chijeih	6,269	11.87	-
3	-	-	-	-	Beijing Shouhui	183,378	11.20	-	-	-	-	-
	Others	173,516	9.28	-	Others	361,889	10.85	-	Others	7,335	13.90	-
	Net sales	1,869,147	100.00	-	Net sales	1,641,061	100.00	-	Net sales	6,930	100.00	-

Note 1: Name of the customer with more than 10% of the total sales amount in the past two years and the amount and proportion of the sales. Due to the contractual agreement, the name of the sales or the object of the transaction may not be disclosed as an individual and a non-relevant person.
Note 2: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

(V) Production Quantity and Value in the past two years

Unit: thousands doses; NT$ thousand

Annual production, Quantity & value, Main product (Note)	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Product	25,000	12,497	651,241	25,000	12,748	752,701

(VI) Sales Quantity and Value in the past two years

Unit: thousands doses; NT$ thousand

Sales Value of the Main Products in the Year (Note)	2020				2020			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Finished Influenza Vaccine	5,498	1,265,182	443	70,863	3,740	861,263	1,676	201,574
Non-Influenza Vaccine Series	Note	26,868	Note	506,234	Note	10,241	Note	477,983
Total	Note	1,292,050	Note	577,097	Note	961,504	Note	679,557

Note: ①Finished flu vaccine refers to influenza vaccine.

②The non-influenza vaccine series refers to Japanese encephalitis vaccine, tetanus vaccine, tuberculosis vaccine, and surrogate antigens and consigned service projects.

③Due to the difference of product types, the unit of measurement is inconsistent and sales are not included.

III. Information on employees for the past two years and up to the date of publication of the annual report

Unit: person

Year		2020	2021	As of May 31, 2022
Number of Employees	Management	41	43	43
	General personnel	60	62	62
	Production personnel	324	369	422
	Research and development personnel	41	35	37
	Total	466	509	564
Average Age		35.96	35.65	34.55
Average Service Year		6.5	5.87	5.49
Academic distribution ratio (%)	PhD	3.44%	3.54%	3.55%
	Master's	40.13%	41.06%	37.23%
	Bachelor's	53.00%	51.47%	46.81%
	High school	1.50%	1.77%	3.01%
	Below high school	1.93%	2.16%	9.40%

IV. Environmental Protection Expenditure

Please list the losses (including compensations) caused by environmental pollution and the total paid out for disciplinary actions in the most recent year up to the date of publication of this annual report and provide information on the response strategies (including remedies) and potential expenses (including an estimated total of potential losses, punishment and compensations arise from failure to take actions; when reasonable estimation cannot be achieved, provide the facts that deters reasonable estimation): The Company has not had any losses due to pollution in the most recent year up to the date of publication of this annual report.

V. Employment relations management

(I) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests.

1. Employee Benefits.

(1) The Company has established the Employee Welfare Committee to be responsible for planning and handling employee welfare matters. The Welfare Committee organizes trips, dinners and other activities from time to time to stimulate the mind and body of the employees and to promote the relationship of the staff, and also provides birthday cakes, annual festival gift certificates and subsidies for weddings and funerals.

(2) Implemented the 5-day workweek system.

(3) Each employee participates in health insurance, labor insurance and group insurance.

(4) Provide free uniforms and work clothes.

(5) Wedding or funeral gift, a memorial service, a maternity benefit, and a condolence payment for injury or illness.

(6) Each year, depending on the current year's business status and personal performance, we will give out festive bonuses at the Dragon Boat Festival and Mid-Autumn Festival, and hold year-end dinner parties and give out year-end bonuses.

2. Continuing Education and Training

Our company has a training program and an annual training plan. The training is divided into pre-employment training, on-the-job training and project training. The pre-employment training enables new employees to understand the company's general situation and familiarize themselves with the job content of their duties; the on-the-job training cultivates employees' innovative ideas and enhances their basic academic skills; the professional training is aimed at training the latest technology in the market.

3. Retirement System and Implementation Status

(1) Old system - Any regular employee of the Company who has served for 25 years or more, or who is 55 years of age or older and has served for 15 years or more, shall be given 2 bases for each year of service in accordance with the old system, and 1 base for each additional year of service over 15 years, with the total amount being limited to 45 bases and the cost being fully borne by the Company.

(2) New system - Effective July 1, 2005, employees who choose to be subject to the Labor Pension Act's retirement system will be required to make contributions to the Bureau of Labor Insurance at a rate no less than 6% of their monthly wages in accordance with the Labor Pension Account's wage scale.

4. Employee Communication or Dispute

The labor-management meetings were conducted satisfactorily with respect for labor ethics and no major labor disputes occurred.

(II) Loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report, disclose an estimate of losses incurred to date and indicate mitigation measures being or to be taken:

1. Losses caused by labor disputes: None.

2. The estimated amount of future events and the corresponding measures.

In addition to following the Labor Standards Law and other relevant regulations, the Company has established harmonious labor relations between employers and employees and expects that there will be minimal losses due to labor disputes in the future.

VI. Information security management

I. Information security risk management framework:

The Information Department is designated to be responsible for coordinating, formulating, and executing the information security policies. The Information Department is responsible for having the Company's core information system maintained and the information security message collected, managed, and analyzed; also, conforms to the audit and internal control cycle, conducts information security audits, and evaluates the effectiveness of the Company's internal control for information operations.

II.INFORMATION SECURITY POLICY

- Ensure the confidentiality and data integrity of the information assets.
- Ensure that data access is regulated according to the departmental function and authorization.
- Ensure the maintenance and operation of the information system.
- Strictly prevent unauthorized data modification or access, and the overall system security maintenance.
- Perform information security audit operation regularly and from time to time to ensure the implementation of information security policies.

III.SPECIFIC MANAGEMENT APPROACH

Information security management and control	Data access management and control
• Firewall protection • Regular virus scans • All network services must comply with information security policies and specifications • Collect and analyze information security messages regularly	• The computer equipment should be under the custody of the designated personnel, and it is protected by the programmed account number and password; also, it may not be transferred to others for use. • Unauthorized data access is prohibited • Remote access to the management information systems must be with adequate approval • Full data encryption system management

IV. IMPLEMENTATION

- There is no major information security incident to the Company currently that results in business damage.
- Continue to implement the information security management policies and objectives, and regularly implement recovery plan drills to protect the important systems and data security of the Company.

The information security inspection and control operation will be reviewed in the Company's annual audit by the audit unit at least once a year. Also, the Company will summarize and report the results of the internal control in accordance with the "Internal Control System Self-Inspection Operations" every year.

VII. Important Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Syndicated Loans contract	Land Bank of Taiwan	2020/10/08~2030/10/07	Buildings, machinery and equipment and working capital	net tangible assets not be less than 3.7 billion
Sales contract	Taiwan Centers for Disease Control	2019/05/14 ~2020/04/15	Sales of quadrivalent influenza vaccine in 2021	CW110029-2
General Agency Agreement	Beijing Shouhui Pharmaceutical Co., Ltd.	2020/05/01~2024/04/30	Supply of influenza vaccine product	None
OEM contract	Protein Sciences	2017/03/01~2022/03/01	Influenza vaccine consignment filling Service	
		2020/01/09~2027/03/01	Influenza vaccine consignment filling Service	
Contract processing agreement	TechDow Pharmaceutical Co., Ltd	5 years from the date of the first order placed by TechDow (one year extension after the expiration date)	Aseptic Prefilled Needle Filling Technology	1. Restrictions on the production of identical products 2. Insurance required for processed products 3. We have the obligation to produce up to 9 months of inventory after the end of the cooperation.
Supply Contracts	Chensan Poultry Farm & Co., Ltd.	2021/01/01~2022/12/31	Raw material egg procurement	Minimum purchase quantity
Supply Contracts	Dunzheng Poultry Farm	2020/01/01~2021/12/31	Raw material egg procurement	Minimum purchase quantity
Supply Contracts	Bao Fu Jie Jing Livestock Farm	2021/01/01~2021/12/31	Raw material egg procurement	Minimum purchase quantity
Supply Contracts	Sartorius	2019/01/01-2021/12/31	Consumables purchase and sales contracts	None
		2021/1/14~2022/12/31		
Supply agreement	Singapore BD - Taiwan Branch	2019/01/01~2021/12/31	Purchase of syringes, pushers and plastic plugs	None
Supply Contracts	E2JOY	2019/01/01~2021/12/31	Filling equipment procurement	None
Construction Contract	Yu-In Air Conditioner Engineering Co., Ltd.	2020/07/29~2021/12/31	TTA Plant Turnkey Project	
Construction Contract	China Ecotek Corp. (CEC)	2020/07/29~2021/12/31	Cell factory turnkey project	

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Technology Transfer Contract	Kitasato Institute	2005/01~2008/01 (Extended indefinitely after 2008, one year extension at a time)	Technology transfer basic contract	None
Technology Transfer Contract	Kitasato Institute	2008/2~Indefinite extension (One year extension at a time)	Technology transfer supplementary contracts	1. Restrictions on product sales targets and regions. 2. Competitive technology introduction restrictions. 3. Technology reauthorization restrictions.
Technology licensing agreement	National Health Research Institutes, Taiwan Centers for Disease Control	2011/09 ~ 25 years after the first enterovirus 71 type vaccine was licensed	Serum-free cell culture for enterovirus 71 vaccine related technology	Technical reauthorization restrictions
Licensing technical cooperation contract	National Health Research Institutes, Taiwan Centers for Disease Control	2013/04 ~ 25 years since the first EV71 vaccine was licensed	Licensing of Phase I clinical trial results of enterovirus 71 type vaccine	1. Technology reauthorization restrictions. 2. Phase II clinical trials are being conducted domestically.
Exclusive use contract for product technical results	Subsidiary Enimmune Corp.	The contract will expire 25 years after the date of the first EV71 vaccine certificate. (Enimmune Corp. may extend the term of the contract with the written consent of the Company three months prior to the expiration date)	Expertise in the development of EV71 vaccine production process	1. The Company has priority in contracting the OEM production of EV71 vaccine. 2. The intellectual property rights of the technical data and technical know-how of the technical achievements shall be owned by the Company.

VI.Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

(I) 1. Condensed Balance Sheet - IFRS - Parent-Company Only Financial Report

Unit: NT$ thousands

Item \ Year		Financial Information For The Past Five Fiscal Years					Financial Information as of March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		1,730,961	1,435,829	2,101,646	4,523,372	3,344,349	Not applicable
Property, plant and equipment		2,606,040	2,450,715	2,312,980	2,330,835	3,427,798	
Intangible assets		199,368	167,461	143,339	138,602	116,485	
Other Assets		992,085	1,408,402	1,826,398	1,144,732	831,511	
Total Assets		5,528,454	5,462,407	6,384,363	8,137,541	7,720,143	
Current liabilities	Before distribution	632,838	1,202,184	203,919	509,981	298,900	
	After distribution	632,838	1,202,184	203,919	509,981	298,900	
Non-current liabilities		2,785,855	2,617,442	2,535,106	1,311,374	1,272,421	
Total Liabilities	Before distribution	3,418,693	3,819,626	2,739,025	1,821,355	1,571,321	
	After distribution	3,418,693	3,819,626	2,739,025	1,821,355	1,571,321	
Equity attributable to owners of parent		2,109,761	1,642,781	3,645,338	6,316,186	6,148,822	
Share Capital		2,376,842	2,377,428	3,631,576	4,295,078	4,295,078	
Capital surplus		497,733	75,763	1,136,621	830,210	855,120	
Retained earnings	Before distribution	(764,423)	(942,075)	(1,225,598)	1,122,866	944,837	
	After distribution	(764,423)	(942,075)	(1,225,598)	1,122,866	944,837	
Other equity interest		67,766	138,430	102,739	68,032	53,787	
Treasury Stock		(68,157)	(6,765)	0	0	0	
Non-controlling interest		0	0	0	0	0	
Total equity	Before distribution	2,109,761	1,642,781	3,645,338	6,316,186	6,148,822	
	After distribution	2,109,761	1,642,781	3,645,338	6,316,186	6,148,822	

2. Condensed Balance Sheet - IFRS - Consolidated Financial Report

Unit: NT$ thousands

Item \ Year		Financial Information For The Past Five Fiscal Years					Financial information as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		2,037,416	1,732,240	2,339,959	5,046,568	3,795,998	3,729,967
Property, plant and equipment		2,606,040	2,450,715	2,312,980	2,336,938	3,432,944	3,528,715
Intangible assets		199,424	167,498	143,357	138,915	117,091	111,044
Other Assets		902,976	1,327,787	1,774,003	950,993	664,054	659,884
Total Assets		5,745,856	5,678,240	6,570,299	8,473,414	8,010,087	8,029,610
Current liabilities	Before distribution	610,799	1,204,645	209,660	525,406	297,040	573,245
	After distribution	610,799	1,204,645	209,660	740,160	297,040	573,245
Non-current liabilities		2,785,715	2,617,302	2,534,966	1,319,321	1,280,505	1,281,143
Total Liabilities	Before distribution	3,396,514	3,821,947	2,744,626	1,844,727	1,577,545	1,854,388
	After distribution	3,396,514	3,821,947	2,744,626	2,059,481	1,577,545	1,854,388
Equity attributable to owners of parent		2,109,761	1,642,781	3,645,338	6,316,186	6,148,822	5,903,786
Share Capital		2,376,842	2,377,428	3,631,576	4,295,078	4,295,078	4,295,078
Capital surplus		497,733	75,763	1,136,621	830,210	855,120	858,689
Retained earnings	Before distribution	(764,423)	(942,075)	(1,225,598)	1,122,866	944,837	710,229
	After distribution	(764,423)	(942,075)	(1,225,598)	908,112	944,837	710,229
Other equity interest		67,766	138,430	102,739	68,032	53,787	39,790
Treasury Stock		(68,157)	(6,765)	0	0	0	0
Non-controlling interest		239,581	213,512	180,335	312,501	283,720	271,436
Total equity	Before distribution	2,349,342	1,856,293	3,825,673	6,628,687	6,432,542	6,175,222
	After distribution	2,349,342	1,856,293	3,825,673	6,413,933	6,432,542	6,175,222

Note 1: The financial information as of March 31, 2022 has been reviewed by CPAs.

(II) 1. Condensed Income Statement - IFRS - Parent-Company Only Financial Report

Unit: NT$ thousands

Item \ Year	Financial Information For The Past 5 Years (Note 1)					Financial Information as of March 31, 2022
	2017	2018	2019	2020	2021	
Operating income	569,610	870,967	1,309,078	1,894,431	1,553,242	Not applicable
Gross profit	(251,793)	(245,692)	176,785	625,052	429,091	
Operating Income	(678,172)	(614,946)	(224,318)	63,069	(150,051)	
Non-operating income and expenses	(86,119)	(2,897)	(56,360)	1,178,177	193,117	
Profit before income tax	(764,291)	(617,843)	(280,678)	1,241,246	43,066	
Income from Continuing Operations	(764,291)	(617,843)	(280,678)	1,241,246	43,066	
Loss from Discontinued Operations	0	0	0	0	0	
Net Income (Loss)	(764,291)	(617,843)	(280,678)	1,241,246	43,066	
Other comprehensive income or loss for the period (Net amount after tax)	(28,827)	71,620	(35,671)	(35,437)	(14,785)	
Total comprehensive income for the year	(793,118)	(546,223)	(316,349)	1,205,809	28,281	
Net Income Attributable to Shareholders of the Parent	(793,118)	(546,223)	(316,349)	1,205,809	28,281	
Net Income Attributable to Non-controlling Interests	0	0	0	0	0	
Comprehensive Income Attributable to Owners of the Parent	(793,118)	(546,223)	(316,349)	1,205,809	43,066	
Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0	
arnings per Share	(3.25)	(2.62)	(0.90)	3.03	0.1	

Note 1: The financial information as of March 31, 2022 has been reviewed by CPAs.

2. Condensed Income Statement - IFRS - Consolidated Financial Report

Unit: NT$ thousands

Item \ Year	Financial Information For The Past Five Fiscal Years					Financial information as of March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating income	562,743	822,366	1,299,689	1,869,147	1,641,061	52,798
Gross profit	(261,240)	(294,307)	167,589	623,062	464,145	(114,463)
Operating Income	(709,336)	(725,213)	(298,979)	(25,814)	(206,806)	(253,792)
Non-operating income and expenses	(71,750)	50,573	(15,613)	1,223,078	221,091	6,701
Profit before income tax	(781,086)	(674,640)	(314,592)	1,197,264	14,285	(247,091)
Income from Continuing Operations	(781,086)	(674,640)	(314,592)	1,197,264	14,285	(247,091)
Loss from Discontinued Operations	0	0	0	0	0	0
Net Income (Loss)	(781,086)	(674,640)	(314,592)	1,197,264	14,285	(247,091)
Other comprehensive income or loss for the period (Net amount after tax)	(28,827)	71,620	(35,671)	(35,437)	(14,785)	(13,997)
Total comprehensive income for the year	(809,913)	(603,020)	(350,263)	1,161,827	(500)	(261,088)
Net Income Attributable to Shareholders of the Parent	(764,291)	(617,843)	(280,678)	1,241,246	43,066	(234,608)
Net Income Attributable to Non-controlling Interests	(16,795)	(56,797)	(33,914)	(43,982)	(28,781)	(12,483)
Comprehensive Income Attributable to Owners of the Parent	(793,118)	(546,223)	(316,349)	1,205,809	28,281	(248,605)
Comprehensive Income Attributable to Non-controlling Interests	(16,795)	(56,797)	(33,914)	(43,982)	(28,782)	(12,483)
Earnings per Share	(3.25)	(2.62)	(0.90)	3.03	0.10	(0.55)

Note 1: The financial information as of March 31, 2022 has been reviewed by CPAs.

(III) Names of the Auditors and their Opinions

Year	Accounting Firm	CPA	Opinion	Content
2017	PricewaterhouseCoopers, Taiwan	Yang, Ming-Ching, Hsu, Chien-Yeh	Unmodified opinion	-
2018	PricewaterhouseCoopers, Taiwan	Yang, Ming-Ching, Liu, Mei-Lan	Unmodified opinion	-
2019	PricewaterhouseCoopers, Taiwan	Yang, Ming-Ching, Liu, Mei-Lan	Unmodified opinion	-
2020	PricewaterhouseCoopers, Taiwan	Liu, Mei-Lan, Yang, Ming-Ching	Unmodified opinion	-
2021	PricewaterhouseCoopers, Taiwan	Liu, Mei-Lan, Hsu, Chien-Yeh	Unmodified opinion	-

II. Most Recent 5-Year Financial Analysis

(I) Financial Analysis - IFRS - Parent-Company Only Financial Report

Items (Note 2) \ Year (Note 1)		Most Recent 5-Year Financial Analysis					Financial Information as of March 31, 2022
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt ratio	61.84	69.93	42.90	22.38	20.35	Not applicable
	Ratio of long-term capital to property, plant, and equipment	187.86	173.84	267.21	327.25	216.50	
Solvency (%)	Current ratio	273.52	119.44	1,030.63	886.97	1,118.89	
	Quick ratio	162.81	73.40	751.15	807.19	882.78	
	Interest coverage ratio	(17.39)	(12.41)	(5.55)	51.50	2.05	
Operating Ability	Accounts receivable turnover rate (times)	2.52	3.57	2.78	6.23	16.23	
	Average days for cash receipts	145	102	131	59	22	
	Inventory turnover rate (times)	1.22	1.47	1.53	2.22	2.03	
	Accounts payable turnover rate (times)	24.15	37.25	77.70	75.26	77.59	
	Average days for sale of goods	299	248	239	164	180	
	Property, plant, and equipment turnover rate (times)	0.22	0.36	0.57	0.81	0.45	
	Total assets turnover rate (times)	0.094	0.158	0.221	0.261	0.196	
Profitability	Return on total assets (%)	(12.10)	(10.60)	(4.18)	17.34	0.69	
	Return on equity (%)	(30.64)	(32.93)	(10.62)	24.92	0.69	
	Pre-tax profit to paid-in capital (%) (Note 7)	(32.16)	(25.99)	(7.73)	28.90	1.00	
	Net profit margin (%)	(134.18)	(70.94)	(21.44)	65.52	2.77	
	Earnings per share (NT$)	(3.25)	(2.62)	(0.90)	3.03	0.10	
Cash Flows	Cash flow ratio (%)	8.67	(41.99)	(88.41)	479.47	133.02	
	Cash flow adequacy ratio (%)	(325.84)	(380.43)	(521.24)	664.45	158.94	
	Cash reinvestment ratio (%)	0.87	(10.08)	(2.61)	25.60	1.95	
Leverage	Operating leverage	0.17	0.13	(1.61)	11.44	-3.68	
	Financial leverage	0.95	0.93	0.85	1.54	0.91	

Please explain the reasons for the changes in each financial ratio for the past two years. (Analysis is not required if the change is within 20%)

1. Decrease in the ratio of long-term funds to property, plant and equipment: It was due to the construction of the second aseptic filling line, tetanus vaccine factory, and cell culture factory in 2021.
2. Increase in current ratio: It was due to the increase in advance receipts arising from the deposits collected for professional filling service in 2020.
3. Decrease in interest earned ratio: It was due to the increase in net income arising from the collection of litigation settlement in 2020.
4. Increase in account receivables turnover (times), and decrease in days sales in account receivable: It was due to the increase in accounts receivable at the beginning of 2020 arising from the delay in selecting vaccine strains by the WHO in 2019 and the delay in supplying influenza vaccines.
5. Decrease in property, plant and equipment turnover (times) and total asset turnover (times): It was due to the construction of the second aseptic filling line, tetanus vaccine factory, and cell culture factory in 2021.
6. Decrease in the ratio of return on total assets, ratio of return on shareholders' equity, ratio of net income before tax to paid-in capital, profit ratio, earnings per share, and cash flow ratio: It was due to the increase in net income and net cash flow from operating activities arising from the collection of litigation settlement in 2020.
7. Decrease in cash flow adequacy ratio and the cash reinvestment ratio: It was due to the construction of the second aseptic filling line, tetanus vaccine factory, and cell culture factory in 2021, and the distribution of cash dividends.
8. Increase in operating leverage and financial leverage: It was due to the completion and commissioning of the second aseptic filling line in 2021, resulting in an increase in depreciation and a decrease in net operating profit.

Note 1: The above annual financial information has been audited by the CPAs.

Note 2: The formulas of the above table are as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Long-term funds to property, plant and equipment = (Stockholders' equity＋Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
   (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/Average inventories.
   (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Real estate, plants and equipment turnover rate＝ Net sales／Average real estate, plants and equipment, net..
   (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
   (2) Return on equity = Income after tax/Average total equity.

(3) Net profit margin = Income after tax/Net sales.

(4) Earnings per share = (Income attributable to owners of the parent - preferred stock dividends)/Weighted average number of shares issued. (Note 4)

5. Cash flows

(1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.

(2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).

(3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 6).

(2) Financial leverage = Operating income/(Operating income - Interest expenses).

(II) Financial Analysis - IFRS - Consolidated Financial Report

Year (Note 1) / Analysis Item (Note 4)		Most Recent 5-Year Financial Analysis					Financial information as of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt ratio	59.11	67.31	41.77	21.77	19.69	23.09
	Ratio of long-term capital to property, plant, and equipment	197.04	182.54	275.00	340.10	224.68	211.31
Solvency (%)	Current ratio	333.57	143.80	1,116.07	960.51	1,277.94	650.68
	Quick ratio	216.56	96.39	834.78	871.53	1,015.46	491.94
	Interest coverage ratio	(17.79)	(13.64)	(6.33)	49.36	1.02	(34.99)
Operating Ability	Accounts receivable turnover rate (times)	2.53	3.43	2.76	6.08	15.67	2.92
	Average days for cash receipts	144	106	132	60	23	125
	Inventory turnover rate (times)	1.22	1.47	1.53	2.12	1.98	0.87
	Accounts payable turnover rate (times)	24.17	37.25	77.68	74.25	80.23	15.78
	Average days for sale of goods	299	248	238	172	184	420
	Property, plant, and equipment turnover rate (times)	0.22	0.34	0.56	0.80	0.48	0.06
	Total assets turnover rate (times)	0.09	0.144	0.21	0.25	0.20	0.03
Profitability	Return on total assets (%)	(11.95)	(11.19)	(4.60)	16.15	0.32	(12.23)
	Return on equity (%)	(28.69)	(32.08)	(11.07)	22.90	0.22	(15.68)
	Pre-tax profit to paid-in capital (%) (Note 7)	(32.86)	(28.38)	(8.66)	27.88	0.33	(23.01)
	Net profit margin (%)	(138.80)	(82.04)	(24.21)	64.05	0.87	(467.99)
	Earnings per share (NT$)	(3.25)	(2.62)	(0.90)	3.03	0.10	(0.55)
Cash Flows	Cash flow ratio (%)	1.13	(49.95)	(120.54)	441.89	161.77	(139.14)
	Cash flow adequacy ratio (%)	(356.11)	(436.01)	(626.82)	336.15	68.75	9.09
	Cash reinvestment ratio (%)	0.10	(11.35)	(3.54)	23.06	2.70	(8.26)
Leverage	Operating leverage	0.19	0.24	(1.04)	(25.52)	(2.61)	0.27
	Financial leverage	0.95	0.94	0.88	0.54	0.93	0.99

Please explain the reasons for the changes in each financial ratio for the past two years. (Analysis is not required if the change is within 20%)

1. Decrease in the ratio of long-term funds to property, plant and equipment: It was due to the construction of the second aseptic filling line, tetanus vaccine factory, and cell culture factory in 2021.
2. Increase in current ratio: It was due to the increase in advance receipts arising from the deposits collected for professional filling service in 2020.
3. Decrease in interest earned ratio: It was due to the increase in net income arising from the collection of litigation settlement in 2020.
4. Increase in account receivables turnover (times), and decrease in days sales in account receivable: It was due to the increase in accounts receivable at the beginning of 2020 arising from the delay in selecting vaccine strains by the WHO in 2019 and the delay in supplying influenza vaccines.
5. Decrease in property, plant and equipment turnover (times) and total asset turnover (times): It was due to the construction of the second aseptic filling line, tetanus vaccine factory, and cell culture factory in 2021.
6. Decrease in the ratio of return on total assets, ratio of return on shareholders' equity, ratio of net income before tax to paid-in capital, profit ratio, earnings per share, and cash flow ratio: It was due to the increase in net income and net cash flow from operating activities arising from the collection of litigation settlement in 2020.
7. Decrease in cash flow adequacy ratio and the cash reinvestment ratio: It was due to the construction of the second aseptic filling line, tetanus vaccine factory, and cell culture factory in 2021, and the distribution of cash dividends.
8. Increase in operating leverage and financial leverage: It was due to the completion and commissioning of the second aseptic filling line in 2021, resulting in an increase in depreciation and a decrease in net operating profit.

Note 1: The above annual financial information has been audited by the CPAs.

Note 2: The financial information as of March 31, 2022 has been reviewed by CPAs.

Note 3: The companies who are listed or whose shares are traded at securities exchange shall include the financial data for the year one quarter before the printing date of the annual report into the financial statements of the year for analysis.

Note 4: The formulas of the above table are as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
   (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/Average inventories.
   (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Real estate, plants and equipment turnover rate＝ Net sales／Average real estate, plants and equipment, net.
   (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
   (2) Return on equity = Income after tax/Average total equity.

(3) Net profit margin = Income after tax/Net sales.

(4) Earnings per share = (Income attributable to owners of the parent - preferred stock dividends)/Weighted average number of shares issued. (Note 4)

5. Cash flows

(1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.

(2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).

(3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 6).

(2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Supervisors' or Audit Committee Report for the Most Recent Fiscal Year's Financial Statement

Adimmune Corporation
Audit Committee Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for earnings distribution. Of which, the Financial Statements have been audited by CPA Mei-Lan Liu and Jason Hsu at PricewaterhouseCoopers Taiwan and the Independent Auditors' Report has been presented by PwC Taiwan. The above-mentioned Business Report, Financial Statements, and proposal for earnings distribution have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

2022 ADIMMUNE CORPORATION General Shareholders' Meeting

Chairperson of the Audit Committee:
Siao-Po Hsu

March 29, 2022

IV. Financial Statements for the Most Recent Fiscal Year

: Please refer to #page 138# of the Annual Report

V. Parent Company-Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs

: Please refer to #page 209# of the Annual Report

VI. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation

: None

VIII. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position

Unit: NT$ thousands

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	5,046,568	3,795,998	(1,250,570)	(25%)
Property, plant and equipment, net	2,336,938	3,432,944	1,096,006	47%
Intangible assets, net	138,915	117,091	(21,824)	(16%)
Other Assets	950,993	664,054	(286,939)	(30%)
Total Assets	8,473,414	8,010,087	(463,327)	(5%)
Current liabilities	525,406	297,040	(228,366)	(43%)
Non-current liabilities	1,319,321	1,280,505	(38,816)	(3%)
Total Liabilities	1,844,727	1,577,545	(267,182)	(14%)
Equity attributable to owners of parent	6,316,186	6,148,822	(167,364)	(3%)
Share Capital	4,295,078	4,295,078	0	0
Capital surplus	830,210	855,120	24,910	3%
Retained earnings	1,122,866	944,837	(178,029)	(16%)
Other equity interest	68,032	53,787	(14,245)	(21%)
Non-controlling interest	312,501	283,720	(28,781)	(9%)
Total Equity	6,628,687	6,432,542	(196,145)	(3%)

The reasons for the changes between the two periods (greater than 20% and reached NT$10 million):

1. Decrease in current assets: It was mainly due to the payment for the construction and equipment of the second aseptic filling line, tetanus vaccine factory, and cell culture factory in 2021.
2. 2. Increase in property, plant and equipment: It was mainly due to the construction of the second aseptic filling line, tetanus vaccine factory, and cell culture factory, including the equipment purchased in 2021.
3. 3. Decrease in other assets: It was mainly due to the arrival of the equipment acquired for the second aseptic filling line, tetanus vaccine factory, and cell culture factory in 2021, which was then transferred and booked in the “property, plant and equipment” account.
4. 4. Decrease in current liabilities: It was mainly due to the increase in contract liabilities for advance receipts in 2020 and the estimated employee bonuses in 2020.
5. 5. Decrease in other equity: It was mainly due to the increase in the valuation loss of financial assets measured at fair value through other comprehensive profit and loss in 2021.

II. Financial Performance

(I) Comparative Analysis of Consolidated Financial Performance

Unit: NT$ thousands

Item \ Year	2020	2021	Change, by Amount	% of change
Net Sales	1,869,147	1,641,061	(228,086)	(12)
Operating costs	1,246,085	1,176,916	(69,169)	(6)
Gross profit (loss)	623,062	464,145	(158,917)	(26)
Operating Expenses	648,876	670,951	22,075	3
Net Operating Profit (Loss)	(25,814)	(206,806)	(180,992)	701
Non-operating income and expenses	1,223,078	221,091	(1,001,987)	(82)
Net profit (loss) before tax	1,197,264	14,285	(1,182,979)	(99)
Income tax gain (expense)	0	0	0	0
Net Income (Loss)	1,197,264	14,285	(1,182,979)	(99)
Other comprehensive income (loss) for the year (after tax)	(35,437)	(14,785)	20,652	(58)
Total comprehensive income for the year	1,161,827	(500)	(1,162,327)	(100)

The reasons for the changes between the two periods (greater than 20% and reached NT$10 million):

1. Decrease in operating gross profit and increase in net operating loss: It was mainly due to the increase in depreciation resulted from the completion and commissioning of the second aseptic filling line in 2021.
2. 2. Decrease in non-operating income and expenses: It was mainly due to the settlement received from J&J for compensating the damages in 2020.
3. 3. Decrease in net income before tax, net income, and comprehensive profit and loss for the current period: It was mainly due to the increase in depreciation resulted from the completion and commissioning of the second aseptic filling line in 2021, and the settlement received from J&J for compensating the damages in 2020.
4. 4. Decrease in other comprehensive losses for the current period: It was mainly due to the decrease in the valuation loss of financial assets measured at fair value through other comprehensive profit and loss in 2021 from the year of 2020.

(II) Sales Volume Forecast and Basis

1. Tetanus vaccine:

   Since the domestic market has remained stable in recent years, sales volume is not expected to change much in the coming year.

2. Influenza vaccine:

   The Company's sales volume for the coming year is determined based on actual sales over the years, considering future changes in market demand and the Company's operating objectives, and taking into account the scale of the Company's production capacity.

(III) Possible impact on the Company's future financial operations and contingency plans:

The Company is financially sound and its future business is expected to be stable, so there is no significant uncertainty in its future financial operations.

III. Cash Flows

(I) Analysis Cash Flow Changes during the Most Recent Fiscal Year

Unit: %

Item \ Year	2020	2021	Percentage of increase/decrease
Cash Flow Ratio	441.89	161.77	(63.39)%
Cash Flow Adequancy Ratio	336.15	68.75	(79.55%)
Cash Reinvestment Ratio	23.06	2.70	(88.30%)

Analysis of changes in the percentage of increase or decrease:

1.Decrease in cash flow ratio: It was due to the increase in net income and net cash flow from operating activities resulted from the collection of litigation settlement funds in 2020.

2. Decrease in cash flow adequacy ratio and cash reinvestment ratio: It was due to the construction of the second aseptic filling line, the tetanus vaccine factory, and the cell culture factory in 2021, and the distribution of cash dividends.

(II) Liquidity shortage improvement plan: No cash shortage situation.

(III) Liquidity analysis for the coming year

Unit: NT$ thousands

Cash balance amount at the beginning of the year (1)	Estimated full-year net cash flows from operating activities (2)	Estimated full-year cash inflow from non-operating activities(3)	Estimated cash surplus (shortfall) amount (1) + (2) + (3)	Estimated cash shortfall remediation measures	
				Investment Plan	Financing Plan
2,652,017	386,868	(821,729)	2,217,156	-	-

(1) Analysis of variance in cash flows:

① Operating activities: The estimated net cash inflow from operating activities is mainly due to the estimated revenue of 2022.

② Investing activities: The estimated net cash outflow of NT$780,426 thousand is mainly due to the expected payment for construction and equipment according to the construction progress of tetanus plant and cell factory.

③ Financing activities: The estimated net cash outflow of NT$41,303 thousand from financing activities is mainly due to the expected repayment of the long-term loan principal in installments according to the syndicate loan contract.

(2) Estimated cash shortage remediation measures and liquidity analysis: Not applicable.

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

The Company's major capital expenditures in 2021 were mainly for the construction of a second aseptic filling line, a tetanus vaccine factory, and a cell culture factory so as to expand production capacity, realize product diversity, and increase overall profits.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year

(I) Reinvestment Policy

The Company's policy-making authority makes investment decisions based on factors such as operational needs or future growth of the Company. The relevant units provide professional information and the finance unit compiles the information and makes recommendations to the responsible officer. After the investment proposal is made, it should be evaluated with respect to the past and future outlook, market conditions and operating quality of the investee company to be used as the basis for the decision-making authority to make investment decisions.

(II) Major reasons for profit or loss of reinvestments and improvement plan

Date: December 31, 2020; Unit: NT$ thousands

Reinvestment company	Initial investment amount	Profit (loss) for the most recent year	Reinvestment policy	Main reasons for gain (loss)	Improvement plan	Other future investment plans
Taiwan Biotech Co., Ltd.	61,129	Note 1	Based on the strengthening of the relationship with medical institutions	-	None	Make appropriate disposal after considering the industry conditions and company policies
Anagen Therapeutics, Inc	10,545	Note 2	Investing in new recovery companies for positive future growth of the company's operations	Still in R&D phase	None	-
Hematech Biotherapeutics Inc.	10,000	Note 3	Investing in new recovery companies for positive future growth of the company's operations	Still in R&D phase	None	-
Enimmune Corp.	485,820	(47,246)	Research, development and sale of vaccines and biotechnology services, and sale and purchase of western pharmaceuticals	Still in R&D phase	None	None
EGGS Corporation	30,000	(5,809)	Livestock Farm Operations	Still in operational planning phase	None	None
Wei Mu Biological Technology Co., Ltd.	21,000	(11,236)	Manufacturing, wholesaling, retailing and biotechnology services for animal drugs	Still in R&D phase	None	None
Global Commonwealth Life Science (Holdings) Limited	Note 4	—	Investments	None	None	None
Adimmune B.V.	—	—	Investments	None	None	None
Huaguang Biotechnology (Nanjing) Co., Ltd.	—	—	Business management consulting, marketing planning	None	None	None

Note 1:Taiwan Biotech Co., Ltd. has paid cash dividends for the last three years and has no loss position.

Note 2:In 2004, the Company recorded a permanent impairment loss in full.

Note 3:Hematech Biotherapeutics Inc. processed a capital reduction of 20.79% in 2016 and the fair value was assessed to be higher than the net value as of December 31, 2020.

Note 4:The original investment amount of Global Commonwealth Life Science (Holdings) Limited is NT$8 and the number of shares is 2.

(III) Investment Plans for the Next 12 Months: **Enimmune Corp., a subsidiary with 51% equity held by the Company, plans to issue 5,800 thousand common stock shares through a cash capital increase in 2022 in order to meet the needs of working capital. The Company is entitled to subscribe 2,662,200 shares proportionally to the original shareholding ratio; also, the Company plans to subscribe 295,800 thousand shares with a specific identity for a total subscription of 2,958,000 shares, an amount of NT$112,404,000, in order to maintain the Company's 51% shareholding originally.**

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report

(I) Effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Interest rate

The Company's interest expense for fiscal 2020 and 2021 were NT$22,163 thousand and NT$14,688 thousand, representing 1.19% and 0.90% of net operating income for the years, respectively. Since the overall interest rate is still low due to the continued liquidity in the market, the change in interest rate will not have a significant impact on the Company yet. The Company's measures to address the risk of interest rate fluctuations, in addition to considering future repayments of loans to reduce dependence on bank loans. In addition, the Company regularly evaluates the interest rate of bank loans and maintains close contact with banks to adopt a high degree of hedging mechanism and obtain a more favorable interest rate to reduce interest expenses.

2. Exchange rate

The Company's exchange gains and losses were NT$(15,272) thousand and NT$4,284 thousand for fiscal 2020 and 2021, respectively, accounting for -0.82% and 0.26% of the net operating revenues for the years. Since the exchange gains and losses did not account for a significant portion of the net operating revenues, the overall exchange rate factor did not constitute a risk burden on the profitability. The specific measures taken by the Company to address the risks arising from changes in exchange rates on the Company's profit or loss are as follows.

The Company will maintain close contact with financial institutions to keep abreast of exchange rate trends and establish foreign currency positions, or other avoidance mechanisms, as appropriate to reduce exchange rate risk.

3. Inflation/Deflation

Inflation in recent years has been minimal and therefore has had little impact on the Company. If inflation occurs in the future, there is a risk that the cost of acquiring raw materials for the Company's vaccine production (e.g. embryonic eggs) will increase. This risk has been specified in the contracts with suppliers to reduce the Company's raw material purchase risk.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company has established the "Procedures for Handling Assets Acquired or Disposed of", "Procedures for Endorsement and Guarantee" and "Procedures for Lending Funds to Others" as the basis for the relevant operations, which were approved by the shareholders' meeting. The Company did not engage in high-risk, highly leveraged investments, lending of funds to others and endorsement of guarantees in 2021 or as of the date of printing of the annual report.

(III) Future R&D Plans and Expected R&D Spending

The Company has spared no effort in research and development (R&D) and has invested at least 15% of its revenue in the past three years. The main R&D projects are the development of new generation vaccines using bioreactors for cell culture process, including enterovirus type 71 vaccine and Japanese encephalitis vaccine. The influenza vaccines under development include H7N9 vaccine, quadrivalent influenza vaccine, recombinant protein HA vaccine and recombinant New Crown vaccine. The planning schedule for each vaccine under development is shown in the table below.

1. COVID-19 vaccine

Future planning/periods	Medium to long term
	2020-2026
Projected Development Schedule	1. The development of the COVID-19 vaccine was completed in 2020 with Phase I clinical trial completed; also, Phase I clinical trial is scheduled to be initiated in 2022 in Indonesia. 2. The development of next-generation vaccines was launched in 2021 with the GMP production process established in 2022. 3. The animal testing for the COVID-19 next-generation vaccine will be completed in 2023 before starting the clinical trial. 4. Phase I clinical trial IND application for the COVID-19 next-generation vaccine will be filed in 2024. 5. Phase III clinical trial IND application for the COVID-19 next-generation vaccine is expected to be filed in 2025.

2. Cell culture enterovirus type 71 vaccine

Future planning/periods	Medium to long term
	2018 - 2024
Projected Development Schedule	1. Clinical Phase II human trial IND application was completed in 2017. 2. Clinical Phase III GMP production of finished vaccines was conducted in 2017. 3. Clinical Phase III human trial IND application was filed at the end of 2017. 4. The clinical trial of EV71 was deployed in Vietnam in 2020. 5. It is planned to complete the certification of GMP production line for cell culture virus in 2024 with the sales and production initiated as well..

3. Influenza recombinant protein vaccine

Future planning/periods	Medium to long term
	2017 - 2025
Projected Development Schedule	1. Received H7N9 vaccine strain from the CDC of the United States in June 2013; also, the vaccine for clinical trials was produced with the embryonated chicken egg process. 2. Received the A+ Innovation Project in 2017. 3. Start to establish operational parameters for 50~200 liter bioreactors in 2018. 4. Developed the optimal dosage conditions for H7N9 vaccine in 2019 so to improve the immune titer of H7N9 vaccine. 5. The mice challenge trial was completed in 2020 that confirmed the good protection of the vaccine. 6. The influenza recombinant protein production platform was constructed completely in 2021. 7. Cooperate with the government to submit an IND application for clinical trials the soonest possible in response to the avian influenza outbreak.

4. Egg embryo influenza vaccine

Future planning/periods	Medium to long term
	2019 - 2023

Projected Development Schedule	1. Obtained Taiwan drug permit license for the quadrivalent influenza vaccine for the age group of 3–17 years old in 2018. 2. Completed the quadrivalent influenza validation test in China in 2021 and received the drug permit license in February 2022. The Company plans to apply for drug permit license in the 10 countries of the ASEAN, Thailand, Russia, etc. 3. The new pyrolysis conditions were established in 2022 with the animal experiments completed as well. 4. Phase I human clinical trial IND application is expected to be filed in 2023.

5. Cell culture Japanese encephalitis vaccine

Future planning/periods	Medium to long term
	2019 - 2025
Projected Development Schedule	1. 50 liter serum-free cell process bioreactor technology was established in 2017. 2. The GMP process is to be established in 2022. 3. The animal toxicology test is expected to be completed in 2024 before starting the clinical trial. 4. Phase I human clinical trial IND application is expected to be filed in 2025.

6. Successfully developed technologies or products

Year	Description of technologies and products
2015	1.Completed the GMP production process of enterovirus 71 vaccine for three batches consecutively and filed for Phase II human clinical trial. 2. Analyzed the main immunogenicity of enterovirus 71 vaccine antigens. 3. Analyzed the titer of cross-protective antibodies induced by virus-71 vaccine.
2016	1. Executed Phase II human clinical trial of enterovirus EV71 vaccine. 2. Assessed the antibody titer of serum in human trials.
2017	1. Completed Phase II human clinical trial of EV71 vaccine. 2. Obtained drug permit license for adult quadrivalent influenza vaccine in Taiwan. 3. Apply for Phase III human clinical trial of EV71 vaccine.
2018	1. Obtained drug permit license for the quadrivalent influenza vaccine for the age group of 3-17 years old in Taiwan. 2. Obtained the permit for Phase III human clinical trial of EV71 vaccine. 3. Signed a joint development and technology licensing contract with the Agricultural Technology Research Institute for the 2-valent vaccine of porcine circovirus (PCV2) mixed with Mycoplasma hyopneumoniae dead bacteria vaccine (SEP) animal test-level mass production development test.
2019	1. Completed Phase III human clinical of EV71 vaccine data collection.
2020	1.Completed the deployment of clinical trial for EV71 in Vietnam. 2.Completed the research and development of COVID-19 vaccine that was with high-titer neutralizing antibody (Nab) found in the animal trial.
2021	1. Initiated Phase I clinical trial of COVID-19 vaccine.

7. New products (services) planned for development

(1) Influenza vaccine/cell culture technology platform

(2) Enterovirus 71 vaccine/cell culture technology platform

(3) Japanese encephalitis vaccine/cell culture technology platform

(4) COVID-19 vaccine/recombinant culture technology platform

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

For the most recent year and as of the date of publication of the Company's financial statements, the Company has not been affected by any significant domestic or foreign policy or legal changes that may

affect its financial and business operations; furthermore, the Company is always aware of significant domestic and foreign policy and legal changes and will take timely and proactive measures to address them.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

The vaccine industry in which the Company operates has a high barrier to entry, a long product development period and high added value, so it is not likely to change much in the short term. The Company keeps an eye on the evolution of technology in the biotechnology industry and evaluates the possible impact. Therefore, there were no significant technological changes and industrial changes that had a material impact on the Company's financial operations for the most recent year ended the date of the annual report.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

Since its establishment, the Company has adhered to the business philosophy of "quality first", and has strived to maintain its corporate image and focus on its own business. Therefore, up to now, there has been no corporate crisis management due to the change of corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

The Company has no plans to merge or acquire other companies in the recent year or as of the date of publication of the public statement, and will carefully evaluate and consider the combined effect of mergers and acquisitions, if any, in the future to ensure the interests of the original shareholders.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The Company set up the second aseptic filling production line, a tetanus vaccine factory, and a cell culture factory in the existing plant in 2021 to increase the filling capacity of biological agents, such as vaccines, and diversify products, which was in progress as planned. The second aseptic filling line was completed in 2021.

The machinery equipment purchased this time is mainly for expanding the capacity of aseptic filling services, and constructing a tetanus vaccine factory and a cell culture factory. The Company’s operating income has been stable in recent years, and the global market demand for vaccine has grown year by year. In order to grasp the cooperative relationship with customers in a timely manner, expand the Company’s operating scale, enhance market competitiveness, and avoid the dilemma of insufficient productivity in the future that may affect the Company’s processing purchase orders and thus cause an adverse impact on the Company’s operations, it is necessary to add new machinery equipment related to the filling production lines, such as filling machines, foreign object inspection machines and final packaging machines, as well as tetanus vaccine and cell culture production lines so to support the future sales growth and product diversity. In addition, increasing the economies of scale is one of the Company’s main production policies. Therefore, the addition of the filling production line will be able to immediately respond to the expansion of the filling business and to achieve the economies of scale in order to reduce production costs and increase overall profits, then the Company can continue to compete in the vaccine market.

The second aseptic filling production line, and the tetanus vaccine and cell culture production lines will be ready for production by 2021–2022 and help increase the overall profits.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

1. In terms of purchase, the Company's current main production of influenza vaccines is to use a large number of pathogens cultured in embryonic eggs to extract and purify their viral proteins, and then to produce vaccines by inactivation, so embryonic eggs are the main and important raw material. Since 2009, the Company has started to produce its own influenza vaccine, and the demand for embryonic eggs, the main raw material, has increased. The purchase of embryo eggs accounted for 36% and 39% of the total purchase amount in 2020 and 2021, respectively. For the purpose of reducing the risk of centralized purchases, the Purchasing Department of the Company moves towards the global procurement practice with two or more suppliers contracted to supply each main raw material.

2. In terms of sales, the Company sold NT$1,199,420 thousand and NT$822,988 thousand to the Taiwan CDC of the Ministry of Health, Welfare and Food in 2018 and 2019, respectively, with a sales ratio of 64% and 50%, respectively. The Company is mainly engaged in the research and development, manufacturing and sales of human vaccine products. Since the vaccine manufacturing process is subject to strict CGMP regulations and control by government health authorities, the barriers to entry for domestic manufacturers are extremely high. Therefore, the barriers to entry for domestic manufacturers in the industry are extremely high, and the Company is still the only CGMP-certified human vaccine manufacturer in Taiwan, mainly selling to the CDC.

In order to reduce the risk of concentration of sales, the Company enters into distribution contracts with distributors in Taiwan to provide demand in the domestic self-financing market and thereby increase its exposure in the self-funded market. In addition, we are actively expanding our customer base to develop export markets, such as China, Japan, the United States, Central and South America and other countries with which we have diplomatic relations. Meanwhile, in terms of product diversification, the Company will make use of new technology platforms to increase the depth and breadth of new product development in order to extend the product line life cycle and gradually improve the risk of sales concentration.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

There was no significant transfer of equity interests in the Company in the most recent year and as of the date of printing of the annual report.

(XI) Impact and risk associated with changes in management rights, and countermeasures: N/A

(XII) Litigious or non-litigious matters

1. **The outcome of litigation, non-litigation or administrative disputes that have been determined or are currently pending as of the printing date of the Company's most recent annual report or as of the date of the annual report may have a material impact on shareholders' equity or the price of securities: None.**

2. **Major Litigious, Non-litigious or Administrative Disputes that Involve the Company's Any Director, Any Supervisor, President, Any Person with Actual Responsibility, Any Major Shareholder Holding a Stake of Greater than 10%, and Any Companies Controlled by the Company and Have Been Concluded by Means of a Final and Unappealable Judgment, or Are Still under Litigation in the Most Recent Two Years up to the Date of Publication of the Annual Report:None**

(XIII) Other Significant Risks: None.

VII. Other Important Matters

: None.

VIII. Special Disclosure

I. Information on the Company Affiliates

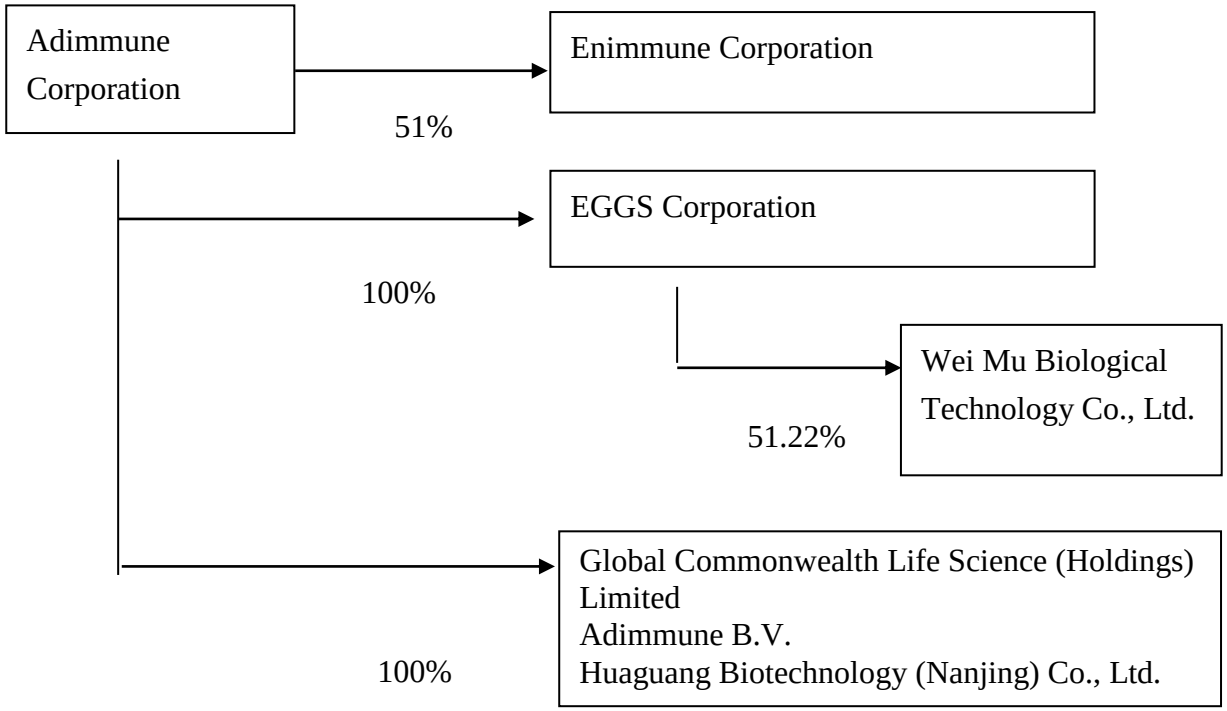
(I) Basic information of affiliated companies (December 31, 2020):

Basic information of affiliated companies

Unit: NT$ thousands

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Enimmune Corporation	2014 .01.10	22F-1, No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	600,000	Research, development and sale of vaccines and biotechnology services, and sale and purchase of western pharmaceuticals
EGGS Corporation	2015 .12.30	No. 3, Sec. 1, Tanxing Rd., Tanzi Dist., Taichung City	30,000	Livestock Farm Operations
Wei Mu Biological Technology Co., Ltd.	2017 .12.07	22F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	41,000	Manufacturing, wholesaling, retailing and biotechnology services for animal drugs
Global Commonwealth Life Science (Holdings) Limited	2015 .02.16	35/F,Central Plaza,18 Harbour Road,Hong Kong	0	Investments
Adimmune B.V.	2015 .04.22	Rapenburgerstraat 173,1011VM Amsterdam	0	Investments
Huaguang Biotechnology (Nanjing) Co., Ltd.	2016 .08.09	No.149-157-2, Jiangdongbei Road, Gulou District, Nanjing	0	Business management consulting, marketing planning

(II) Organization chart of affiliated companies (December 31, 2021)



(III) Information on directors, supervisors, and presidents of affiliates (December 31, 2020):

1. Enimmune Corporation

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares (thousand shares)	Percentage of Ownership
Enimmune Corporation	Corporate Director: Adimmune Corporation	Liu, Chung-Cheng	30,600	51.00%
	Corporate Director: Adimmune Corporation	Pan, Fei	(Note 1)	(Note 1)
	Corporate Director: Adimmune Corporation	Chiu, Chin-I	(Note 1)	(Note 1)
	Corporate Director: Wen Teng Investment Co., Ltd.	Chen, Chien-Jun	1,480	2.47%
	Independent Director	Hsiao, Mei-Ling	0	0%
	Independent Director	Li, Chung-Chi	0	0%
	Independent Director	Ma, Ta-Wei	0	0%

Note 1: Adimmune Corporation holds 51% of the shares and has 3 seats on the board.

2. EGG Corporation

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares (thousand shares)	Percentage of Ownership
EGG Corporation	Corporate Director: Adimmune Corporation	Liu, Chung-Cheng Chairman	3,000	100%
	Corporate Director: Adimmune Corporation	Lin, Ching-Yao	3,000	100%
	Corporate Director: Adimmune Corporation	Chang, Che-Wei	3,000	100%
	Legal Supervisor: Adimmune Corporation	Pan, Fei	3,000	100%

3. Global Commonwealth Life Science (Holdings) Limited

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares (thousand shares)	Percentage of Ownership
Global Commonwealth Life Science (Holdings) Limited	Director	Pan, Fei	0	100

4. Adimmune B.V.

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares (thousand shares)	Percentage of Ownership
Adimmune B.V.	Director	Pan, Fei	0	100

5. Huaguang Biotechnology (Nanjing) Co., Ltd.

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares (thousand shares)	Percentage of Ownership
Huaguang Biotechnology (Nanjing) Co., Ltd.	Legal Representative	Pan, Fei	0	100

6. Wei Mu Biological Technology Co., Ltd.

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares (thousand shares)	Percentage of Ownership
Wei Mu Biological Technology Co., Ltd.	Corporate Director: EGG Corporation	Liu, Chung-Cheng Chairman	2,100	51.22%
	Corporate Director: EGG Corporation	Chan, Chi-Hsien	2,100	51.22%
	Corporate Director: EGG Corporation	Chang, Chin-Chuan	2,100	51.22%
	Corporate Director: Tetrapod Co., Ltd.	Chi, Cheng	1,000	24.39%
	Corporate Director: Qi-Zhi Investment Co., Ltd.	Hung, Shuo-Pin	1,000	24.39%
	Supervisor	Lin, Ching-Yao	0	0%
	Supervisor	Cheng, Shu-En	0	0%
	Supervisor	Shen, Hsueh-Yun	0	0%

(IV) Operational highlights for affiliated companies (December 31, 2021)

Unit: NT$ thousands

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating income	Operating Profit	Profit or loss for the period	Earnings Per Share (NT$)
Enimmune Corporation	600,000	610,065	40,038	570,027	109,822	(58,671)	(47,246)	(0.79)

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating income	Operating Profit	Profit or loss for the period	Earnings Per Share (NT$)
EGG Corporation	30,000	7,205	20	7,185	0	(55)	(5,809)	(1.94)

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating income	Operating Profit	Profit or loss for the period	Earnings Per Share (NT$)
Wei Mu Biological Technology Co., Ltd.	41,000	12,875	3,532	9,343	0	(11,242)	(14,236)	(2.74)

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating income	Operating Profit	Profit or loss for the period	Earnings Per Share (NT$)
Global Commonwealth Life Science (Holdings) Limited	0	0	0	0	0	0	0	0

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating income	Operating Profit	Profit or loss for the period	Earnings Per Share (NT$)
Adimmune B.V.	0	0	0	0	0	0	0	0

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating income	Operating Profit	Profit or loss for the period	Earnings Per Share (NT$)
Huaguang Biotechnology (Nanjing) Co., Ltd.	0	0	0	0	0	0	0	0

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

: None.

IV. Other Supplementary Information

: None.

V. Situations Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

: None.

ADIMMUNE CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

December 31, 2021 AND 2020

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.

ADIMMUNE CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates Enterprises," the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standard No.10. In addition, information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declare,

_____

Chi Steve Chan
Chairman
ADIMMUNE CORPORATION AND SUBSIDIARIES

March 29, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Adimmune Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Adimmune Corporation and its subsidiaries (the "Group") as at December 31, 2021 and 2020, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, 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 Auditor's 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 Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 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 2021 consolidated financial statements are stated as follows:

Assessment of allowance for inventory valuation losses

Description

For a description of the accounting policy on inventories, please refer to Note 4(12). For accounting estimates and assumption uncertainty in relation to the evaluation of inventories, please refer to Note 5(2). For a description of allowance for inventory valuation and obsolescence losses, please refer to Note 6(4). As of December 31, 2021, the cost of Group's inventories and allowance for inventory valuation losses amounted to NT$708,937 thousand and NT$203,059 thousand, respectively.

The Group is primarily engaged in the development, manufacturing and distribution of vaccines. The production time of vaccine is normally longer than in other industries, and the effectiveness of the vaccine is considered in the estimation of inventory valuation. The Group's inventories, which are over the specific inventory aging or identified as having value impairment, were measured at the lower of cost and net realisable value based on the Group's inventory valuation policy, and the Group's determination of net realisable value for inventories involves management's judgement. Considering the Group's inventories and the allowance for inventory valuation losses were both material to the financial statements, we determined the assessment of the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of provision policies on allowance for inventory valuation losses and procedures based on our understanding of the Group's operation and industry.
2. Inspected the annual count inventory plan and observed the annual physical inventory count in order to assess how management controls aging inventory.
3. Obtained the valuation sheet of the lower of cost and net realisable value which was compiled by management, randomly checked selected individual inventory against sales documents and records, and checked the calculation accuracy of the sheet to assess the validity of net realisable value and the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Adimmune Corporation as at and for the years ended December 31, 2021 and 2020.

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 Preparations 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 judgement 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Liu, Mei-Lan　　Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

March 29, 2022

The accompanying consolidated 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 consolidated financial statements and independent auditors' report 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.

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,652,017	33	$ 4,087,463	48
1136	Financial assets at amortised cost - current	6(2) and 8	239,000	3	349,558	4
1150	Notes receivable, net	6(3)	-	-	12	-
1170	Accounts receivable, net	6(3)	99,638	1	109,737	1
130X	Inventories	6(4)	505,878	6	302,048	4
1410	Prepayments		273,801	4	165,455	2
1470	Other current assets		25,664	-	32,295	1
11XX	**Current Assets**		3,795,998	47	5,046,568	60
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	119,337	2	137,082	2
1535	Financial assets at amortised cost - non-current	6(2) and 8	1,986	-	1,997	-
1560	Non-current contract assets		137,373	2	-	-
1600	Property, plant and equipment	6(6) and 8	3,432,944	43	2,336,938	27
1755	Right-of-use assets		13,794	-	15,363	-
1760	Investment property, net	6(7)	23,252	-	23,252	-
1780	Intangible assets	6(8)	117,091	1	138,915	2
1840	Deferred income tax assets		228,025	3	227,890	3
1900	Other non-current assets	6(9)	140,287	2	545,409	6
15XX	**Non-current assets**		4,214,089	53	3,426,846	40
1XXX	**Total assets**		$ 8,010,087	100	$ 8,473,414	100

(Continued)

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(18)	$ 23,444	-	$ 167,905	2
2150	Notes payable		-	-	-	-
2170	Accounts payable		5,882	-	23,455	-
2200	Other payables		214,439	3	222,828	3
2280	Current lease liabilities		7,125	-	7,232	-
2320	Long-term liabilities, current portion		41,090	1	2,072	-
2399	Other current liabilities, others		5,060	-	101,914	1
21XX	**Current Liabilities**		297,040	4	525,406	6
	Non-current liabilities					
2530	Corporate bonds payable	6(11) and 8	-	-	-	-
2540	Long-term borrowings	6(12) and 8	1,266,217	16	1,307,307	16
2580	Non-current lease liabilities		6,342	-	7,129	-
2600	Other non-current liabilities	6(13)	7,946	-	4,885	-
25XX	**Non-current liabilities**		1,280,505	16	1,319,321	16
2XXX	**Total Liabilities**		1,577,545	20	1,844,727	22
	Equity					
	Share capital	6(15)				
3110	Share capital - common stock		4,295,078	54	4,295,078	51
	Capital surplus	6(16)				
3200	Capital surplus		855,120	11	830,210	9
	Retained earnings	6(17)				
3310	Legal reserve		112,287	1	-	-
3350	Unappropriated retained earnings (Accumulated deficit)		832,550	10	1,122,866	13
	Other equity interest					
3400	Other equity interest	6(5)	53,787	1	68,032	1
31XX	**Equity attributable to owners of the parent**		6,148,822	77	6,316,186	74
36XX	Non-controlling interest		283,720	3	312,501	4
3XXX	**Total equity**		6,432,542	80	6,628,687	78
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 8,010,087	100	$ 8,473,414	100

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18)	$ 1,641,061	100	$ 1,869,147	100
5000	Operating costs	6(4)(8)(22)	(1,176,916)	(72)	(1,246,085)	(66)
5900	Net operating margin		464,145	28	623,062	34
5910	Unrealized profit from sales		-	-	-	-
	Operating expenses	6(22)				
6100	Selling expenses		(45,407)	(3)	(29,288)	(2)
6200	General and administrative expenses		(304,260)	(18)	(281,904)	(15)
6300	Research and development expenses		(321,284)	(20)	(337,684)	(18)
6000	Total operating expenses		(670,951)	(41)	(648,876)	(35)
6900	Operating loss		(206,806)	(13)	(25,814)	(1)
	Non-operating income and expenses					
7100	Interest income	6(19)	4,597	-	4,003	-
7010	Other income	6(20)	234,740	15	1,256,509	67
7020	Other gains and losses	6(21)	(3,558)	-	(15,271)	(1)
7050	Finance costs	6(23)	(14,688)	(1)	(22,163)	(1)
7000	Total non-operating income and expenses		221,091	14	1,223,078	65
7900	**Loss before income tax**		14,285	1	1,197,264	64
7950	Income tax expense	6(24)	-	-	-	-
8200	**Loss for the period**		$ 14,285	1	$ 1,197,264	64
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gain on defined benefit plans		($ 675)	-	($ 913)	-
8316	Unrealized gain and loss on valuation of equity instruments at fair value through other comprehensive income	6(5)	(14,245)	(1)	(34,707)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	135	-	183	-
8300	**Other comprehensive loss for the period**		($ 14,785)	(1)	($ 35,437)	(2)
8500	**Total comprehensive (loss) income for the period**		($ 500)	-	$ 1,161,827	62
	Loss, attributable to:					
8610	Owners of the parent		$ 43,066	3	$ 1,241,246	66
8620	Non-controlling interest		(28,781)	(2)	(43,982)	(2)
	Total		$ 14,285	1	$ 1,197,264	64
	Comprehensive loss attributable to:					
8710	Owners of the parent		$ 28,281	2	$ 1,205,809	64
8720	Non-controlling interest		(28,781)	(2)	(43,982)	(2)
	Total		($ 500)	-	$ 1,161,827	62
	Basic loss per share (in dollars)	6(25)				
9750	Total basic loss per share		$ -		$ 3.09	
	Diluted loss per share (in dollars)	6(25)				
9850	Total diluted loss per share		$ -		$ 3.08	

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent												
			Capital Reserves						Retained Earnings					
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Employee stock warrants	Stock warrants	Others	Legal reserve	Retained earnings (Accumulated deficit)	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
2020														
Balance at January 1, 2020		$ 3,631,576	$ 1,060,642	$ 258	$ 21,182	$ 10,925	$ 14,438	$ 29,176	$ -	($ 1,225,598)	$ 102,739	$ 3,645,338	$ 180,335	$ 3,825,673
Net profit		-	-	-	-	-	-	-	-	1,241,246	-	1,241,246	(43,982)	1,197,264
Other comprehensive income (loss)	6(5)	-	-	-	-	-	-	-	-	(730)	(34,707)	(35,437)	-	(35,437)
Total comprehensive income		-	-	-	-	-	-	-	-	1,240,516	(34,707)	1,205,809	(43,982)	1,161,827
Capital surplus cover accumulated deficits	6(17)	-	(1,060,642)	(258)	(21,182)	(10,925)	(14,438)	(29,176)	-	1,136,621	-	-	-	-
Share-based payments	6(15)	-	-	-	-	12,349	-	-	-	1,061	-	13,410	441	13,851
Exercise of employee share options	6(15)	-	-	-	-	-	-	-	-	(5,963)	-	(5,963)	-	(5,963)
Cover equity conversion options	6(16)	663,502	817,861	-	-	-	-	-	-	(14,437)	-	1,466,926	-	1,466,926
Changes in interests in subsidiaries	6(27)	-	-	-	-	-	-	-	-	(9,334)	-	(9,334)	175,707	166,373
Balance at December 31, 2020		$ 4,295,078	$ 817,861	$ -	$ -	$ 12,349	$ -	$ -	$ -	$ 1,122,866	$ 68,032	$ 6,316,186	$ 312,501	$ 6,628,687
2021														
Balance at January 1, 2021		$ 4,295,078	$ 817,861	$ -	$ -	$ 12,349	$ -	$ -	$ -	$ 1,122,866	$ 68,032	$ 6,316,186	$ 312,501	$ 6,628,687
Net profit		-	-	-	-	-	-	-	-	43,066	-	43,066	(28,781)	14,285
Other comprehensive income	6(5)	-	-	-	-	-	-	-	-	(540)	(14,245)	(14,785)	-	(14,785)
Total comprehensive income		-	-	-	-	-	-	-	-	42,526	(14,245)	28,281	(28,781)	(500)
Appropriation and distribution of retained earnings														
Cash individual	6(18)	-	-	-	-	-	-	-	-	(214,754)	-	(214,754)	-	(214,754)
Legal reserve appropriated		-	-	-	-	-	-	-	112,287	(112,287)	-	-	-	-
Share-based payments	6(17)	-	-	-	-	25,170	-	-	-	-	-	25,170	-	25,170
Exercise of employee share options	6(14)	-	-	-	-	(260)	-	-	-	(5,801)	-	(6,061)	-	(6,061)
Balance at December 31, 2021		$ 4,295,078	$ 817,861	$ -	$ -	$ 37,259	$ -	$ -	$ 112,287	$ 832,550	$ 53,787	$ 6,148,822	$ 283,720	$ 6,432,542

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 14,285	$ 1,197,264
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets)	6(6)(22)	201,056	200,703
Amortisation		24,857	26,880
Net gain on financial assets at fair value through profit or loss	6(21)	-	(1,436)
Expected credit losses		67	-
Interest expense	6(23)	14,688	22,163
Interest income		(4,597)	(4,003)
Dividend income	6(20)	(7,982)	(7,982)
Unrealised foreign currency exchange (gain) loss		3,241	(5,569)
Grant revenue		(62,266)	-
Share-based payments	6(14)	25,170	13,851
Gain on disposal of property, plant and equipment	6(21)	(11)	(162)
Other expense		4,253	1,501
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		12	(12)
Accounts receivable		9,793	395,734
Inventories		(203,830)	125,847
Prepayments		(108,347)	(3,589)
Other current assets		(1,704)	(4,217)
Contract asset		(137,373)	-
Changes in operating liabilities			
Accounts payable, net		(17,576)	13,347
Other payables		(52,654)	102,864
Net defined benefit pension obligations - non-current		(493)	(397)
Contract liabilities - current		(144,461)	154,469
Other non-current liabilities		13	588
Other current liabilities		(34,588)	98,727
Cash (outflow) inflow generated from operations		(478,447)	2,326,571
Interest received		4,631	3,938
Dividends received		7,982	7,982
Interest paid		(14,683)	(16,768)
Net cash flows (used in) from operating activities		(480,517)	2,321,723

(Continued)

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (Increase) in financial assets at amortised cost- current		$ 110,558	($ 298,458)
Decrease in financial assets at amortised cost- non-current		11	1,139,820
Acquisition of property, plant and equipment	6(27)	(844,087)	(201,861)
Proceeds from disposal of property, plant and equipment		11	162
Decrease(Increase) inPrepaid equipment		-	(335,106)
Decrease in refundable deposits		2,340	94,646
Decrease in financial assets at fair value through other comprehensive		3,500	-
Acquisition of intangible assets		(1,171)	(16,442)
Net cash flows (used in) from investing activities		(728,838)	382,761
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		-	1,310,500
Repayment of long-term borrowings		(2,072)	(1,145,121)
Decrease in guarantee deposits received		3,000	-
Repayment of principal portion of lease liabilities		(9,066)	(7,769)
Cash dividends		(214,754)	-
Capital increase from non-controlling interests		-	166,373
Redemption convertible Bond		-	(105)
Net cash flows (used in) from financing activities		(222,892)	323,878
Net effect of exchange rate changes in foreign currency ex. rate		(3,199)	5,195
Net (decrease) increase in cash and cash equivalents		(1,435,446)	3,033,557
Cash and cash equivalents at beginning of year	6(1)	4,087,463	1,053,906
Cash and cash equivalents at end of year	6(1)	$ 2,652,017	$ 4,087,463

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Adimmune Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in 1965. The Company and its subsidiary (collectively referred herein as the "Group") are primarily engaged in the development, manufacture and distribution of vaccines and other biological products. The Company's shares were approved to be traded in the Taiwan Stock Exchange starting from May 3, 2012.

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 29, 2022.

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 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
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021(Note)

Note：Earlier application from January 1, 2021 is allowed by 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 2022 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 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.

(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 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 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 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

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 following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity 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 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) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(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.

B. Subsidiary included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	December 31, 2021	December 31, 2020
Adimmune Corporation	Enimmune Corporation	Biotechnology industry	51	51
Adimmune Corporation	Global Commonwealth Life Science (Holdings) Limited	General investment	100	100
Adimmune Corporation	ADIMMUNE B.V.	General investment	100	100
Adimmune Corporation	Eggs Corporation	Animal husbandry	100	100
Adimmune Corporation	Adimmune Co., Ltd. Nanjing, China	Trading	100	100
Eggs Corporation	Animmune Corporation	Biotechnology industry	51.22	51.22

(a) On December 16, 2019, the Board of Directors of Enimmune Corporation, resolved to increase its capital by issuing 16 million common shares with a par value of $10 (in dollars) per share amounting to NT$ 160 million. Considering the overall business benefits, on May 22, 2020, the Group acquired 8,764 thousand shares at NT$23 (in dollars) per share amounting to $201,572 thousand. As a result, the Group increased its interest on Enimmune Corporation by 1.37% to 51%.

(b) For the operational needs and future development, on November 5, 2021, the Board of Directors of the subsidiary, Enimmune Corporation, resolved to jointly establish a company, Enimmune Biotech Pte. Ltd., in Singapore with a Singapore company, Aios Biotech Pte. Ltd. As of March 29, 2022, the establishment has not yet been completed.

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: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency. The policies regarding foreign currency transactions and balances are as follows:

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that

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

(7) Financial assets at fair value through 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. The Group subsequently measures the financial assets 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 other 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) Financial assets at amortised cost

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

(9) Notes and accounts receivable

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

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

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, 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 (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Property, plant and equipment

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

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

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

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

Buildings and structures	10 ~ 56 years
Machinery and equipment	2 ~ 20 years
Transportation equipment	4 ~ 10 years
Other equipment	2 ~ 26 years

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

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

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

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

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) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. The land classified as investment property is not depreciated.

(16) Intangible assets

A. Authorization techniques

Authorization techniques are mainly technology know-how related to the manufacturing of influenza vaccines. Authorization techniques are stated at cost and amortised on a straight-line basis over its estimated useful life of 16 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 20 years.

C. Internally generated intangible assets—research and development expenditures

(a) Research expenditures are recognised as an expense as incurred.

(b) Development expenditures that do not meet the following criteria are recognised as expenses as incurred, but are recognised as intangible assets when the following criteria are met:

i. It is technically feasible to complete the intangible asset so that it will be available for use or sale;

ii. An entity intends to complete the intangible asset and use or sell it;

iii. An entity has the ability to use or sell the intangible asset;

iv. It can be demonstrated how the intangible asset will generate probable future economic benefits;

v. Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

vi. The expenditure attributable to the intangible asset during its development can be reliably measured.

(c) Upon being available for use, internally generated intangible assets are amortised on a straight-line basis over their estimated useful life of 10 to 16 years.

(17) Impairment of non-financial assets

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. 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.

(18) Borrowings

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

(19) Notes and accounts payable

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

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

(20) 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.

(21) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of the currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation 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.

(23) Employee share-based payment

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

(24) 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 Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to

situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of 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 nor 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 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 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. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(25) 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.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods:

(a) The Group manufactures and sells vaccine related products. Sales are recognised when control of the products has been transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Filling service

The Group provides vaccine filling services. Revenue from providing service is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the filled amounts relative to the total amounts of vaccine needed to be filled. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

C. Sales of services

(a) The Group provides contract testing and development services for biopharmaceuticals. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual hours spent relative to the total expected hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Group's estimate about revenue, labour hours and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or labour hours due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(29) Operating segments

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

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

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

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The production time of vaccine is normally longer than other industries and the effectiveness of vaccine is considered in the estimate of inventory valuation. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021 , the carrying amounts of inventories was $505,878 thousand.

B. Services revenue recognition

(a) Services revenue is recognised under the percentage-of-completion method. The Group establishes the significant assumptions for the estimation of future total labour hours based on the historical operating experience, and regularly reviews and assesses the reasonableness of relevant assumptions.

(b) For the year ended December 31, 2021, the Group's services revenue amounted to $152,715 thousand.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 1,196	$ 1,222
Checking accounts and demand deposits	2,380,821	3,826,241
Time deposits	270,000	260,000
	$ 2,652,017	$ 4,087,463

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

B. The Group classified the pledged time deposits as 'financial assets at amortised cost'. Please refer to Note 8 for details.

C. The Group classified time deposits with original maturities of more than three months that do not meet the definition of cash equivalent as 'financial assets at amortised cost - current'.

(2) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits with maturities of more than three months	$ 239,000	$ 337,058
Pledged time deposits	-	12,500
	$ 239,000	$ 349,558
Non-current items:		
Corporate bonds reserve account	$ 1,986	$ 1,994
Corporate bonds pledge account	-	3
	$ 1,986	$ 1,997

A. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ -	$ 12
Less: Allowance for expected credit loss	-	-
	$ -	$ 12
Accounts receivable	$ 99,705	$ 109,737
Less: Allowance for expected credit loss	(67)	-
	$ 99,638	$ 109,737

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 99,391	$ -	$ 109,737	$ 12
Up to 30 days	-	-	-	-
31 to 90 days	230	-	-	-
91 to 180 days	84	-	-	-
Over 180 days	-	-	-	-
	$ 99,705	$ -	$ 109,737	$ 12

The above ageing analysis is based on past due date.

B. As at December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables from contracts with customers amounted to $99,705 thousand, $109,749 thousand, $430,129 thousand, and $505,052 thousand, respectively.

C. The Group does not hold any collateral as security.

D. As at December 31, 2021 and 2020, 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 Group's notes receivable was $0 thousand and $12 thousand, respectively; As at December 31, 2021 and 2020, 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 Group's accounts receivable was $99,705 thousand and $109,737 thousand, respectively.

E. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss and obsolescence loss	Book value
Raw materials	$ 180,543	($ 6,131)	$ 174,412
Work in process	484,113	(188,912)	295,201
Finished goods	28,625	(3,159)	25,466
Merchandise	15,656	(4,857)	10,799
	$ 708,937	($ 203,059)	$ 505,878

	December 31, 2020		
	Cost	Allowance for valuation loss and obsolescence loss	Book value
Raw materials	$ 62,058	($ 2,249)	$ 59,809
Work in process	394,021	(176,856)	217,165
Finished goods	6,462	(181)	6,281
Merchandise	19,006	(213)	18,793
	$ 481,547	($ 179,499)	$ 302,048

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2021	2020
Costs of goods sold	$ 844,482	$ 881,249
Loss on decline in market value	23,489	(84,063)
Loss on inventory retirement	28	179,351
Gain on sale of scraps	(18)	(15)
Unallocated overhead	308,935	269,563
	$ 1,176,916	$ 1,246,085

(5) Financial assets at fair value through other comprehensive income – non-current

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Unlisted stocks	$ 65,550	$ 69,050
Valuation adjustment	53,787	68,032
	$ 119,337	$ 137,082

A. The Group has elected to classify equity instruments 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 $119,337 thousand and $137,082 thousand as at December 31, 2021 and 2020, respectively.

B. The Group recognised loss of $14,245 thousand and loss of $34,707 thousand in other comprehensive income(loss) for fair value change for the years ended December 31, 2021 and 2020, respectively.

C. On December 13, 2021, the Group received cash proceeds of $3,500 thousand from capital reduction of Hematech Biotherapeutics Inc.

(6) Property, plant and equipments

	Year ended December 31, 2021				
	Beginning balance	Addtions	Disposals	Transfers	Ending balance
Cost					
Land	$ 14,357	$ -	$ -	$ -	$ 14,357
Buildings and structures	2,141,459	6,517	(68,503)	28,465	2,107,938
Machinery equipment	1,534,372	119,892	(9,571)	351,393	1,996,086
Transportation equipment	2,342	510	-	177	3,029
Other equipment	992,288	11,241	(217)	55,539	1,058,851
Construction in progress and under acceptance equipment	317,153	750,238	-	(35,873)	1,031,518
	5,001,971	888,398	(78,291)	399,701	6,211,779
Accumulated depreciation					
Buildings and structures	(823,498)	(61,577)	68,503	-	(816,572)
Machinery equipment	(1,024,955)	(99,286)	9,571	(159)	(1,114,829)
Transportation equipment	(2,342)	(29)	-	-	(2,371)
Other equipment	(814,238)	(31,042)	217	-	(845,063)
	(2,665,033)	(191,934)	78,291	(159)	(2,778,835)
	$ 2,336,938				$ 3,432,944

	Year ended December 31, 2020				
	Beginning balance	Addtions	Disposals	Transfers	Ending balance
Cost					
Land	$ 14,357	$ -	$ -	$ -	$ 14,357
Buildings and structures	2,139,225	1,833	-	401	2,141,459
Machinery equipment	1,522,727	10,509	(5,316)	6,452	1,534,372
Transportation equipment	2,342	-	-	-	2,342
Other equipment	986,785	8,723	(4,913)	1,693	992,288
Construction in progress and under acceptance equipment	128,640	197,059	-	(8,546)	317,153
	4,794,076	218,124	(10,229)	-	5,001,971
Accumulated depreciation					
Buildings and structures	(758,495)	(65,003)	-	-	(823,498)
Machinery equipment	(942,133)	(88,138)	5,316	-	(1,024,955)
Transportation equipment	(2,292)	(50)	-	-	(2,342)
Other equipment	(778,176)	(40,975)	4,913	-	(814,238)
	(2,481,096)	(194,166)	10,229	-	(2,665,033)
	$ 2,312,980				$ 2,336,938

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2021	2020
Amount capitalised	$ 13,605	$ 2,541
Range of the interest rate for capitalisation	1.80%	1.24%~1.90%

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

(7) Investment property

	December 31, 2021	December 31, 2020
Cost		
Land	$ 23,252	$ 23,252

A. The Company's parcels of land located at Gui-Shing Section No. 203, 474-10, 237, 212, 248 and 265, and Shin-Shing Section No. 178-6 are under the name of third parties. Since the legal usage of the abovementioned parcels of land is for agricultural use only, the titles of the land cannot be transferred to the Company. The Company holds the original certificates of land rights and the parcels of land are pledged to the Company.

B. As of December 31, 2020 and 2019, the Company's investment property was not leased out, and no operating expenses were incurred during the periods.

C. The fair value of the investment property as at December 31, 2021 and 2020, was $45,859 thousand and $33,942 thousand, respectively, which was assessed based on valuation performed by management.

(8) Intangible assets

	Year ended December 31, 2021				
	Beginning balance	Addtions	Disposals	Transferred	Ending balance
Cost					
Authorization techniques	$ 427,828	$ -	$ -	$ -	$ 427,828
Internal production cost	232,706	-	-	-	232,706
Computer software	42,580	1,171	-	955	44,706
	703,114	1,171	-	955	705,240
Accumulated amortisation					
Authorization techniques	(219,233)	(12,915)	-	-	(232,148)
Internal production cost	(195,476)	(5,957)	-	-	(201,433)
Computer software	(21,616)	(5,078)	-	-	(26,694)
	(436,325)	(23,950)	-	-	(460,275)
Accumulated impairment					
Authorization techniques	(127,874)	-	-	-	(127,874)
	$ 138,915				$ 117,091

	Year ended December 31, 2020				
	Beginning balance	Addtions	Disposals	Transferred	Ending balance
Cost					
Authorization techniques	$ 427,828	$ -	$ -	$ -	$ 427,828
Internal production cost	232,706	-	-	-	232,706
Computer software	26,138	16,442	-	-	42,580
	686,672	16,442	-	-	703,114
Accumulated amortisation					
Authorization techniques	(206,318)	(12,915)	-	-	(219,233)
Internal production cost	(189,519)	(5,957)	-	-	(195,476)
Computer software	(19,604)	(2,012)	-	-	(21,616)
	(415,441)	(20,884)	-	-	(436,325)
Accumulated impairment					
Authorization techniques	(127,874)	-	-	-	(127,874)
	$ 143,357				$ 138,915

Details of amortisation on intangible assets are as follows:

	Year ended December 31,	
	2021	2020
Operating costs	$ 19,011	$ 19,011
General and administrative expenses	4,939	1,873
	$ 23,950	$ 20,884

A. In March 2007, the Company entered into a technique transfer agreement with Crucell Switzerland AG (formerly Berna Biotech AG) in relation to flu vaccines and products. In accordance with the agreement, Crucell Switzerland AG transfers the manufacturing technique of flu vaccines to the Company and charges royalties. In addition, the Company commits to exclusively provide products manufactured with the transferred technique to Crucell Switzerland AG. After the technique is transferred, the royalty charge is capitalised and is amortised over the estimated economic life using the straight-line method. The significant terms and conditions under the agreement are set forth below:

(a) The Company manufactures the antigens needed for flu vaccine "Inflexal V" with the transferred technique.

(b) The Company should build a plant which has sufficient capacity and complies with the European standards, such as GMP or Europe Pharmacopoeia, and acquire qualifications issued by domestic and foreign competent authorities to produce.

B. For the year ended December 31, 2017, the Company determined that the recoverable amount of the technique transferred from Crucell Switzerland AG has decreased. Therefore, the Company recognised an impairment loss of $127,874 thousand dollars. The accumulated impairment loss of abovementioned technique is $127,874 thousand as at December 30, 2021 and 2020, respectively.

(9) Other non-current assets

	December 31, 2021	December 31, 2020
Prepaid equipment	$ 128,037	$ 527,900
Long-term prepayments	-	$ 4,253
Refundable deposits	4,543	4,641
Others	7,707	8,615
	$ 140,287	$ 545,409

(10) Other payables

	December 31, 2021	December 31, 2020
Salaries payable	$ 74,470	$ 120,108
Payables on equipment	68,674	24,363
Others	71,295	78,357
	$ 214,439	$ 222,828

(11) Long-term borrowings

Type of borrowings	Borrowing period repayment term	Collateral	December 31, 2021
Long-term bank borrowings			
Land Bank of Taiwan (lead and management bank)	From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022	Land, Buildings, Machinery equipment	$ 1,300,000
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020	Note	3,758
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	3,549
			1,307,307
Less: Long-term liabilities due within one year			(41,090)
			$ 1,266,217
Interest rate range			1.75%~1.88%

Type of borrowings	Borrowing period repayment term	Collateral	December 31, 2020
Long-term bank borrowings			
Land Bank of Taiwan (lead and management bank)	From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022	Land, Buildings, Machinery equipment	$ 1,300,000
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020	Note	4,858
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	4,521
			1,309,379
Less: Long-term liabilities due within one year			(2,072)
			$ 1,307,307
Interest rate range			1.75%~1.88%

Note: The guarantor is Small and Medium Enterprise Credit Guarantee Fund of Taiwan. Therefore, no collateral was pledged.

A. On July 14, 2020, the Company entered into a syndicated facility agreement with Land Bank of-Taiwan as Management Bank and other banks, including First Commercial Bank, Mega International Commercial Bank, Taiwan Business Bank, Agribank, Bank of Panhsin, Taichung Commercial Bank and Chang Hwa Bank and Taiwan Cooperative Bank and obtained a credit line in the amount of $4,200,000 thousand, consisting of Tranche A: non-revolving long-term credit line of $1,300,000 thousand and Tranche B: non-revolving medium-term credit line of $1,400,000 thousand and Tranche C: revolving medium-term credit line of $1,500,000 thousand. The syndicated facility agreement is full repayment on October 8, 2020.

B. Under the syndicated secured facility agreement as stated above:

(a) The Company shall obtain, maintain, update or comply with any grant, approval and certification required by the competent authorities.

(b) The Company net tangible assets shall not less than $370,000 thousand before the loan is settled.

(c) The Company has responsibility to notifying Management Bank via confirmation letters if any significant investment equivalent to or over $100,000 thousand is resloved by the Board of the Directors.

(d) The fund obtained in this agreement shall not be illegally diverted to and used in the Mainland China.

(e) Before the syndicated facility agreement has made payment, the Company may not do the following without written approval by all banks:

vi. The Company is not allowed to merge with other companies or split up.

vii. The Company is not allowed to change the main operating businesses.

viii. The Company is not allowed to sell, lease, transfer, lend, pledge or dispose of whole or main parts of its business assets.

ix. Unless allowed under the Operational Procedures for Lending of Company Funds and the Operational Procedures for Endorsements and Guarantees, the Company should not provide loans or endorsements and guarantees to others.

x. The Company is not allowed to distribute any cash dividends upon occurrence or expected occurrence of default on the contract.

(f) If the borrower fails to comply with any one of the above, the Company shall immediately repay interests and all outstanding balances of the loan. As of December 31, 2020, the Company did not violate above restrictions.

(12) Pensions

A.(a)The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of

service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by the end of next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 15,223	$ 16,096
Fair value of plan assets	(11,064)	(11,982)
Net defined benefit liability	$ 4,159	$ 4,114

(c) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 16,096	($ 11,982)	$ 4,114
Interest (expense) income	56	(42)	14
Settlement profit or loss	(1,715)	1,437	(278)
	14,437	(10,587)	3,850
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(175)	(175)
Change in demographic assumptions	47	-	47
Change in financial assumptions	(735)	-	(735)
Experience adjustments	1,538	-	1,538
	850	(175)	675
Pension fund contribution	-	(366)	(366)
Paid pension	(64)	64	-
At December 31	$ 15,223	($ 11,064)	$ 4,159

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 15,770	($ 11,989)	$ 3,781
Interest (expense) income	118	(91)	27
Settlement profit or loss	(1,089)	861	(228)
	14,799	(11,219)	3,580
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(384)	(384)
Change in demographic assumptions	40	-	40
Change in financial assumptions	867	-	867
Experience adjustments	390	-	390
	1,297	(384)	913
Pension fund contribution	-	(379)	(379)
Paid pension	-	-	-
At December 31	$ 16,096	($ 11,982)	$ 4,114

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Discount rate	0.70%	0.35%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2021 and 2020, respectively.

(f) Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 452)	$ 471	$ 463	($ 447)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 510)	$ 532	$ 521	($ 503)

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to $355 thousand.

(h) As of December 31, 2021, the weighted average duration of the retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 145
1-2 year(s)	348
2-5 years	2,117
Over 5 years	13,764
	$ 16,374

B. (a) Effective July 1, 2005, the Company and its subsidiary 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.

(b) The pension costs under defined contribution pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2021 and 2020 were $16,985 thousand and $14,704 thousand, respectively.

(13) Share-based payment

A. For the year ended December 31, 2021 and 2020, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Vested period	Vesting conditions
2017~2020 years issuance of employees bonus shares	2017.12.19	920 units	3 years	Service vested
Enimmune Corporation's cash capital increase reserved for employee preemption	2020.03.17	1,600 units	-	Vested
2020~2023 years issuance of employees bonus shares	2020.12.18	920 units	3 years	Service vested

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

Enimmune Corporation's cash capital increase reserved for employee preemption

	2020	
	Number of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	1,600	23.00
Options exercised	(502)	23.00
Options forfeited	(1,098)	23.00
Options outstanding at December 31	-	-
Options exercisable at December 31	-	

C. For the years 2017~2020 issuance of employees bonus shares, the fair value of stock price of the Company was $19.55(in dollars). As of December 31, 2021, the shares all have been vested and executed.

D. For the years 2020~2023 issuance of employees bonus shares, the fair value of stock price of the Company was $56.60(in dollars). As of December 31, 2021, the Company has ungranted 920 units.

E. The Group's subsidiary, Enimmune Corporation, increased its capital for employee preemption. The inputs determined by the Black-Scholes option-pricing model were expected price volatility of 37.61%, expected option life of 0.5-year, risk-free interest rate of 0.4410%, fair value per unit of $0.311 and the employee exercise price of $23(in dollars).

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

	Years ended December 31,	
	2021	2020
Equity-settled	$ 25,170	$ 13,851

(14) Share capital

A. As of December 31, 2021, the Company's authorised capital was $7,000,000 thousand, consisting of 700,000 thousand shares of ordinary stock (including 15,000 thousand shares reserved for employee stock options), and the paid-in capital was $4,295,078 thousand with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2021 (thousand shares)	2020 (thousand shares)
At January 1	$ 429,508	$ 363,158
Conversion of convertible bonds	-	66,350
At December 31	$ 429,508	$ 429,508

B. On August 12, 2016, the Board of Directors of the Company resolved the issuance of the first and second secured convertible bonds. For the year ended December 31, 2020, 66,350 thousand shares were converted. I.

(15) Capital surplus

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

B. Information relating to the capital surplus used to cover accumulated deficits is provided in Note 6(16).

(16) Retained earnings

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

B. The Company operates in the biotechnology industry, which has the industry life cycle. Dividends shall be allocated after taking into consideration several factors including current and future investment environment, capital requirements, domestic and foreign competition, capital budget, shareholders' interests, balanced dividends, and the Company's long-term financial plan. Dividend distribution plans are to be proposed by the Board of Directors and presented for a final resolution in the shareholders' meeting on a yearly basis.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. On March 29, 2022, the Board of Directors of the Company proposed not to distribute dividends after taking into account the distributable profit of the current year. The aforementioned proposal of 2021 earnings distribution is pending receipt of approval from the shareholders' meeting.

E. On March 26, 2021, the Board of Directors proposed to appropriate cash dividends amounting to $214,754 thousand ($0.5 (in dollars) per share) from 2020 earnings. The appropriation of dividends has been approved at the shareholders' meeting on August 20, 2021.

F. On March 27, 2020, the Board of Directors resolved not to distribute dividend due to the accumulated deficit incurred as of the year ended December 31, 2019. The aforementioned resolution was approval by the shareholders in their meeting held on June 22, 2020.

G. Information relating to employees' compensation and directors' remuneration is provided in Note 6(21).

(17) Operating revenue

Information on products and services

A. The Group engages in the manufacture and trade of vaccines , modern medicine products and testing reagents. Details of revenue is as follows:

	Years ended December 31,	
	2021	2020
Sales of finished goods	$ 1,162,083	$ 1,360,318
Revenue from professional packing service	454,596	496,211
Sales of semi-finished goods	22,206	12,594
Other revenues	2,176	24
	$ 1,641,061	$ 1,869,147

	Years ended December 31,	
	2021	2020
Timing of revenue recognition		
At a point in time	$ 1,186,465	$ 1,372,936
Over time	454,596	496,211
	$ 1,641,061	$ 1,869,147

B. Contract assets and liabilities

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

	December 31, 2021	December 31, 2020	January 1, 2021
Contract assets:			
Service	$ 137,373	$ -	$ -
Contract liabilities:			
Return and exchange rights	$ -	$ -	$ 4,042
Advance sales receipts	23,444	167,905	9,394
	$ 23,444	$ 167,905	$ 13,436

(b) Revenue recognised that was included in the contract liability balance at the beginning of 2021 and 2020 was $158,620 thousand and $4,151 thousand, respectively.

(c) Long-term contracts that are fully unsatisfied

Aggregate amount of the transaction price and each milestone payment allocated to long-term contract development and manufacturing services agreements that are fully unsatisfied as at December 31, 2021 amounted to $1,836,372 thousand, and the management expects to recognise those amounts in the future years. The information on services revenue that has been recognised for the current year for partially satisfied performance obligations is provided in Note 6(19).

(18) Interest income

	Year ended December 31,	
	2021	2020
Interest income from bank deposits	$ 4,583	$ 3,987
Other interest income	14	16
	$ 4,597	$ 4,003

(19) Other income

	Year ended December 31,	
	2021	2020
Service revenue	$ 152,715	$ -
Grant revenue	68,714	88,652
Dividend income	7,982	7,982
Other non-operating income	5,329	581
Indemnity income	-	1,159,294
	$ 234,740	$ 1,256,509

A. The Company filed a request for arbitration with the Chinese Arbitration Association, Taipei in a dispute over an indemnity clause within the agreement between the Company and Janssen Vaccines and Prevention B.V. (“Janssen”). The Company requested Janssen to return the

Company's stocks and to pay indemnity in 2018. The Company also filed a litigation against Janssen and its parent company, Johnson & Johnson over the patent infringement. The abovementioned infringement was settled on December 30, 2019 and the composition contract to settlement was signed and effective on January 2, 2020. According to the contract, Janssen shall dispose the Company's stocks with the approval of the Investment Commission, Ministry of Economic Affairs (MOEAIC) and transfer the proceeds of disposal to the Company within 10 months starting from the effective date. On November 30, 2020, Janssen disposed the stocks in the amount of $1,159,294 thousand and fully transferred to the Company.

B. For the years ended December 31, 2021 and 2020, the grant revenue both are government grants revenue. Details of the contract are provided in Note 9(2).

C. On December 30, 2020, the Company entered into 'a contract development and manufacturing services agreement' with a customer whereby the Company assists the customer in designing the production lines and developing the related production process, and renders drug filling services to the customer after the production process is completed. The services revenue recognised according to the completion of contract amounted to $152,715 thousand for the year ended December 31, 2021.

(20) Other gains and losses

	Year ended December 31,	
	2021	2020
Gains on disposal of property, plant and equipment	$ 11	$ 162
Foreign exchange gains and losses	4,284	(15,272)
Net gains on financial assets at fair value through profit or loss	-	1,436
Indemnity income (Note)	(4,390)	-
Other gains and losses	(3,463)	(1,597)
	($ 3,558)	($ 15,271)

Note: Details on litigation settlements are provided in Note 9(1).

(21) Employee benefit expense, depreciation and amortisation

	Year ended December 31,2021		
Nature	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 225,457	$ 193,143	$ 418,600
Share-based payments	-	25,170	25,170
Labor and health insurance fees	24,217	12,787	37,004
Pension costs	10,189	6,532	16,721
Directors' remuneration	-	7,420	7,420
Other personnel expenses	5,841	9,393	15,234
	$ 265,704	$ 254,445	$ 520,149
Depreciation	$ 175,283	$ 25,773	$ 201,056
Amortisation	$ 19,011	$ 5,846	$ 24,857

	Year ended December 31,2020		
Nature	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 191,366	$ 192,793	$ 384,159
Share-based payments	91	13,760	13,851
Labor and health insurance fees	18,249	9,545	27,794
Pension costs	8,869	5,635	14,504
Directors' remuneration	-	4,099	4,099
Other personnel expenses	4,763	7,861	12,624
	$ 223,338	$ 233,693	$ 457,031
Depreciation	$ 178,203	$ 22,500	$ 200,703
Amortisation	$ 19,011	$ 7,869	$ 26,880

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 5%~10% for employees' compensation and shall not be higher than 5% for directors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $4,209 and $59,085, respectively. The aforementioned amounts were recognised in salary expenses. For the years ended December 31, 2021 and 2020, the employees' compensation remuneration were estimated and accrued based on 8.6% and 5%,respectively, of distributable profit of current year as of the end of reporting period. The employees' compensation remuneration resolved by the Board of Directors was $4,209 and $59,085, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation of 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

For the years ended December 31, 2021 and 2020, the Company did not accrue directors' remuneration.

Information regarding employees' compensation and directors' remuneration as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Finance costs

	Year ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	$ 28,002	$ 20,330
Convertible bonds	-	4,167
Interest expense on lease liabilities	291	207
Less: Capitalisation of qualifying assets	(13,605)	(2,541)
Finance costs	$ 14,688	$ 22,163

(23) Income tax

A. Income tax expense

The income tax charge relating to components of other comprehensive income is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Remeasurement of defined benefit obligations	($ 135)	($ 183)

B. Reconciliation between income tax benefit and accounting profit

	Year ended December 31,	
	2021	2020
Tax calculated based on loss before tax and statutory tax rate	($ 4,245)	$ 228,826
Expenses disallowed by tax regulation	6,814	10,454
Tax exempted income by tax regulation	(14,417)	(13,522)
Temporary difference not recognised as deferred tax assets	6,133	-
Change in assessment of realisation of deferred tax assets	(5,078)	(243,454)
Loss carryforward not recognised as deferred tax assets	10,793	17,696
Income tax expense	$ -	$ -

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealised loss on inventory obsolescence	$ 11,695	$ -	$ -	$ 11,695
Loss on inventory	210,666	-	-	210,666
Others	5,529	-	135	5,664
	$ 227,890	$ -	$ 135	$ 228,025

	2020			
	January 1	Recognised in profit or loss	Recognised in other income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealised loss on inventory obsolescence	$ 11,695	$ -	$ -	$ 11,695
Loss on inventory	210,666	-	-	210,666
Others	5,346	-	183	5,529
	$ 227,707	$ -	$ 183	$ 227,890

D. The Group is eligible for research and development investment tax credits under the Statute for Biotech and New Pharmaceuticals Industry. Details are as follows:

December 31, 2021				
Year incurred	Qualifying items	Amount filed/ assessed	Unused tax credits	Unrecognised deferred tax assets
Year 2011	Research and development	Amount assessed	$ 31,076	$ 31,076
Year 2012	Research and development	Amount assessed	15,490	15,490
Year 2013	Research and development	Amount assessed	15,696	15,696
Year 2014	Research and development	Amount assessed	14,737	14,737
Year 2015	Research and development	Amount assessed	31,878	31,878
Year 2016	Research and development	Amount assessed	20,364	20,364
Year 2017	Research and development	Amount assessed	20,841	20,841
Year 2018	Research and development	Amount assessed	25,598	25,598
Year 2019	Research and development	Amount assessed	55,623	55,623
Year 2020	Research and development	Amount filed	78,332	78,332
Year 2021	Research and development	Estimated filed amount	18,585	18,585
			$ 328,220	$ 328,220

December 31, 2021				
Year incurred	Qualifying items	Amount filed/ assessed	Unused tax credits	Unrecognised deferred tax assets
Year 2011	Research and development	Amount assessed	$ 31,076	$ 31,076
Year 2012	Research and development	Amount assessed	15,490	15,490
Year 2013	Research and development	Amount assessed	15,696	15,696
Year 2014	Research and development	Amount assessed	14,737	14,737
Year 2015	Research and development	Amount assessed	31,878	31,878
Year 2016	Research and development	Amount assessed	20,364	20,364
Year 2017	Research and development	Amount assessed	20,841	20,841
Year 2018	Research and development	Amount assessed	25,598	25,598
Year 2019	Research and development	Amount filed	55,623	55,623
Year 2020	Research and development	Estimated filed amount	78,332	78,332
			$ 309,635	$ 309,635

E. Expiration dates of unused net operating loss carryfoward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021

Year incurred	Usable until year	Amount filed/ assessed	Unused tax losses of loss carryforward	Unused tax losses of unrecognised deferred tax assets	Used tax losses of unrecognised deferred tax assets	Recognition of deferred tax assets
Year 2013	Year 2023	Amount assessed	$ 625,663	$ -	$ 625,663	$ 125,133
Year 2014	Year 2024	Amount assessed	452,735	25,068	427,667	85,533
Year 2015	Year 2025	Amount assessed	756,940	756,940	-	-
Year 2016	Year 2026	Amount assessed	603,289	603,289	-	-
Year 2017	Year 2027	Amount assessed	566,602	566,602	-	-
Year 2018	Year 2028	Amount assessed	488,619	488,619	-	-
Year 2019	Year 2029	Amount assessed	349,944	349,944	-	-
Year 2020	Year 2030	Amount filed	88,528	88,528	-	-
Year 2021	Year 2031	Estimated filed amount	82,936	82,936	-	-
			$ 4,015,256	$ 2,961,926	$ 1,053,330	$ 210,666

December 31, 2020

Year incurred	Usable until year	Amount filed/ assessed	Unused tax losses of loss carryforward	Unused tax losses of unrecognised deferred tax assets	Used tax losses of unrecognised deferred tax assets	Recognition of deferred tax assets
Year 2012	Year 2022	Amount assessed	$ 92,735	$ -	$ 92,735	$ 18,546
Year 2013	Year 2023	Amount assessed	625,663	305,465	320,198	64,040
Year 2014	Year 2024	Amount assessed	452,735	132,537	320,198	64,040
Year 2015	Year 2025	Amount assessed	756,940	436,741	320,199	64,040
Year 2016	Year 2026	Amount assessed	603,289	603,289	-	-
Year 2017	Year 2027	Amount assessed	566,602	566,602	-	-
Year 2018	Year 2028	Amount assessed	488,619	488,619	-	-
Year 2019	Year 2029	Amount filed	349,944	349,944	-	-
Year 2020	Year 2030	Estimated filed amount	88,528	88,528	-	-
			$ 4,025,055	$ 2,971,725	$ 1,053,330	$ 210,666

F. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ 207,401	$ 177,395

G. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

H. The income tax returns of the Company's subsidiary, Enimmune Corporation, through 2019 have been assessed and approved by the Tax Authority.

I. The income tax returns of the Company's subsidiary, Eggs Corporation, through 2019 have been assessed and approved by the Tax Authority.

J. The income tax returns of the Company's indirect subsidiary, Animmune Corporation, through 2020 have been assessed and approved by the Tax Authority.

(24) Earnings (losses) per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 43,066	$ 429,508	$ 0.10
potential ordinary shares	-	94	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 43,066	$ 429,602	$ 0.10

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,241,246	$ 408,985	$ 3.03
potential ordinary shares	-	1,053	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,241,246	$ 410,038	$ 3.03

When calculating diluted earnings per share, the Group assumes that the employees' compensation will all be distributed in the form of shares and the resulting potential shares will be included in the weighted average number of ordinary shares outstanding if those shares have a dilutive effect.

(25) Transactions with non-controlling interest

Year ended December 31, 2021: None.

The Company did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

The Group's subsidiary, Enimmune Corporation, increased its capital by issuing new shares on May 22, 2020. The Group did not acquire shares proportionally to its interest. As a result, the Group increased its share interest by 1.37%. The transaction increased non-controlling interest by $175,707 thousand and decreased the equity attributable to owners of parent by $9,334 thousand. The effect of changes in interests on Enimmune Corporation on the equity attributable to owners of the parent for the year ended December 31, 2020 is shown below:

	Year ended December 31, 2020
Cash	$ 166,373
Increase in the carrying amount of non-controlling interest	(175,707)
Accumulated deficit	($ 9,334)

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31,	
	2021	2020
Purchase of property, plant and equipment	$ 888,398	$ 218,124
Add: Opening balance of payable on equipment	24,363	8,100
Less: Ending balance of payable on equipment	(68,674)	(24,363)
Cash paid during the period	$ 844,087	$ 201,861

B. Financing activities with no cash flow effects

	Year ended December 31,	
	2021	2020
Convertible bonds converted to capital stocks	$ -	$ 663,502

(27) Changes in liabilities from financing activities

	Long-term borrowings (Note)	Dividend Payables	guarantee deposit received (Note)	Lease liabilities (Note)	Liabilities from financing activities - gross
At January 1, 2021	$ 1,309,379	$ -	$ -	$ 14,361	$ 1,323,740
Changes in cash flow from financing activities	(2,072)	(214,754)	3,000	(9,066)	(222,892)
Changes in other non-cash items	-	214,754	-	8,172	222,926
At December 31, 2021	$ 1,307,307	$ -	$ 3,000	$ 13,467	$ 1,323,774

Note: including current portion.

	Long-term borrowings (Note)	Convertible bonds (Note)	Lease liabilities (Note)	Liabilities from financing activities - gross
At January 1, 2020	$ 1,144,000	$ 1,465,018	$ 2,460	$ 2,611,478
Changes in cash flow from financing activities	165,379	(105)	(7,769)	157,505
Changes in other non-cash items	-	(1,464,913)	19,670	(1,445,243)
At December 31, 2020	$ 1,309,379	$ -	$ 14,361	$ 1,323,740

Note: including current portion.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Year ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 114,991	$ 84,597
Post-employment benefits	2,467	2,219
Share-based payments	25,169	13,626
	$ 142,627	$ 100,442

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31,2021	December 31, 2020	Purpose
Property, plant and equipment	$ 1,501,667	$ 1,651,031	Long-term borrowings
Special reserve account and pledged account (included in financial assets at amortised cost - non-current)	1,986	1,997	Pledged for convertible bonds and long-term borrowings
Time deposit (included in financial assets at amortised cost - current)	-	12,500	Performance bond for bidding
	$ 1,503,653	$ 1,665,528	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company has signed a supply contract which ended in 2013 with GEEP Taiwan ("GEEP") in 2007. However, GEEP Taiwan has filed a civil lawsuit against the Company after the contract ended in 2013 for payment of the construction expense for factory expansion, damages arising from insufficient amount of eggs claimed by the GEEP and defective rate of embrocated egg exceeding standards, and the total compensation claimed amounted to $12,627 thousand and EUR 500 thousand. The Company believed transactions with GEEP Taiwan proceeded fairly and reasonably under the mutually agreed contract and regulation, and transaction terms were the same as with other suppliers. As the appointed lawyers have assessed the lawsuit to be unreasonable, and the possibility of the Company incurring a loss as a result of the lawsuit is low, the Company has not accrued any loss. For the lawsuit related to the construction expense for factory expansion, the High Court denied the GEEP's claim on September 30, 2015. And the lawsuit related to the damages arising from insufficient amount of eggs claimed by the plaintiff was dismissed by the High Court on July 12, 2017. On August 8, 2017, the plaintiff filed an appeal to the Supreme Court, and the appeal was denied by the Supreme Court on January 16, 2020. The claim against the Group for payment of the defective rate of embrocated egg exceeding standards was denied by the High Court on April 11, 2017. On May 5, 2017, the plaintiff filed an appeal to the Supreme Court. However, the Supreme Court remanded the case to the Taiwan High Court Taichung Branch Court on October 16, 2019. On November 18, 2020, Taiwan High Court Taichung Branch Court rendered a judgment that the Company is liable for compensation of $4.39 million along with interests. The Company has reached a settlement agreement with the GEEP on August 16, 2021, and made and recognised the payment for the settlement along with interests amounting to $4.39 million in 2021 (shown as other gains and losses).

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31,2021	December 31, 2020
Property, plant and equipment	$ 136,244	$ 961,683

B. The Company has signed technical contracts relating to continuing development of vaccine of Enterovirus 71 ("EV 71") with the Center for Disease Control, R.O.C. ("CDC") and the National Health Research Institute ("NHRI") in 2011. Details of each stage in the contracts are as follows:

(a) The Company has signed technical contracts relating to licensing technology of EV71 with CDC and NHRI in September 2011. The main commitments of the technology license are as follows:

i. Licensing period: Starting from the date when the three parties sign the contracts.

ii. Authorisation expense: The contracts are signed to pay in accordance with progress.

(b) In May 2020, the Company renewed "Commission Service Contract" signed in May 2018 with NHRI to provide the Company with development platform for vaccine. The main terms of the contract are as follows:

i. Commission period: 2 years (2020.5.1~2022.4.30)

ii. Commission expense: Service expense is paid each month.

(c) The Company has signed "EV 71 vaccine Phase I clinical trial result authorisation" corporation contract with CDC and NHRI in April 2013. NHRI has authorised the technology through non-exclusive license. Details of key commitments are as follows:

i. Contract period: Starting from the date when three parties sign the contract until 25 years after the Company's first EV71 vaccine is authorised.

ii. Authorisation fee: The Company pays authorization fee in accordance with contracted progress within 2 years after the contract is signed.

(d) The Company has signed the "Commission Service Contract" with NHRI to provide the Company with cell culture platform for vaccine. The main terms of the contract are as follows: Commission service fee: The contracts are signed to pay in accordance with progress.

C. The Company has signed a processing agreement with Shenzhen Techdow Pharmaceutical Co., LTD ("TECHDOW") on January 18, 2013.

The two companies' cooperative injection technique, which is the Company's packing techniques (aseptic prefilled injection packing techniques) along with TECHDOW's pharmaceutical material (Enoxaparin sodium), has received EMA's authorisation and is processed for mass production. Key commitments of the agreement are as follows:

The Company signed another processing agreement with TECHDOW on September 10, 2019 to cover and replace the initial agreement and extended the cooperation period.

(a) Contract period: 5 years after the completion of construction of the second aseptic injection packing line and production starting for TECHDOW's products from the date of the first order by TECHDOW. Unless one party notifies the other a non-renewal no less than 6 months before the agreement expires, the agreement is automatically renewed every two years.

(b) Processing price: By the process quantity in accordance with the agreement.

(c) Other commitments: During the agreement period, the Company may not directly or indirectly produce same products for supply in any market.

D. On September 29, 2017, the Company signed an agreement with the Institute for Information Industry to implement the Research Program for Developing H7N9 Subunit Flu Vaccines Using Recombinant DNA Proteins. This program was terminated on December 24, 2020 with a total grant of $21,032 thousand.

E. The Company's application of COVID-19 subunit vaccines development program in August 2020 was compliant with the grant criteria of '2020-2021 Subsidies (Donations) for COVID-19 Vaccine Program Handled and Developed by Civil Associations' of CDC after the review. The Company received approved grant amounting to $458.02 million and signed the agreement on October 28,

2020. The grant will be approved and appropriated by CDC upon the completion of each milestone of Phase 1 and 2 clinical trials, item by item. The program was completed on September 3, 2021, and the aggregate amount of grant income recognised for the years ended December 31, 2021 and 2020 amounted to $62,265 thousand and $59,628 thousand, respectively.

F. On March 25, 2019, the Group's subsidiary, Enimmune Corporation ("Enimmune"), signed an agreement with the Institute for Information Industry to implement the Phase 3 Clinical Testing Program of EV71 Vaccines Manufactured from Bioreactors on Healthy Children. The program has been extended from May 31, 2021 to November 30,2021 and was approved by the Taipei Computer Association, with a total grant of $24,107 thousand. The grant income recognised during the nine-month period ended September 30, 2021 amounted to $1,085 thousand. Letters from Institute for Information Industry on December 31, 2020 indicates all rights and obligations arising from this agreement shall be borne by the Taipei Computer Association as for now. The grant receivables as at December 31, 2021 and 2020 were $1,674 thousand and $5,729 thousand, respectively (shown as other current assets). The grants of 2019 and 2020 were received in October 2020 and June 2021, respectively, and the grant of 2021 is still awaiting the confirmation from the Taipei Computer Association. The main rights and obligations of the agreement are listed as follows:

(a) All results from the Enimmune's implementation of the research program, including knowledge, technologies, and intellectual property belong to the Enimmune. The Enimmune has the responsibility to manage and apply these results.

(b) If the source of the Taipei Computer Association's grant is the Executive Yuan's National Science and Technology Development Fund, the Enimmune's ownership, management, and application of the research results shall be governed by the terms of Executive Yuan's National Science and Technology Development Fund Grant Contract.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

On December 14, 2021, the Board of Directors of the subsidiary, Enimmune Corporation, resolved to raise additional cash through issuing 5,800 thousand ordinary shares with a par value of $10 (in dollars) per share and a premium issuance price of NT$38 (in dollars) per share. The capital increase has been approved by the regulatory authority on January 5, 2022, and the effective date was set on March 31, 2022.

12. OTHERS

(1) Capital management

The Group's capital management is based on the industry where the Group is in, industry's future growth and product development to set an appropriate market share, set a corresponding capital expenditure. The management also based on operating funds calculated based on financial operation plans and consideration of operating profit and cash flow generated by product competitiveness to

determine an appropriate capital structure.

(2) Financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through other comprehensive income - non-current	$ 119,337	$ 137,082
Financial assets at amortised cost		
Cash and cash equivalents	2,652,017	4,087,463
Financial assets at amortised cost - current	239,000	349,558
Notes receivable	-	12
Accounts receivable	99,638	109,737
Financial assets at amortised cost - non-current	1,986	1,997
Other receivables (included in other current assets)	1,681	5,729
Refundable deposits (included in other current assets and other non-current assets)	5,200	7,540
	$ 3,118,859	$ 4,699,118
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 5,882	$ 23,455
Other payables	214,439	222,828
Long-term borrowings (including current portion)	1,307,307	1,309,379
Guarantee deposits received (including in other non-current liabilities)	3,000	-
	$ 1,530,628	$ 1,555,662
Lease liabilities (including current portion)	$ 13,467	$ 14,361

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate 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) Group treasury identifies, evaluates and hedges financial risks by closely cooperating with the Group's operating units. The Board of Directors 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, and 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

A. The Group manages their foreign exchange risk against their functional currency. The Group is required to hedge their entire foreign exchange risk exposure via the Group treasury.

B. Foreign exchange risk between USD and JPY with NTD is mainly from exchange loss or profit arising from conversion of cash and cash equivalents and accounts receivable denominated in USD and JPY.

C. The Group's businesses involve foreign exchange variation, the information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

	December 31, 2021					
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD：NTD	$ 9,908	27.63	$ 273,758	1%	$ 2,738	$ -
JPY ：NTD	73,805	0.24	17,603	1%	176	-

	December 31, 2020					
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD：NTD	$ 8,043	28.43	$ 228,665	1%	$ 2,287	$ -
JPY ：NTD	36,931	0.27	$ 10,130	1%	101	-

Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the year ended December 31, 2021 and 2020 amounted to exchange gain of $4,284 thousand and loss of $7,681 thousand, respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.

ii. The Group's investments in equity securities comprise shares issued by the domestic 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, other components of equity for the year ended December 31, 2021 and 2020 would have increased/decreased by $1,193 thousand and $1,371 thousand, 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 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. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

ii. As at December 31, 2021 and 2020, if the interest rate had been 25 basis point higher/lower, post-tax profit would have decreased/increased by $2,614 thousand and $2,619 thousand, respectively.

(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's cash and cash equivalents are deposited in financial institutions with optimal credit quality. The Group manages their credit risk taking into consideration the entire group's concern. In order to prevent excessive concentration and to disperse credit risk, the Group manages the deposit ratio in each financial institution, and the credit quality of banks amd financial institutions the Group trades with is optimal. 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 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. The Group screens potential transaction counterparties based on their credit history, and only enters into transactions with counterparties that reach a certain level of credit quality; hence, there is no significant credit risk.

iii. The Group adopts the assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: 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, the default occurs when the contract payments are past due over 90 days.

iv. The Group applies the simplified approach using a provision matrix to estimate the expected credit loss of accounts receivable, and takes into consideration the past default records and current financial position of the customer, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix uses past due days of accounts receivable to determine expected loss rates and is not further distinguished according to the Group's different customer base.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure the Group's rights.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2021 and 2020, the Group's expected loss rate were both immaterial.

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021	2020
	Accounts receivable	Accounts receivable
At January 1	$ -	$ -
Provision for impairment	67	-
At December 31	$ 67	$ -

viii. The Group used the forecastability of economic forecasting announced by the Directorate General of Budget, Accounting and Statistics of the Executive Yuan to adjust historical and timely information to assess the default possibility of debt instruments as of December 31, 2021 and 2020 in order to estimate expected credit losses.

(c) Liquidity risk

i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities, at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. As of December 31, 2021 and 2020, the Group has undrawn borrowing facilities amounting to $2,900,000 thousand.

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity

date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1and 3 years	Over 3 years	Total
Accounts payable	$ 5,882	$ -	$ -	$ -	$ 5,882
Other payables	214,439				214,439
Long-term borrowings (Note)	6,394	58,065	203,177	1,194,486	1,462,122
Lease liabilities (Note)	2,837	4,444	6,101	327	13,709
Guarantee deposits received (shown as non-current liabilities)	-	3,000	-	-	3,000

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1and 3 years	Over 3 years	Total
Accounts payable	$ 23,455	$ -	$ -	$ -	$ 23,455
Other payables	222,828	-	-	-	222,828
Long-term borrowings (Note)	6,399	19,190	248,210	1,240,067	1,513,866
Lease liabilities (Note)	1,689	5,848	6,145	970	14,652

(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 equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, refundable deposits, accounts payable, other payables, lease liabilities and long-term borrowings (including current portion) are approximate to their fair values.

(b) The Group uses the methods and assumption of fair value estimate as follows:

Convertible bonds payable: It refers to convertible bonds issued by the Group. The coupon rate approximately equals market interest rate so that the fair value is measured with discounted cash flow projections, which approximately equals the carrying amount.

C. The related information of financial and non-financial instruments measured at fair value by level

on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of nature of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ -	$ -	$ 119,337	$ 119,337

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ -	$ -	$ 137,082	$ 137,082

(b) The methods and assumptions the Group used to measure fair value are as follows:

The fair value of financial instruments without active market is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques refers to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the year ended December 31, 2021 and 2020:

	Non-derivative equity securities	
	2021	2020
At January 1	$ 137,082	$ 171,789
Reduction of Capital	(3,500)	-
Gains(losses) recognised in other comprehensive income(loss)	(14,245)	(34,707)
At December 31	$ 119,337	$ 137,082

	Embedded derivative instruments	
	2021	2020
At January 1	$ -	$ 717
Gains(losses) recognised in loss or profit	-	1,437
Conversion for the year	-	(2,154)
At December 31	$ -	$ -

E. For the year ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

F. Treasury department 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, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 119,337	Market comparable companies	Liquidity premium	70%-80%	The higher the multiple, the higher the fair value.

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 137,082	Market comparable companies	Liquidity premium	70%-80%	The higher the multiple, the higher the fair value.

H. 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 difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Liquidity premium	±10%	$ -	$ -	$ 14,971	($ 14,971)

			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	Liquidity premium	±10%	$ -	$ -	$ 17,194	($ 17,194)

(4) Other

The government imposed various epidemic prevention measures in respond to the COVID-19 pandemic, but the Group's operations were not impacted by the pandemic and relevant prevention measures. Meanwhile, the Group has applied countermeasures and continued to manage related matters to prevent the Company's operations from affecting by the pandemic.

13. SUPPLEMENTARY DISCLOSURES

(3) Significant transactions information

A. Loans to others: None.

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 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$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 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 5.

14. SEGMENT INFORMATION

The Group operates business only in a single industry. The Group's management allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(1) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Sales of finished goods	$ 1,162,083	$ 1,360,318
Revenue from professional packing service	454,596	496,211
Sales of semi-finished goods	22,206	12,594
Other revenues	2,176	24
Total	$ 1,641,061	$ 1,869,147

(2) Geographical information

Revenue is calculated based on geographic location of customers. Non-current assets are classified based on geographic location of assets, including property, plant, equipment; right-of-use asset; investment property and intangible assets.

Geographical information of the Group for the years ended December 31, 2021 and 2020, is as follows::

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 961,503	$ 3,587,081	$ 1,292,049	$ 2,514,468
USA	456,184	-	496,211	-
China	183,878	-	31,533	-
Others	39,496	-	49,354	-
	$ 1,641,061	$ 3,587,081	$ 1,869,147	$ 2,514,468

(3) Major customer information

Major customer information of the Group for the years ended December 31, 2020 and 2021 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Segment	Revenue	Segment
Customer A	$ 822,988	50	$ 1,199,420	64
Customer B	456,184	28	496,211	27
Customer C	183,878	11	36,285	2

Adimmune Corporation and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2021

Table 1

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, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Adimmune Corporation	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,991,057	$ 118,129	1.90	$ 118,129	-
Adimmune Corporation	Hematech Biotherapeutics Inc.	Same chairman	Financial assets at fair value through other comprehensive income - non-current	442,114	1,208	5.00	1,208	-
				Total	$ 119,337	Total	$ 119,337	

Adimmune Corporation and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Adimmune Corporation	Enimmune Corporation	Note 2	Advance sales receipts	$ 26,667	In accordance with contrual terms	0.34%
0	Adimmune Corporation	Enimmune Corporation	Note 2	Sales revenue	21,429	In accordance with contrual terms	1.38%
0	Adimmune Corporation	Enimmune Corporation	Note 2	Accounts receivable	10,000	In accordance with the agreed price and terms of both parties	0.13%

Note 1: Parent Company is '0'
Note 2: Parent 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: Only disclose transactions that amounting over NT$ 8 million.
Note 5: It has been written-off in the consolidated financial statements.

Adimmune Corporation and subsidiaries
Information on investees(Not including investees in Mainland China)
Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for Year ended December 31, 2021	Investment income(loss) recognised by the Company for Year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Adimmune Corporation	Enimmune Corporation	Taiwan	Bio-technology	$ 485,820	$ 485,820	30,600,000	51.00	$ 159,107	($ 47,246)	($ 24,095)	Note 1
Adimmune Corporation	Global commonwealth life science (holdings) limited	Hong Kong	Investment	-	-	2	100.00	-	-	-	Notes 1 & 3
Adimmune Corporation	Adimmune B.V.	Netherland	Investment	-	-	-	100.00	-	-	-	Note 1
Adimmune Corporation	Eggs Corporation	Taiwan	Animal Husbandry	30,000	30,000	3,000,000	100.00	10,123	(5,809)	(5,809)	Note 1
Eggs Corporation	Animmune Corporation	Taiwan	Bio-technology	21,000	21,000	2,100,000	51.22	4,786	(11,236)	(5,755)	Note 2

Note 1: The Company's subsidiary.
Note 2: It’s the Company’s second-tier subsidiary
Note 3: Initial investment was NT$ 8.(in dollars)

Adimmune Corporation and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2021

Table 4

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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for Year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Adimmune Co., Ltd. Nanjing, China	Business sales & acquisition	$ -	1	$ -	$ -	$ -	$ -	$ -	100.00	$ -	$ -	$ -	Note 2 & 3

Note 1: Investment methods are classified into the following three categories:
(1) Directly invest in a company in Mainland China..
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others
Note 2: The company was approved for business registration by the compentent authority on August 10, 2016. As of December 31, 2021, the company still has not yet initiated its operation, thus, no related investment profit or loss.
Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	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(Note)
Adimmune Co., Ltd. Nanjing, China	$ -	$ 10,000	$ 3,859,525

Note: Calculated in accordance with the limits set in the "Principles for the Review of Investment or Technical Cooperation in Mainland China" issued by the Ministry of Economic Affairs (60% of the net value).

Adimmune Corporation and subsidiaries

Major shareholders information

Year ended December 31, 2021

Table 5

Name of major shareholders	Shares		Footnote
	Number of shares held	Ownership (%)	
National Development Fund, Executive Yuan	48,584,162	11.31%	Notes1 & 2
Bioengine Technology Development Inc.	37,100,000	8.63%	

Note 1: The major shareholders information was 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 and was calculated by Taiwan Depository & Clearing Corporation.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund 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 Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted, at the same time, persons who have 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.